



**Response to TRAI Consultation Paper on  
Inputs for Formulation of National Telecom Policy – 2018  
Released on January 03, 2018**

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**A. Preamble:**

NTP is a vision document which is intended to guide the stakeholders such as Government, Regulator and Industry to align their actions and policies with the vision of NTP. While it is important to have forward looking policies in NTP, there should not be any disparity at the time of implementation. For instance, the aim of NTP 2012 was to provide affordable and reliable telecom services, however, decisions such as keeping LF and SUC at the highest rate, setting high spectrum reserve prices, and raising GST to 18% were made, which were contradictory with the aforementioned vision.

It is also suggested that the policy be accompanied by a detailed supporting document that can be in the nature of an Explanatory Memorandum that fully explains the intent and objective behind each provision in the policy and may also give an illustrative /indicative idea of the approach that will be adopted by the Government to achieve the enunciated policy objectives.

At the outset, we would like to submit that the objective of NTP-2018 is to adopt an approach to fulfil the six-fold requirements:

1. Introduce a convergent and conducive licensing and regulatory framework that will cover the entire digital eco-system.
2. Create a ubiquitous world class infrastructure to contribute to Digital India.
3. Work toward proliferation of broadband and telecom services in the country and strategize for the future.
4. Ensure the financial viability of the telecom sector in a competitive environment to enable it to deliver on the future requirements, rationalisation of levies and taxes
5. Facilitate future technological and digital trends while ensuring Regulatory predictability, certainty and level playing field among all communication service providers

6. Improve the state of domestic telecom equipment manufacturing, skill development and improve country's contribution to research and IPR.

**B. Query-Wise Response:**

**Q.1 Stakeholders are requested to give their comments on structure and contents of the proposed inputs for National Telecom Policy, 2018, clearly outlining the specifics along with justification.**

**I. Vision:**

**COAI Comments:**

1. We request that following vision should be considered by TRAI for NTP 2018

**“To ensure development of a world class infrastructure to provide high quality communication and digital services for all and work towards the sustainable and inclusive development of the country.”**

**II. Part B - Mission:**

Our response on the mission statements highlighted in the paper is as below:

1. **To fulfil the communication needs of the people, enterprises, and industries at affordable prices**

**COAI Comments:**

**We support the Mission Statement.**

2. **To develop state-of-the-art secured communication infrastructure for delivering high-quality quality services to man and machines in urban as well as rural areas;**

**COAI Comments:**

- a. The above mission statement may be changed as :

**“To develop state-of-the-art secured communication infrastructure for delivering high-quality quality services for P2P, M2M, IoT and loE services in urban as well as rural areas.**

**3. To establish India as global hub for internet and data communication systems and services in a net-neutral environment;**

**COAI Comments:**

- a. The above mission statement may be changed as

**“To establish India as global hub for internet and data communication systems”**

- b. It is submitted that net neutrality as a concept would be applicable to the entire digital ecosystem and not just confined to internet and data communication systems

**4. To make available ubiquitous, ultra-reliable, and secured connectivity with extremely low latency for IoT/ M2M applications;**

**COAI Comments:**

- a. The above mission statement may be changed as :

**“To make available ubiquitous, ultra-reliable, and secured digital connectivity with extremely low latency for IoT/ M2M applications”**

**5. To develop home-grown digital platforms and services for meeting the specific need of the country;**

**COAI Comments: We support this mission statement**

**6. To aim for self-sufficiency in telecom equipment manufacturing;**

**COAI Comments:**

- a. The above mission statement may be changed as :

**“To promote telecom equipment manufacturing”**

- b. We support the above mission statement however it is pertinent to note that no country is self-dependent in all aspects of manufacturing value chain and thus takes time to develop the value supply chain that can act as an enabler to the nation’s need.

7. We suggest that the following mission statements should be captured by TRAI in addition to the mission statements highlighted in the Consultation paper:

- a. Putting in place convergent licensing & Regulatory framework driven by convergence in the sector and international best practices.
- b. to **attract investments** in the sector
- c. Improving financial health of Industry through **reduction in duties and levies**
- d. Promoting ease of doing business in the telecom sector.
- e. Ensuring predictability and consistency in Government policy- encourage ex-post Regulatory environment
- f. Ensure harmonized policy and regulatory treatment of competing communication and broadband services.
- g. To enact policies for quick and economic deployment of infrastructure by way of enabling policies (like RoW, permissions for towers etc.)
- h. Remove burdens on the industry and promote innovation and job growth through an ongoing process of identifying and eliminating or amending outdated or counterproductive rules and Regulations.
- i. To drive adoption of the upcoming technological innovations such as M2M/IoT and 5G.
- j. To promote research and development in the ICT technologies and development of new standards, IPR and to further enhance participation of country in the International standard making bodies.
- k. To ensure national competitiveness in the global digital economy.
- l. To review financial health of sector annually and take effective measures to improve investor climate

### III. Part C - Objectives:

1. Our response on the objectives highlighted in the paper are as below:

**(a) To increase rural tele-density to 100 %;**

**COAI Comments:**

- a. In order to achieve this objective, various incentives should be provided to the TSPs e.g. waive off of license fee, SUC and USO levy in the service area wherein it achieves 100% rural-connectivity. For the deployment of Infrastructure, expedited RoW approvals at zero RoW charges and power at reduced rates.

**(b) To provide data connectivity of at least 1 Gbps speed to all the Gram Panchayats;**

**COAI Comments:**

- a. Government has established the Bharatnet which has already covered most of the Gram Panchayats in Phase I. A collaborative effort should be made between the private TSPs and Government to achieve this objective.

**(c) To enable access for wireline broadband services to 50% households in the country;**

**&**

**(d) To enable access for high-quality wireless broadband services at affordable prices to 90% population;**

**COAI Comments:**

- a. These objectives may be merged and enunciated in a technology neutral manner.
- b. At present, the definition of broadband is 512 Kbps. TRAI has already recommended DoT to change the definition of broadband to 2 Mbps. We are of the view that all targets w.r.t. subscriber and penetration may need be recalibrated based on the adoption of new definition of broadband.
- c. Further, to achieve these ambitious target under objective (c) set for 2022, enabling policies need to enacted such as waive off of license fee, SUC, USO levy and GST on wireline services. For the deployment of Infrastructure, expedited RoW approvals should be granted at zero RoW charges.
- d. To achieve the objective (d), Government should ensure availability of adequate spectrum in all bands for technologies like LTE, 5G etc., Rationalization of regulatory levies i.e. Licence Fee, USO levy and Spectrum Usage Charge, expedited RoW permissions with nominal charges, power supply on priority basis, single window clearance, provision of installation of IBS, DAS and duct for laying optical fiber in the

National Building Code and master Plans, assigning the spectrum in E&V bands for high capacity backhaul requirements for LTE, 5G technologies and above.

**(e) To achieve 900 million broadband connections at a minimum download speed of 2 Mbps, out of that at-least 150 million broadband connections at a minimum download speed of 20 Mbps;**

**&**

**(g) To attain average speed of 20 Mbps for wireless, and 50 Mbps for wireline Internet connectivity;**

**COAI Comments:**

- a. There should not be prescription of minimum download speeds instead there should be a requirement of maintaining average download speeds only. Hence, we propose that the objectives should be modified as below:

**“To achieve 900 million broadband connections at an average download speed of 2 Mbps, out of that at-least 150 million broadband connections at an average download speed of 20 Mbps;”**

**(f) To develop 10 million public Wi-Fi hotspots in the country;**

**COAI Comments:**

- a. The development of public Wi-Fi hotspots needs to be within the existing licensing & regulatory framework and the new framework once it is formulated.
- b. There is a need to develop a proper mechanism towards measure the count of number of Wi-Fi Hotspot.

**(h) To leapfrog India amongst top-50 nations in international rankings in terms of network readiness, communications systems, and services;**

**COAI Comments:**

- a. Presently, India ranks at 91 out of 139 economies on the world Economic Forum’s Network Readiness Index (2016). The policy statements have to be aligned in order to take a huge leap. Steps such as protecting the investments already made by the stakeholders, Adequate availability of critical resources, such as Access Spectrum,

Backhaul Spectrum, Power etc. on affordable terms, Measures to encourage massive investments in the sector, Encouraging Public Private Partnership by sharing Resources of PSUs on fair and transparent terms, Rationalizing Regulatory levies, Simplifying rules and expediting permissions for creating telecom infrastructure etc. need to be taken.

**(i) To enable access for connecting to 10 billion IoT/ M2M sensors/ devices;**

**COAI Comments:**

- a. There is a need for a conducive licensing framework that is applicable facilitates the development of the IoT/M2M market. Needless to say that under a unified licensing regime and a proposed convergent framework, the rules must apply equally to all parts and players in the digital ecosystem.

**(j) To attract an investment equivalent to USD 100 billion in communication sector;**

**COAI Comments:**

**We support the above objective**

**(k) To become net positive in international trade of communication systems and services;**

**COAI Comments:**

**We support the above objective.**

2. We suggest that the following objective should be captured by TRAI in addition to the mission statements highlighted in the Consultation paper:
  - a. Clear enunciation of framework under new policy, including what is permitted / not permitted and to maintain level playing field amongst the entities providing similar services (irrespective of technology or platform used)
  - b. Provide time bound, web-based & single window application & approval process; least scope of discretion.
  - c. Regulatory Impact Analysis-pre-requirement for any change or recommendation of any change.
  - d. Public disclosures about spectrum holdings / availability.

- e. Accept that on EMF, India should not be over-conservative- follow international standards like ICNIRP,
- f. To address the issues related to financial viability of the sector by taking concrete steps such as reviewing the financial health of Industry on annual basis and taking effective steps to improve it, assigning a body a nodal role for addressing financial concerns of players, setting up of Infrastructure debt fund.
- g. **Reduction in the Regulatory levies e.g. LF, SUC and USOF..**
- h. Ensure adequate availability of spectrum and its allocation in a transparent manner through market related processes. Make available additional spectrum for IMT services to fulfill the future requirements arising out of technologies such as 5G.
- i. Address the policy related issues with respect to Telecom Infrastructure by implementation of RoW rules and facilitating In-Building deployments in Public and Government Buildings.
- j. Quality of devices should be on the basis of international certifications.

### III. Strategies:

**Part D: Common Strategies to leapfrog India amongst top-50 nations in international rankings in terms of network readiness, communications systems and services, to attract an investment of USD 100 billion in telecommunication sector, and to attain average speed of 20 Mbps for wireless and 50 Mbps for wireline internet connectivity:**

**Point (a) By recognizing communication systems and services as essential connectivity infrastructure for development of India;**

#### **COAI Comments:**

1. Telecom is an infrastructure service designated as an essential service under the Essential Services Maintenance Act, 1968, and is availed by masses.
2. Further, Telecom played an essential role in the country's digital drive, which is the government's priority. Lower telecom costs translate into easier and more affordable digitization.

3. Thus, all the benefits of essential services such lower taxes and levies, propriety RoW Permissions for putting up the telecom tower and laying the fibre cables, nominal RoW fees, should also be passed on to the Telecom sector.
4. Further, NTP 2018 should contain provision to provide priority Electricity Board (EB) connection to Telecom sector at industrial /favourable rates. Also, an exemption from scheduled power load shedding be granted to telecom sector.

**Point (b) By making available finance for communication infrastructure projects (i-ways) at par with other connectivity infrastructure sectors like Roadways, Railways, Waterways, Airways etc.**

**COAI Comments:**

1. A '**telecom Infrastructure fund**' should be set up to ensure Networks are deployed with speed.
2. Given that '**Optical fibre**' is a lifeline for high speed broadband and new technologies like M2M and 5G, Fibre roll out may be incentivized. Challenges such as RoW permissions , availability of power should also be resolved

**Point (c) Review of license fee, USOF levy, and SUC keeping in view importance of communication infrastructure in socio-economic development;**

**COAI Comments:**

1. Indian Telecom sector remains one of the most heavily taxed sectors when compared to benchmark taxation, levies and surcharges that are levied on telecom service providers in South Asia and ASEAN countries. Approx 32% of Industry Revenue goes to the government by way of taxes and levies. The Industry is not asking for bail out, but rational and responsible taxes and levies by the Government. This itself will be sufficient to begin the Industry's return to financial health.
2. Thus, with respect to the reduction in the Regulatory Levies, we request TRAI to include its earlier Recommendations on reduction in USOF and SUC as inputs to DoT on NTP.
3. In this regard, we suggest the following to be included as an strategy for the NTP – 2018:
  - a. Reduction in rate of **Goods and Service Tax (GST)** from the current 18% to 5% for Telecom services.
  - b. **USOF levy** to be immediately removed.

- c. Reduce the License Fee to 1%

Immediate reduction in **Spectrum Usage Charges (SUC)**: Since the value of spectrum is being recovered upfront through auctions, there should be no Spectrum Usage Charge (SUC). However, if at all, the SUC is to be levied, it should be a uniform rate of 1% of Adjusted Gross Revenue across all spectrum bands, so as to only recover the administrative costs.

- d. Removal of Property Tax on Tower Infrastructure by clarifying that tower is not a building.

**4. Our detailed Justification on the above issue is enclosed as Annexure A.**

**Point (d) By restructuring of legal, licensing and regulatory frameworks for reaping the benefits of convergence;**

**COAI Comments:**

1. We suggest the following to be included as an strategy for the NTP – 2018:
  - a. With the advent of newer technologies, communication services are continued to be provided under a unified licensing regime as per the Licensing framework as per the provisions of Indian Telegraph Act, 1885.
  - b. Upcoming policy **should further look to simplify the Licensing conditions** on the lines of **harmonized and equal policies for the competing technologies**.
  - c. Same Service Same Rules To formulate a legal framework for ensuring that all OTT Communication service providers comply with the key security requirements
  - d. **To ensure that M2M communication services are provided under the Unified License only.**
  - e. **To ensure that Internet Access Services through Public Wi-Fi are continued to be provided under UL.**
  - f. The policy should **ensure that any reselling of telecom services continues to happen through UL-VNO route** with compliance to already laid down conditions.
  - g. To reduce litigations in sector and to examine whether the **long pending issues such as interpretation of definition of AGR can be resolved expeditiously** to create an

investor friendly climate. To ensure that the submission and assessment of GR and AGR happens at “central” and not “circle” level.

- h. To move away from concept of AGR to GST type license fee with set off of license fee paid on input services against license fee on output services
- i. To review penalty provisions for ensuring that the prescribed penalty commensurate with violation of shortcoming

**Point (e) With the separation of network and service layers, by separating licenses/ permissions for rollout of networks, and provisioning of services;**

**COAI Comments:**

- 1. In this regard, **it should be ensured that cost of undertaking such a step is not more than the intended benefits and the existing operators are not be worse off in any manner.**

**Point (f) By working towards One Nation – One License for services;**

**COAI Comments:**

- 1. To introduce a policy for a truly Unified License and Single Network at National Level so that network architecture defines the topology of investments.
- 2. One Nation One License is one of the unfulfilled objectives that was set in NTP-2012. Therefore, ONE Nation One License should be introduced.
- 3. Further, ONE Nation One License for services can be achieved only after One Nation One License for Networks has been achieved. Therefore, One Nation One License for both Networks and Services should be envisioned in NTP-2018.
- 4. In this regard, No worse off principle should be adopted and the same should be allowed as a choice and not a mandate.

**Point (g) By easing grant of licenses/ permissions processes for spectrum, wireless apparatus, and SACFA clearance to improve efficiency, innovation, and research;**

**COAI Comments:**

- 1. Following to be included as an strategy for the NTP – 2018:

- a. To **dispense with administrative approvals** such as Import Licence, SACFA, Wireless Operating Licences, etc. and simplify various processes
- b. To streamline and **simplify SACFA applications** and clearance procedures and to automate the entire process similar to Tarang Sanchar

**Point (h) Review of license and regulatory compliance costs on licensees keeping in view the international practices;**

**COAI Comments:**

1. To review the existing Licensing and regulatory provisions by conducting the cost-benefit and cost-effectiveness analysis and ensure that the compliance requirements should not be burdensome on the TSPs.
2. To reduce the compliance requirements and move towards the Light Touch Market Driven Licensing & Regulatory Framework.
3. To ensure that the compliance requirements should follow the Principle of Same Service-Same Rule in order to create a level playing field amongst different players in the Industry.

**Point (i) By allowing broadcast services using cellular mobile networks;**

**COAI Comments:**

1. Must Provide' rule should be extended to TSPs, through an amendment in the Interconnection Regulation to bring equity and accelerate the growth of Live-TV services to enable viewing of LIVE-TV on mobile screens by a large number of people.

**Point (j) Integrated regulation of ICT and broadcasting sector led by economic and social policy goals of the country;**

**COAI Comments:**

1. We support this statement.

**Point (k) Restructuring of TRAI as converged regulator for ICT and Broadcasting sector;**

**COAI Comments:**

1. Section 14 of the TRAI Act is amended to expressly confer TDSAT with the jurisdiction to hear appeals against TRAI Regulations issued under Section 36 of the TRAI Act.
2. Section 11 (4) of the TRAI Act which mandates TRAI to ensure transparency is a generic provision and should be expanded to include detailed rules that can be framed under Section 35 of the TRAI Act.
3. These rules should lay the detailed procedure on how TRAI has to maintain transparency and conduct itself while issuing TTOs, Consultation papers, Directions, Regulations etc.
4. The Authority shall ensure transparency while exercising its powers and discharging its functions, inter alia, -
  - a. By publishing a draft of the proposal of the authority for the comments of stakeholders, which would include, inter alia, the key elements of the proposal, its justification, regulatory impact assessment including financial impact/implications, etc.
  - b. By holding due consultations with all stake-holders;
  - c. By allowing all stake-holders to make their submissions to the authority; and
  - d. By making all decisions of the authority fully documented and explained.
5. TRAI Act be amended to expressly confer and confirm the jurisdiction of TRAI, DoT and TDSAT to deal with all the issues pertaining to competition in the Telecommunication sector and, accordingly, oust the jurisdiction of all other authorities/Tribunals in this regard.

**Point (l) Review of SATCOM policy for communication services keeping in view the international developments, and social & economic needs of the country;**

**COAI Comments:**

1. Commercial SATCOM capacity requirements to be entrusted to DOT.
2. A suitable contractual arrangement should be put in place between TSPs and Satellite service providers in order to ensure that there is no delay in providing the services.

**Point (m) By engaging with the State Governments and Local Bodies for faster rollout of communication infrastructure;**

**COAI Comments:**

1. Following to be included as an strategy for the NTP – 2018:
  - a. To further simplify the policy for Right of Way (RoW) for telecom infrastructure.
  - b. To create a working group between Centre and all States on RoW under MoC

**Point (n) For ensuring non-discriminatory time bound RoW permissions - a nation-wide common portal for application and approval.**

**COAI Comments:**

1. Other than ROW nodal agency, mandate utility corridors in new roads and infrastructure to reduce time and cost involved in ROW.
2. Categorization and Classification of different types of Cities. Specifying the levies/fees for RoW in each type of city.

**Point (o) By developing a network readiness index for States/ UTs to address RoW challenges;**

**COAI Comments:**

1. Publish a Network Readiness Index for various states/UTs to encourage competitiveness amongst them:
  - a. Based on various parameters Ease of RoW approvals, RoW fees, Broadband penetration, Rural mobile Penetration, etc.
  - b. World Economic Forum oriented model can be used. Please refer to the following link in this regard:

<http://reports.weforum.org/global-information-technology-report-2016/networked-readiness-index/>

**Point (p) By mapping telecom infrastructure assets like OFC cables, common service ducts and towers on NIC's National GIS Platform;**

**COAI Comments:**

1. In this regard, we would like to submit that the NIC based platforms for national GIS should also be open for private players and their participation.

**Point (q) By making provisions for establishment of common service ducts for underground telecom infrastructure in the Indian Telegraph Right of Way Rules, 2016.**

**COAI Comments:**

1. Following to be included as an strategy for the NTP – 2018:
  - a. Single-Window permissions for tower on government lands & buildings
  - b. National Building Code and the master plans should ensure that all new constructions such as buildings, roads, bridges, etc., are telecom infrastructure ready

**Point (r) By reviewing the objectives of spectrum management to maximise socio-economic gains;**

**COAI Comments:**

1. To ensure pricing of the spectrum should be aligned with the socio-economic development & growth of the telecom sector. Revenue maximizations should be dropped as a stated objective.

**Point (s) By monitoring efficient utilization of spectrum by conducting regular audit of the spectrum allocated to both commercial as well as government organizations;**

**COAI Comments:**

1. Following to be included as an strategy for the NTP – 2018:
  - a. To take effective steps for maintaining interference free spectrum and to curb the usage of illegal repeaters, jammers, etc.
  - b. To allow use/hire/share the satellite spectrum for any application, i.e. VSAT, DTH, Teleport or any telecom services

**Point (t) By declaring roadmap for availability and auction of spectrum in different bands in ensuing period;**

### **COAI Comments:**

1. At the outset, it is submitted that the spectrum Roadmap should be reviewed after every 5 years or earlier, if there are significant developments.
2. For the operation of cellular technologies, spectrum bands such as 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz, 2.3 GHz and 2.5 GHz have already been put to auction. Except 700 MHz, spectrum in other bands has been bought by operators for deployment. However, technologies such as 5G, would require more access spectrum, therefore Government would look to release spectrum bands for upcoming technologies such as 5G as soon as they are identified to be used by IMT.
3. The main rationale for charging a price for spectrum, whether through upfront fees or annual charges (or both), is to promote its efficient use. The industry has been for a long time demanding adequate availability of spectrum at reasonable prices. While the Govt. has worked towards increasing the availability of spectrum, the Govt. has not paid heed to ensure availability of such spectrum at reasonable price. High spectrum prices have remained a key concern for Indian operators. Spectrum in India is far more expensive as compared to the neighbouring countries like Pakistan, Bangladesh and Sri Lanka. In this regard, Government, needs to adopt long term perspective w.r.t spectrum pricing i.e. have long term benefits in mind rather than short term benefits in terms of generating revenue from auction. Tus, a modest reserve price needs to be set by the government for the auction.
4. Further, with the advent of high data rate technologies, the requirement for high capacity backhaul spectrum has gone up; the future policy should envisage availability of backhaul spectrum to the licensed operators having sizable customer base.
5. In light of the above, following to be included as an strategy for the NTP – 2018:
  - a. **To continue make available additional spectrum for the growth of sector in a technology neutral environment**
  - b. **Set modest reserve prices for the spectrum auction**
  - c. **To ensure administrative allocation of backhaul spectrum to licensed service providers having sizable customer base.**
  - d. **To meet current and future demand for microwave access/backhaul, appropriate frequency bands may be opened for assignment**

**Our Justification w.r.t modest reserve price is enclosed as Annexure B.**

**Point (u) By ensuring adequate availability of contiguous, broader and globally harmonised spectrum.**

**COAI Comments:**

1. Spectrum harmonization plan should be put in place by the Government in consultation with telecom service providers and equipment vendors (OEMs) to identify the requirements of harmonization of different spectrum bands (existing as well as new) to support full range of future technologies.
2. Priority should be given to the 900 MHz which should be harmonized.

**Point (v) By earmarking unlicensed frequency bands periodically for operation of low power devices for public use;**

**COAI Comments:**

1. We would like to submit that any policy on de-licensing of spectrum should ensure level playing field between all the stakeholders in the ecosystem.
2. TSPs have made massive investments in acquiring licensed spectrum in IMT bands through auction route. Therefore, to maintain a level playing field and to avoid interference in the licensed spectrum, spectrum which has been **identified for use in IMT or being considered/proposed for use in IMT should not be de-licensed.**
3. Further, it has been clearly specified in NFAP that the de-licensed bands are meant for use in low power transmission and at indoor places, there is no effective control mechanism on ground for ensuring the same. Due to commercial use of the de-licensed spectrum, the operators face interference in the licensed spectrum.
4. Thus, following to be included as an strategy for the NTP – 2018:
  - a. Avoid measures which increase risks for operators (To ensure that investments done by TSPs in acquiring the spectrum are protected)
  - b. To ensure that there is **no delicensing or free allocation of spectrum** within the band which has **already been identified for use for IMT or is being considered to be used for IMT.**
  - c. No delicensing of any spectrum in below 2GHz frequency band even in non-IMT band

**Point (w) By reduce entry barriers to promote R&D, innovation, and Startups in the sector;**

**COAI Comments:**

1. **We support this statement.**

**Point (x) By developing digitally skilled human resources in the country**

**COAI Comments:**

1. **We support the statement.**

**Point (y) By establishing NTIPRIT as an apex institute for policy practitioners, industry, researchers, academicians**

**COAI Comments:**

1. **We support the statement.**

**Point (z) By strengthening consumer grievance redressal mechanisms through awareness & protection**

**&**

**Point (aa)By establishing office of telecom ombudsman and centralized web based compliant redressal system**

**COAI Comments:**

1. We support the initiative for the formation of centralized web based compliant redressal mechanism. We believe that the current compliant redressal mechanism is working fine; therefore, establishment of ombudsman will only increase the costs. Following to be included as an strategy for the NTP – 2018:
  - a. To support the current system of consumer complaint redressal mechanism and facilitate in making it more robust.
  - b. To explore the possibility of migrating towards the system of Self-Regulation with respect to QoS standards.

- c. To support the enhancing the consumer awareness about services, tariffs, and QoS through use of social media by all stakeholders, including the Govt.
- d. To adopt International best practice & principles w.r.t Consumer Awareness about services, tariffs, and QoS.

**Point (bb) By increasing international coordination**

**COAI Comments:**

1. We support this statement.

**Part E: Strategies to increase rural tele-density to 100% and to provide data connectivity of at least 1 Gbps speed to all the Gram Panchayats**

**Point (a) By further developing institutional capacity to improve focus on execution of Universal Service Obligation Fund (USOF) schemes for equitable development;**

**COAI Comments:**

1. We would hereby like to submit that as per USOF data out of the **Rs. 88,885 crores** collected for the USOF between 2002-03 to 2017-18 (as of 31.10.2017), **Rs. 49,477 crore** remained unutilized, representing **56%** of the USO levy collected.
2. We are of the view that unutilized amount of **around Rs. 50 thousand crores** is enough for connecting the uncovered villages with mobile connectivity.

Thus, it needs to be specified in the policy that the USOF contribution should be removed.

**Point (b) By promoting sharing of telecom infrastructure among telecom service providers;**

**COAI Comments:**

1. Policy must allow sharing of telecom infrastructure (active, core infrastructure such as MSC, IN etc, passive, transmission) for optimum usage subjected to mutual agreement between TSPs. The policy should allow full-fledged sharing of infrastructure instead of bits and pieces.

**Point (c) By incentivizing the telecom service providers for faster roll-out of services in remote and rural areas;**

**COAI Comments:**

1. The business viability for providing services in rural areas has been a challenge due to low paying capacity of users and high cost of provisioning of services.
2. The Government should adopt incentive-based approach to enhance rural penetration.
3. The incentive could be in form of reduction in L.F, SUC, USOF.
4. Further, creation of telecom infrastructure should be incentivized in the form of faster RoW approvals with zero RoW charges, availability of power at reduced rates, etc.

**Point (d) By facilitating sub-marine cable connectivity to the inhabited islands of Andaman and Nicobar Islands and Lakshadweep Islands; and**

**COAI Comments:**

1. **We support this statement.**

**Point (e) By promoting use of satellites to provide telephony and broadband services in remote and inaccessible areas through–**

- (i) **Rationalization satellite transponder and spectrum charges; and**
- (ii) **Making available additional transponders, and new spectrum bands (such as Ka band) for satellite-based commercial communication services.**

**COAI Comments:**

1. A technology neutral approach should be followed.
2. To put in place a balanced policy approach to encourage the development of all technologies including Satellite telecommunication.
3. Further, with regard to promoting satellites for providing telephony and broadband , we would like to submit that policy should allow use/hire/share the satellite spectrum for any application, i.e. VSAT, DTH, Teleport or any telecom services

**Part F: Strategies to enable access for wireline broadband services to 50% households in the country; to enable access for high-quality wireless broadband services at affordable prices to 90% population; to develop 10 million public Wi-Fi hotspots in the country; and to achieve 900 million broadband connections at a minimum download speed of 2 Mbps, out of that at-least 150 million broadband connections at a minimum download speed of 20 Mbps:**

**Point (a) By adopting a National Broadband Plan (NBP) for enabling access to at least 90% household using wireline, wireless, and satellite resources optimally;**

**COAI Comments:**

- 1. We support this, however, a consultation is required with stakeholders**

**Point (b) By facilitating development of Open Access Networks to improve access and affordability of communication services;**

**COAI Comments:**

1. The existing policy framework enables operators to share their network infrastructure as well as UL-VNO licensing framework is already in place to allow Virtual Network Operators to provide services using the network of Telecom Operators. As the existing policy measures allow efficient use of network infrastructure, therefore, introduction of Open Access network is not relevant at this stage.

**Point (c) By promoting sharing of telecom infrastructure amongst telecom service providers;**

**COAI Comments:**

1. Policy should highlight to further liberalize active and passive infrastructure sharing, network sharing among telecom operators to include MSCs and other core infrastructure

**Point (d) By upgradation of cable TV networks for delivery of converged broadcast and broadband services;**

**COAI Comments:**

- 1. We support this statement.**

**Point (e) By incentivizing fixed-line broadband services;**

**COAI Comments:**

1. Government needs to maintain technology neutrality.
2. Thus, we are of the view that all medium wireline, wireless, and satellite should be provided incentive and encouraged for improving the broadband services in the remote and rural areas.

**Point (f) By devising enabling provisions for sustainable development of public Wi-Fi hotspots;**

**COAI Comments:**

1. The policy statement should mention that the Internet Access Services through Public Wi-Fi are continued to be provided under UL.
2. Allowing a service like Internet to be resold under a Registration would be against the very basic foundation of Unified Licensing Regime and would tilt the Level Playing Field. This should be allowed only through a UL (VNO)

**Point (g) By facilitating content delivery networks for improved quality of experience;**

**COAI Comments:**

1. **We support this Statement**

**Part G: Strategies to enable access for connecting to 10 billion IoT/ M2M sensors/ devices:**

**Point (a) By prescribing licensing and regulatory framework for IoT/ M2M service providers;**

**COAI Comments:**

1. Licensing under Section 4 of Indian Telegraph Act, is necessary for setting up networks for M2M services. UL (Access - Services) Authorization can be used by all entities to provide M2M Services.
2. There is no need to introduce separate authorization within UL for M2M services as this will create market distortion.
3. If, at all, Government intends to introduce separate authorization within UL for M2M Services, then it should have similar licensing conditions as that of UL-AS.

**Point (b) By earmarking of suitable licensed and unlicensed spectrum for IoT/ M2M services;**

**COAI Comments:**

1. Spectrum should not be de-licensed, in the name of M2M, for providing the services which can become substitutes for the services being provided using licensed spectrum, to maintain a level playing field. Therefore, this statement needs to be reviewed.

**Point (c) By creating appropriate institutions for coordinated development of 5G services, IoT/ M2M systems, and their security framework;**

**COAI Comments:**

1. A policy framework for future technologies such as 5G, M2M/IoT, Satellite telecommunication
2. A policy for standards and certification of devices.
3. To play leadership role in framing various standards and adoption of technologies (such as 5G)

**Point (d) By closely working with sector specific industry councils for preparing roadmap for transformation of each sector to Industry 4.0;**

**COAI Comments:**

1. **We support this statement.**

**Part H: Strategies to establish India as a global hub for data communication systems and services:**

**Point (a) By prescribing licensing and regulatory framework for cloud service providers;**

**COAI Comments:**

1. Cloud computing is a style of computing in which dynamically scalable and often virtualized resources are provided as a service over the Internet.
2. Access to digital products and services, such as cloud applications, provide small and medium enterprises (SMEs) with cutting edge services at competitive prices, enabling them

to participate in global supply chains and directly access customers in foreign markets in ways previously only feasible for larger companies.

3. In fact, the Internet can be a great equalizer, lowering the barrier for market entry, and enabling small companies to compete globally using the same tools as large and established companies.
4. The truly scalable data storage and processing capabilities that the cloud provides makes big data analytics an affordable possibility for the public sector and SMEs.
5. The cloud services in India are at a nascent stage, hence flexible and light touch regulation for emerging and innovative technologies and business models is crucial to take advantage of the social and economic benefits of the digital economy.
6. It is therefore important that all providers of cloud services have appropriate policies and practices in place that: are compliant with applicable laws, are consistent with relevant industry best practices and use meaningful and reasonable efforts to address and deter the use of their services to engage in illegal activity.
7. With respect to the telecom operators, we submit that there are some restrictive clauses in the license that do not allow the TSPs to leverage the benefits of cloud services for/on behalf of their customers. The telecom operators are only allowed to use cloud services as an Enterprise.
8. The license restricts the telecom operators to send any user identifiable information outside India. This is creating reluctance in TSPs to avail the benefits of cloud for their subscribers. However, similar or more information pertaining to identification of the subscribers is being sent outside India through subscribers themselves or through handsets or websites\*.
9. We also submit that the provisions of the IT Act are also applicable to the TSPs and hence any separate provision in the license may not be required.

**Point (b) By declaring data privacy, protection, and security laws;**

**COAI Comments:**

1. We would like to submit that National security and privacy issues are of paramount importance. These should be introduced by way of horizontal regulation.
2. There should be uniform rules for all stakeholders, such as OTT communication service providers, handsets, devices and content providers, operating in Internet Ecosystem to address the issues pertaining to data protection, privacy and security Further, we would like

to submit that no exception should be made for any service provider, including the OTT communication service provider's w.r.t to the rules on data privacy, protection and security laws.

3. Same service same rule should be established for similar service providers.

#### **Point (c) By prescribing policy for cross-border data transfer;**

##### **COAI Comments:**

1. We would like to submit that in IoT/M2M scenario huge volume of data would be generated by M2M/IoT devices which would require the processing and storage on cloud. Thus, cross –broader data transfer should be allowed. In order to address the issues pertaining to data protection, privacy and security there should not be any distinction over the accountability of the concerned stakeholders, whether data is flowing within the country or outside the country. Foreign entity handling the data collected from India should be subjected to Indian laws for addressing the issues related to privacy and security.

#### **Point (d) By enacting net-neutrality laws;**

##### **COAI Comments:**

1. With regard to the Net Neutrality, we would like to submit that in order to develop a coherent policy there is a need for adopting a holistic approach rather than a piecemeal approach.
2. Following strategic statement should be taken in NTP -2018:
  - a. **To adopt a light touch Regulatory Framework in order to promote innovation and network expansion to ensure 'High-Speed Broadband to All'**. DoT may also like to look at other jurisdiction like the US where Net Neutrality regulations have been repealed so as to promote innovation and investments.
  - b. **To define the Net Neutrality in the Indian context and as an enabler to achieve the Digital India vision by facilitating the citizens with affordable telecommunications services.** There should be a voluntary approach towards adopting the principles of Net Neutrality.
3. Further, **the principles of Net-Neutrality should be uniformly applied across all the stakeholders operating in Internet ecosystem.** Internet ecosystem consists to devices, OTT players, handsets, devices, Content Delivery networks etc. and can impact various aspects. For instance, throttling can take place can happen at content provider. Therefore, each entity in the Internet ecosystem should comply with the Net-Neutrality rules.

**Point (e) By incentivizing setting up of International Data Centers (IDCs) in India;**

**COAI Comments:**

1. **We support this Statement**

**Point (f) Internationally comparable bandwidth capacity and costs for businesses to encourage Data Centre localization in India;**

**COAI Comments:**

1. We support this statement. There is low volume of domestic exchange of Internet traffic as compared to international bandwidth as majority of content is hosted outside India. Therefore, Government needs to encourage local and foreign companies to build 'Data Center Parks' in India by providing them land, infrastructure and uninterrupted power supply at affordable rates.

**Point (g) By facilitating establishment of interconnect exchanges for data services;**

**COAI Comments:**

1. The operators have already established their interconnection and thus any connectivity through interconnect exchange will be additional cost burden on them. Hence at this stage, because of well spread networks in India we do not consider it technically and commercially a viable option to have an interconnect exchange.
2. Against the above backdrop, we are of the view that there is no need to consider setting up an Interconnect exchange for interconnectivity of various operators as it will only introduce another and additional element of cost in providing the service. This additional cost is also not desirable given the precarious financial situation of the industry.

**Point (h) By expeditious availability of land, electricity, and security for data centers;**

**COAI Comments:**

1. **We support this statement.**

**Point (i) Human capital for data analytics and product development;**

**COAI Comments:**

1. We support this statement.

**Part I: Strategies to become net positive in international trade of telecommunication systems and services:**

**Point (a) By facilitating set-up of ‘Special Technology Zones (STZs)’ for experimental products to invite product and technology innovation and development in India;**

**COAI Comments:**

1. We support this statement.

**Point (b) By allocation of spectrum for demonstration and experimental purpose on expeditious basis;**

**COAI Comments:**

1. Any such allocation should be time bound and with a limited pre-defined scope.

**Point (c) By establishing Telecom Research and Development Center for identification, customization, and development of digital products and services in the country to substitute imports;**

**COAI Comments:**

1. We support this statement.

**Point (d) By facilitating development of required infrastructure for research and development, incubation centres, standardization, testing, and certification of digital communication systems, products and services;**

**COAI Comments:**

1. We support this statement.

**Point (e) By earmarking 40% of incremental USOF for financing R&D, Innovation, and development of communication systems and services as per indigenous needs;**

**COAI Comments:**

1. We would hereby like to submit that as per USOF data out of the **Rs. 88,885 crores** collected for the USOF between 2002-03 to 2017-18 (as of 31.10.2017), **Rs. 49,477 crore** remained unutilized, representing **56%** of the USO levy collected.
2. The purpose of USO fund is to enhance the rural tele-density. Therefore, there should not be earmarking of funds in USOF for any purpose other than increasing rural penetration of telecom services.
3. We are of the view that unutilized amount of **around Rs. 50 thousand crores** is enough for connecting the uncovered villages with mobile connectivity.
4. Thus, it needs to be specified in the policy that the USOF levy should be removed

**Point (f) By providing financial incentives for the development of Standard Essential Patents (SEPs) in the field of telecommunication services and systems;**

**COAI Comments:**

1. **We support this statement.**

**Point (b) By encouraging partnership between industry and academia for development of human capital;**

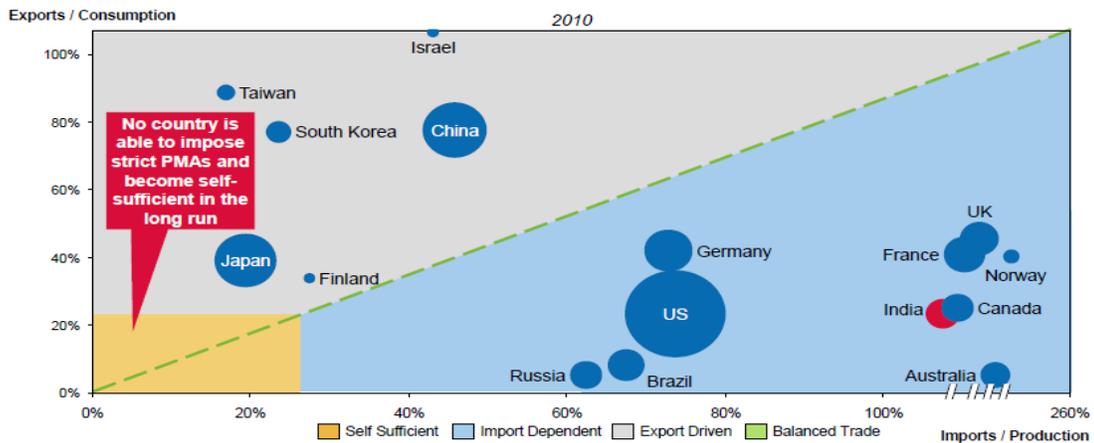
**COAI Comments:**

1. **We support this statement.**

**Point (c) By incentivising local manufacturing of network equipment and devices;**

**COAI Comments:**

1. Making India a manufacturing hub and in particular communications equipment manufacturing, has been a national priority, and one which the industry is fully cognizant and supportive of. Measures taken by the Government in furtherance of this goal have drawn interest and engagement from a cross-section of the industry.
2. However, it is pertinent to note that no country is self-dependant in all aspects of manufacturing value chain, and thus takes time to develop the value supply chain that can act as a smart enabler to the nation's need. To the best of our knowledge, even China has only achieved 45%.



Source: Global Insight and Booz & Company analysis

3. In support of the government's efforts in promoting domestic manufacturing, we believe that there are various ways to encourage domestic manufacturing in India like:
  - a. Develop specialized telecom clusters while addressing infrastructural, fiscal and legal issues, including labour laws.
  - b. Provide incentives for Export and throughput
  - c. Strengthen IP protection and infrastructure.
  - d. Initiatives providing seed funds and infrastructure for early stage ventures need to incorporate global best practices.
  - e. Need for Commercial financing options.
  - f. A fund which allows local players to offer competitive contract financing options to buyers should be established.
  - g. Operators may be incentivized via license fee rebates.

**Point (d) By becoming global hub for remote management of telecommunication networks;**

**COAI Comments:**

1. **We support this statement.**

**Point (e) By coordinating with EXIM Bank and Telecom Export Promotion Council (TEPC) to facilitate international trade of telecommunication systems and services;**

**COAI Comments:**

1. **We support this statement.**

**Point (f) By making TEC and TSDSI responsible for development and enforcement of standards for telecom products and services;**

**COAI Comments:**

1. TEC and TSDSI are standards bodies and should be responsible for developing standards and not enforcing them.

**Point (g) By developing own test labs and certification infrastructure;**

**COAI Comments:**

1. Mutual recognition provision of international certification practice needs to be followed.
2. Certificates from internationally accredited/ recognized laboratories should be accepted.

**Point (h) By upgrading the manufacturing PSUs under DoT to actively exploit their strategic and operational synergies;**

**COAI Comments:**

1. **We support this statement.**

**Q.2 Stakeholders may also suggest any other issue related to Policy Framework which stakeholders feel is important for growth of telecom sector, along with justification.**

**COAI Comments:**

1. **Meeting the Implementation Timelines is key:** The NTP must focus on time bound implementation of the Policy. Timelines to be adopted in the Policy should be realistic rather than aggressive and the same should be based on past implementation experience.
2. **Union Budget:** Timelines for increasing the Broadband Penetration with the specified speed will be one of the key objectives of the NTP 2018, hence we are of the view that the Broadband infrastructure fund must reflect in the Union budget similar to that of roads, power, railways etc.
3. **Other Significant Issues:** Some of the other issues which need to be captured in the Strategy Statement are as below:
  - a. **Efficient use of available spectrum**
    - i. **Harmonization in 900 MHz band:** To enhance the efficient use of spectrum, harmonization should be carried out in 900 MHz band which would make available additional spectrum for auctions and would also enable operators to deploy more efficient networks and affordable broadband services.
    - ii. **BTS Output Power:** The **limitation of maximum allowed RF transmit power of 20 Watts for BTS must be removed for 3G and 4G.** Operators should be allowed to configure transmit power level as per their requirements, while complying with the prescribed EMF limits. This would enhance network coverage and the quality of services, and would result into optimal utilization of spectrum. Further, any policy on transmit power should adopt technology agnostic criteria — the total transmit power should be uniform, irrespective of the mobile broadband technology (3G/4G) used, number of antenna deployed, number of ports in an antenna, etc.
  - b. **Providing enabling condition for Investments:**
    - i. Export of redundant active equipment would be allowed without any objection from WPC
    - ii. Relaxed single borrower exposure limits on banks for credit-worthy telecom companies
    - iii. Will allow Tax Free Bonds for the Telecom Sector

- iv. The telecom/ telecom infrastructure industry would also be made eligible for access to long term low cost debt for infrastructure projects to be provided by Infrastructure Debt Funds (IDFs).
- v. Government to establish Telecom Finance Corporation /Infrastructure Bank to provide loans at preferred rates to Telecom Companies

**The detailed Justification is highlighted in Annexure C.**

- c. **Ease of doing business for Govt deployments:** Simplify approvals and permissions in govt. deployments by reducing number of approvals and permissions in relation ROW, execution, documentation and cash flow.
  - i. A single window clearance for permissions
  - ii. Deemed approval on all relevant Govt. land
  - iii. ROW nodal agency that manages all permissions will reduce time, effort and cost.
  - iv. Govt. focus on transforming accounting practices and bringing cross ministerial synergies who are like department to the same Govt.
  - v. Stringent vendor selection criteria with Focus on operating standards and strong SLAs
  - vi. Efficient utilization of technology and surveillance for approvals
  - vii. Strong audit and penalties to ensure quality is adhered to
  - viii. A framework to synergise execution, documentation and payments to ensure optimization of time, effectiveness and resource.
  - ix. To dispense with administrative approvals such as Import Licence, SACFA, WoL etc. & simplify various processes
  - x. Uniform policy on security, interception and privacy of customers
  - xi. Settle dispute of definition of revenue for LF & SUC and simplify assessment of AGR at CCAs level
  - xii. To take effective steps for reducing ongoing legal disputes between DoT and TSPs
  - xiii. All regulatory/financial filings should be done centrally and not at the circle level.

- d. **Network Security:** Following strategic statements should be included:
- i. Telecom Service Providers have to follow comprehensive licensing conditions on network security
  - ii. Additional security requirements should be funded by the Government.
  - iii. Clearly specifying the distinction between Performance & Security Testing.
  - iv. Establish Standards which are globally aligned
  - v. Finalize standards body for Telecom (BIS vs TEC)
- e. **Security of the Broadband Infrastructure:** Given that the infrastructure is a national asset:
- i. Tampering with the Broadband network would be considered as an offense and adequate legal action would be taken to ensure fibre cuts or damage to towers is avoided.
  - ii. A 'call before you dig' number would be mandated and all utilities will be mandated to have GIS maps so that damage due to ROW digging can be avoided.
- f. **Multiple Audits:**
- i. There are multiple audits conducted by various agencies/departments of the Government apart from the statutory audits required under the Company Act, 2013. Conducting an Audit is a time consuming exercise involving substantial resources. TSPs already have their quarterly and annual audits by the Statutory Auditors as they follow the highest standard in corporate governance.
  - ii. We believe that these audits are sufficient and there should not be duplication of efforts by multiple audits in a given financial Year. The same will help in saving the duplication of efforts, wastage of time, manpower and precious public resources.
  - iii. It is extremely likely that the Audit finding that come up as a result of one audit will be most likely mirror the findings from the other audits conducted by the other agency. In view of the same, there should be one audit.
  - iv. Thus, we are of the view that one detailed check list / process should be defined to take care the requirement of all the agencies and the agencies should rely on outcome of such report.

- v. Thus, DoT to incorporate the policy statement that “**DoT will avoid the multiple Audits of the book of accounts of the Operators and thus facilitate the Ease of Doing Business in Telecom sector**”
- g. **Reduction in the Litigations:**
- i. The licensing and regulatory reform should be done to make the provisions simpler.
  - ii. The resolution of issues should be done through consultative and collaborative means in a time bound manner instead of approaching the judiciary system to resolve each issue.
  - iii. Further, Government and Industry should work together to arrive at a conclusion on the ongoing litigations.
- h. **To facilitate Broadband infrastructure to become a part of Building Codes to** speed up FTTH deployment in cities and towns to ensure high quality access with high speed.
- i. **Incentivize Optical Fiber Manufacturing:**
- i. Create an Optical Fibre Market Development Fund to include
    - Product development
    - Market development towards setting up a supply chain ecosystem including warehousing and logistics networks to counter local incumbents in overseas markets.
    - Patents
- j. **Creation of Fibre Action Task Force (FATF):**
- i. Fibre Action Task Force (FATF), with cross ministry and industry involvement (TSPs, Fiber players, etc.), will be initiated in order to ensure standards for the creation, procurement, deployment and management of fiber and to speed up fiber roll out in the country.
- k. **Smart Cities:**Following strategic statements should be included in this regard:
- i. To promote/ incentivize the TSPs for participation in the connectivity establishment between various sensors, devices etc.

- ii. To ensure smooth roll out of networks by managing the RoW issues so that the telecom service providers can ensure timely deployment and creation of smart infrastructure in a time bound manner
- .
- l. **Digital Payments:** Following strategic statements should be included w.r.t Digital payments:
    - i. To work towards enhancement of mobile wallets & other modes of mechanism for digital payments.
    - ii. To ensure the M-wallets become interoperable to give a boost to digital payments.
    - iii. To facilitate TSPs in creation of ubiquitous & robust network to support digital payments by way of rationalization of government levies, spectrum pricing etc.
    - iv. To adopt digital payment modes for all the Government levies across all sectors in the country.
    - v. To facilitate & encourage TSPs to offer payment banking services to their subscribers.
  - m. **Disaster Management:** Following strategic statements should be included in this regard:
    - i. To facilitate the use of data analytics, Data mining, Artificial Intelligence for the prediction, identification, reduction and redressal of the disaster management related issues.
    - ii. Priority should be given to telecom in case of disaster and a disaster recovery cell should be constituted by Government.
    - iii. Facilitate creating awareness about Disaster management in local language.
    - iv. **Efforts and contribution of the Industry to be recognized by the Government & appropriate relief in terms of reduction in License fee, Rewards & Recognition, no duties in telecom equipment etc. to be provided to the Industry/TSPs in this regard.**

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**Reduction in Regulatory Levies:**

A significant portion of Industry Revenue (Approx 30%) goes to the government by way of taxes and levies.

A rational and responsible taxes and levies regime will reduce the onerous burden on the sector and will allow it to have greater investible surplus, both for increased rollout of infrastructure but also more affordable services for the consumers by the Government.

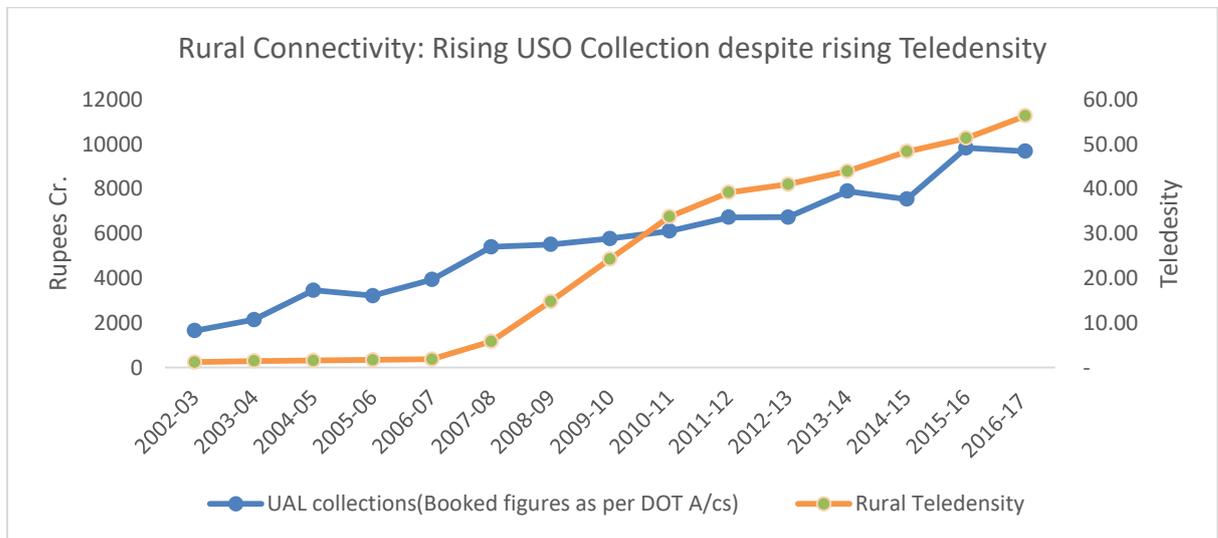
**1. Reduction of Spectrum Usage Charge (SUC) :**

- a. **SUC Burden on the Operators:** Industries payout for SUC has increased at a CAGR of **13.2%** from **Rs. 3,602 Crore to Rs. 7573 crores** from 2010 to 2016 alone. Considering the financial Health of the Industry, currently Industry is under the debt of around **4.6 Lakh Crores**, SUC has substantial financial burden on the operators.
- b. **SUC only for recovering the Administrative cost:** It is submitted that since the spectrum is acquired through an auction mechanism with the fee payable upfront, there should be no requirement for further annual payments beyond a nominal administrative fee towards spectrum management. This is because the intrinsic value of spectrum has already been paid in the auction in full.
- c. **International Practice:** In European countries most nations have either low annual spectrum fee charges, or no charge at all. This is the practice in countries where the value of spectrum is captured upfront in a single payment either through an auction or a “beauty parade” with a defined payment level. In the United States and Australia, annual fees are meant to cover the cost of management and regulation of the spectrum. Even some of the Asian countries like China have much lower annual spectrum charges.
- d. **High SUC creates stringent barrier for the operators to invest in Infrastructure:** Once the spectrum is allocated through an auction mechanism, continuing with the current escalating charge approach is detrimental to consumers and operators as it work as an inverted duty structure. It increases the input cost of the spectrum leading to excessive burden on operating margins and revenues for the spectrum holders. This leads to an imposition of stringent barriers for the operators to invest in expansion of services.
- e. **Hence we request that since the value of spectrum is being recovered upfront through auctions, there should be no Spectrum Usage Charge (SUC). However, if at all, the SUC is to be levied, it should be a uniform rate of 1% of Adjusted Gross Revenue across all spectrum bands, so as to only recover the administrative costs.**

2. **Reduction in USO contribution (License Fee):**

- a. The rural tele-density has exceeded and surpassed the objectives laid down under successive telecom policies, whereas the operators are still being subjected to an ever increasing heavy burden of contributions to USO fund with the same percentage of Adjusted Gross Revenues. This, in spite of the fact that as per the revised auction rules operators are required to now enhance coverage to 30% of Block Headquarters.
- b. The Chart below shows that despite the increase in rollout of networks which helped in substantial improvement in rural tele-density, the contribution to USO has multiplied instead of any reduction in the levy.

**USO Collection & Tele-density**



Source: DoT (USOF website)

- c. We would like to highlight that as per USOF data out of the **Rs. 88,885 crores** collected for the USOF between 2002-03 to 2017-18 (as of 31.10.2017), **Rs. 49,477 crore** remained unutilized, representing **56%** of the USO levy collected.
- d. Also, we would further like to highlight that there are around 55,669 villages do not have mobile coverage and government is working to provide mobile coverage in these villages through USO fund assistance along with private operator investments and support.
- e. In light of above , we would like to make following submissions:
  - i. **The USO fee should not be construed as levy, rather it is contribution given by all TSPs.**

- ii. We are of the view that the existing contribution available in USO fund i.e. INR 49,477 Crores is more than the requirement to connect the 55,669 unconnected villages.
- iii. **Regulatory levies are 'additional' costs to the consumer:** the imposition of USO and other regulatory levies led to additional cost burden in the tune of Rs. 49 per month to the subscriber and out of which ~ Rs 8.2 is for USO levy which is equally applicable to rural subscriber.
- iv. **India's USO Fund percentage contribution is way above the world average.**
- v. Also, DoT had decided to reduce USO contribution from 5% to 3% in line with TRAI recommendations dated 28 August 2007, subject to certain rollouts, in 2008 which was a step in the right direction. **However, this decision was unilaterally rescinded in 2009.**

**We therefore request that USOF levy should be removed.**

**3. Telecommunication – critical infrastructure sector merits lower rate of GST**

- a. Telecommunication industry has emerged as a key driver of economic and social development in India contributing approximately 2% to India's GDP.
- b. India is the world's second-largest telecommunications market with more than a billion connections. The Telecom revolution has changed life of millions and has opened boundless opportunities and possibilities for the common man.
- c. Telecom sector has been granted Infrastructure status and thus is a sector which not only makes significant investment but also contributes to significant consumption
- d. Further, it is also notified as essential services under the Essential Services Maintenance Act, 1968. The sector plays a pivotal role in Digital India and financial inclusion initiatives of Government and impacts the lowest strata of society. It needs to be appreciated that telecom services are being used by the common man and tax incidence on the same is inherently regressive.
- e. Govt. should consider lowering the GST for telecom to 5%.
- f. **Thus, rate of the GST should be reduced to 5% for the Telecom**

**4. Property tax on tower infrastructure:**

- a. Some states have started levying property tax on telecom towers which is a network infrastructure equipment by wrongly classifying it as a building

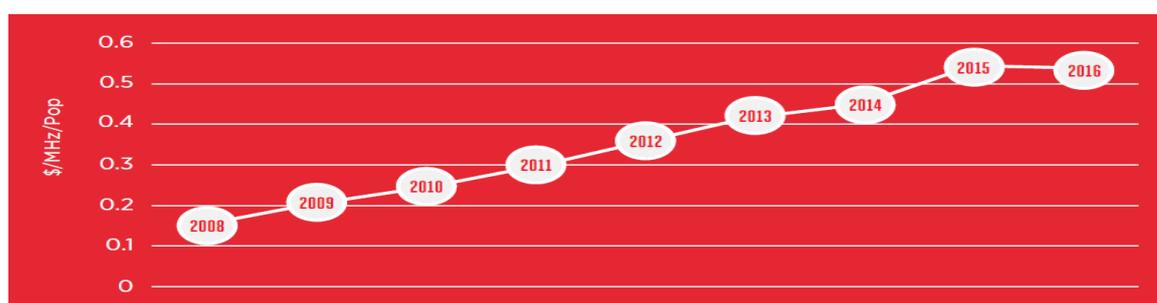
- b. Levying property tax is not only incorrect but also leads to additional costs on telecom industry negatively impacting profitability
- c. **Thus, there should be removal of Property Tax on Tower Infrastructure by clarifying that Tower Infrastructure is not a “Building” but only a temporary structure on a building**

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## Annexure B:

### A. Additional Spectrum needs to be made available for new technologies at affordable prices.

1. The main rationale for charging a price for spectrum, whether through upfront fees or annual charges (or both), is to promote its efficient use.
2. The industry has been for a long time demanding adequate availability of spectrum at reasonable prices. While the Govt. has worked towards increasing the availability of spectrum, the Govt. has not paid heed to ensure availability of such spectrum at reasonable price. High spectrum prices have remained a key concern for Indian operators. Spectrum in India is far more expensive as compared to the neighbouring countries like Pakistan, Bangladesh and Sri Lanka.
3. The high spectrum cost has contributed to the debt burden and this accompanied with high levies has resulted in immense financial pressure on the sector.
4. A GSMA report on spectrum pricing highlights the increasing cost of spectrum acquisition since 2008, indicating an increase of **250%** since 2008.



Average Spectrum Prices (Source: GSMA)

5. **The report also established statistically that high spectrum spend leads to**
  - **lower quality and reduced take-up of mobile broadband services;**
  - **higher consumer prices for mobile broadband data; and**
  - **Lost consumer welfare with a purchasing power of US\$250bn across a group of countries where spectrum was priced above the global median – equivalent to \$118 per person.**
6. In the Indian context, spectrum pricing has been a challenge where operators have so far committed around **Rs. 3,40,000 Crores** since the spectrum auction of 2010. As per the GSMA report the auctions for bands such as 900 MHz in India, have been one of the most expensive spectrum auctions in the world, **\$3.57 per MHz/Pop** for 900 MHz was spent which was one of the highest in the world. While another

problem that is faced is high reserve prices for spectrum; the spectrum auction of 2016 saw no response from operators for 700 MHz due to high reserve price for this band.

GLOBAL TRENDS IN SPECTRUM RESERVE PRICES, BY BAND AND AUCTION, 2000-2016



Source: NERA Economic Consulting Global Spectrum Auction Database

GSMA Report on Effective spectrum pricing

Note: Green = Reserve prices for coverage bands below 1 GHz (700 MHz, 800 MHz, 850 MHz and 900 MHz); Blue = Reserve prices for capacity bands above 1 GHz (PCS, AWS, 1800 MHz, 2.1 GHz and 2.6 GHz).

7. Further, to the above, we would like to submit that the Telecom Industry has invested over **INR 9.2 lakh crores** in setting up world class mobile networks over the last 20 years is going through one of its most disruptive phases. The sector is reeling under a heavy debt burden of **INR 4.6 Lakh Crores**.
8. The Industry for the first time ever, has seen a revenue drop for the full financial year. The AGR of the Industry decreased to **INR 1,404bn** for FY17 with YoY decline of **4.9%**, while the AGR for the Q1FY18 decreased to **INR 283bn** with YoY decline of **27.06%**. The Indian telecom sector is in dire financial straits with only 1% return on investments and except for the market leader; all other operators are currently making negative returns on their investments. Even for the market leader the returns are negligible.
9. The severe financial stress has triggered a series of consolidation in the industry i.e. companies are divesting distressed assets in an effort to reduce debt.

10. **Our Request:** In light of above, we would like to submit that Government/Regulator needs to :

- a. Formulate future roadmap for spectrum
- b. Adopt long term perspective w.r.t spectrum pricing i.e. have long term benefits in mind rather than short term benefits in terms of generating revenue from auction
- c. Set modest reserve prices and
- d. Release spectrum as soon as it is needed.

The above highlighted policy of lower reserve price will support TSPs to focus on achieving objective of 'Digital India', while allowing TSPs to make investments in right direction.

\*\*\*\*\*

**Enabling conditions for investments:**

1. **Flexibility of export of redundant active equipment**

- a. The operators are entering into active sharing and merger arrangements which will result in efficiency and will make the existing some of the existing active equipment redundant.
- b. Such active equipment like antennae etc. can be exported to foreign operators. In this respect there should be no objection from Wireless Planning Commission (WPC) and only information to WPC should suffice.
- c. **Thus, Export of redundant active equipment should be allowed without any objection from WPC**

2. **Relaxed single borrower exposure limits on banks for credit-worthy telecom companies**

- a. Telecom sector continues to remain a capital-intensive sector with huge investments in spectrum and network which has resulted in companies having significant debt
- b. Given RBI mandate on review of credit to Telecom companies, the banks are likely to tighten their position on credit exposure.
- c. This might negatively impact the ability of companies even those which are credit-worthy to invest further and grow their network.
- d. Also with the recent wave of consolidation in sector which should generally lead to combined entities having a better financial profile due to scale and synergy benefits (thus better credit worthiness), but could cause banks to relook at exposure to combined entity.
- e. **Thus, relaxation of the single borrower limit especially for credit worthy companies will enable these companies to continue to invest and also prevent banks from losing out on exposure to credit-worthy assets.**

3. **Allow Tax Free Bonds:**

- a. Telecom Sector is the capital-intensive sector with huge investments required towards spectrum acquisition, network rollout etc.

- b. As per the estimates the roll-out of Broadband and Internet services requires enormous investments to the tune of **INR 200,000 crores over the next 3-5 years** for spectrum, technology, equipment and fiber backbone.
- c. Thus it is evident that the fund requirements for the telecom companies is very high and this should be facilitated by allowing to raise funds via issue of tax-free bonds, the proceeds of which need to be invested in developing the telecom infrastructure sector.
- d. **Thus, Telecom/ telecom infrastructure industry, which have been granted infrastructure industry status, should be allowed to issue tax free bonds which would reduce the overall cost of capital and mobilize cheaper funds for growth of the telecom/ telecom infrastructure sector at large thereby help achieve the national vision of a connected India.**
- e. **Further, the telecom/ telecom infrastructure industry should also be made eligible for access to long term low cost debt for infrastructure projects to be provided by Infrastructure Debt Funds (IDFs).**

4. **Formation of Telecom Finance Corporation /Infrastructure**

- a. One of the Objectives of NTP 2012 was to create a **Telecom Finance Corporation** as a vehicle to mobilize and channelize financing for telecom projects in order to facilitate investment in the telecom sector.
- b. The telecom sector in India attracted a cumulative investment of INR 1,30,729 crores from April 2000 to June 2017. Thus, it is clear that foreign investments can part-finance the funding requirement of the telecom sector. Moreover, FDI is riskier and expensive than the domestic sources of funds. Thus, it is imperative for the telecom sector to generate funds from domestic sources in the long run to ensure faster, more inclusive and sustainable growth.
- c. Thus, there is a need for Financial Institution (FI) dedicated to Telecom Sector financing and committed to the integrated development of the telecom and associated sectors to promote efficient investments in the sector.
- d. There is a need for FI that works closely with government entities and regulators to advise and assist them in formulating policy and regulatory frameworks that support private investment and public-private partnerships in infrastructure development. Also, the FI can play a crucial role in reaching out to the global financial system for financing telecom development; to act as a catalyst for reforming India's Telecom Sector.
- e. **Thus, Government to establish Telecom Finance Corporation /Infrastructure Bank to provide loans at preferred rates to Telecom Companies.**

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