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Subject: Tata Communications Ltd. response to TRAI Supplementary Consultation Paper on 'Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed'

Dear Sir,

This is with reference to the TRAI Supplementary Consultation Paper No. Nil dated 19-05-2021 on aforementioned subject.

In this regard, please find enclosed herewith Tata Communication Limited's response to the Consultation Paper your kind consideration. The same is attached herewith as Annexure -I.

We request you to kindly consider our inputs while finalizing the recommendations and would be happy to provide any additional information, if required.

Thanking You,
Yours Sincerely,

For Tata Communications Limited,

Praveen Sharma
Authorized Signatory

Enclosed: As mentioned above

TATA COMMUNICATIONS

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Tata Communications Limited's response to TRAI Supplementary Consultation Paper on 'Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed'**Preamble**

At the outset, Tata Communications Limited (TCL) welcome the issuance of this Supplementary Consultation Paper on '*Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed*', need of which has arisen due to DoT letter dated 12th March 2021. DoT vide its letter has made a reference to recommendations given by TRAI on 17th April 2015 titled "*Delivering Broadband Quickly: What do we need to do?*" wherein it had recommended that in order **to promote fixed line broadband, the license fee on the revenues earned on fixed line broadband should be exempted for at least 5 years**. DoT letter has further elaborated that due to litigations and the judgments/orders of the Hon'ble TDSAT in respect of license fee for ISPs, many ISP licensees have not paid, now for almost last eight years, the license fee on revenues earned from the delivery of pure internet services under the ISP licenses/ authorizations. As the fixed-line broadband services are mostly delivered under the ISP licenses/ authorizations, in a way many ISPs have already availed the intended benefit of exemption of license fee on the revenues earned from delivery of fixed-line broadband services. Despite this, the growth in the fixed-line broadband subscribers has not been remarkable during the last 8 years.

DoT vide its letter has raised pertinent issue of promoting fixed line broadband services for which TRAI has sought inputs from all stakeholders to enable framing of appropriate recommendations by TRAI which would further enable DoT to finalise its policy to incentivize the proliferation of fixed-line broadband services.

Tata Communications Ltd. strongly advocates for the indirect incentives approach for ensuring incentivizing all the service provider who have been instrumental in the proliferation of fixed-line broadband networks irrespective of the technology adopted / infrastructure created to offer the services as these Operators have invested huge amounts to build the fixed-line network infrastructure in the country.

With the above submissions, we are hereby providing our inputs on the issues raised in the Consultation Paper:

Q.1 What should be the approach for incentivizing the proliferation of fixed-line broadband networks? Should it be indirect incentives in the form of exemption of license fee on revenues earned from fixed-line broadband services, or direct incentives based on an indisputable metric?

TCL's Response:

As highlighted by TRAI in the consultation paper, key reasons for low penetration of fixed-line broadband services are a) difficulties in rolling out fixed-line networks across markets due to RoW issues, restricted access to building & complexes etc. b) much higher requirement of capital expenditure and high cost of installation and maintenance of fixed-line network infrastructure.



In view of the above, Tata Communications advocates for the indirect incentives approach for ensuring incentivizing all the service provider who have been instrumental in the proliferation of fixed-line broadband networks and/ or Internet Access irrespective of the technology adopted / infrastructure created to offer the services as all operators have invested huge investments to build the fixed line networks and related infrastructure. Further, we are of the view that service providers who have already created required infrastructure should also be equally treated while giving incentives for creation of new infrastructure as envisaged by TRAI in the consultation paper.

We strongly recommend the exemption of license fee for a minimum period of ten years or till the period of review of license fee by the Government.

Q.2 If indirect incentives in the form of exemption of license fee on revenues earned from fixed-line broadband services are to be considered then should this license fee exemption be limited to broadband revenue alone or it should be on complete revenue earned from services delivered through fixed-line networks?

TCL's Response:

As recommended in response to Q.no.1, indirect incentives in the form of exemption of license fee should be considered for ensuing level playing field among all fixed line service providers. It is further suggested that this license fee exemption be limited only to the revenues accruing out of broadband revenues or any other form of internet access) service provided using fixed line network.

Q.3 In case of converged wireless and fixed-line products or converged services delivered using the fixed-line networks, how to unambiguously arrive at the revenue on which license fee exemption could be claimed by the licensees?

TCL's Response:

We suggest that the any wireless broadband service which is not capable of mobility should be treated as equivalent to fixed-line broadband service and should be exempted from the imposition of license fee.

Q.4 What should be the time period for license fee exemption? Whether this exemption may be gradually reduced or tapered off with each passing year?

TCL's Response:

The time period for license fee exemption should be minimum ten years from the date of exemption. The license fee exemption may be subject to review after ten years considering long network rollout and Return on Investment (ROI) gestation period

Q.5 Is there a likelihood of misuse by the licensees through misappropriation of revenues due to the proposed exemption of the License Fee on the revenues earned from fixed-line broadband services? If yes, then how to prevent such misuse? From the revenue assurance perspective, what could be the other areas of concern?



TCL's Response:

In case of any misuse by the licensee established through misappropriation of revenues due to the proposed exemption of the license fee on the revenue earned from fixed-line broadband services, it is suggested that appropriate penalty may be imposed on such defaulter licensee.

Q.6 How the system to ascertain revenue from fixed-line broadband services needs to be designed to ensure proper verification of operator's revenue from this stream and secure an effective check on the assessment, collection, and proper allocation and accounting of revenue. Further, what measures are required to be put in place to ensure that revenue earned from the other services is not mixed up with revenues earned from fixed-line broadband services in order to claim higher amount of incentive/exemption.

TCL's Response:

Tata Communications suggest following measures to ensure proper verification of service provider's revenue from the fixed-line broadband/internet access stream and accounting of revenue for the purpose of license fee:

- Those licensees having only ISP licenses/ authorizations i.e. standalone ISPs, are providing broadband/internet access services alone, therefore there would not be any issues in terms of verification of revenue pertaining to fixed-line broadband/internet access services. Whereas those licensees having both Access Service and ISP licenses/ authorizations i.e. integrated service providers bundling the voice and broadband/internet access services, it is suggested that the license fee should be imposed on the entire revenue earned from bundled services as TRAI has rightly mentioned in the paper that it may not be feasible to calculate the revenues earned from voice and broadband/internet access services separately.
- In those cases, where licensee (integrated Service Provider) offering fixed-line service by bundling with the content and other value-added services like IPTV, video streaming, video conferencing, music, security services, etc. It is suggested that the exemption of the license fee should not be given.
- In case of access of broadband services by subscribers through wireless as well as fixed-line broadband connectivity wherein consumer subscribes to both types of broadband i.e. wireless and fixed-line broadband services from an integrated service provider as a bundled products consisting of wireless and fixed-line services for the complete family, in that case license fee should be imposed on the entire revenue earned from bundled services.
- Further as suggested above, any wireless broadband service which is not capable of mobility should be treated as equivalent to fixed-line broadband service and should be exempted from the imposition of license fee.



Q.7 Is there any indisputable metric possible to provide direct incentive for proliferation of fixed-line broadband networks? What would be that indisputable metric? How to ensure that such direct incentives will not be misused by the licensees?

TCL's Response:

We do not support direct incentive schemes for proliferation of fixed-line broadband networks.

Q.8 What are key issues and challenges in getting access to public places and street furniture for installation of small cells? Kindly provide the State/ City wise details.

TCL's Response:

The telecom networks are advancing towards hetnets - layered and denser networks - to support the data surge. With the increase in data traffic, macro networks are now supplementing with small cells. Small cells are low-powered wireless access points that can be deployed indoors or outdoors to improve coverage and add targeted capacity. The advantages of small cell deployment include closing coverage gaps at low cost, better customer experience, low subscriber churn and suitability to urban use as they can be attached to street furniture. Going forward, small cell deployment will increase exponentially, as they would form a critical component of the 5G network unlocking a gamut of new uses cases in critical application areas. It has been expected that outdoor small cell deployments in India would reach to over 250,000¹ by 2023.

Globally, telecom operators have been facing challenges in deployment of small cells roll out in public places and street furniture due to strict permission requirements, high site acquisition and backhaul cost and a lack of internal capacity to coordinate the rollout at several sites. The small cell deployment in India is becoming a vital infrastructure considering exponential data demand and forthcoming rollout of 5G services. Some of the key issues and challenges in getting access to places and street furniture for installation of small cells are as follows:

- (1) The most important issue hampering proliferation of small cells is the Right of Way (RoW) as the RoW permissions are granted by individual central, state, local government bodies. Telecom sector doesn't enjoy the same privileges which are enjoyed by other Utility providers, such as., Power companies, gas companies etc., enjoy. There is no firm SLAs for the grant of RoW permissions. The RoW charges levied by various central, state and municipal bodies vary from state-to-state, city-to-city and there is no central body that administers or regulates the charging methodology levied by different agencies from time to time. Having one would help in simplification and expediting RoW approvals. Most metro cities have sky-rocketing RoW and reinstatement charges that prohibit laying and developing a fibre network. These charges aren't standard and can vary even within city limits for certain cities.

¹ EY Analysis



- (2) Small cell deployment requires approval for site acquisition, negotiation of fees with municipal corporations or other government bodies and availability of suitable backhaul and power at site. In this regard, there are no specific provisions for seeking permissions and applicable charges for deployment of small cells using street furniture at public places in majority of the Tower Infrastructure policies of various States and Union Territories.
- (3) Additionally, we understand that the current regulations do not allow deployment of small cells using existing street furniture due to restrictions imposed by local bodies on the Discoms as they are not allowed to realize commercial revenue using existing public infrastructure.
- (4) The small cells would typically leverage urban infrastructure where it would be challenging to ensure availability of power and backhaul to large number of small cells in a cost-effective manner.

Q.9 How to permit use of public places and street furniture for the effective rollout of 5G networks? Kindly suggest a uniform, simple, and efficient process which can be used by States/ Local-Bodies for granting access to public places and street furniture for installing small cells. Kindly justify your comments.

TCL's Response:

In view of the issues and challenges highlighted in response to Q. No 8, we are of the view that to ensure faster deployment of 5G network, the approval process for small cells needs to be streamlined as well as standardized at the city, state and national levels to reduce time and cost to activate a small cell.

Simplified rules are required in place of present practice of multiple approvals to allow access to the existing street furniture and other sites for speedy roll out of small cell sites and related equipment at public places. There should be nil/ minimal charges uniformly applicable across all public places within the State/ Union Territories. Further, there should be a specific statutes or laws that provide protection of small cell assets deployed on street furniture. It is further suggested that the States/ Local-Bodies can maintain online repository of public infrastructure available for broadband/internet access/5G network rollout. The ROW approvals/permissions shall be given in a timebound and transparent way. Digitizing and making the entire process online including timebound auto-approval may help in streamlining this process.

Q.10 Which all type of channels of communication should be standardized to establish uniform, transparent, and customer friendly mechanisms for publicizing provisioning of service and registration of demand by Licensees?

TCL's Response:

The service provider may publish on its website the list of cities where its internet broadband service is available. The interested subscriber can contact the service provider online to request for service availability & feasibility of the broadband service in the specific locality/building by



providing its contact details. The Service provider may provide the response based upon the service availability and technical feasibility.

Q.11 Whether proliferation of fixed-line broadband services can be better promoted by providing Direct Benefit Transfer (DBT) to subscribers of fixed-line broadband services? If no, elucidate the reasons.

TCL's Response:

Tata Communications do not recommended use of Direct Benefit Transfer for subscribers to promote fixed-line broadband services. Instead, Government should incentivize fixed-line broadband service providers by way of exemption of license fee, reimbursement of the capex and opex of network deployed in Tier-II & III Cities and rural areas from USO fund for offering services in subsidized tariffs etc. Following are the reasons for not supporting DBT scheme for fixed-line broadband subscribers:

- The DBT will be prone to misuse in case of fixed-broadband services in terms of determining the eligibility criteria for providing the subsidy benefits. There is a probability that subscribers who will not be eligible for DBT benefits / or who can afford expenses of availing the services may also get benefits which was intended to eligible subscribers.
- The fixed-line broadband will not be a fit case to implement DBT for fixed-line broadband services due to the fact this service is mostly available in the Metro and tier-I cities across the country wherein subscribers are financially capable to afford broadband services. Moreover, majority of such subscribers are also eligible/ availing facility of reimbursement of expenses incurred on fixed-line broadband services from their respective organization / companies / Government departments.
- Further, the key challenge is not the affordability of the Services at the Subscribers side but mostly service provider's ability and financial viability to invest huge capex and opex to roll out, upgrade and maintain the fixed-line network for fixed broadband/ internet access services.

Q.12 If answer to Q11 is affirmative, then:

(i) Should DBT scheme be made applicable to all or a particular segment of fixed-line broadband subscribers? Kindly justify your comments.

TCL's Response:

No comments in view of our response given in Q.No 11

(ii) If you recommend supporting a particular segment of fixed-line broadband subscribers, how to identify such segment of the subscribers?

TCL's Response:

No comments in view of our response given in Q.No 11



(iii) How to administer this scheme?

TCL's Response:

No comments in view of our response given in Q.No 11

(iv) What should be the amount of DBT for each connection?

TCL's Response:

No comments in view of our response given in Q.No 11

(v) What should be the period of offer within which individuals need to register their demand with the service providers?

TCL's Response:

No comments in view of our response given in Q.No 11

(vi) What should be the maximum duration of subsidy for each eligible fixed-line broadband connection?

TCL's Response:

No comments in view of our response given in Q.No 11

Q.13 Any other related issue.

TCL's Response:

No comments.
