

- 1) At present, there are 389 licensed ISPs out of which only 135 are offering Internet Services. Top 20 ISPs cater to 98% Internet Subscriber base. In Stakeholder's view, is there a rationale for such a large number of ISPs who are neither contributing to the growth of Internet nor bringing in competition in the Sector? Suggest appropriate measures to revamp the Internet Service Sector?**

Bharti's Response:-

We feel that the necessary steps are to be taken to ensure that only serious players remain in the various segments of telecom services including the Internet Services. In this regard, we are of the view that the Department of Telecommunications (Licensor) / Telecom Regulatory Authority of India ("the Hon'ble Authority" or "Regulator") should formulate a policy under which, it may have the provision to withdraw the ISP Licence in case, the operator fails to commence the Internet Services within a reasonable time period say in 12 or 18 months.

- 2) Due to limited availability of spectrum for wireless broadband access, and high cost of creating last mile infrastructure, many ISPs are left with only option to provide Internet dialup access services. With increasing penetration of broadband, what efforts are required to ensure viability of such ISPs in changing scenario? Please give suggestions?**

Bharti's Response:-

- a. The Hon'ble Authority would be aware from the Internet and Broadband subscriber data submitted by all operators, that apart from 1-2 stand-alone ISP operators, who appear to be serious players in the broadband segment, the major players in the Broadband segment are either the Incumbent operators or private UASL operators.
- b. In order to enhance the penetration of Broadband services, it is essential that spectrum is allocated in the following manner:-
 - i) As a 1st preference, adequate spectrum should be given to the UAS Operators, to enable them to provide the quality broadband services. The availability of adequate spectrum to UAS operators would tremendously increase the penetration of Broadband services, keeping in view their existing infrastructure and reach and future plans to reach the rural / semi-urban areas.
 - ii) Thereafter, the spectrum may also be allocated to such stand alone ISP operators, who are prominent players in Broadband segment.
- c. As regards, the small ISP operators who have a limited market share, they may continue to offer Internet dialup access services.
- d. It is also suggested that in order to increase the penetration of broadband services, subsidy may be provided from the USO Fund for the provision of broadband services in rural and remote areas.

- 3) **At present limited services are permitted under ISP Licences. There is no clarity in terms of some services whether they can be provided under ISP Licenses. Do you feel that scope of services which can be provided under ISPs licenses need to be broadened to cover new services and content? Suggest changes you feel necessary in this regard.**

Bharti's Response:-

- a. We feel that there should a greater clarity on the content services, which can be provided under the ISP Licence as there is immense scope on the content side.
- b. The Hon'ble Authority may recall that the Licensor / Regulator have always maintained the principle of level playing field among all segments of telecom services. Earlier also, ISP operators, who wanted to provide the VPN services, had to obtain the NLD Licence subject to the applicable entry fee and other regulatory levies.
- c. The Hon'ble Authority is well aware that the UASL/CMTS operators have paid huge entry fee and are subject to high license fee, spectrum charges, ADC levy, Bank Guarantees, Roll out Obligations, QoS, Security Monitoring conditions, etc.
- d. **Thus, in respect of broadening the scope of service under the ISP license, it is submitted that the Authority should ensure that the scope of the ISP License is not enlarged at the cost of the scope of UASL/CMTS operators.**

- 4) **UASL/CMTS licensees have been permitted unrestricted Internet Telephony however none of them are offering the service. ISPs (with internet telephony) can provide Internet Telephony with in scope defined in license condition. The user friendly and cheaper devices with good quality are increasing internet telephony grey market. Please suggest how grey market operations can be curbed without depriving users to avail such services?**

Bharti's Response:-

1. It is first submitted that the amendment to UASL/CMSP licenses whereby Internet telephony was permitted does not specify/describe the various aspects related to provision of this service such as Numbering, Routing, applicability of per minute ADC on international calls, security and monitoring related issues, interconnection issues, etc. While, from time to time, the clarifications on the same were sought, however, the same is still awaited.
2. Under these circumstances, it may be appreciated that the UAS/CMTS operators have been unable to move forward and offer unrestricted Internet telephony. **We are sure that once adequate clarity is available in respect of the above, the UASL/CMTS operators will be able to go ahead and offer unrestricted internet telephony.**
3. As regards grey market operations, it is submitted that the grey market arises due to the arbitrage opportunities between various licences for the same service. It is suggested that in order to curb the grey market, the Authority should harmonize the license fee, ADC and spectrum charges across ISP and UASL/CMTS licenses.
4. Moreover, ISPs should also be governed by same interconnect agreements as applicable to UASL/CMTS operators.
5. It is also submitted that at present, the ISP traffic is outside the purview of the security monitoring agencies. We believe that it is desirable in the larger interest of national security

that the ISPs traffic should also be subject to security monitoring facilities, as is done for all other licenses. Once the ISP traffic is also subject to the security monitoring process, we feel that the grey market would substantially come down.

5) How to address the issue of level playing field amongst the licensees of UASL, CMTS and ISPs

Bharti's Response:-

- a. The Hon'ble Authority is aware that the UASL/CMTS operators have obtained their licenses after paying huge entry fees and have invested thousand of crores to create a state of the art nationwide infrastructure. Further, they are also subject to high level of duties and levies, viz. license fee, spectrum charges, service tax etc and are also having to comply with onerous terms and conditions regarding QoS, security monitoring conditions, rollout obligations etc.
- b. In order to maintain the level playing field, which is the primary duty and responsibility of the Hon'ble Authority, **it is imperative that the scope of ISPs license be enhanced only to that extent, which directly or indirectly does not affect the scope of UASL/CMTS License.**
- c. It is thus strongly recommend that in case, ISPs should not be allowed to provide any such service, which can also be provided under the UASL/CMTS Licenses as it would create non level playing conditions. **Any ISP, who wishes to provide any service as are being provided under UASL/CMTS license, should be required to obtain a UAS License.**
- d. Also, in order to ensure level playing field, it is submitted that in line with the License conditions of ISP, UASLs providing Internet Services should also not be levied any License Fees on Internet Access Service and Internet Content Services and should only be allowed to pay 6% on Internet Telephony.
- e. Further to prevent arbitrage and to curb grey market activities, the license fee, ADC etc. should be harmonized across all telecom segments.

6) Suggest changes the stakeholders feel necessary in ISP Licences to keep pace with emerging technical trends?

Bharti's Response:-

- a. We believes that all operators including ISPs should be encouraged and facilitated to keep pace with emerging technical trends, so that they can adopt new technologies, applications and services immediately for the benefit of the users.
- b. However, as stated above, the Authority should ensure that level playing field is maintained and no operator should be allowed to offer a product or a service under terms and conditions that are different from those applicable to another operator/licensee.

7) The service roll out obligations under ISP License is very general and can be miscued by non-serious players. Do you feel the need to redefine roll out obligations so that growth of internet can be boosted both in urban and rural areas?

Bharti's Response:-

We are of the opinion that roll out obligations should not be mandated under license. Past performance has clearly demonstrated that the stipulation of rollout obligations and the

imposition of stiff penalties for non-performance, does not necessarily lead to achievement of rollout. We believe rollout needs to be facilitated and encouraged and not mandated.

In this regard, the Authority has itself noted mandating rollout has not helped and that the thrust should be on ensuring that service providers find it attractive to roll out his network even in uneconomic areas

- 8) Do you feel that ISPs who want to provide unrestricted Internet telephony and other value added services be permitted to migrate to UASL without spectrum charges? Will it boost internet telephony in India? What should be the entry conditions?**

Bharti's Response:-

No. We strongly disagree with the suggestion that ISPs who want to provide unrestricted Internet telephony and other value added services should be permitted to migrate to UASL without spectrum charges

The Authority is aware that high entry fee for UAS/CMTS licenses is predominantly the fee for spectrum. If the ISPs are allowed to migrate to UASL without spectrum charges, it would create severe non level playing field as it would enable the ISPs to migrate to UASL regime on virtual no licence fee.

It is reiterated that any ISPs, who wish to provide the voice telephony or unrestricted internet telephony should acquire the fresh UASL/CMTS License after paying the concomitant entry fee so as to ensure level playing field

- 9) UASL/CMTS licensees pay higher regulatory levies as compared to ISPs for provision of similar services. Do you feel that similar levies be imposed on ISPs also to maintain level playing field?**

Bharti's Response:-

- a. It is submitted that as the ISP and UASL/CMTS operators are providing different services and catering to different segments of the market, application of similar entry fee would be counterproductive for both sets of operators.
- b. However, as already submitted, regulatory levies such as annual license fees, spectrum charges, ADC, Bank Guarantees etc., should be harmonized across all sets of operators.
- c. It is also submitted that in line with the License conditions of ISPs, UASLs providing Internet Services should also not be levied any License Fees on Internet Access Service and Internet Content Services and should only be allowed to pay 6% on Internet Telephony.

- 10) Virtually there is no license fee for ISPs at present. The amount of PBG and FBG submitted by ISP is low. Do you feel the need for rationalize the license fee, PBG, FBG to regulate the internet services?**

Bharti's Response:-

We feel that the existing framework of Licence Fee and Bank Guarantees of ISP Licence (without internet telephony) should continue.

- 11) At present ISP are paying radio spectrum charges based on frequency, hops, link length etc. This methodology results in high cost to ISPs prohibiting use of spectrum for internet services. Do you feel that there is a need to migrate to spectrum fee regime based on percentage of AGR earned from all the revenue streams?**

Bharti's Response:-

We believe that converting the spectrum charge regime to percentage of AGR is a good move, however, at the same time, having this charged on all revenue streams is to be reconsidered. Before allowing the revenue share regime for spectrum charges, the Hon'ble Authority should consider the following:-

1. The Hon'ble Authority should ensure that the spectrum fee is payable only on the AGR on which the Licence Fee is paid.
2. The Hon'ble Authority may also like to clarify that no spectrum charges would be levied on wireline media as under the UASL, the spectrum charges is not payable on the wireline revenue.

- 12) The Consultation Paper has discussed strategic paths to boost internet telephony, bring in level playing field vis a vis other operators and regulate the Internet Services. Do you agree with this approach? Please give your suggestions regarding future direction keeping in view the changing scenario?**

Bharti's Response:-

The same has already been submitted in our response to the earlier questions.