

January 15, 2007

Nripendra Misra, Chairman
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawaharlal Nehru Marg
New Delhi, India 110 002

Re: Consultation on “Review of Internet Services”

Dear Chairman Misra:

Cordia Corporation (“Cordia”) is a publicly held United States corporation that provides global telecommunications services including traditional wireline and VoIP services in the United States, Hong Kong and Brazil. Cordia is currently negotiating a partnership/joint venture with an Indian company for the purpose of providing VoIP services in India. As a result of the proposed joint venture, Cordia believes that it should be considered a stakeholder with standing to respond to the questions raised in Chapter Five of the Authority’s Consultation Paper regarding Internet Services. Cordia’s responses to the questions it deems relevant as a potential stakeholder follow:

Q1. 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 your 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.

The limitation on use of devices inhibits the growth of the Internet, specifically Internet telephony. This prevents consumers from benefiting from unrestricted services resulting in lower demand for these services as they are permitted by the current regulatory framework. As a result, growth and competition are stalled with the number of licensed ISPs far exceeding the number of operating ISPs. To promote market entry by the licensed non-operational ISPs and facilitate licensure and market entry of new participants the limitations that exist with respect to stand alone ISPs should be abolished. In addition, to reduce the number of licensed non-operational ISPs the regulatory authority should define a specified period of time during which a new licensee must commence operations. Failure to become operational should result in forfeiture of the license and all fees paid. This practice would ensure that only serious players are seeking market entry in India.

Q3. At present limited services are permitted under ISP licenses. 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.

All existing service limitations under ISP licenses should be abolished. By allowing ISPs to take full advantage of the Internet you open the door to greater competition and technological development giving consumers more choices with respect to services available to them and ISPs offering those services. ISPs should be permitted to offer any IP related services, including but not limited to VoIP and IPTV.

Q4. 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 within scope defined in license condition. The user friendly and cheaper devices with good voice quality are increasing Internet telephony grey market. Please suggest how grey market operations can be curbed without depriving users to avail such services?

Grey market concerns can be curbed by permitting Internet telephony in all forms including those that utilize so called grey market devices. By legalizing the grey market devices and allowing unrestricted end to end Internet telephony the market share of licensed operators will no longer be depleted as these carriers would be able to participate in this type of service without violating the law. In addition, this will result in greater competition, lower prices and increase government revenue.

Q6. The emerging technological trends have been discussed in chapter 3. Please suggest changes you feel necessary in ISP licenses to keep pace with emerging technical trends?

For ISP licensees to keep pace with ever changing technological trends the licenses should be technology neutral, limited to the service offered under the license but not the means used to provide the service. This will ensure that licensees can use the best, latest and developing technologies to provide Internet telephony and compete with other ISPs.

Q7. The service roll out obligations under ISP license is very general and can be misused 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? Give suggestions.

The regulatory authority should focus on service roll out obligations rather than implementing any measures that would result in a limitation on the number of licenses granted. This would ensure two things; first the government would continue to collect license/application fees from any potential ISPs that wish to do business in India and two it would ensure that only serious players maintain their status as a licensed ISP. The regulatory authority should define a specified period of time, for example 6 months to one year from the date the ISP license issued, during which the license holder must commence operations. Failure would result in forfeiture of the license thus reducing the number of licensed non-operational entities while the regulatory authority keeps any and all license fees paid. If the regulatory authority focuses on limiting the number of licenses granted rather than as proposed herein, it will see a reduction in revenues for the government.

Q8. 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? Give suggestions.

ISPs who want to provide unrestricted Internet telephony and other value added services should be permitted to migrate to UASL without spectrum charges. Presently, only UASL and cellular mobile telephone service licensees are permitted to provide unrestricted end to end Internet telephony services over the PSTN. This means that ISPs who want to offer unrestricted Internet telephony service are required to switch over to a UASL license which includes, at present the fee for spectrum charges. This is not viable for most ISPs which results in (1) grey market service offerings and (2) numerous licensed non-operational ISP license holders thus reducing competition in India. Thus there are two potential actions that the regulatory authority can take to boost Internet telephony in India, eliminate the restrictions on ISPs that necessitate the grey market or two eliminate spectrum charges.

Q9. ASL/ 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? Give suggestions.

These other licenses are able to provide unrestricted end to end Internet telephony services. Currently, if an ISP wishes to do this it would need to switch over to a UASL license and pay spectrum charges. Thus no additional levies should be imposed as to do so would result in an even more unfair advantage for ASL/CMTS licensees. It should also be noted that in addition to the limitation on the use of devices ISPs face in providing Internet telephony there are also other inherent challenges to this service that are not applicable to ASL/CMTS such as back up power issues, broadband availability issues, etc. T

Q11. At present ISPs 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? Give suggestions?

A spectrum fee regime based upon percentage of AGR earned from all revenue streams is not necessary. ISPs do not utilize any radio spectrum and therefore should not be responsible for any charges related to radio spectrum.

Q12. The consultation paper has discussed some 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 the approach? Please give your suggestion regarding future direction keeping in view the changing scenario.

The regulatory authority's current approach is promising. We believe that by rationalizing fees, promoting technology neutral service offerings, promoting a more level playing field, considering roll out obligations, and examining the grey market will promote Internet

telephony, increase competition and consumer choice, and ensure that only serious players are entering the marketplace in India.

Thank you for your consideration and please feel free to contact me should you require any additional comments or have any questions regarding this correspondence.

Respectfully submitted,

Joel Dupré
Chief Executive Officer