

**Spectranet countercomments to TRAI Consultation Paper
No.08/2012 on**

**Access Facilitation Charges and Co-location
Charges at Cable Landing Stations**

Spectranet response ;

We find dominant CLS operators comments follow the tone of protecting its turf and the logic by these companies on the charges is accordingly with the tone of an incumbent trying to maintain control and stifling competition.

Just two operators have market share of more than 90% and have dominance and enjoy significant market power leading to stifling of competition. TRAI,s data shows that more than 80% of lit capacity is also with the dominant service providers.

The licenses of ILD were awarded with substantial reduction of entry fee with objective of fostering competition in the very critical data communication segment. This competition also had the objective of expansion of broadband in the country.

But it has not happened . Over last few years ILL prices have fallen by 95% . CLS charges have remain same over this period. ILL STM prices have fallen from Rs 4.5 crores about 6 years ago to about Rs 18 to 20 Lacs today. CLS charges are approx Rs 5 Lacs per STM per year while the ILL price is Rs 18 to 20 Lacs per STM per year. Earlier CLS was just 1% or so rising now to more than 30% of prevailing price in the market today.

Further there has been very rapid growth of bandwidth passage through CLS thus the prices should have fallen but it has not happened, reason is obvious lack of competition. These dominant players are providing services in both whole sale and retail market and enjoy huge benefit over new players.

Hence the demand of the dominant players that CLS price determination should be left on market forces is with clear motivation to continue enjoying the huge benefit.

We hope and request that CLS charges are regulated so that the CLS charges reach a logical and rational level of 5% or so of the International band width price.

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