

RESPONSE TO TRAI CONSULTATION PAPER
DATED 03 JANUARY 2018 ON

"INPUTS FOR FORMULATION OF
NATIONAL TELECOM POLICY 2018"

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INTRODUCTION

Re-Imagining Telecom: 25 Years After Telecom Liberalization

The Indian telecommunications sector is second largest in the world after China, in terms of the number of telephone connections. It contributes about 6.5% (USD 140 billion) to India's GDP, employs over 4 million people directly and indirectly and has received total inflows of USD 21.2 billion during April 2000 to October 2016.

Clearly the telecom sector is a visible example of success of private investment in developing infrastructure. This year, 2018 marks the completion of 25 years of Telecom revolution in the country. It was in the year 1993 when the Government first invited bids for licences for cellular service, allowing the private participation in the telecom sector. With the entry barriers removed, the telecom connectivity and internet became a catalyst of growth and efficiency, transforming India into an Information Technology (IT) superpower.

Much has been achieved during this period, especially with regards to the initial objectives set out by the Government for providing affordable voice telecom services to the citizen of India. But as we mark 25 years of liberalization of telecom – I believe there is a need for a new, fresh look at this sector – from

- a) the perspective of future growth, i.e., expanding access and availability of the Internet,
- b) the rapid proliferation of New Technologies, and
- c) the development of a strong set of Consumer Rights.

During this period (1993-2008), the Government introduced three telecom policies, in the year 1994, 1999 and 2012. The National Telecom Policy, 1994 was the first telecom policy that laid out the vision for telecom reforms and paved the way for private sector participation in broad terms, in the mobile and fixed telephony space. But, it was the New Telecom Policy of 1999 that heralded structural reforms in the industry. This resulted in healthy competition among the telecom service providers, drastically bringing down the costs and leading to an exponential growth in mobile subscriptions. This policy has been most effective in spawning the phenomenal growth of telecom services in India.

However, the third National Telecom Policy, i.e., NTP 2012 achieved little and may have negated some of the positive reforms brought out by previous policies by introducing a unified licensing regime allowing operators to provide converged services and delinking the spectrum from licensees – without being explicit about how to allot spectrum. This policy may have perpetuated the ambiguities that resulted in infamous 2G Scam and required the Supreme Court to intervene on the basic issue of license allocation.

I am enclosing a letter that I have written to Hon'ble Prime Minister dated July 7, 2017 in the Annexure-I. This letter may be treated as part of this submission.

In the letter, I have outlined the need to Re-Imagine the Telecom Sector, and therefore the Telecom Policy – keeping increasing Connectivity, rapid Technological evolution and Consumer Rights at the core of the new policy framework.

Its essential features must contain – ensuring Quality of Service, Privacy norms, Net Neutrality, free and fair competition and most of all, protecting the Rights of the Consumers in the Digital platform. All these will form the Magna Carta of Digital Consumer Rights.

The need to re-imagine telecom policy assumes greater significance with the roll-out of the present Government's flagship schemes such as 'Digital India' and 'Smart Cities'. **Today the Internet and all its allied technologies like Video-on-Demand, Internet of Things, Machine Intelligence, Artificial Intelligence, etc. are principal technologies** with telecom and technology companies and internet service providers being platforms to deliver these innovations and services to consumers in the country and around the world.

Thus, the new policy should be conceived as the 'National Telecom and Technology Policy'. Apart from the above mentioned – focus on consumer rights and evolving technology – the policy must have in its objectives the need to take the Internet to every Indian and provide an enabling environment and policy ecosystem that allows for all these cutting-edge technologies and entrepreneurship to grow and thrive.

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.

Increasing Rural Telephony and Broadband Penetration

TRAI's Consultation Paper on National Telecom Policy, 2018 focus on achieving rural tele-density of 100% and increased broadband penetration is well placed as these are important goals. In my letter to the Hon'ble PM, I highlighted these, especially the need to identify the barriers to broadband penetration and the need for their removal. There should be a pro-investment plan with specific actions to facilitate private sector investments in collaboration with government initiatives such as BharatNet.

Reviewing decades-old Licensing Regime

The new policy should review and replace the 25-year-old license regime that was essentially formulated in a fixed line telephone era for provision of plain voice services. These licenses – Mobile, ISP, Unified, VNO, etc., need a serious relook, since they have the ability to constrain growth and investment on account of their legacy objectives (voice telephony), structure and terms & conditions. All future licenses or contracts must include explicit Consumer Rights, conditions (for example: Quality of Service (QoS), Net Neutrality) embedded in the licence or contract conditions.

I agree with TRAI's proposal for restructuring legal, licensing and regulatory frameworks for reaping the benefits of convergence and review of license fee, USOF levy, and SUC keeping in view of the importance of communication infrastructure in socio-economic development.

Increasing Investments

The Consultation Paper also proposes to attract an investment equivalent to USD 100 billion in communications sector by making available finance for communication infrastructure at par with other communication infrastructure projects, by easing grants of licenses or permissions and by setting up Special Technology Zones (STZs). I agree with this approach towards achieving the target of attracting investment worth USD 100 billion.

Enabling Framework for IOT

Furthermore, TRAI has proposed to enable access for connecting up to 10 billion IoT/M2M sensors/devices. This will enable the innovators and entrepreneurs to create more economic value for the society using next-gen technologies. It mentions about prescribing licensing and regulatory framework for IoT/M2M services providers which I appreciate. In my letter, I had also asked for an enabling framework regarding Artificial Intelligence (AI) or Machine Intelligence (MI) which is absent in the consultation paper.

Consumer Rights - Well Meaning but Insufficient

The TRAI has also suggested to enact net neutrality laws of which I have been an ardent supporter. TRAI has proposed to declare data privacy and protection to establish India as a global hub for data communication system, but TRAI has not paid due attention to ensure Quality of Service, Privacy norms, Cybersecurity and most of all, protecting other Consumer Rights of Digital Indians.

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.

1. Protecting Rights of Digital Consumers

The Consumer Rights must assume prime importance as more and more Indians get access to internet. The focus has to be on Privacy, Net Neutrality, Quality of Service, Expression, Cybersecurity etc., creating reciprocal obligations on the Telecom Service Providers (TSPs). TRAI has taken these issues faintly and suggested very lenient policy measures in points (b), (c) and (d) under 'H-section' as part of Chapter 2.

In Digital space, consumer rights' issues including Quality of Service and Privacy have surfaced repeatedly in recent times as Call drops and misuse of consumer data by service providers – all of which create dissatisfaction amongst consumers – the most important stakeholders of any policy action of Government. Hence, the policy needs to clearly and unambiguously spell out consumer rights and expectations from service providers – what I have referred to as the Magna Carta of Digital Consumer Rights.

2. Expanding Access and Availability of Internet

The policy should also make Internet accessible to every Indian for the future growth of this sector. The total number of broadband subscribers in India are 35 crores at the end of November 2017. This constitutes less than 30% of India's population. Moreover, the rural tele-density is mere 56.54%, which means almost half of rural Indians are not even telephone subscribers. Clearly these figures are unacceptable and focus must be on expanding the access and availability of Internet and providing an enabling environment and policy ecosystem that allows for all the new cutting-edge technologies and most importantly, entrepreneurship to grow and thrive.

3. Enabling Framework for All New Technologies

The new policy also needs to clearly establish the role of the ICT sector in general and telecom in particular, as a facilitator of inclusive growth and sustainable development. It is essential for the delivery of important national programs such as “Digital India” and “Smart Cities” mission, etc on one hand and transforming Government and Governance on the other hand. Thus, the policy needs to support actions and enabling framework that will aid the penetration not just of broadband and IOT, but also of all new, emerging technologies such as Artificial Intelligence, Machine Intelligence, Video-on-Demand, etc.

Therefore, as the nation enters 2018 and marks the successful completion of 25 years of Telecom reforms, the new Telecom policy should be conceived as the National Telecom and Technology Policy. This would be an excellent and much needed strategy for the growth and success of this sector in India.

ANNEXURE - I



RAJEEV CHANDRASEKHAR
MEMBER OF PARLIAMENT
RAJYA SABHA

Member of Standing Committee on Defence
Member of Consultative Committee on Finance
Member of Central Advisory Committee for the National Cadet Corps
Co-Chairman, District Development Coordination & Monitoring Committee, Bengaluru Urban District

07 July, 2017

Respected Prime Minister,

Subject: 25th anniversary of Telecom reforms in India

I write to you to because the coming year 2018 - will mark the completion of 25 years of telecom reforms in India. The first set of cellular mobile service licenses were issued to the private sector across the four metros in 1993. As a nation, its citizens, and in particular as a digital economy, we have come a long way since then.

As you are aware, I have been a participant and witness to the progress of the Telecom sector over these last 25 years – starting as a 26 year old who had taken time off from a career in Semiconductor Industry in Silicon Valley to experience what India had to offer as the then Prime Minister Narasimha Rao opened up the Economy. I spent over 14 years in the Telecom sector before I exited in 2006 as I sensed the coming of a very different set of rules in the Industry.

The last 25 years of Telecom has created a vibrant sector that has changed connectivity and the lives of the people of our country. More importantly this was all done with Private capital making the Telecom sector the biggest and most transformational reform that this country has seen – and all with private capital. The number of mobile Indians have gone from 1 Lac in 1995 to 109.95 Crores by end of 2016. So understandably I am proud of having played a role in this.

Much has been achieved during this period, especially with regards to the initial objectives set out by the government for providing affordable voice telecom services to the citizens of India. But as we reach 25 years of this Industry – there are visible signs that there is a need for a new, fresh look at this sector – both from the perspective of future growth, evolution of Technology and also importantly from the perspective of consumers of the country.



For example, there are critical areas where more needs to be done, especially with regards to internet and broadband access, which are at the core of government's ambitious "Digital India" program and "Smart Cities" mission. Similarly, there are a host of new technologies and services such as IOT, and Artificial Intelligence that need urgent policy and regulatory attention from the government. The proliferation of such services has been much slower than expected, especially when compared to competing digital economies.

During this 25 year period (1993 – 2018), India has seen three Telecom Policies – 1994, 1999 and 2012. NTP '94 laid out the vision of telecom reforms and paved the way for private sector participation in broad terms, in the mobile and fixed telephony space. However, it was the Telecom Policy of 1999 released by the NDA government under Prime Minister Atal Bihari Vajpayee which paved the way for structural reforms in the sector, leading to unprecedented growth of mobile subscribers, introduction of fierce competition into the mobile telephony sector, and deep rooted reforms in the regulatory regime, which was followed up by the amendment of the TRAI Act in 1999. As you are aware, the 2012 Telecom Policy achieved very little except to be mis-used by some in the UPA government to give out licenses without auctions – which plunged the sector into a crisis of confidence due to scams and other actions of bad governance. Something which I opposed as an MP during that period.

Clearly, the last effective Telecom Policy (1999) will also be 19 years old in 2018. In "internet time", this would be considered an exceptionally long period, and necessitates an urgent review of the prevailing regime.

Need for Re-Imagining Policy

Given 25 year completion of telecom reforms, there is both reason to celebrate our achievements and the need to review the existing policies and regulatory regimes on a range of issues. This need to re-imagine policy is even more vital because of your vision of Digital India that is so critical to the process of transforming governance and lives of Indians.

This is necessary especially as it relates to internet and broadband penetration (Despite the recent surge in Internet Users, the total Internet penetration is roughly about 30%); proliferation of new technologies and services, ensuring universal access for rural India, and to pave the way for better International standard regulatory Capacity, capabilities and Power in TRAI.

The new policy will also necessitate a review of the 24 year old license regime that was essentially formulated in a fixed line telephone era for provision of plain voice services. These



licenses – Mobile, ISP, Unified, VNO, etc., need a serious relook, since they have the ability to constrain growth and investment on account of their legacy objectives (voice telephony), structure and terms & conditions.

The new policy needs to clearly establish the role of the ICT sector in general, but telecom in particular, as a facilitator of inclusive growth and sustainable development on one hand, and an essential for the delivery of important national programs such as "Digital India" and "Smart Cities" mission, etc on one hand and transforming Government and Governance on the other hand. Through the policy, we will also have the opportunity to align ourselves as a leading global economic super power with the United Nations' 2030 Development Agenda – in particular the 17 UN Sustainable Development Goals (SDGs).

The policy needs to identify the barriers to broadband penetration and articulate the need for their removal. Similarly, it needs to support actions and regulatory framework that will aid the penetration not just of broadband but also new technologies such as IOT and Artificial Intelligence.

The policy needs to draw up a pro-investment plan with specific actions to facilitate private sector investments in collaboration with government initiatives such as BharatNet. Issues of national and cyber security, which did not exist at the time of NTP 2012, are now center stage and therefore need special attention.

The policy needs to also spell out Consumer rights and expectations from service providers. – what I have referred to as Magna Carta of Digital Consumer Rights . Consumer rights in Digital space including Service Quality and Privacy have surfaced repeatedly in recent times as Call drops and misuse of consumer data by service providers – all of which create dissatisfaction amongst consumers – the most important stakeholders of any policy action of Government. This move to legally enshrine consumer rights is consistent with this government actions in other sectors like Real estate E.g. in RERA.

The NDA in 1999 had proceeded to write one of the best national telecom policies via an open consultation process to ensure that all stakeholders have the ability to contribute to the outcome. I was privileged to have contributed to that with that as an Entrepreneur. A similar, improved, structured process may be followed for the policy that will set India on the path to growth beyond 2018. It can be one of the leading initiatives which has the potential of getting wide ranging support from all stakeholders, both domestic and foreign. It will further strengthen India's image in the global ICT sector and position India to be the world's leading ICT powerhouse over the next decade.



I firmly believe that under your leadership and that of Telecom Minister Shri Manoj Sinha, this process of a new Telecom policy for the future could be an excellent and much needed outcome for our nation. I further hope that as nation celebrates the 25th year of Telecom reforms, that recognition to Late Prime Minister Narasimha Rao will also be accorded as the man who kicked off this revolution and to our respected Atalji whose NTP 99 really launched growth and affordability and vision of connectivity for all.

I trust this note of mine is helpful. I am available for any further discussion on issues / questions that you might have on this matter.

Yours sincerely,

Rajeev Chandrasekhar

Shri Narendra Modi
Hon'ble Prime Minister
Government of India
New Delhi

Copy to:

1. Shri. Manoj Sinha
Hon'ble Minister of State (Independent Charge) for Communications
Government of India
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