

**Presentation by
Association of Competitive Telecom Operators (ACTO)**

ACTO's Presentation to Secretary, TRAI on AGR

Telecom Regulatory Authority of India
28th March, 2022

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Introduction

- ❖ ACTO is an industry association, registered under Societies Registration Act, 1860.
- ❖ Our members are engaged in the business of data and internet telephony services provided to enterprise customers which include, amongst others, multi-cited corporations, Indian BPO/KPO, outsourcing and ITES sector operating global networks under various appropriate telecom licenses including NLD, ILD, ISP and Access Service.
- ❖ ACTO is committed to further India's pro-competitive policies and to partner closely with Ministry of Communications & Information Technology, Ministry of Finance and other Ministries , Government Bodies to enhance the stakeholder's engagement with the specific needs of the enterprise segment.
- ❖ Our members:



Revenue from Non-Telecom Activities

- DoT has allowed the deduction of revenue from operations other than “telecom activities” from Gross Revenue to arrive at Applicable Gross Revenue (ApGR).
- AGR amendment missed out to define either telecom activities or non-telecom activities.
- Consequently, many revenue streams that may appear to be ancillary or incidental to telecom services will also be included in AGR.
- Need to define telecom activities more specific and limited to licensed telecom activities.
- Amendment should clearly allow the reduction of revenue from operations other than licensed activities from GR to arrive at ApGR.

To avoid any misinterpretation and remove any ambiguity, TRAI is requested to define telecom activities more specifically.

Items requested to be excluded from GR

1. Revenue on Professional Services including managed services
2. Revenue on Security Solutions/ resale of software licenses and sale of other IT products.
3. Revenue from sale of CPE and other telecom equipments.
4. Management Support Charges/ Manpower Cross-Charge.
5. Capital Receipts.
6. Scrap sale.
7. Sale of Goods and Services other than telecom.
8. Reimbursement of expenses.
9. Recovery from vendors on account of deficiency of service.
10. Credits provided by OPEX / CAPEX Vendors.
11. Interest on direct tax / indirect tax refunds.
12. Any form of Notional Income.

Request TRAI for exclusion of the above items while arriving at the ApGR

Deduction on the Charges of Pass-Through Nature paid to other TSPs

Issue 1

- **Ambiguity in the nature of charges allowed as pass-through**
 - ISP License allows for the deduction of all charges of pass-through nature paid to other interconnected TSPs which includes internet/ data.
 - However in the absence of clear definition of “pass through”, it should be clarified that *internet bandwidth/ data charges paid by one ISP operator to another telecom service provider is allowed as pass-through.*

Issue 2

- **Non-uniformity in the charges allowed as pass-through in various licenses**
 - In the case of Access/ NLD / ILD license, the deductions are limited to PSTN/ carriage of voice calls paid by one TSP to another TSP. However, in ISP license the pass-through charges on the bandwidth taken from another TSP has not been allowed to be deducted.
 - UL VNO licenses allow the deduction of all the charges, including the bandwidth charges etc. paid to the other TSPs.
- There is an urgent need to keep the deductions uniform and simple across licenses.
- NDCP 2018 also states -“Reviewing the concept of pass-through charges to align the same with the principles of input line credit thereby avoiding double incidence of levies.”

Request TRAI to align deduction uniformly across. Ideally, the definition may be aligned in line with the UL VNO licenses which allows the deduction of all the charges, including the bandwidth charges etc. paid to the other TSPs.



Thank you !!

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