



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Telecommunication Rules,
Accounts and Procedures
(Application)**

AGP | CGA

Summer Exam-2024

MODEL SOLUTIONS – DISCLAIMER

INTRODUCTION

The Model Solutions are provided to students for clear understanding of relevant subject and it helps them to prepare for their examinations in organized way.

These Model Solutions are prepared only for the guidance of students that how they should attempt the questions. The solutions are not meant for assessment criteria in the same pattern mentioned in the Model Solution. The purpose of Model Solution is only to guide the students in their future studies for appearing in examination.

The students should use these Model Solutions as a study aid. These have been prepared by the professionals on the basis of the International Standards and laws applicable at the relevant time. These solutions will not be updated with changes in laws or Standards, subsequently. The laws, standards and syllabus of the relevant time would be applicable. PIPFA is not supposed to respond to individual queries from students or any other person regarding the Model Solutions.

DISCLAIMER

The Model Solutions have been developed by the professionals, based on standards, laws, rules, regulations, theories and practices as applicable on the date of that particular examination. No subsequent change will be applicable on the past papers solutions.

Further, PIPFA is not liable in any way for an answer being solved in some other way or otherwise of the Model Solution nor would it carry out any correspondence in this regard.

PIPFA does not take responsibility for any deviation of views, opinion or solution suggested by any other person or faculty or stake holders. PIPFA assumes no responsibility for the errors or omissions in the suggested answers. Errors or omissions, if noticed, should be brought to the notice of the Executive Director for information.

If you are not the intended recipient, you are hereby notified that any dissemination, copying, distributing, commenting or printing of these solutions is strictly prohibited.



Summer Exam-2024

Telecommunication Rules, Accounts and Procedures (Application)

Q.1. All licensed operators that contribute to USF will be eligible to apply for all Universal Service Fund contracts, subject to having met all license obligations including payment and roll out obligations.

No restrictions will be placed on eligibility arising from success in earlier auctions. Competition issues that may arise will be resolved using the Competition Rules introduced in this Policy by the Federal Government. Consortia are allowed to bid for USF contracts, provided the specific requirements are met.

The USF Services

The Services falling under scope of USF will include the following retail services:

- a) Telephone services to local, national, mobile, toll free, premium rate and international numbers, including facilities for incoming calls from all sources, accessed from public access points as well as private lines;
- b) Access to emergency services (as under voice licenses);
- c) Broadband Internet access;
- d) E-mail, fax and other related services;
- e) Tele centres, including the equipment, buildings and other capex and opex associated with the Tele centre itself;
- f) Broadband Internet access to support multiple terminals at tele centres at speeds consistent with the size of the concurrent user base;
- g) In case of special projects, narrowband and broadband wire line access to specified institutions such as educational and health care institutions with suitable capacity for the size and characteristics of the user base. These institutions may be provided with fibre access.

The USF Services will include the following wholesale services to be offered after the start of the supply of the Supported Services according to a timetable specified and approved by the USF Board.

- a) Multi-Megabit and multi-Gigabit fibre based transit and backhaul services within the USF Contract Area;
- b) Wholesale narrowband and broadband wireline access (e.g. Local loop unbundling, wholesale line rental, bit stream over copper or fibre) and shared narrowband and broadband wireless access;
- c) Wholesale narrowband and broadband wireline access services for organisations provided over fibre to the premises.

The purpose of requiring the provision of wholesale services is to ensure that all licensees that contribute to the USF may also benefit from the extension of coverage that it provides. These wholesale services will be provided in a fair and non-discriminatory manner consistent with the Competition Rules. Ministry of Information Technology PTA will set the wholesale tariffs that will be applied to the Wholesale Services in the USF Contract Area in order to ensure that operators that provide retail services may make a reasonable profit. These wholesale tariffs would be set at levels prevalent in their main areas of Pakistan. Any operator that provides services in a USF Contract Area will be required to do so under the tariff plan that it applies anywhere in Pakistan.

Any operator that provides services in a USF Contract Area will be required to provide services to the same overall quality as is available elsewhere in Pakistan. This quality obligation includes telecommunications services, customer services and billing services. The Competition Rules will apply to Contract Areas. Under these Rules, a separate geographic market may be defined for a Contract Area if conditions in the Contract Area are sufficiently different from conditions elsewhere in Pakistan.

Q.2. (Section 27 and 27A of PTR 1996)

27. Privileges of licensee of public switched network.

(1) Every licensee of public switched network shall be subject to the conditions of the licence, be entitled to such rights and privileges as were available to the Federal Government and the Corporation on the commencing day in respect of telecommunication services and telecommunication system under the Easement Act, 1882(V of 1882), Telegraph Act, 1885(XIII of 1885), the Pakistan Telecommunication Corporation Act, 1991 (XVIII of 1991), or any other law for the time being in force.

(2) For the purpose of Land Acquisition Act, 1894 (1 of 1894), acquisition of land or any interest in land by a licensee of a public switched network for the purposes of the licence shall be deemed to be acquisition for a "public purpose".

27A.Right of Way:

(1) For the purpose of the installation or maintenance of its telecommunication equipment or for the purpose of establishing or maintaining its telecommunication system, every licensee shall, subject to the conditions provided in the section and the policy directive issued by the Federal Government under section 8, have the right to share any Public Right of Way or Private Right of Way.

(2) In order to enjoy the rights granted by this section, the licensee shall request the owner of such Right of Way to approve the mode of execution of the works it proposes to undertake. If the owner of such Right of Way does not respond to such request within a period of thirty days, such request shall be deemed to have been granted. While granting such request the owner of the Right of Way may impose such conditions as to the payment of fees and the mode or timing of the execution of such work as may be reasonable in the circumstances:

Provided that any right granted by this section shall be exercised equitably, ensuring proper compensation of the owner of Right of Way and the access so provided to the licensee will not adversely affect the owner of the Right of Way.

(3) The licensee shall exercise the powers conferred by this section in such a manner as to cause minimal interference of the enjoyment of the Right of Way by the owner or other users thereof and if no fee is to be paid by the licensee to the owner of the Right of Way, the licensee shall make reasonable reparation to the owner of such Right of Way.

(4) The fee payable by a licensee to a Public Authority, for the use of a Public Right of Way, shall be such reasonable amount as is assessed by the Public Authority after taking all relevant factors into consideration, including the laws applicable to the Public Authority and the relevant laws applicable in the district in which such Right of Way is situated.

(5) In consideration of the use of a Private Right of Way, the licensee shall pay such fee to the owner of such Private Right of Way as may be mutually agreed between the licensee and such owner or in the absence of such agreement, such reasonable amount as may be demanded by the owner of such Private Right of Way.

(6) In the event of a dispute as to the refusal by the owner of a Right of Way to allow a licensee to exercise its powers under this section or the reasonableness of any condition imposed by the owner of the relevant Right of Way, the same shall be referred, by an application, to the appropriate Government who shall decide the matter referred to it within a period of sixty days.

(7) The appropriate Government shall nominate any officer not below the rank of Secretary to act on behalf of the appropriate Government under this section through a notification in the official gazette within sixty days of the commencement of the Pakistan Telecommunication (Re-organization) (Amendment) Act, 2006.]

Q.3. Section 43 of PTR, 1996

Powers and functions of the Board

(1) The Board shall have exclusive authority to allocate and assign portions of the radio frequency spectrum to the Government, providers of telecommunication services and telecommunication systems, radio and television broadcasting operations, public and private wireless operators and others.

(2) The Board shall consist of:-

- (i) Chairman who shall be appointed by the Federal Government;
- (ii) One Executive Director appointed by the Federal Government, who shall be its Vice-Chairman;
- (iii) the Chairman of the Authority; and
- (iv) a nominee each of the Ministry of Defense (Corps of Signals), Ministry of Information and Broadcasting and Ministry of Interior, Information Technology and Telecommunication Division and Pakistan Electronic Media Regulatory Authority.

Provided that the Federal Government may increase the number of members of the Board and may prescribe their qualifications and mode of appointment.

(3) The Vice-Chairman shall be an employee of the Board who shall devote his full time to the business of the Board and shall not hold any other office or position during his tenure as such Vice-Chairman.

(4) In exercise of its powers under sub-section (1), the Board shall be guided by the applicable recommendations of the International Telecommunication Union or any of its standing committees or organizations, including the International Consultative Committee on Telecommunication, International Consultative Committee on Radio, the International Frequency Registration Board and other similar international organizations.

(5) Every application for allocation and assignment of radio frequency spectrum shall, in the first instance, be made to the Authority which shall, after such inquiry as it may deem appropriate, refer the application to the Board within thirty days from receipt of such application.

(6) On receipt of application under sub-section (5), the Board shall classify the telecommunication services and may allocate or assign specific frequencies to the applicant:

Provided that the Board shall intimate the applicant status of the application within three months.

(7) The Board may, with the approval of the Federal Government, make regulations, for exercising its powers and performance of its business.

Q.4. Section 41(10) of PTR 1996

There shall be a fund to be known as the "National Telecommunication Corporation Fund" which shall vest in the National Telecommunication Corporation and shall be used by the National Telecommunication Corporation to meet all its expenses and charges in connection with its functions under this Act, including the payment of salaries and other remuneration to its employees.

The National Telecommunication Corporation Fund shall consist of:

- (i) Grants made by the Federal Government and the Provincial Governments and Corporation;
- (ii) loans obtained from the Federal Government;
- (iii) Sale proceeds of bonds issued under the authority of the Federal Government;
- (iv) Loans obtained with the special or general sanction of the Federal Government; and
- (v) All other sums received and charges collected by the National Telecommunication Corporation

Q.5. (Broadband Policy, Page 7-8, Para 1.5, Chap-I)

Broadband Policy Objectives:

The Broadband policy is designed to achieve the following objectives:

1. Spreading of an affordable, ‘always on,’ broadband high speed internet service in the corporate/commercial and residential sectors across Pakistan.
2. Encourage the entry and growth of new service providers while stimulating the growth of the existing ones at the same time.
3. Encourage private sector investment in local content generation and broadband service provision.

The policy proposes the following strategy for the achievement of the above objectives:

- a. Removing the existing technical, commercial, operational and legal barriers to the growth of broadband in Pakistan.
- b. Increasing the choice of broadband technologies (DSL, Cable & FTTx, Wireless, Satellite) available to the consumer at affordable prices.
- c. Encourage the development and hosting of local content so as to reduce reliance on the expensive international bandwidth.
- d. Promoting the sale of terminal equipment (PCs, CPEs).
- e. Obligating a pro-active and facilitating role by the largest infrastructure provider PTCL for the growth of Broadband in Pakistan.

Q.6.

Description		Amount (Rs)
A	Gross Revenue 2022-2023	3,000,000
B	(Less) Allowable Deductions	
-	Annual License Fee	450,000
-	Discount on Commission	70,000
-	Sales Tax	365,000
	Total Allowable Deduction	885,000
	Adjusted Gross Revenue for Calculation of Fee (A-B)	2,115,000
-	ALF @ 1% of adjusted Gross Revenue	21,150
-	R&D @ 0.5% of adjusted Gross Revenue	10,575
-	USF @ 1.5% of adjusted Gross Revenue	31,725

- Inter operator cost was not taken as allowable deduction being in litigation.
- APC contribution was not taken as allowable deduction being deposited under protest
