



## Winter Exam-2024

### **Solutions – Telecommunication Rules, Accounts and Procedures (Application)**

**Q.1.** (Para 14.5, Page-48, Telecom Policy, 2015)

#### **Satellite based telecommunication service licensing and general provisions**

The present rights and obligations specified in the LDI, LL and infrastructure licenses associated with the installation and use of satellite networks will continue to apply. Local entities that currently operate without any of the above mentioned licenses or in future intend to market bandwidth or services of satellite to corporate or other customers may do so after acquiring a satellite services class license. This category of CVAS will be duly introduced by PTA in pursuance to this policy. USF contribution provisions will also be applied to such licensees in line with other licensees eligible to provide such services. Licensees will be required to register the VSAT network with PTA.

VSAT or other Terminal Earth Station may be used to provide fixed access to public telecommunication networks as per following framework. Any LL licensee may use VSAT, etc. services in such a manner under its license having first registered the service with PTA in accordance with their license. A class licensee may use VSAT, etc. services in such a manner through satellite service provider to provide narrowband and broadband access. The holder of a license that allows the provision of a public telephony service may use VSAT, etc. services in such a manner as to provide such public telephony services.

Licensees that use VSAT, etc. services to provide fixed access to public telecommunication networks will be required to use an LDI licensee for the provision of national and international transit services. VSAT services are used to provide point to point transmission nationally or internationally:

Any LDI, Infrastructure or CVAS licensee may use VSAT services in such a manner under its license having first registered this use with PTA. An LL licensee may use VSAT, etc. services in this manner within its geographic area having first registered this use with PTA.

#### **Mobile Satellite Services**

Except where noted below, the operation of a terminal in a Mobile Satellite Service will require authorization from the PTA. Satellite terminals that operate in Mobile Satellite service must conform to relevant technical standards which will be specified and made available on the PTA website.

#### **General licensing provisions for GMPCS**

The use of mobile terminals for Global Mobile Personal Communications by Satellite (GMPCS) will not require a specific end user license where the service is provided either by a local service provider or on a roaming basis by recognized providers of GMPCS Services. For the purposes of this policy a 'recognized' provider will be one that is registered with PTA.

The local service provider will need to obtain a class license in the category to be set up by PTA for the provision of GMPCS services, unless it holds a mobile license. A mobile operator will inform PTA on the introduction of a GMPCS service. Whether the local service provider is providing services using a domestic satellite network or one owned by a foreign entity, it will be a provision of the class license that information concerning traffic originating in, or routed to, Pakistan are made available to PTA and that provision of lawful interception of such traffic will be mandatory.

#### **Roaming GMPCS terminals**

Use of GMPCS terminals on a roaming basis is subject to provisions being in place with the respective GMPCS operators to provide data concerning traffic originating in, or routed to, Pakistan. A list of such 'recognized' operators will be made available on the PTA website. The PTA website will provide guidance for GMPCS operators to ensure they are included on this list.



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Prior to entering Pakistan it will be the responsibility of the individual user of the GMPCS terminal to register their intent to bring a GMPCS terminal into the country. A web based registration process will be established by the PTA to facilitate this. Where a GMPCS operator is not included on the list of 'recognized' operators the use of a GMPCS terminal will not be permitted. Unregistered GMPCS operators shall not be authorized to bring GMPCS terminals in the country.

#### **Aeronautical Terminals**

Aeronautical terminals will require a license/NOC from the PTA for operation while in Pakistan's Airspace. The license/NOC will set out the conditions of use for the Aeronautical Terminal.

#### **Earth Stations on Vessels (ESV)**

Earth Stations on Pakistan registered vessels operate under the regulations set out by the ITU or other recognized international standards body. NOC with appropriate conditions, issued by the PTA, will be required for the use of terminals on foreign registered vessels within the territorial waters of Pakistan. Where an ESV operator is required to coordinate the use of the terminal with Pakistan, as determined under the relevant sections of the ITU-R Radio Regulations or other recognized international standards body, FAB will be the point of contact.

PTA will develop and publish processes and requirements relating to registration and granting permission for the use of equipment and services, and licensing of satellite based telecommunication services.

#### **Q.2. (Rule 21(6), Corporate Governance Rules, 2013)**

The terms of reference of the audit committee may also include the following, namely:

- (a) determination of appropriate measures to safeguard the Public Sector Company's assets;
  - (b) review of financial results;
  - (c) review of quarterly, half-yearly and annual financial statements of the Public Sector Company, prior to their approval by the Board, focusing on:
    - (i) major judgment areas; significant adjustments resulting from the audit;
    - (ii) the going-concern assumption;
    - (iii) any changes in accounting policies and practices; and
    - (iv) compliance with applicable accounting standards.
- Explanation.—* The appropriateness of the use of the going concern assumption in the preparation of the financial statements is generally not in question when auditing Public Sector Company having funding arrangements backed by the Government. However, where such arrangements do not exist, or where Government funding of the Public Sector Company may be withdrawn and the existence of the Public Sector Company may be at risk, International Standards on Auditing provide useful guidance. This issue is increasingly important for Public Sector Companies which have been privatized;
- (d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
  - (e) review of management letter issued by external auditors and management's response thereto;



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- (f) ensuring coordination between the internal and external auditors of the Public Sector Company;
- (g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Public Sector Company;
- (h) consideration of major findings of internal investigations and management's response thereto; ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- (j) review of the Public Sector Company's statement on internal control systems prior to endorsement by the Board;
- (k) recommending or approving the hiring or removal of the chief internal auditor;
- (l) instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive and to consider remittance of any matter to the external auditors or to any other external body;
- (m) determination of compliance with relevant statutory requirements;
- (n) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;
- (o) overseeing whistle-blowing policy and protection mechanism; and
- (p) consideration of any other issue or matter as may be assigned by the Board.

Q.3.

Description		Amount (Rs)
<b>A</b>	<b>Gross Revenue 2023-2024</b>	1,000,000
<b>B</b>	<b>(Less) Allowable Deductions</b>	
-	Payment of Annual Regulatory Dues	350,000
-	Sales Tax	70,000
	<b>Total Allowable Deduction</b>	<b>420,000</b>
	<b>Adjusted Gross Revenue for Calculation of Fee (A-B)</b>	<b>580,000</b>
-	ALF @ 0.5% of adjusted Gross Revenue	2,900
-	R&D @ 0.5% of adjusted Gross Revenue	10,575
-	USF @ 1.5% of adjusted Gross Revenue	31,725

Q.4. (Telecom Regulation Handbook Para 2.2.2 Chap-II, Page-28)

There are many different forms of competition. Perfect competition is an ideal model of a competitive market, but is unlikely to occur in practice.

#### Perfect Competition:

The textbook case of perfect competition is an ideal model of a competitive market. Perfect competition rarely (if ever) occurs in practice. It is more an ideal than a market reality, and is therefore of limited use in analyzing the performance of real world markets. Perfect competition requires a number of conditions:

The product concerned must be—homogeneous— that is to say, the product must have identical attributes and quality regardless of who buys or sells it;



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There must be a large number of buyers and sellers for that product;

Buyers must be homogeneous and perfectly informed;

No single consumer or firm must buy or sell anything more than an insignificant proportion of the available market volume of that product;

All buyers and sellers must enjoy the freedom to enter or exit the market at will and without incurring additional costs;

There must be no economies of scale. Economies of scale arise where the average cost of production falls as the volume of production increases. Where economies of scale exist it is more efficient for a single firm to produce a given volume than for two or more firms that between them produce the same total volume, as the larger firm;

There must be no economies of scope. Economies of scope arise when different products have significant shared fixed costs, so that a single firm can produce them using a common facility. Where economies of scope exist it is cheaper (and more efficient) to produce different products out of a common plant or facility than to produce them separately;

There must be no externalities. An externality is an unintended side effect (either beneficial or adverse) of an ordinary economic activity that arises outside the market or price system so that its impact is not reflected in market prices and costs;

There must be no regulation of the market or franchise obligations; and

There must be no restrictions on capital.

#### **Q.5. (Para 4.3 De-regulation Policy Page 10)**

##### **Formula for calculation of APC:**

$ASR \times Permissible\ Range = Total\ ASR$

$Total\ ASR - LDI\ Share \times Avg.\ US\$ \text{ rate} - MTR$

$Total\ APC\ for\ USF = Traffic \times APC$

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