7th October 2014

Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg
(Old Minto Road)
New Delhi – 110002

Kind Attn: Mr. Sanjeev Banzal, Advisor (NSL)

Subject: Pre-consultation paper on 'Delinking of License for networks from delivery of services by way of virtual network operators'

Dear Sir,

This is with reference to the Pre-consultation paper on 'Delinking of License for networks from delivery of services by way of virtual network operators' issued by TRAI on 3rd September 2014.

The National Telecom Policy 2012 envisages the introduction of Virtual Network Operator in the Indian telecom market for increase in options available at the consumer end and facilitation of resale of telecom services both wholesale and retail through introduction of virtual operators. The introduction of VNO in India will not only help in focused services in the Urban market (more than 100% tele-density) but will also help in better penetration of services in Rural areas. With vast amounts of unused bandwidth to share and the inability to provide proper services to all market segments and niches by traditional telecom operators, it is a win-win situation with greater economies of scale and more value addition for end-customers. The introduction of Virtual Network Operators would definitely facilitate **healthy market business opportunities** and would result in efficient use of existing telecommunication infrastructures. VNOs facilitate market expansion by reaching entirely new or previously un-served/ under-served market segment or geographical areas including rural markets. VNOs are also able to offer better bouquet of services/value added services to the end customer as their focus is more on enriched customer services rather than network roll-out.

According to GSMA Intelligence report titled 'Global VNO landscape 2012-14, as on May 2014, VNOs are most prevalent in mature markets where penetration (based on connections) has surpassed 100%. Europe has more than two thirds of global VNOs (579), followed by the Americas (128) and Asia (79). VNOs continue to support operator connections growth to varying levels and have offset declines or flat growth in organic connections in some of the global markets. Studies of global markets clearly pave way for a great potential for VNOs in India.

While these are clear benefits, the current uncertainty in the Telecom Policies with respect to availability of spectrum, Merger & Acquisition guidelines, spectrum sharing & trading guidelines, need to be addressed for efficient introduction of VNO in India.

In view of the above, we support introduction of VNO in India, however we propose that the detailed consultation paper from TRAI should deliberate on Definition of VNO, Licensing & Regulatory framework including eligibility criteria, entry fee, FDI limit, Security compliance, QoS, AGR, SUC, Subscriber verification & grievance redressal and Billing, in addition to the few issues raised in the said pre-consultation. We will be happy to address & participate to further deliberate on these issues at the appropriate time.

Tata Teleservices' response to the issues raised in the Pre-consultation paper are as follows:

Rollout obligations-

- Purpose of rollout obligations is to ensure that not only there is geographic coverage of the network but also that spectrum is optimally utilised.
- The VNO cannot facilitate network rollout and can only increase NSO(Network Service Operator)/TSP's customer reach.
- The Industry is currently struggling to ensure good Quality of Service to provide enriched customer experience while also innovating for new services. TRAI needs to devise a mechanism to mandate QoS compliance as a service obligation for a Virtual Network Operator to ensure a level playing field for all stakeholders.

Nature of Agreement-

- The agreement between the NSO and VNO should depend on market forces and mutual commercial arrangement, without any regulatory intervention.

Sharing of Infrastructure-

- We suggest that there should be a reasonable cap on the number of operators parenting an VNO.
- This capping would result in more focus, control and better utilisation of resources between the NSO and VNO.

Issues of Spectrum Usage Charge-

- VNO cannot own spectrum and the spectrum is still owned by the NSO.
- A VNO offers services by buying talk-time and bandwidth in bulk from existing NSO and the apportioned SUC charges would be a part of the bulk minute offerings by the NSO. Therefore, the SUC to the Licensor should continue to be payable by the NSO.

Allotment of Numbering resources-

- Numbering is a finite resource used by an TSPs. In India, the numbers are allotted as per the National Numbering Plan to the TSPs according to their subscriber base.

- If VNOs become separate entities for number allocation, the number of entities interacting with the centralized data base for number portability will increase. This would increase the complexity of the number portability systems.
- In view of the above, the VNOs should necessarily use the numbers allocated to the NSO/TSPs. The numbering blocks allocated to a VNO should count towards utilization of the number series by the said NSO and to make the NSO eligible for further allocation of number blocks by the Licensor.

Lawful Interception-

- Lawful Interception would be a challenge if it is a responsibility of both NSO & VNO.
- Since network, numbering, etc are owned by the NSO, for Lawful Interception, the Security agencies should approach the NSO for all Security issues.
- However, all call logs/sys logs need to be maintained by the VNO.

We sincerely hope that our views will be given due cognizance by TRAI.

Thanking you and assuring of the best attention always.

Yours sincerely,

Ritu Mathur
General Manager- Corporate Affairs
Tata Teleservices Limited
And
Authorized Signatory
For Tata Teleservices (Maharashtra) Limited