



ALL INDIA DID FRANCHISEE'S ASSOCIATION

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DID Association Response to TRAI Consultation on VNO regime.

DID Franchisee Back Ground - 1994-2015

In the year 1994 Government of India for the first time formulated the National Telecom Policy 1994 and to achieve objectives set out in the NTP 1994 decided to introduce the scheme of operation of In-dialing Group EPABXs by private parties vide Notification No. G-5/93PHB dated 27-01-94 issued by DOT, Ministry of Communications, Government of India. In accordance with Government notification DoT in its sole capacity as Telecom Authority had drafted the license terms for the operation of Direct In-dialing EPABX by private parties. Number of small and medium enterprise applied for the In-dialing EPABX services license and entered in to the same with DoT during the period 1994 to the year 2000.

It may be noted that while the licenses for basic services were issued in the year 1995 onwards to the private parties the scheme of Direct In-dialing EPABX by private parties was never withdrawn or interdicted. Post corporatization of DoT operations/services in form of BSNL in the year 2000, the scheme of operation of Direct In-dialing Group EPABXs by private parties was continued by BSNL. Due to competitive reasons, other fixed line operators like RCOM, Tata Teleservices etc. also started franchising of private parties for operation of In-dialing Group EPABXs. Thus, till until recently the scheme of operation of In-dialing Group EPABXs by private parties issued by the Government vide its Notification No. G-5/93PHB dated 27-01-94 has continued without any hitch or problem on the terms and conditions of the agreement which was framed by DoT in the year 1994.

It may be noted that while two new Telecom Policies have been issued in the year 1999 and 2012 by the Government, the policy decision in respect of scheme of operation of Direct In-dialing Group EPABXs by private parties issued by the Government vide its Notification No. G-5/93PHB dated 27-01-94 has never been rescinded or withdrawn or interdicted or even finds a mention in the later policy documents. In fact the licensing regime for services has undergone several changes during the period from 1994 to 2014 but scheme of operation of In-dialing Group EPABXs by private parties issued by the Government vide its Notification No. G-5/93PHB dated 27-01-94 has never been touched by the Government. As a result, for last 20 years this scheme of operation of Direct In-dialing Group EPABXs by private parties issued by the Government vide its Notification No. G-5/93PHB dated 27-01-94 has been working uninterruptedly in accordance with terms and conditions laid down by the Government.

As per record collected in the month of March 2016 nearly 259 DID operators which are categorised under MSME entrepreneurs are providing telephone services under various NSOs i.e. BSNL, MTNL, Reliance Infocom, Tata Teleservice, Bharati Airtel and Vodafone.

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Functionality of DID EPBAX Model

- a) All Telecom infrastructure i. e. Switch, cable, wire, MDF, AC/DC power plant, Distribution Point etc...are borne by DID Franchisee. Customer application form with applicants Photo along with identification proof i. e. photocopy of Election Card or Aadhar Card or PAN Id are collected by us from our subscribers as KYC. DID franchisee holder deploy TEC approved EPABX switch and every call log details (CDR) are kept for sufficient period.
- b) We DID Franchisees had provided DID telephone connections in non-feasible areas where TSP were not in position to provide Landline services. Service to our end-user and infrastructure maintenance are borne by us.
- c) As per PHB guidelines we have to issue monthly bills with detail call charges in accordance with unit rate ceiling fixed by our TSP. Issuance of Bill and collection of bill are borne by DID operators. DID operators get commission against consumption of unit as per tariff plan offered by TSP on monthly basis. All bad debts are to the account of DID Franchisee.
- d) Customer Application form and KYC are collect and keep under possession with DID franchisee holder.

Answer of Consultation Paper No. 4/2017 on 'Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area' dated 20th March, 2017

Q1) Is there any need to introduce Cat. -B VNOs in the sector? i. If yes, should the existing DID franchisees be mandated to migrate to UL (VNO) Cat-B based licensing regime? Do you foresee any challenges in the migration from franchisee regime to licensing regime? ii. If no, how DID franchisee can be accommodated in the existing licensing regime in the country?

Ans) The Authority should note that DOT policy guideline which was framed under notification no. G-5/93PHB dated 27-01-94 that gave space to run landline business within limited scope is a mirror image of VNO access service segment.

Instead of revoking existing PHB regime we suggest to issue new PHB version that fulfills all challenges related to CAF, security, CDR log etc....We would also like to mention that if continuous up gradation would have been done in the PHB policy the growth of this segment would have been multifold and not restricted to 1000 colonies which are being serviced as on today.

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In the light of this fact we have requested the concerned authority to create a separate "C" class VNO License, as a onetime dispensation applicable only for existing DID operators so that they can be absorbed under this policy for the reasons mentioned hereunder:-

- 1) DID operators operate in the same manner as is now envisaged for VNOs
- 2) DID Operators are the creation of the DoT policy of 1994, continued by BSNL & MTNL as its successor or licensee and the same followed by other TSPs.
- 3) DID Operator policy of 1994 has never been withdrawn by DoT even when licensing regime for private Operators was introduced in 2001-02 and amended several times thereafter.

Q2) Based on the complexities discussed in Para 13-15 above, should the scope of UL (VNO) Cat.-B licensee be limited to provide landline (voice) and internet services or should these be allowed to provide mobile service also? In case mobile services for such licensees are allowed, how the issues enlisted in Para 13-15 will be addressed? Please explain in detail.

Ans) To overcome any technical challenges that is described at Sr Para 13 and 15 , we suggest that as we are only in landline service and almost all of us would continue working under the same module but if any operator wants to expand he should be given an option under a separate arrangement.

- a) Nearly 259 DID operators with more than 1000 townships with customer base of more than 2 lacs are very small entrepreneurs registered under MSME and providing telephone extension service under various NSO i.e. BSNL, MTNL, Reliance Communication, Tata Teleservice, Bharti Airtel and Vodafone.
- b) Our working method and our focus is only with wire line technology. None of the existing DID operator will focus on Wireless voice service. Our objective is to increase the wired teledensity of the country as envisaged in the Telcom Policy.
- c) As per TRAI statistic report, wire line connections are decreasing significantly from last one decade. On the contrary wireless connection are increasing significantly. Hence, Authority should focus only to boost wire line connections. Further, we do not see any scope to add mobile service under District level VNO regime as wireless GSM service shall not fit in our working pattern.

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Q3) Should the license duration for UL (VNO) Cat.-B be kept 10 years which is at par with other licenses issued under UL (VNO) policy? If no, justify your answer.

Ans) Duration of License for UL (VNO) Cat- B must keep for 15 Years. We do not see any logic that validation of UL VNO Cat-B should be kept for shorter time than this period. Renewal of License and other formalities would be a very cumbersome process for MSME operators.

Q4) What should be Net worth, Equity, Entry Fee, PBG, FBG etc. for District level UL (VNO) Cat.-B licensee in case these are allowed for Wireline and Internet services only? Answer with justification.

Ans) As per existing UL VNO policy Cat-B district level License fee is fixed at Rs.16,500/- per year and FBG Rs.1 Lakh. If Wireless GSM service is withdraw from UL VNO Class B- District Level than we suggest to keep License fee should be Rs.3,000/- and FBG Rs.50,000/-.

- a) To boost internet segment at every part of country and encourage small to medium enterprise, Department of Telecom collect token License Re.01 per year toward Internet Service Provider category Class` C`.
- b) The authority should fix token license fee and abolish FBG, network & equity structure, then more DID operator will try to launch services in the non-feasible pocket. This will decrease GSM traffic and spectrum shortage resulting in lesser call drops and congestion issue in GSM telephony.

We suggest following financial fee structure.

Sr.No.	UL VNO Class B District Level Service	License Fee In Rs. per year	FBG In Rs.	Networth	Equity
1	Landline voice, Internet and GSM Voice service	16500=00	100000=00	-	-
2	Wireline Voice and Internet Service	3000=00	50000=00	NIL	NIL

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AGR fees structure

Sr.No.	Authorization Service	AGR @ 8% from GSM Revenue	AGR @ 8% from Internet Revenue	AGR from Voice Wireline Revenue
1	Landline Voice, Internet and GSM Voice	NA	As per existing present %age	NIL

Justification of AGR abolish from Wire line Voice.

- a) Since the inception of PHB policy 1995 to 2015 call charges and rent to be collected from end user was fixed by DOT and its successor BSNL and MTNL which is mention as under:-
- i) Rent - Rs. 125 per connection per month. Out of rental collection we have to contribute 15 to 20 % collected rent revenue to our principal company against Junction or PRI rent charges.
 - ii) Call Charges Rs. 01 per unit as per BSNL/MTNL pulse rate which is totally payable to NSO and we get commission @ Rs.0.20 per call unit.

After deduction of fix operative expense i.e. AC/DC Power bill, Cable maintenance and fault, Staff salary, AMC of switch, DID franchisees' earn at par or in some case approx 5 to 10 % net of margin from total turnover. In such lower ratio of margin we strongly oppose Levy of AGR particular in wire line voice segment.

- b) From last one decade our outgoing call traffic generated from Wireline is totally transferred to GSM operators. Hence, our revenue has sharply declined that has resulted in depleted unit consumption which has effected inflow of commission from TSPs.. From last three year our ISD call traffic diverted to Mobile free mobile App i.e. Skype, Face-time, IMO and WhatsApp video and audio calling. From last six month our business is badly affected due to Unlimited Free Voice call by all mobile operators. Due to all these we have to face mass disconnection of Wireline connections that caused continuous process of downfall of our revenue.
- c) TRAI yearly tele-density growth report and statistic itself proves that landline connections have heavily declined, pan India. In this scenario we are fighting for our existence and levy of AGR will ruin our micro scale landline segment.

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d) In the year 2015 TRAI had initiated a step to free wire line segment from IUC regime. This step will surely stop further erosion of wire line voice segment. We strongly believe that TRAI should completely remove AGR from Wire line Connection.

Q5) What should be Networth, Equity, Entry Fee, PBG, FBG etc. in case Cat.-B VNOs are allowed to provide mobile access service also? Please quantify the same with justification.

Ans) As mentioned at our answer of Q2, we suggest to remove mobile access service from present UL VNO cat- B for district level regime. If the authority is not in position to remove Mobile access service then Wireless and Wireline service should be segregated within access service area. It won't be out of place to mention that more than 85% operators have turnover of less than 10lacs.

Q6) Keeping in view the volume of business done by DID franchisees, what penalty structure be prescribed for UL (VNO) Cat. 'B' licensee for violation of UL (VNO) Cat-'B' license terms and conditions?

Ans) We DID franchisee's are very small MSME entrepreneurs with limited scope of investment and revenue. Penalty structure mention in UL VNO guideline is totally contrasted with our financial and business status. We suggest Authority to fix penalty structure which is bearable and reasonable for our limited version of business model i.e. Maximum penalty should not exceed more than one month average bill payable to NSO.

Q7) Should the UL (VNO) Cat.-B licensees be treated equivalent to the existing TSPs/VNOs for meeting obligations arising from Tariff orders/regulations /directions etc. issued by TRAI from time to time?

Ans) The Authority should not treat UL (VNO) Cat-B District Level entity equivalent to the existing TSPs/VNOs for meeting obligation arising from Tariff order/regulations/direction etc. PHB Notification 4/94 dated 24-05-94 itself proves that We DID Franchisee segment are first privatization model of Indian telecommunication history and are well disciplined with the regulations/Tariff orders/ directions issued by TRAI since 1995. We request separate regulation and tariff orders to be formulated for MSME operators.

It is our humble submission that DID franchise are in business since 1995 and have invested in developing the whole telecom infrastructure by creating last mile telephone exchanges. All DID Franchisees' works on grassroot level with absolute minimal margin.

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Q8) What QoS parameters shall be prescribed for UL (VNO) Cat.'B' licensees?

Ans) QoS parameters should be stringent and more effective to all telecom / VNO licensees'. Our submission is very much clear on the subject and we strongly believe in service commitment. We have no right to work if we are not in position to meet almost all parameter framed under quality of service. Hence QoS parameters for UL VNO Cat B licensees should be with similar pattern of wire line segment which is imposed on TSP. We will comply with the QoS parameter which imposed from time to time keeping in view our size and status as last mile operators.

We believe that:-

- a) Auto SLA (Service level agreement) should be incorporated with CAF to any type of revenue generative customer i.e. big or small.
- b) Fault escalation matrix should work more effectively.
- c) Any complaint should be registered with Complaint numbers and compliance with ETR (Earliest time of Restoration) and should deliver RFO (reason for outage) by text message/ Email or by written note to end user.
- d) Billing complaints should be resolved within 48 hrs.

Q9) Based on the business and operational requirements as discussed in Para. 21 above, should UL (VNO) Cat. 'B' licensees be permitted to enter into agreement to hire telecom resources from more than one TSP in its area of operation for providing voice and internet services through wireline network?

Ans) This is our main concern and we must be allowed to enter into agreement to hire telecom resources from more than one TSP in our area of operation for providing voice and internet service through wire line network.

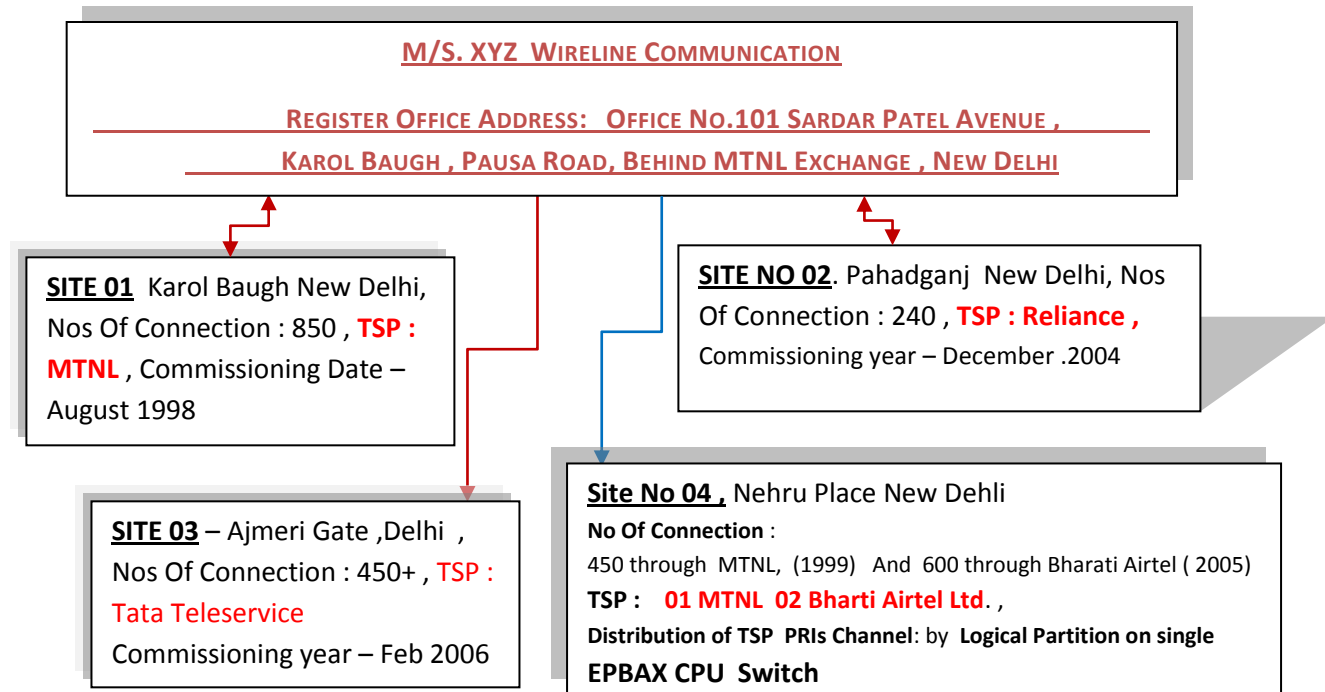
We do not understand why impose monopolistic conditions only to Access Service segment that VNO holder can opt only one NSO and allow other services i.e. Internet service / NLD service to work with multiple NSOs. We believe that this will have adverse impact in our services and tariffs to be offered to our end users.

Impact of opting of Singular NSO terms:

- a) In a monopolistic environment, single Telecom Service provider of a PRI will get full privilege and free passage to exploitation of their VNO DID operator by way to fixing higher prices. There might be 100% dependency on sole provider the provider can demand exorbitant tariff because DID operators are left with no alternative option.

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- b) Singular NSO connectivity will constrain the grade of service envisaged for our end customer.
- c) As mention earlier that all DID franchisee are forced to migrate from existing structure to UL VNO structure this will lead total confusion. The Authority should devise amicable solution for DID Franchisees operating within a district at multiple sites with more than one NSO. In such case said DID operators will have no choice but to close down the business which is tied up with other NSO`s..



Conflict of guideline - Agreement with Single NSO in access service segment:

- a) M/s XYZ Com had started their operation from 1998 and expand to 4 different geographical area within New Delhi with different and multiple NSO.
- b) M/s XYZ Com had signed the agreement with multiple NSO between 1998 to 2006.
- c) M/s XYX Com had obtained STC and files IT return of these entire multiple sites under one company.
- d) If the authority does not allow signing agreement with more than one NSO then M/S xyz has no alternative but to close their operation. We are afraid that compulsion of singular NSO at access service will affect QoS parameters.

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- e) The Authority should recall the emphasis given in TTO, 1999 to DID franchisees as a means of expanding tele-density. The Authority further noted that the prevailing tariffs needed to change for the extension users of DID to find the service attractive in comparison to a DEL. Accordingly, the tariffs for end users of DID have been amended.
- f) If the Authority sticks with singular NSO terms for UL VNO access service segment then DID Franchisee should get their own number level proprietary from National Number Plan. Further we also enhance our demand that existing number level which is allotted by any TSP should be immobilized and allotted permanently to DID franchisees. In case of migration of existing NSO to other NSO, a VNO licensee should get facility of number level portability and their own number level shall be accommodated with other NSO.
- g) In recent time TRAI had issued recommendation paper of In-Building Access by Telecom Service Providers. This recommendation emphasized to prevent monopoly access and communication service. Contrary to this, singular NSO system laid down to UL VNO access service will create adverse impact to our end users.
- h) We request the Authority to give us solution if UL VNO is not allowed signing agreement with more than one company.
- i) We DID franchisee are totally dedicated to give high level service to our end user with a goal to retain our customer relationship. In line with this we have to offer alternate and cheapest tariff package to our end user. If we depend on singular NSO then we are not in position to bargain matching tariff of opponent TSP.

Q10) Do you foresee any challenge in allowing such arrangement as discussed in Q9 above?

Ans) Not at all, We do not see any challenges in allowing opting of multi NSO under UL VNO access service in wire line voice segment. We strongly believe that by allowing such arrangement will boost access service wireline voice segment by offering alternate and cheapest tariff package to end user.

Q11) Please give your comments on any related matter not covered in this Consultation paper.

Ans) UL VNO Access service and Internet service will help Digital India mission. UL VNO access service should be register at Start Up and Digital India.
