

MTNL/RA/TRAI-C.P/VNO_CATB/2017
Dated 01.05.2017

To,

The Advisor (NSL)
TRAI, New Delhi

Sub.: Comments on Consultation Paper 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.

Dear Sir,

Kindly find enclosed herewith MTNL's response as Annexure-I on the consultation paper "Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area'

Encl: As above

DE(RA&C)

ANNEXURE-I

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?**

MTNL Comments:

Yes, The existing DID franchisees shall be mandated to migrate to UL(VNO) Cat B based license regime so that they should come under the ambit of Licensing & Regulatory framework especially in terms of QoS parameters and security conditions.

There could be a market opportunity for UL(VNO) Cat B by using last mile connectivity, optical fibre network and spectrum of Telecom PSU like MTNL to provide innovative products and services and in turn PSU (MTNL) will also get benefitted by its efficient utilization of networks and spectrum by sharing active and passive infrastructure.

Further, role of UL(VNO) Cat B could be more significant in the delivering of services to the under-served areas like rural, remote and hilly areas to make successes of 'Digital India' initiative of Government.

As of now, no challenges appears in the migration from franchisee regime to licensing regime as already DID franchisee are getting substantial business. However, depending on technological developments and experience gathered, this can be reviewed in future.

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.

MTNL Comments:

The scope of UL (VNO) Cat B License should not to be limited to provide landline (voice) and internet services only rather than they can be allowed to provide mobile service also to maximise the revenue of both parties.

TSP like MTNL and UL(VNO) Cat B can work together where the UL(VNO) can bring business for TSP by focusing on their area of specialization like marketing and customer acquisition etc.

However, the complexities enlisted in para 13-15 like charging in case roaming out to the licensed geographical service area, calculation of AGR & SUC etc can be taken care of by its NSO and under this arrangement following are proposed:

1. VNOs should not be allowed to have agreements with more than one NSO in same LSA of VNO for mobile services which need numbering resource for the customers.
2. Intra circle roaming should be mandated.
3. VNOs may be permitted to set up own IN, billing systems etc and they should not allowed to setup core and access network. e.g BTS, BSC, MSC , GMSC etc.
4. No spectrum shall be assigned to the VNOs. The VNO shall be permitted to use the spectrum of its NSO.
5. They are not allowed to install own equipment which are required for interconnection with other TSPs.
6. The mutual agreement between NSO and VNO it shall be left to the NSO & VNO.
7. There would not be any mandate to an NSO for providing time bound access to its VNO.
8. Number series to be provided by NSO to VNO.
9. The CAF verification and number activation shall be the responsibility of a VNO. A VNO shall bear the penalty on account of failure of subscriber verification norms (for its own customers).

10. The QoS penalties' which are beyond the scope of the VNO viz. Service quality, core network parameters etc. shall be borne by the NSO.
11. The license condition related to the requirement of Law Enforcement Agencies (LEA) should be a responsibility of NSO.

Q3. Can 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.

MTNL Comments:

The duration for UL (VNO) Cat-B should be kept 10 years which will be at par with other licenses issued under UL (VNO) policy in order to make them viable long term business plan, to protect their capital investment and evaluate long term ROI. Also, NSO could enter into long term agreements with UL(VNO).

Q4. What should be Networth, 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.

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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.

MTNL Comments:

The Networth, Equity, Entry Fee, PBG, FBG etc. for District level UL (VNO) Cat.-B licensee shall be proportionate to the demographic (number of house hold, per capita income, population literacy etc.) condition of that district. This amount should be kept low for remote district in comparison to developed district proportionately. Therefore, policy may be framed accordingly to promote UL(VNO) Cat B to remote districts.

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?

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 totime?

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

MTNL Comments:

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

The penalty structure should also be equivalent to the existing TSPs/VNOs for violation of UL (VNO) Cat.-'B' license terms and conditions.

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?

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

MTNL Comments:

As the VNO shall be extension of NSO for re-sale of telecom services In case of network of one TSP not available in complete geographical area of a District the UL (VNO) Cat B, they can always ask their NSO for coverage in that particular area. Also, as per licensing terms and condition each TSP is bound to rollout his services in entire LSA and therefore they can't deny the request of UL(VNO Cat B. Therefore, operational requirements UL (VNO) Cat. 'B' licensees should not be permitted to enter into agreement to hire telecom resources from more than one TSP in its area of operation.

NSO can enter into agreement with VNO on non exclusive basis within same service area of VNO. There shall not be any restriction on the NSO on the number of VNOs in a particular service area of VNO.

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

MTNL Comments: No comment