

RJIL/TRAI/2023-24/12

6<sup>th</sup> April 2023

To,

**Sh. Sanjeev Kumar Sharma**

**Advisor (Broadband and Policy Analysis)**

**Telecom Regulatory Authority of India**

Mahanagar Doorsanchar Bhawan

Jawaharlal Nehru Marg, New Delhi - 110002

**Subject: RJIL's Comments on TRAI's Consultation Paper dated 09.02.2023 on "Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)".**

Dear Sir,

Please find enclosed the comments of Reliance Jio Infocomm Limited on the consultation paper dated 09.02.2023 on **"Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)".**

Thanking you,

Yours Sincerely,

For **Reliance Jio Infocomm Limited**

**Kapoor Singh Guliani**

Authorized Signatory

**Enclosure:** As above

**Reliance Jio Infocomm Limited's comments on TRAI's Consultation Paper on  
"Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under  
Unified License"  
dated 9<sup>th</sup> February 2023.**

**Preface:**

1. Reliance Jio Infocomm Limited (RJIL) thanks the Authority for issuing this consultation paper to **deliberate the need for introducing a new chapter on Digital Connectivity Provider (DCIP) under Unified License.**
2. At the outset, we submit that **creation of active infrastructure in telecom is the implicit responsibility of the service licensees and the Infrastructure Providers Category-I (IP-1s) should neither be required nor be permitted to do such licensing activities and it should remain at passive infrastructure layer only.**
3. We further submit that the Authority has been instrumental in making the telecom sector robust by introducing timely improvisations in the licensing framework like Unified License and Virtual Network Operator (VNO). The current consultation paper seems to be another step in the same direction, **however, we understand that the issues raised in this paper have already been addressed by the Authority.**
4. **The Authority vide its recommendations on "Enabling Unbundling of Different Layers Through Differential Licensing" dated 19<sup>th</sup> August 2021 and its response to DoT reference back dated 6<sup>th</sup> September 2022 has already recommended a network layer licensed entity Access Network Provider (ANP) that will be providing standalone network services to VNOs and Telecom Service Providers (TSPs). We are extracting and reproducing the relevant portions as herein below:**

*a) A separate authorization under Unified License should be created for Access Network Provider (network layer) to provide network services on wholesale basis. Under this authorization for Network layer only, the Access network provider shall not be permitted to directly provide services to the end customers under the authorization.*

*b) Scope of the Access Network Provider shall be to establish and maintain access network, including wireless and wireline access network, and selling the network services (capable of carrying voice and non-voice messages and data) on a wholesale basis to VNOs (service delivery operators) for retailing purpose. The Access Network Provider should be permitted to have capabilities to support all the services mentioned in the scope of Access Service authorization (Chapter VIII of UL).*

*c) The Access Network provider should also be permitted to provide/share its network resources to/with the telecom service providers who are licensees under section 4 of the Indian Telegraph Act, 1885, and vice versa.*

5. We understand that these recommendations are under consideration of DoT and in this background proposal of a **new authorization with scope of work that is a subset of the scope of service of ANP seems unnecessary**. As far as scope for deployment of infrastructure is concerned, only difference between DCIP and ANP authorization is that ANP is allowed to install core network while it is proposed that DCIP can install transmission and radio network only.
6. In this regard, we believe that due to technological developments, **the boundaries between the Core and Radio Network have blurred and almost non-existent today**. For instance, to reduce latency on the network, the key decision-making capability of the network (which is broadly considered to be Core Network functionality) has moved close to the edge of the network in form of edge computing. Thus, from functional perspective, due to Edge Computing, the functions of the core network will be distributed to edge components of the network, which will be installed at various sites. This will make the distinction between Core and Radio network non-existent.
7. On the other hand, due to developments like Open RAN/Cloud RAN, some of the functionalities of the Radio Access Network will be aggregated at certain sites, which will make it appear like a Core Network. Thus, Core Network and RAN have trespassed into each other's' domains and there will be no distinction between these two.
8. In absence of such distinction between Core and Radio Network, there will not be any distinction between ANP and DCIP also in terms of their respective scope to deploy infrastructure under their authorizations. Therefore, we submit that the proposed DCIP authorization can be subsumed in the ANP authorization and the DCIPs can offer their passive and active network facilities to eligible service providers without any hindrance, irrespective of capacities available with them. Hence, our submission is the that there is no need for a new authorization under DCIP.
9. Notwithstanding the above, we agree with the premise that IP-1s will be critical for further expansion of digital infrastructure in dense urban areas and hinterlands. **However, we believe that success of the IP-1s in creating the infrastructure for Digital India, Smart Cities etc. would be incumbent on reducing the regulatory burden on IP-1s rather than increasing the same by bringing these entities under Unified License regime. Therefore, we submit that the TRAI should extend them maximum support with minimum regulatory oversight to IP-1.**

10. We submit that for this purpose, the Authority should revert its focus back on passive infrastructure creation and continue with its policy proclamation that the IP-1 service providers will not be encumbered with any additional regulatory oversight, in line with its recommendations dated 6<sup>th</sup> January 2015 on **Definition of Revenue Base (AGR) for the Reckoning of Licence Fee and Spectrum Usage Charges**, wherein the Authority had noted that

*2.62 "...Globally, the new conventional wisdom is that infrastructure, both active and passive, need to be shared in the interests of better spectral efficiency, reduced capital expenditures and better quality of service delivery. As demand for data has grown exponentially, the strains on a fixed quantum of spectrum as well as other passive infrastructure have become apparent. It is in this background that the old received wisdom has undergone change: it is better to save capital costs on passive infrastructure (as well as active infrastructure) through sharing. The policy orientation promoting sharing of infrastructure requires to be followed up with concrete incentives in this direction.*

*2.63 The revealed preference for encouraging infrastructure sharing is also obvious from DoT's own pilot scheme to promote sharing of towers. It is also pertinent to note in this context that non-licencees have invested into IP-I provision, and the present business model encourages sharing of infrastructure, leading to a reduction in the capital expenditure requirements of the sector. The Authority is also conscious of the need to boost incentives for encouraging sharing of all active and passive infrastructure to prevent avoidable duplication. The NTP 2012 mandate to move towards sharing passive and active infrastructure and to a regime of virtual network operators is also relevant in this context. **In the changed circumstances, the Authority is now of the view that IP-I services may not be brought under the licensing regime.**"*

11. We further submit that the Authority has already induced sufficient separation of layers by introduction of VNO licensees at service layer and recommendations on "Enabling Unbundling of Different Layers Through Differential Licensing" and is already working on increasing the sharable passive infrastructure by unbundling the hitherto service specific facilities like satellite earth gateway stations, **therefore, the new authorization for active infrastructure sharing will create only confusion without creating any new opportunities.**
12. We submit that this new chapter will create unnecessary dilemma for IP-1s. The existing IP-1s, also desirous of offering active infrastructure for sharing, would be required to bring their current sharable passive infrastructure also under the licensing regime, with incumbent requirements to comply with general conditions of Unified License including security requirements. **Further, while the Authority has proposed no license fee and minimal entry fee for DCIP, it will go against the principles of Unified License, especially when ANP authorization holders will be required to pay license fee. Thus, effectively this new proposed authorization will have no attraction for IP1s.**

13. Nevertheless, in case the Authority is desirous of recommending this new authorization under Unified License, it is important that **sufficient steps are taken to ensure that this service provider does not become a single point of failure for networks and affects QoS of millions of subscribers belonging to different sets of service providers at one go.** We submit that in order to ensure participation by genuine stakeholder sufficient financial requirements should be introduced. Further, the licensees should be required to comply with license fee requirements and security requirements under Unified License and sufficient measures should be introduced to prevent market failure and overselling of resources by DCIP, sufficiently stringent penal provisions should be included in the new license. In order to avoid levy of double license fee for telecom services rendered to end customers under such arrangement, licensed service providers taking services from DCIP may be allowed to claim pass through (for computation of license fee) on the charges paid by them to DCIPs.

#### 14. Conclusions

1. **There is no need of new chapter on Digital Connectivity Provider (DCIP) under Unified License.**
2. **The proposed new authorization can be a subset of already recommended network layer licensed entity Access Network Provider (ANP).**
3. **Instead the focus should be on strengthening the business case of IP-1s.**
4. **In case DCIP is recommended sufficient precautions should be taken in terms of financial requirements, license fee requirements, compliance with security requirements under Unified License and penal provisions to create a deterrent against market failure.**

#### Issue wise response:

**Q1. Comments of stakeholders are invited on the proposed DCIP Authorization under UL (attached at Annexure V). They may also offer their comments on the issues flagged in the discussions on terms and conditions and scope of the proposed authorization. Any suggestive changes may be supported with appropriate text and detailed justification.**

#### RJIL Response:

1. We reiterate our submissions that there is no need of proposed DCIP authorization under UL as the Authority's recommendations on a separate **network layer licensed entity Access Network Provider (ANP)** is already under consideration of DoT and the scope of service of proposed new DCIP authorization will be a subset of ANP as explained in preface to our response.

2. We further submit that sufficient separation of various layers in telecommunication services under present dispensation is already proposed and there is no requirement of any further changes. **Therefore, the proposed DCIP Authorization should not be introduced.**
3. We submit that a superfluous authorization with inclusion of permitted active infrastructure elements will not serve the purpose and will in no way further augment the digital infrastructure creation. **Nevertheless, in case the Authority wishes to further add another authorization in the form of DCIP, then there is a need to introduce sufficient financial requirements to ensure participation by serious players. Further, the licensees will be required to comply with the license fee and security requirements as per Unified license and measures should be introduced to prevent any market failure.**

**Q2. Are there any amendments required in other parts/chapters of UL or other licenses also to make the proposed DCIP authorization chapter in UL effective? Please provide full details along with the suggested text.**

**RJIL Response:**

1. We reiterate our submissions made in the preface and in response to Q1 above, that there is no need for DCIP Authorization. Nevertheless, in case the Authority is desirous of recommending this new authorization under Unified License, the proposed DCIP authorization is designed to either upgrade the existing IP-1 registration holder to a licensee or create a new category of infrastructure providers by creating a licensed entity that will offer permitted active and passive infrastructure elements. **As the active infrastructure sharing is already permitted and service providers can avail passive infrastructure from IP-1s, there is no need to change the existing license conditions.**
2. If at all, a clarification can be provided that all Unified Licensee holders can avail infrastructure created by DCIP.

**Q3. Are any issues/hurdles envisaged in migration of IP-1 registered entities to the proposed DCIP Authorization under UL? If yes, what are these issues and what migratory guidelines should be prescribed to overcome them? Please provide full text/details**

**RJIL Response:**

1. As already submitted, we do not support the proposal of creating a separate DCIP authorization under the UL. Nevertheless, there appears to be no issue in the migration of IP-1s to DCIP, as this will only enhance their scope of service and facilities and network elements that IP-1s can offer to TSPs.
2. Further, as this authorization will add new active infrastructure elements in IP-1s repertoire, it would be important to ensure that the applicant DCIPs have sufficient skillsets to deliver the active infrastructure elements, as well a set-up to comply with Unified License requirements. Thus, an upgrade would be required at IP-1s end and it is important that only the IP-1s meeting these requirements apply for DCIP.

**Q4. What measures should be taken to ensure that DCIP Licensee lease/rent/sell their infrastructure to eligible service providers (i.e., DCI items, equipment, and system) on a fair, non-discriminatory, and transparent manner throughout the agreed period? Please provide full details along with the suggested text for inclusion in license authorization, if any.**

**RJIL Response:**

1. We submit that the concept of fair, non-discriminatory, and transparent sharing of infrastructure by IPs or DCIP is a good to have concept, however, **it should not be mandatory to share infrastructure for IP-1s/DCIPs as the same will go against the objective to creating additional infrastructure and building redundancies in the critical digital backbone for the nation.**
2. While we agree that there should be a requirement to offer infrastructure created by IP-1s on fair, non-discriminatory, and transparent, in case it is independently created. **However, this requirement should not be applicable for contracted infrastructure created by IP1s.**
3. We submit one of the important market dynamics to bear in mind is that in many cases the IP-1s are requested by the TSPs to create certain infrastructure, which for some reason the TSP is not able to create on its own. Such infrastructure is then handed over the TSP under infeasible Right of Use (IRU), a valid and legal contractual agreement, under which the IP-1 would not be able to offer the infrastructure to a competitor. **Thus, such infrastructure should be kept out of purview of infrastructure**

sharable on fair, non-discriminatory, and transparent basis as this will inhibit creation of infrastructure, which is the primary aim behind IP1s/ DCIP.

**Q5. How to ensure that DCIPs lease/rent/sell out the DCI items, equipment, and system within the limit of their designed network/ capacity so that the service delivery is not compromised at the cost of other eligible service provider(s)? Please suggest measures along with justification and details.**

**RJIL Response:**

1. We submit that this will be a **market failure scenario that can impact the service and QoS for more than one TSP at a time and it is imperative that sufficient bulwarks be made against the same.**
2. We submit that sufficient penal provisions should be included in the proposed DCIP authorization to ensure that the QoS standards are always upheld and that the DCIPs do not sell more than designed overall carrying capacities.
3. The penal provisions should be graded with capping at license cancellation for repeated violations. The penal provisions are important to ensure continued compliance with regulatory and license requirements and to ensure market failure by overselling by a DCIP.

**Q6. Stakeholders may also submit their comments on other related issues, if any.**

**RJIL Response: None**