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Ref No: RP/FY 17-18/062/340

Dated: 1st May 2017

To,

Shri Sanjeev Banzal,
Advisor (Networks, Spectrum and Licensing),
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
J.L. Nehru Marg, Old Minto Road
New Delhi - 110002

Subject: Airtel's Response to TRAI's Consultation Paper on 'Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area'

Dear Sir,

This is with reference to your above mentioned consultation paper. In this regard, please find enclosed our response for your kind consideration.

Thanking You

Yours Sincerely
for Bharti Airtel Limited

A handwritten signature in blue ink, appearing to read 'Ravi P. Gandhi', with a horizontal line extending from the end.

Ravi P. Gandhi
Chief Regulatory Officer

encl.: as stated above

Bharti Airtel Response to TRAI's Consultation Paper on 'Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area'

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?**

Bharti Airtel's Response:

1. To maintain the continuity of business for DID franchisees, and considering that the government has also temporarily migrated DID franchisees to a UL (VNO) licensing regime at the district level, we respectfully submit that the UL (VNO-DID) license may be formally introduced in the sector. However, it should accommodate only the DID franchisees and be limited to the setting up of wireline EPABX only, at the district level and not beyond that.
2. In the event that DID franchisees want to provide other services such as Internet, Access services, etc., they should obtain the relevant service authorizations.
3. For example, there is a separate ISP category 'C' license for the provision of Internet services at the SSA level. Similarly, the guidelines for the issuance of access service authorizations have already been defined by the government, based on TRAI's recommendations. Therefore, allowing DID franchisees to provide services such as Internet, Access services, etc., would undermine the current licensing framework. It is, therefore, recommended that there should be an explicit prohibition on the provision of Internet Access, Internet Telephony or any other wireless service under the UL (VNO-DID) License.

Q2. 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?

Bharti Airtel's Response:

We believe that the scope of the UL (VNO-DID) Cat-B License should be limited to the setting up of wireline EPABX only, and that the licensee should not be allowed to

provide mobile and Internet services due to the operational complexities stated below:

1. The allocation/provisioning of resources such as spectrum, MWA/MWB, mobile numbering series, PLMN codes, etc., is done at the LSA level. Therefore, any Access Service Authorization for wireless services at a smaller geographical level, would prove to be a huge challenge.
2. The operational complexities of such an arrangement would be further compounded due to the requirement of introducing retail tariffs, restricting mobility on a district level and charging domestic roaming for inter-district within the service area.
3. The Authority, in Clause 5.6 of its recommendations on “Introducing Virtual Networks Operators in telecom sector”, dated 1st May 2015, had stated that it would not be practical to create a VNO for the provision of mobile services at the district level. The same was duly accepted by DoT. An excerpt from the same is given below:

“As per prevailing licenses issued under various license regimes for delivery of the services, service areas are defined at National, Circle and SSA levels, depending on the type of service a licensee wants to provide. Therefore, the service area of a VNO cannot be beyond the service area of its NSO. Even though a VNO may not wish to serve the entire service area and may want to confine itself to a district area it will not be practicable to carve out an area specific to a VNO; parity has to be maintained as per the existing license area(s) of NSOs.”

4. In view of the above, we reiterate that Internet Access, Internet Telephony and mobile services should not be permitted under the UL (VNO-DID) Cat-B license.

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.

Bharti Airtel’s Response:

In line with the other authorizations granted as per VNO guidelines, we recommend that the duration of this licence should also be for 10 years.

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.

Bharti Airtel's Response:

1. As stated above, the scope of the UL (VNO-DID) Cat-B Licence should be confined to wireline EPABX only.
2. Since the DID franchisee would be allowed to provide voice services, we recommend a suitable entry fee, PBG and FBG to securitize the government's dues and ensure a level playing field.

Q5. What should be Net worth, 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.

Bharti Airtel's Response:

We recommend that mobile and Internet services should not be permitted under the UL (VNO-DID) Cat-B license, and that it should be confined to wireline EPABX only, due to the aforementioned reasons.

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?

Bharti Airtel's Response:

As stated above, we recommend that the UL (VNO-DID) Cat-B license should be confined to the setting up of wireline EPABX only. To avoid any illegal activities, a maximum penalty of Rs. 1 Cr. may be levied depending upon the amount of loss, gravity of breach, etc.

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?

Bharti Airtel's Response:

We recommend that TRAI's regulations/directions with respect to the Quality of Services (QoS), online filing of tariffs, etc., which are applicable to other service authorizations under UL-VNO should be applicable to UL (VNO-DID) Cat-B licensees as well. This would help maintain uniformity across all service authorizations under the Unified Licence.

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

Bharti Airtel's Response:

The QoS parameters for fixed line services have already been well-defined for NSOs and the same can be prescribed for UL (VNO-DID) Cat-B Licensees as well. Thus, there is no need for additional QoS requirements for UL (VNO-DID) Cat-B licensees.

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?

Bharti Airtel's Response:

1. We recommend that UL (VNO-DID) Cat-B licensees be permitted to parent only one NSO.
2. In fact, TRAI, in its recommendations on "Introducing VNOs in telecom sector", dated 1st May 2015, stated that allowing a VNO to have agreements with more than one NSO in an LSA might lead to operational complexities regarding statutory compliances. Thus, it had recommended that VNOs would be allowed to have agreements with more than one NSO for all services except access services and those services that require numbering and unique identification of the customers. The same was also accepted by DoT while framing its guidelines for VNOs. Thus, we recommend that the same regime may be allowed to continue.

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

Bharti Airtel's Response:

1. As per Clause (v) of the DoT guidelines issued for the UL (VNO) Cat-B license, dated 5th July 2016, the UL (VNO-DID) Cat-B licensee shall pay a License Fee at the same rate prescribed for Unified License, i.e., 8% of AGR.
2. We request that this requirement may be retained to maintain uniformity across all service authorizations as per the guidelines for Unified Licence and VNO.