



08 August, 2024

The Advisor (Network, Spectrum and Licensing)
Telecom Regulatory Authority of India
advmn@tra.gov.in

Reference: Consultation Paper No. 7/ 2024: Consultation Paper on the Framework for Service Authorisations to be Granted under the Telecommunications Act, 2023.

Dear Sir,

We thank the Authority for initiating a progressive consultation on licensing and authorisation, which will significantly advance India as a hub for ICT innovation.

Phonon Communications Private Limited holds the Unified License for Audiotex and Audio Conferencing Services. The [DoT's notification on 30th December 2021](#) relaxed regulatory guidelines, integrating standalone licenses into the Unified Licensing framework with a National Area service area, encouraging innovative services.

However, many competitors provide Audiotex and Audio Conferencing services without a license, exploiting ambiguities in definitions within the licensing framework.

Given this background, we respond to TRAI's questions in this consultation paper.

Response to Q1:

We are of the opinion that the Central Government should issue simplistic authorisations to the applicant entity for Application Services that include Audiotex and Audio Conferencing services. These Authorisations could be through simple registration such as for M2M Service Providers or doing away with registrations such as for Other Service Providers (OSP).

Response to Q2:

Audiotex and Audio Conferencing Services should be regulated under a light-touch framework, similar to OSPs, with no registration requirement or M2M Service Providers through Authorisation through Registrations.

Only service providers providing basic or core services need to be licensed. These are Standard Voice Calls and Data Transmission, their provisioning, backhaul, carriage. All other services that are provided over these core services, should be beyond the purview of licensing. Simple Authorisation through Registration to ensure compliance with security, financial and technical requirements may be carried.

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This has also been repeatedly mentioned by various TRAI recommendations:

1. TRAI's recommendation on [Spectrum Management and Licensing Framework](#) dtd. 11th May 2010 states that pure value-added services, such as Voicemail, Audiotex, and UMS, should not be included in the Unified License Fee regime.
2. TRAI's recommendations on '[Guidelines for Unified License / Class Licenses and Migration of Existing Licenses](#)' on 16th April, 2012 advocate for simple licensing through authorisation for Audiotex and other value-added services, and provide guidelines on technical and security conditions for licensees and licensor rights.
3. TRAI's [Recommendations on Application Services](#) on 14 May 2012 identified a narrow definition of value-added services in existing licenses as a barrier to new application services. It proposed a broader term, "application services," encompassing existing and future services.

They recommended a broad definition: *application services are enhanced, non-core services that add value to basic tele services or can be provided as standalone services through telecom networks, with basic services including standard voice calls, voice/non-voice messages, fax, and data transmission.*

TRAI suggested that application service providers (ASPs) could be classified as "Other Service Providers" but without the benefits of licensing. However, to encourage innovation and protect consumers, it recommended licensing ASPs with a simplified process to avoid burdening small businesses.

The final recommendation was to bring ASPs under a licensing regime through authorization, without the financial burden of traditional licenses. TRAI also planned to address interconnection, revenue sharing, and open access issues for ASPs later.

Market Scenario:

Audiotex service providers require a license, while OSPs offering similar IVR services or Audio Conferencing or Auto Dial do not. Additionally, telemarketers can use auto-dialers without a license, despite the similarity to licensed outbound audio play. This inconsistent regulatory framework creates an uneven playing field, favoring OSPs and telemarketers over licensed audiotex providers.

References:

1. DoT Notification [No. 20-577/2016-AS01\(Vol. III\) dtd 31.12.2021](#), needing any company that provides services to other entity / entities on a commercial basis needs to have this license.
2. TEC SR for Audiotex: [61054:2021](#), which now includes Outbound Audio Play.

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3. TEC SR for Audio Conferencing: [IT/ACS-01/02/JUN-20](#)
4. OSP Guidelines [No. 18-8/2020-CS-I \(Pt.\) dtd. 23 June 2021](#)
5. [The Telecom Commercial Communication Customer Preference Regulation \(TCCPR\), 2018](#), Auto Dialer services can be provided by telemarketers to principal entities with just registration and not requiring any other licensing.

Low Adoption of Audiotex Licenses:

Despite the unified licensing regime introduced 2.5 years ago, audiotex license adoption remains low, with total license fees contributing less than 0.03% of government revenue. Of the original 30 standalone licensees, only 10 have migrated to the unified license, suggesting that market demand is low or that companies are exploiting regulatory loopholes to avoid licensing.

Given the above it is our suggestion that the Audiotex and Audio Conferencing Services should be brought under Authorisation regime on the same lines as M2M Service Provider registration.

Responses to Q3 and Q4:

Our response is specifically to the Licensing Requirement for Audiotex and Audio Conferencing Services.

TRAI has outlined clear licensing conditions for audiotex and audio conferencing services through authorizations. Specific terms and conditions for these authorizations can be found in the TRAI recommendations on Unified Licenses from April and May 2012.

References:

- [‘Guidelines for Unified License / Class Licenses and Migration of Existing Licenses’](#) dtd. 16th April, 2012.
- [Recommendations on Guidelines for Unified Licence/Class Licence and Migration of Existing Licences \(w.r.t. the reference received from DoT on the recommendations of 16th April 2012\)](#) dtd. 12th May 2012.

Response to Q5

Given number portability and negligible NLD costs to end users, the current service area-based licensing is obsolete and is an artificial entry barrier. A national-level licensing framework should be adopted, with optional regional categories for fostering innovation. This would eliminate administrative barriers and promote competition.

We have no opinion on Q6 through Q14.

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Response to Q15

The demarcation between Audiotex / Audio Conferencing Service and OSPs; or with other providers such as M2M Service Providers; or global internet based video conferencing service providers should be removed. All these services are services that are provided using core voice or data transmission services. In case required Simple Authorisation through Registration to maintain any compliances with financial, security or technical requirements.

Additional licensing increase the burden and create disadvantages for licensees, especially in the absence of such low compliance and ambiguities mentioned in the various licensing regimes is creating an unfair disadvantage for companies that comply with the license.

Terms and Conditions recommended by TRAI for Technical, Financial and Security conditions are mentioned hereunder and they remain relevant:

- [‘Guidelines for Unified License / Class Licenses and Migration of Existing Licenses’](#) dtd. 16th April, 2012.
- [Recommendations on Guidelines for Unified Licence/Class Licence and Migration of Existing Licences \(w.r.t. the reference received from DoT on the recommendations of 16th April 2012\)](#) dtd. 12th May 2012.

Response to Q16

We reiterate our response to Q2 above.

Given the overlap between OSP, TeleMarketers, and audiotex / audio conferencing services, and the minimal government revenue from these licenses, consider removing the licensing requirements for audiotex and audio conferencing. This could encourage innovation and market entry.

We have no comments on Q17

Response to Q18:

Reference: DoT Notification:

ApGR shall be equal to Gross Revenue (GR) of the licensee as reduced by the items listed below:

- (i) Revenue from operations other than licensed telecom activities/ operations.

This has been clarified by DoT LFP Wing vide [Notification No. 12-44/2021-LFP](#). Such clarifications, if consolidated and provided in the main act will remove ambiguities and ease of doing business.

We have no response on Q19 through Q61.

Yours truly,

Ujwal Makhija

MBA (IIM Calcutta), BE (Electronics)

Founder & MD

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