taipa
Tower and Infrastructure Providers Association

TAIPA's Response to TRAI Consultation Paper on "Enabling Unbundling of Different Layers Through Differential Licensing"

1. At the outset, TAIPA welcomes the opportunity to provide inputs on TRAI Consultation Paper on "Enabling Unbundling of Different Layers Through Differential Licensing". As mentioned by the TRAI in the paper, the consultation is being done with stakeholders to elicit the issues which are required to be considered for unbundling of different layers of telecom services and the changes required for facilitating the same. This is pursuant to the inputs received by TRAI from different stakeholders during the pre-consultation, international practices & TRAI's internal analysis.

2. TAIPA is of the view that the **Different layers viz. Infrastructure/ Network, Services and Application needs to be allowed to work independently and on exclusive basis such that the infrastructure layer will provide all common sharable network infrastructure without any direct access to the end customer and the service delivery layer will focus only on providing service to the end-user**. This will offer opportunities for sharing of common telecom resources, and thereby, avoiding duplication and optimum utilization of these resources resulting in significant savings in capex for service providers, which will contribute in achieving various objectives defined in NDCP-2018, besides bringing in much needed investment.

3. **Independent working of different layers will also generate additional business opportunities for all stakeholders including the network infrastructure providers and service providers and further help in catalyzing investment and innovation, cost-efficiency, and effective utilization of infrastructure.** This will further enable faster rollout of the new technologies such as the 5G etc and achieve digital India mission of the Government of India.

4. Telecom, being a capital-intensive business, needs huge investment for growth and expansion and providing service based on new upcoming technologies i.e. 5G. Telecom infrastructure creation for rollout of new technologies requires huge amount of investment to make the infrastructure ready to use, enabling faster rollout of services. The NDCP-2018 also calls for the increase and enhancement in the scope of IP-1 to include to encourage and facilitate further investment in infrastructure. The relevant provision vide para-1.1(f) of **NDCP-2018** is as below:

   "Encourage and facilitate sharing of active infrastructure by enhancing the scope of Infrastructure Providers (IP) and promoting and incentivizing deployment of common sharable, passive as well as active, infrastructure."

5. Further, **considering the importance of the issues, TRAI also issued a consultation paper regarding enhancement of scope of IP-1 and issued recommendations dated 13-Mar-2020 to the Government for early**

implementation of the same. This Consultation paper also acknowledges the same in para-2.2 as follows:

"2.2 As per the current licensing regime, under Unified License, infrastructure, network & service layers are not segregated and are part of Unified License. However, ***the Infrastructure layer is unbundled in the form of Infrastructure Provider Category - I (IP-I), though with a limited scope. If the scope of IP-I provider is enhanced and it includes active infrastructure elements also, it will rightly serve the purpose of an independent infrastructure layer****. Subsequently, TRAI has given its recommendations on 13th March 2020 on 'Enhancement of Scope of Infrastructure Providers Category-I (IP-I)"*

Para 4.4 of the Consultation Paper further states that:

*"……****TRAI has given its recommendations dated 13th March 2020 on 'Enhancement of Scope of Infrastructure Providers Category-I (IP-I)'*** *to the Government. Vide said recommendations, TRAI has recommended to expand the scope of the IP-I providers, and permit them to own, establish, maintain, and work all such infrastructure items, equipment, and systems which are required for establishing Wireline Access Network, Radio Access Network (RAN), and Transmission Links.* ***Once implemented, this would increase sharing of active infrastructure established by IP-I providers resulting in efficient utilization of resources****."*

6. 5G and effective rollout of other new technologies such as AR/VR, IoT, M2M, AI, would require establishment of small cells for densification of the network and a lot of capital investment is required for the same. Further, 5G is going to support various use cases and applications which are not specific to only telecom sector but will cater to the requirements of other sectors as well. To serve the entire nation and various sectors in a cost-effective manner, it is essential that telecom resource sharing happens at a greater level which is possible only through the neutral host like the Infrastructure providers for sharing network on transparent, non-discriminatory and a very cost effective manner.

7. Therefore**, it is important that the regulatory regime provides for sharing of all common sharable infrastructure, through a neutral host like the infrastructure provider (IP-I) and enable all license/registered service providers to get benefitted by sharing of infrastructure**. This will further help in catalyzing investment and innovation, cost optimization, effective utilization of existing infrastructure and related resources. As per the estimates, infrastructure sharing through IP-1 will provide savings up to 50% on Capex & Opex.

In view of the above background, TAIPA would like to answer the questions raised in the consultation paper, as follows:

Question-wise response to TRAI Consultation Paper:

Q1. Do you agree that in order to attract investment and strengthen the service delivery segment, Network services layer and Service delivery layer needs to be separated by introducing specific license for Network Layer alone? Please justify your answer.

TAIPA's Response:

1. To catalyze further investments and innovation in Digital Communication sector, **we strongly recommend that scope of IP-1 should be enhanced in line with TRAI recommendations dated 13-Mar-2020 under the existing registration framework only** to include all common sharable network infrastructure, provided that they are prohibited from delivery of service to the end customer and allocation of any licensed spectrum.

2. Further, we strongly echo the observations made by the TRAI in recommendations dated 13-Mar-2020 that **bringing the infrastructure providers (IP-1) under licensing will be detrimental to the growth of much needed telegraph infrastructure in particular and the telecom sector at large**.

Q2. Should the Network Services Layer licensee be permitted to take the Service Delivery Category licenses and provide the service? If yes, what kind of restrictions and safeguards are required to be built, in order to protect the competition and innovation in service delivery segment? Please justify your answer.

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Q3. Whether certain obligations should be imposed on the existing Unified Licensees, and other measures should be taken to encourage UL licensees to provide their network resources to VNO licensees particularly in mobile service segment? Please suggest the measures in detail.

TAIPA's Response:

No Comments as not applicable to IP-1s

Q4. In case network layer and service delivery layer are separated by creating separate category of licenses, as proposed in Q1;

a) What should be the scope for Network layer license and Service Category licenses?

b) Out of various responsibilities and obligations enumerated in Unified License, what should be the respective responsibilities and obligations of Network layer licensees and Service delivery category licensees? Please elaborate with justifications.

c) What mechanism should be put in place to regulate the access to network services of Network layer licensees by the service delivery Category licensees? Whether certain obligations should be imposed on Network layer licensees to provide the network resources in a time-bound, transparent and non-discriminatory manner?

d) What incentives (for example, lower license fee, lower SUC, etc.) could be provided to Network Layer licensees in the new unbundled licensing regime to encourage the investment in the Network layer? Please justify your answer.

e) Whether the existing Unified Licensees should be mandated to migrate to the unbundled licensing regime, or the new regime should be introduced, while keeping the existing regime continued for existing licensees till the validity of their license, with an option of migration?

f) Whether existing VNO licensees be mandated to migrate to service delivery category licenses as per unbundled licensing regime?

g) Whether service delivery category licensees be permitted to parent with multiple Network Service layer licensees? Please justify your answer.

TAIPA's Response:

As stated in our response to Q1, scope of IP-1 registration should be enhanced in line with TRAI recommendations dated 13-Mar-2020 under the existing IP-1 Registration framework only and delink the same from any licensing requirements.

Q5. Any other issue related to the subject may be raised with suitable explanation and justification.

TAIPA's Response:

1. Telecom Infrastructure in India is represented by IP-1 who have installed over 6 lacs mobile towers in the country that houses ~22 lakh BTS. **Business model of IP-1 is linked to the objective of sharing the infrastructure including Towers with the service providers on a non–discriminatory basis.** Infrastructure sharing through a neutral host like IP-1, not only provides the required network infrastructure in a **cost-efficient** manner, but also allow operators **faster time-to-market**, to cater to the increasing network capacity requirements.

2. In fact, the rationale for sharing extends beyond cost, as it could solve many practical roadblocks for deployment of 5G and other new/ upcoming technologies incl. IoT/M2M, AR, VR etc, such as the potential for urban disruption and visual pollution from the installation of excessive equipment and fiber. Other **key benefits of Active Infrastructure Sharing** include:

   i. Capex and Opex saving
   ii. Faster roll-out of network & services and increased connectivity
   iii. Avoid duplication of networks where possible
   iv. Cost & Energy efficiencies
   v. Increased focus on improving customer satisfaction by service providers
   vi. Reduces entry barriers, increase competition and affordability

3. The **enhancement of the scope of IP-1 to include active as well as passive infrastructure under the existing registration framework is already enshrined in the NDCP-2018 and has also been recommended by the TRAI at various occasions in the past** vide its earlier recommendations dated 2nd February 2018, 9th March 2018, 20th January 2017, 6th January 2015 etc. however, the same is still pending for implementation.

4. Since IPs-I already have experience and expertise in rolling out telegraph infrastructure and sharing the same non-discriminately with the licensed TSPs, they can play a significant role in deployment of active infrastructure, if the scope of their registration is enhanced. In view of the above, **we strongly recommend that the scope of IP-1 should be enhanced in line with TRAI recommendations dated 13-Mar-2020 under the existing IP-1 Registration framework only and delink the same from any licensing requirements**.