

Ref: VNOAI/REG/TRAI-CP/enabling**Date: 13.11.2020****To****The Advisor (NSL)****Telecom Regulatory Authority of India****Mahanagar Doorsanchar Bhawan,****Jawaharlal Nehru Marg,****New Delhi- 110 002.****Sub: Consultation Paper No. 7/2020 dated 20.08.2020 on “Enabling unbundling of Different layer through Differential licensing”.****Sir,**

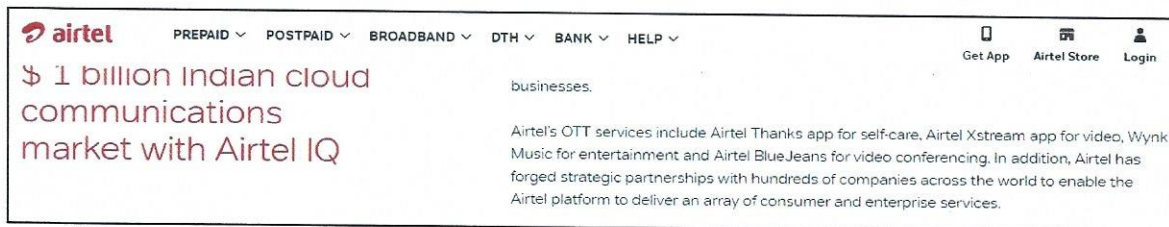
This is with reference to the above-mentioned consultation Paper dated 20.08.2020. In this regard, VNOAI is submitting counter comments. The same may be kindly considered.

Best Regards,**For Virtual Network Operators Association of India****(Rakesh Kumar Mehta)****Secretary General****Mobile# 9899006599****E-mail:- secretary Wvnoai.com/rk.mehta2051@gmail.com**

Counter Comments of VNOAI to the Comments submitted by the stake holders in the Consultation Paper on

“Enabling Unbundling of Different Layers Through Differential Licensing”.

1. A lot of respondents to the CP have emphasized that the license is sufficiently unbundled in terms of IP1, UL and UL (VNO) and that there is no need to unbundle the same any further. Such an assumption is divorced from the current technological advances that have occurred in the telecom domain. The present regulatory unbundling of the telecom services is insufficient to support the current generation of innovative services due to reasons elucidate below.
 - a. There is a paradigm shift of the network technology from being voice centric to data centric.
 - b. The regulatory regime and the corresponding unbundling of licenses till now, is based on the erstwhile voice centric networks and is hence limited to basic network infrastructure and the network’s native services viz, Voice, Messaging and Data connectivity.
 - c. The current generation of telecom networks technology (4G, 5G and further) have been evolved to support separation of these native services from the network itself. Both Voice and Messaging services are just an application over the data network.
 - d. TSPs have been representing to TRAI about the loss of revenue due the shift of their traditional revenue and traffic FROM the network to OVER the network.
 - e. According to global market research firm PwC's 'Global Entertainment & Media Outlook 2020-2024,' the Indian E&M industry is expected to grow at 10.1 per cent CAGR to reach \$55 billion by 2024.
 - f. Consequently, the TSPs themselves have started realignment of their business revenue streams by either deploying their own OTT platforms and other digital services like payment banks, M2M services or collaborating with other technology services providers.



Picture Source : <https://www.airtel.in/press-release/10-2020/airtel-enters-the-1-billion-dollar-indian-cloud-communications-market-with-airtel-iq>



- g. This has resulted in TSPs being in direct business competition with TSP agnostic digital services providers along with licensed control over the blood line of digital services viz, data connectivity.
- h. Despite TRAI's Net-Neutrality regulations laying the foundation for creating competition in the services domain by mandating provisioning of access services on a non-discriminatory basis, there is no credible presence of MVNO's and Telco agnostic digital services providers in the Indian market.
- 2. Such a scenario bears testimony to the fact that the current level of unbundling of licenses is insufficient to support either the entities for retail of network's native services or creation of an environment that is conducive for development and deployment of innovative digital services over the network resulting in lack of competitive services options for the end consumer.**
- A. Counter Comment to: 'Tinkering of the current regulatory environment would signal lack of regulatory stability, predictability, certainty and continuity'.**
1. BIF in its response has brought out the generally accepted reasons that essentially require introduction / realignment of regulations, sic,
- "Where it is clear that competitive outcomes cannot be achieved by market forces alone.*
 - Where deviation from economic efficiency is deemed socially desirable.*
 - Where private and social benefits are clearly different.*
 - When there is a need to enforce adherence to technical standards".*
2. The unbundling of licenses is a step to achieve compliance of the above-mentioned reasons for regulatory intervention. With the closing down of so many telcos and despite existence of VNO guidelines for the past 3 years, the competitive services options for the end users have dwindled to just 4 telcos and only one MVNO in the country. This points to the facts "that competitive outcomes cannot be achieved by market forces alone" and that the "private and social benefits are clearly different" therefore, requiring regulatory intervention.
3. Additionally, the points discussed at 'A' above, mandate that the regulatory environment be adapted to the new age technological requirements thereby ensuring currency of the regulatory environment attuned to the requirements of modern day digital and retail services.
- 4. Many respondents have commended TRAI for this timely intervention for regulatory alignment to the modern-day digital services requirements, signaling regulatory stability, predictability, certainty and continuity in the country.**



B. VNOAI has gone through the various responses submitted by the stake holders for the consultation paper. The responses we can divide into three categories:-

All the stake holders are of the mixed view about the present structure in the Indian Telecomm Market which can be divided into three categories:-

- i) Integrated Operator UL-Licensees providing full services and acquired the spectrum.
- ii) IP-1 Operators having passive infrastructure and they are governed by the simple registration with DOT.
- iii) UL-VNO License holders which are service delivery operators without holding any spectrum and infrastructure. The UL-VNO License Guidelines were issued by DOT in 2016 but due to onerous licensing conditions which are just similar to full UL License holders made it impossible for the prospective VNOs to see any business case under the current Terms and Conditions prescribed by DOT for UL-VNOs. Moreover as there is no mandate or obligations on the part of MNOs since last four years UL-VNOs having acquired License could not start the Consumer Mobile business in India.

Comments by the stake Holders:-

1. **Simplification of UL-VNO License** :All the stake holders have given comments in the consultation paper and all are unanimous in that the UL-VNO licensing Guidelines are not conducive for the VNOs and needs to be modified and converted into a simple registration as of IP-1 registration. This will facilitate the Service Delivery market and many fence sitters will enter this category of the Indian Telecomm market. The simple registration for VNOs will make business case for the prospective VNOs. In case of simple registration for VNO category is made without having any burden of UL-Levies of AGR,LF,SUC etc. it will make sense for the MNOs also to offload their service delivery to the VNOs. Thus entry of large number of VNOs in the Indian Telecomm market will be catalyst for the Indian Telecomm Market and VNOs will bring the required competitiveness and innovative products in the market

2. **Mandate and Obligation to MNOs** :Along with the simplification of licensing Guidelines there needs to be Obligations and mandating to MNOs(NSOs) to provide connectivity to the VNOs.

3. In VNOAI's detailed response on the consultation paper it is explained in details that MNOs will be better off if they board VNOs on their Networks. There is huge cost savings for MNOs in the form of :

- a. No Marketing Costs
- b. No customer acquisition costs
- c. No customer support cost.
- d. No Customer retention ship costs



Thus the cost savings by MNOs by off loading its Service Delivery to VNOs can utilise this saving cost for further investment on the Network Infrastructure.

4.UL-Licensees Views: The current MNOs TSPs are taking the narrow view that current Licensing structure is working fine but they are not seeing distant horizons wherein 4G/5G services will be there and there will be huge requirements of Network Infrastructure and investments for it .The managing the huge 5G-Network infrastructure and the service delivery together will be a big task and it will be difficult to manage both. Thus customers and consumers will not get desirable digital innovative services on 5G platform to be delivered by a single integrated MNOs. It will be impossible to provide the quality and customer support which will be expected from these variety of services. Therefore Govt. of India in its wisdom and vision for the future of the Telecomm requirements in Indian Digital economy has foresight for next decade. The proposed reforms are envisaged in the “NDCP-2018” and it has to take place. Govt. of India has the vision to take India to bring the next Digital Revolution in the country and wants to make India Global Digital Power House. Therefore it is suggested that the current UL Licensees (MNOs) need to rethink in line with the Governments thought process and drop their short term interest and look for the long term interest of the consumers and the country and review their current integrated set up and concentrate on 4G/5G infrastructure development and separate the Service Delivery into a separate independent entity .Globally this phenomenon has taken shape and MVNOs are hosted by most of the MNOs on their networks for better EBIDITA Margins by saving costs on Service Delivery.

5. Multiparenting of VNOs:

Many of the stake holders have asked that VNOs be allowed to parent to multiple MNOs.

In VNOAI response we have specifically mentioned based upon the International experience of one of our member in 38 countries that multi parenting is possible only if VNOs are allotted numbering resources. Otherwise technically it is difficult but DOT can ask TEC to examine and take appropriate decisions.

6.VNOAI Request to TRAI/DOT:

1. Spectrum Natural National Resource:-

Spectrum is **National Natural Resource** and as per Doctrine of “**Essential Services**” the Telecomm is a Essential Service for the Country. Also in the interest of the consumers and the country it is declared policy of DOT in “NDCP-2018” that the reforms in the telecomm Industry are overdue and if reforms are brought in now in the interest of Consumers and competition will bring innovative products in the market and Digital revolution will take place in the country. Once there will be presence of healthy number of VNOs then consumers will get products of his choice and he will not be to buy products being sold today “**One Size Fits All**” .

7.Simplification of UL Licensing Terms and Conditions:



Telecomm industry is in huge debt and in order to revive its health Govt. of India need to simplify the Licensing Terms and Conditions including abolition of AGR/License Fee and SUC and bring uniform one License Fee in line with GST. The health of telecomm Industry is needed to be revived by drastic reforms for making India a Global Digital Power as envisaged in the Vision of Prime Minister Of India and "NDCP-2018".

8.Revival of VNO Industry:

The revival of VNO industry is vital for the Growth of the Competitiveness in the Indian Telecomm market in the interest of Consumers. At the moment the consumers are being offered by the Indian TSPs the products "One Size Fits All" and there is no innovation and the niche ,rural and various segments of Indian Society in remote areas is being deprived of the required services as per their needs. VNOs have proved Globally that they have fulfilled this huge void in the Telecomm Industry by providing innovative and variety of services to the Consumers as per the needs.

9.Abolish UL-VNO Licdnse and only simple Registration:

- **Therefore it is strongly recommended that the UL-VNO License be abolished or modified and only simple registration be applicable. All the prescribed AGR/LF and SUC needs to be withdrawn and only GST be levied as applicable on the services sold by the VNO.**
- **Once the VNO sector is revived by reforms of abolition of current Licensing we will see that all the UL Licensees also will find business case for separating their service delivery.**

