

VNOAI/REG/24-25/F-003/ 1608**Date:16.08.2024**

To

The Advisor (NSL)

Telecom Regulatory Authority of India

G/90, Nauroji Nagar Market,

Block G, Block F, Naroji Nagar,

New Delhi, Delhi 110029

Subject: Counter Comments on behalf of VNO Association of India (VNOAI) on the Consultation Paper on “The Framework for Service Authorizations to be granted Under the Telecommunications Act, 2023” dated 11.07.2024.

Sir,

This is in reference to the said consultation paper and in reference to the press release No 45/2024 dated 01.08.2024, we are submitting herewith the counter comments as below:-

We have gone through all the comments in response to the consultation paper and it is observed that industry is unanimous on couple of things:-

1. Rationalization of currently prescribed Entry Fee across the license authorizations are required as after 30 years of Indian Telecom Industry privatization it is fully matured and its growth is contributing towards country's GDP.

2 .For VNO sector which is just introduced in 2016 and it is the service delivery sector there is requirements of abolishing the Entry Fee, SUC and License fee on all the VNO authorizations as its function if to efficiently deliver the service in competitive and cost effective manner .Under the new Telecomm Act-2023 the current VNO licensing regime needs to be migrated to new authorizations regime by abolishing the current frame work of licensing and financial conditions prescribed to VNOs.



Virtual Network Operators Association of India

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In the current consultation paper it is unanimous demand by all the stake holders across the industry for the rationalization of Entry Fee and abolishing of Bank Guarantees and changeover to the GST regime as there is no need of any securitization in the GST regime and no need of securitization in the GST regime. All the checks and balances are incorporated in the GST regime which is being followed across all the sectors of industries.

Following are additional comments on behalf of all the VNO licensees for prescribing light touch financial conditions for making the service delivery industry especially the MVNO to take off:-

Q43. Whether the amount of entry fee and provisions for bank guarantee for various service authorizations including VNOs, other than the merged/clubbed/new service authorizations, should be:

- i. kept the same as existing for the various service authorizations under the UL/UL(VNO) license**
- ii. kept the same as recommended by the Authority for the various service authorizations under the UL/UL(VNO) license, vide its Recommendations dated 19.09.2023**
- iii. or some other provisions may be made for the purpose of Entry Fee and Bank Guarantees.**

VNOAI Response

- Historically, MVNOs have been originated from Europe and North America. With the launch of first MVNO “Virgin Mobile UK” in Europe in 1999, there has been significant growth in the number of MVNOs in Europe. Currently, over 600 MVNOs are in operation in Europe, 200 in Asia Pacific 200+, Middle East 40+ and Latin America 50+ serving a diverse set of customers and offering a range of voice and data services.
- The Entry Fee concept in the Indian Telecom sector was initiated in New Telecom Policy in 1999(NTP 99). The concept of Entry Fee was envisaged at that time when it was offered as a migration package to the Cellular Mobile Service Providers and Fixed Service Providers. However the Indian Telecom Sector has leaped forward in every context and

Mobile services and other services are all Digital Services now and Technology has seen a sea change and new services are evolved. Regulations and technology made Govt of India to move accordingly and issue suitable Unified Licenses Guidelines for UL-VNO licenses with various authorizations according to the technology and service requirements.

In view of the vision of the Govt of India in the NDCP-2018 under the mission '**Propel India**', inter alia, mentions that '**the recent past has witnessed an unprecedented transformation in the Digital Communications Infrastructure and Services sector with the emergence of new technologies, services, business models, and players. There is, hence, an imperative need to review the existing licensing, regulatory, and resource allocation frameworks to incentivize investments and innovation to optimize new technology deployments and harness their benefits.**' It envisages '**Enabling unbundling of different layers (e.g., infrastructure, network, services, and applications layer) through differential licensing**' as one of the strategies for catalyzing investments for Digital Communications sector. The above mentioned details are the vision of TRAI which issued its recommendations on 19th August 2021 in this regard and duly recognized the concept and need of VNOs in the Service Delivery in Indian Telecom Market.

Therefore, VNOs are in dire needs to be incentivized to play a prominent role in the Indian Telecom Sector. At the moment all the legacy Licensing Terms and Conditions are levied on VNOs and being carried forward although new services and applications are evolving globally due to digitization advancement in the telecom Technology which has become digital and data centric. Therefore delivery of services to the end consumer is the real necessity of the day. Presently there are barriers in the form of **Entry Fee, License Fee, SUC and Bank Guarantees** etc. which are hampering the growth of UL-VNO License in India. In spite of issue of UL-VNO Licensing Guidelines in 2016 the wireless mobile UL-VNO has not picked up in India due to high Entry Fee, License Fee and Bank Guarantees which are not

aligned to the VNO Business model. As on date globally there is proliferation of MVNO across Telecom businesses.

A list of 50 top countries where MVNOs are playing prominent roles in the delivery of competitive services to end consumers enabling the growth of Digitization across the Telecom Industry. In India there is huge scope for the growth of UL-VNO industry if more reforms are introduced by removing the entry barriers such as **the Entry Fee, License Fee and Bank Guarantees.**

| | Country | No of TSP | No of MVNOs |
|----|--------------------------|-----------|-------------|
| 1 | United States of America | 8 | 206 |
| 2 | Germany | 3 | 161 |
| 3 | Japan | 3 | 127 |
| 4 | United Kingdom | 4 | 100 |
| 5 | Australia | 3 | 74 |
| 6 | France | 4 | 72 |
| 7 | Spain | 4 | 64 |
| 8 | Sweden | 6 | 55 |
| 9 | Denmark | 6 | 54 |
| 10 | Netherlands | 4 | 43 |
| 11 | Korea, South | 4 | 42 |
| 12 | Russian Federation | 7 | 41 |
| 13 | Poland | 4 | 37 |
| 14 | Belgium | 3 | 35 |
| 15 | Austria | 3 | 34 |
| 16 | Czech Republic | 4 | 27 |
| 17 | Norway | 4 | 27 |
| 18 | Switzerland | 3 | 24 |
| 19 | Canada | 16 | 23 |
| 20 | South Africa | 5 | 23 |
| 21 | China | 3 | 21 |
| 22 | Italy | 3 | 20 |
| 23 | Mexico | 3 | 17 |
| 24 | New Zealand | 3 | 13 |
| 25 | Malaysia | 9 | 12 |
| 26 | Ireland | 3 | 9 |
| 27 | Thailand | 6 | 9 |
| 28 | Turkey | 3 | 9 |



| | | | |
|----|------------------------|---|---|
| 29 | Brazil | 7 | 8 |
| 30 | Hong Kong | 5 | 8 |
| 31 | Slovenia | 4 | 8 |
| 32 | Bosnia and Herzegovina | 3 | 7 |
| 33 | Chile | 5 | 7 |
| 34 | Hungary | 3 | 7 |
| 35 | Israel | 5 | 7 |
| 36 | Portugal | 3 | 7 |
| 37 | Singapore | 4 | 7 |
| 38 | Finland | 5 | 6 |
| 39 | Philippines | 3 | 5 |
| 40 | Saudi Arabia | 3 | 5 |
| 41 | Taiwan | 5 | 5 |
| 42 | Colombia | 5 | 4 |
| 43 | Latvia | 4 | 4 |
| 44 | Lithuania | 4 | 4 |
| 45 | Oman | 2 | 4 |
| 46 | Costa Rica | 3 | 3 |
| 47 | Greece | 3 | 3 |
| 48 | Malta | 3 | 3 |
| 49 | Serbia | 3 | 3 |
| 50 | Slovakia | 4 | 3 |

Role of VNOs as Service Delivery Operators Rationalization of Entry Fee

- The UL-VNOs are going to play major role in efficiently delivering of applications and services at competitive affordable services to the end consumers. With the advent of 4G,5G,M2M and IOT services there is a huge demand of delivery of services to end consumers in cost effective manner. As NSOs have to work extensively in deploying and maintaining the huge 4G/5G networks with high QOS parameters across the length and breadth of the country.VNOs are going to play its vital role for the delivery of services efficiently to end consumers.
- **Therefore it is strongly recommended that across all the UL-VNO License authorizations the Entry Fee be withdrawn and instead a One Time Processing Fee or Registration fee based upon the administrative cost flat @ Rs.10,000/- be charged.**



Abolishing the Bank Guarantees for VNO authorizations

- The Bank Guarantees are the legacy concept being carried forward by the successive Govts in India since 1994 in order to safeguard its revenues. But since last 30 years or so the Indian Telecom Sector in all the domains has moved leaps forward and trying to keep with the pace of developments of technology across the world by deploying and investing in the similar infrastructure in Indian Telecom. Recently conclusion of the 5G spectrum auction is reiterating the focus of the industry to provide upto date technology and services to Indian consumers also. In the NIA issued for the recent 5G Auction DOT has not prescribed any Bank Guarantees for the Spectrum purchased by the telecom companies as a step forward in the telecom reforms.
- Moreover across all the industry the taxation laws whether Income Tax Act or in GST-Act there are self-regulating provisions and checks and balances which take care of the revenues and dues of the Govt.
- Therefore VNOAI reiterates and recommends that there is no need of any Bank Guarantee or any other security instrument to safe Guard Govt's dues. In Bank Guarantees VNOs are forced to lock in huge amounts of capital to securitize its dues with Govt and keep huge capital blocked as deposits in Banks. The locked in capital for furnishing the bank Guarantees are hampering the investments in the provisioning and delivery of services to the end consumers. Especially as VNOs are working with thin margins and delivery of services, after sales support and customer care are cost to the VNOs. Thus Bank Guarantees are barriers for the Growth of the efficiently delivery of services by VNOs.



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- Globally in the VNO service Delivery sector there is no provision of any Bank anywhere in the world as per the table below:-

| Globally Entry Cost for VNO | | | | |
|-----------------------------|---|---|--|--|
| (in Crore INR) | | | | |
| Country | Number of ACTIVE VNOs (Source: GSMA) | Capitalization Requirement (Internal Research) | License Entry Fee (Internal Research) | License Bank Guarantees (Internal Research) |
| India | - | 10 | 7.5 | 22 |
| Italy | 20 | na | 0.49 | na |
| France | 72 | na | 0.15 | na |
| Malaysia | 12 | 0.8 | 0.13 | na |
| Kenya | 2 | na | 0.07 | na |
| Brazil | 8 | na | 0.02 | na |
| Mexico | 17 | na | 0.02 | na |
| Singapore | 7 | na | 0.02 | na |
| Hong Kong | 8 | na | 0.002 | na |
| China | 21 | 1 | na | na |
| South Africa | 23 | na | na | na |
| Russia | 41 | na | na | na |
| Thailand | 9 | na | na | na |
| South Korea | 42 | na | na | na |

Therefore considering that in order to encourage the efficient delivery of VNO services and provision the services at competitive prices government needs to encourage and repose confidence on the VNOs and abolish all the prescribed Bank Guarantees. Whole industry needs to be brought in line with all the other sectors of industry and prescribe statutory laws like GST. Rest of the company's revenue reporting are taken care by the income Tax and company laws which are being followed by all the telecom industry under the company laws.



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Q44. Whether there is a need to review any of the other financial conditions for the various service authorizations including VNOs, other than the merged/clubbed/new service authorizations? Please provide your response for each service authorization separately with detailed justification.

VNOAI Response

- As detailed in the previous question's answer for VNOs all the financials currently prescribed like Bank Guarantee, License Fee and Entry Fee needs to be abolished immediately to promote the service delivery sector in order to provide the services to end consumers in cost effective manner. There is need that the benefits of the 4G/5G applications reach the end consumers to avail the benefits of Govt's welfare schemes like e-health, e-education, e-agriculture and other welfare schemes.

Suggest for Telecom OMBUDSMAN to be set up under the new Telecom Act-2023

In the telecom Act as the Licensing Frame work is being relooked so it is suggested to set up a Telecom Ombudsman to resolve the disputes related to customer complaints for the service deficiency disputes handling as per the prevailing practices across many countries where Telecom OMBUDSMAN take care of consumers interests and disputes are resolved efficiently. Presently TRAI is handling the complaints but most of the consumers do not know about the TRAI complaint handling mechanism. Therefore it is suggested in line with the Banking Ombudsman a Telecomm Ombudsman also to be set up under the direct control of TRAI or DOT under new Telecom Act-2023. Below is the suggested structure to be mandated under the Terms and Conditions of the new authorizations.

Suggested frame work to be included in the new authorization guidelines for all the telecom authorizations under the new Telecom Act-2023.

A telecom ombudsman is an independent and impartial entity that helps resolve disputes between telecommunications service providers and their customers. The role and



functioning of a telecom ombudsman can vary by country, but generally, the process works as follows:

1. Establishment and Jurisdiction

Government or Regulatory Body: In many countries, the telecom ombudsman is established by the government or a regulatory authority overseeing telecommunications. **Scope of Jurisdiction.** The ombudsman typically handles complaints related to billing, service quality, contracts, and other customer service issues within the telecom sector.

2. Filing a Complaint

Customer Complaint: When a customer has an unresolved issue with their telecom provider, they can file a complaint with the ombudsman after attempting to resolve it directly with the provider. **Method of Filing:** Complaints can often be filed online, via mail, or over the phone.

3. Complaint Assessment

Initial Review: The ombudsman reviews the complaint to determine if it falls within its jurisdiction and if all necessary steps have been taken by the customer to resolve the issue directly with the provider. **Mediation.** In some cases, the ombudsman may first attempt to mediate between the customer and the provider to find a mutually agreeable solution.

4. Investigation

Gathering Information: If mediation fails or is not applicable, the ombudsman conducts an independent investigation. This may involve gathering evidence from both the customer and the telecom provider. **Analysis.** The ombudsman examines the facts, contract terms, and any relevant regulations or laws.

5. Decision and Resolution

Decision: After the investigation, the ombudsman makes a decision on how the dispute should be resolved. This decision could involve directing the telecom provider to issue a



refund, change a bill, or take corrective action. Binding or Non-Binding: Depending on the country, the ombudsman's decision may be binding on the telecom provider but not necessarily on the customer, who may still pursue legal action if dissatisfied.

6. Enforcement

Compliance: The telecom provider is usually required to comply with the ombudsman's decision within a specified timeframe. **Monitoring:** The ombudsman may monitor compliance and take further action if necessary.

7. Reporting and Transparency

Annual Reports: Many telecom ombudsmen publish annual reports detailing the number of complaints received, types of issues addressed, and the outcomes.

Public Awareness: Ombudsmen often work to raise awareness about their services and the rights of telecom customers.

Examples by Countries where Telecom Ombudsman working successfully

Australia : The Telecommunications Industry Ombudsman (TIO) is a well-known example. It handles complaints about phone and internet services and has binding authority on telecom providers.

United Kingdom: In the UK, there are two main ombudsmen for telecoms—Ombudsman Services and the Communications and Internet Services Adjudication Scheme (CISAS).

Best Regards

For VNO association of India



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