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Ref: **ACTO's Response to TRAI's Consultation Paper dated February 23, 2024 on Connectivity to Access Service VNOs From More Than one NSO**

Dear Sir,

With reference to the *Consultation Paper on Connectivity to Access Service VNOs From More Than one NSO* issued by Hon'ble Authority, Association of Competitive Telecom Operators (ACTO), is pleased to provide our comments.

We hope that our comments (enclosed as Annexure – I & II) will merit consideration of the Hon'ble Authority.

With best regards

Thanking you,
Yours sincerely,
for Association of Competitive Telecom Operators

Tapan K. Patra
Director
9899242273

Encl: As above

Annexure – I

ACTO's comments on TRAI's Consultation Paper on Connectivity to Access Service VNOs From More Than one NSO

The Association of Competitive Telecom Operators (ACTO) commends TRAI for issuing the Consultation Paper titled "Connectivity to Access Service VNOs From More Than one NSO" on 23rd February 2024, in response to the DOT reference dated 7th July 2023.

ACTO has been collaboratively working with TRAI and DOT since the advent of VNO in India. Following TRAI's recommendation, DOT had implemented UL VNO Authorizations in 2017. ACTO has consistently addressed the issue of multi-parenting concerning UL VNO license. We express our gratitude towards TRAI for addressing the topic of multi-parenting through the release of this consultation paper. ACTO has previously submitted comprehensive responses to TRAI on multi-parenting during various consultations.

In all the service authorizations under UL VNO, multi-parenting with NSO is permitted, except in specific Access (wireline & wireless service) authorizations. The rationale for these restrictions hasn't been expressly stated in previous TRAI recommendations or in the DOT guidelines. At the time of launch of UL VNO in India, more than 15 NSOs were offering competitive access service. However, the current situation reflects fewer than five NSOs in Access, despite a population of 1.4 billion. This drastic change demands a reassessment of the restriction on multi parenting in UL VNO license.

Lifting the regulatory restrictions on multi-parenting could result in numerous potential benefits:

- 1. It will pave the way for new entrants in the UL VNO Access business (wireline & wireless).**
- 2. This will boost the business proposition for UL VNO Access Licensees by providing superior service through connectivity with multiple NSOs.**
- 3. Service disruptions could be minimized, offering redundancy options to the last mile segments, which is crucial for today's customers.**
- 4. It will facilitate the expansion of UL VNO access authorization to the enterprise segment, smaller cities, rural areas, and residential shopping complexes.**
- 5. Network maintenance could be more decentralized, allowing for quicker response to downtime.**
- 6. It will foster a fair environment among UL VNO access service authorizations.**
- 7. Green telecom objectives and reducing the government's carbon footprint in the telecom sector could be achieved by permitting multi-parenting with NSOs to connect with a single EPABX.**
- 8. Substantial savings in both Capital Expenditure (CAPEX) and Operational Expenditure (OPEX) could be realized.**

9. **Connecting with multiple NSOs will mitigate single points of failure, facilitating diverse and redundant communications.**
10. **Worldwide, there is no specific restriction imposed on VNO/MVNO.**

Besides regulatory restrictions on multi-parenting, market restrictions are already in place by mutual agreement between NSO and VNO, as there is no regulatory mandate for providing connectivity to the VNOs. The current limitation on multi-parenting doesn't seem to support regulatory neutrality, especially concerning the growth of UL VNO in India. Policies/regulations should be facilitative, aimed at broadening the options for customers and network operators, whether UL VNOs or NSOs, rather than adding extra constraints. Unless there are compelling reasons, restrictions should be avoided and communicated clearly to all stakeholders.

We urge TRAI to recommend for the removal of the existing restrictions on multi-parenting in all the situations as outlined in this consultation paper.

ACTO's response to the specific questions raised in the consultation paper:

Q1: In your view, what is the maximum number of Network Service Operators (NSOs) from whom a UL (VNO) licensee holding Access Service Authorization should be permitted to take connectivity in a licensed service area (LSA) for providing wireline access service? Kindly provide a detailed response with justification.

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Q.2: In case your response to the Q1 is a number greater than one, what should be the associated terms and conditions for permitting such connectivity? Kindly provide a detailed response with justification.

ACTO's response:

Before putting our direct response to this question, we would like to brief the current situation to put in in context with respect to multi parenting in UL VNO wireline access. UL VNO Licensee with Access Authorization is allowed connectivity of different NSOs at different EPABX. As per the mandate under the license, the licensee is not permitted to connect more than one NSO at a particular EPABX.

*"1.3 (ii) For wire line access services through EPABX, the connectivity of different NSOs at different EPABX is allowed, **however, the connectivity with more than one NSO at a particular EPABX shall not be permitted.**"*

On 2nd March, 2020, DoT had amended the UL VNO Access Category B by adding clause 5.2 in Part -II chapter-XVII of the license to allow connecting more than one NSO at a particular EPABX subject to non-breachable logical/ virtual partitioning in the EPABX and logical separation of junctions from different NSOs with no inter NSO call flow.

*"For wire line access services through EPBAX, the connectivity of different NSOs at different EPBAX is allowed, however **for connectivity with more than one NSO at a particular EPBAX the licensee shall ensure non-breachable logical/virtual partitioning in the***

EPABX and logical separation of junctions from different NSOs with no inter NSO call flow.”

In the UL VNO Access Authorization, the DoT did no such change for allowing connectivity of different NSO at a particular EPABX. Thus, it has created a non-level playing condition by having different rules for the same service among access service authorizations under the UL VNO license. Further, it is not open to the licensees to opt for the UL VNO Access Category B license, as the VNO guidelines clause 4.1 (vi) mandates the licensees to opt for the UL VNO Access Authorization in case it wishes to provide services in more than 4 districts in a State/ Union Territory.

“In case VNO authorisation is required for more than 4 Districts in a State/Union Territory for Access Services Category B, Access service authorisation in respective Circle service area is to be applied for.”

In view of above, it can be seen that while connecting multiple NSOs on a particular EPABX is allowed for UL VNO Access category B, but the same is restricted in case of UL VNO Access Authorization.

DOT has not notified any technical, commercial or security issues post amendment in UL VNO Access Category B license. There is also a need to ensure level playing field among the various UL VNO Access service authorizations. Moreover, the license fee is uniform across all authorizations, so there is no revenue loss if the customer is served directly by NSOs or through UL VNOs.

The quality of telecom service and it's availability is utmost requirement for customers and it is critical for the enterprise customers. The expectation on quality is increasing day by day. All transactions be it services, financial, health etc are being conducted through telecom/data services. Removal of the regulatory restriction on multi parenting in all aspects be it DELs/ use of single EPABX will be an important step to serve better quality of service to the customers due to availability of multiple choices. Removal of the restriction on multi parenting for wireline access is necessary for all stakeholders, UL VNO, Customers, NSOs and thereby overall telecom sector.

As we can see now, the Telecom & Technology domain is rapidly evolving in the current digital arena and one of the key emerging changes is with respect to EPABX technology advancement. This new model of telecom / telephony infrastructure is taking full advantage of today's modern networks, including the EPABX. The EPABX is now moving from own premises location to a Centralized Infrastructure location. The place of Centralized Infrastructure location could be Cloud / Data Centre etc. and the EPABX is logically / virtually portioned where UL VNO Access can be connected with multiple NSOs with single logical / virtual portioned EPABX. It also meets all the security and regulatory requirement of the country. This will also be a significant cost saving (CAPEX / OPEX) by removing such restriction of one NSO connect with single EPABX (telephony infrastructure) by UL VNO Access in one telecom circle.

Therefore, we firmly suggest for TRAI recommendation on removal of regulatory restriction on multi parenting be it for Direct Exchange Line or EPABX under UL VNO access wireline authorization.

At present there are only 4-5 active and effective NSOs with access wireline service authorizations in India with population over 1.4 billion unlike in the past when this number was more than 15. Putting limit on the number of NSOs from whom a UL (VNO) licensee holding Access Service Authorization should be permitted to take connectivity in a licensed service area (LSA) for providing wireline access service will not serve any purpose. It should be left to the UL VNOs and NSOs in the market. Given the situation, there is no justification for putting regulatory restriction on the maximum number of NSOs as the availability of NSOs is already less. Moreover, there is automatically a kind of restriction on number of NSOs for multi parenting by the way of mutual agreement on the terms and conditions not as regulatory mandate for multi parenting. Therefore, there is no reason for TRAI to recommend restriction on the number of such agreements a VNO can enter with NSOs to provide service to its customers.

We strongly suggest that there is no need to put the limit on the maximum number of NSOs for multi-parenting and it should be left to the market not under regulatory limit.

The only restriction that needs to be put in is for the UL-VNOs to ensure that all inter NSO call flow happen via the respective NSOs and UL-VNO access to ensure that and no inter NSO Call flow is facilitated by them. The said clause is already a part of UL-VNO guidelines which states as per below:

5.1 Network interconnection will be provided by NSO and not the licensee. The licensee will connect to its parent NSO (s).

Q.3: Whether a UL (VNO) licensee holding Access Service Authorization in an LSA should be permitted to take connectivity from one NSO for wireless access service and other NSO(s) for wireline access service in the LSA? Kindly provide a detailed response with justification.

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Q.4: In case your response to the Q3 is in the affirmative, what should be the associated terms and conditions for permitting such connectivity? Kindly provide a detailed response with justification.

ACTO's response:

Yes, a UL (VNO) licensee holding Access Service Authorization in an LSA should be permitted to take connectivity from one NSO for wireless access service and other NSO(s) for wireline access service in the LSA. We would like to further submit that multi-parenting may also be permitted to Wireless Access Services.

TRAI has itself considered the requirement of permitting a UL (VNO) licensee to take connectivity from one NSO for wireless access service and other NSOs for wireline access services. While both wireless and wireline are categorized as access services and provided under the same license, not all UL-Access Authorization provide both wireless and wireline services. Further, geographical areas where the two NSOs may be providing Wireline Access services may be different. Hence, it is imperative that the UL-VNO with Access Authorization needs to be permitted to have wireless access connectivity from NSO and wireline access connectivity from other NSOs.

Further, we would also like to submit that in case of wireless access services, multi-parenting with NSOs is not allowed yet. TRAI recommendation had cited the reason for this restriction based on complexity in AGR calculation with respect to different SUC and LF charges. Clause no. 5.28 of TRAI recommendation states as-

“...Allowing a VNO to have agreement with more than one NSO in a LSA may lead to operational complexities like compliance of various statutory provisions like calculation of Spectrum Usage Charges (SUC) and License Fee (LF).....”

Since the License fee (8%) is already uniform across all the licenses for last over decade and DOT also issued Office Memorandum dated 8th October with respect to removal of SUC charges where they stated that **“For spectrum acquired in future actions, NO Spectrum Usage Charges (SUC) will be levied. The condition of minimum 3% weighted average SUC rate and SUC floor amount will also be removed.....”**. After removal of SUC charges by DOT, now merely citing complexity of calculation can't be a compelling reason for UL VNO license to restrict multi parenting with NSO for wireless access services. Also, the same analogy may not be true for access provider purely in fixed wireline space. UL VNO are by and large like resellers who sell bulk minutes or SIM cards of multiple access service providers (NSO). The technical and financial arrangement with respect to interconnection will continue to remain with the parent NSOs, there will not be an overlap. As the license fee is uniform across all licensed service authorisations and no more issue with different SUC, there is no compelling reasons not to allow multi-parenting with one NSO having wireline and another NSO with wireless. Technological benefit should reach to the customers and not to be prevented through regulatory restrictions.

The current multi parenting restriction is arbitrarily forcing a UL VNO to an access service provider and makes the customer accept whatever service, price etc. are offered. This clause impinges on the ability of a VNO to effectively compete in the market by tying its fate to a single access service provider and restricting choice, technology to customers and forcing them to whatever quality and coverage is provided. The multi-parenting restriction is a critical bottleneck from business perspective for the growth of UL VNO in India.

We believe that any artificial restriction on UL VNO with Access Services is a roadblock to provide a high quality services to its customers even if they are willing to pay even additional charges for customized and reliable services. The issues on call drops, quality have been a going concern amongst consumers. Therefore, it is imperative that UL VNO be provided the much-needed flexibility to have agreements with more than one (multiple) NSOs so that customer does not suffer and gets a seamless and reliable service. In order to avoid such situations, the UL VNO should be allowed to multi-parenting with multiple NSOs for wireless access services also.

NDCP 2018 has also given emphasis on Virtual Network Operators (VNO's) as:

1.1(j) “By encouraging innovative approaches to infrastructure creation and access including through resale and Virtual Network Operators (VNO)”.

Global precedence allowing multi parenting is attached as Annexure – II

Therefore, we firmly recommend that a UL (VNO) licensee holding Access Service Authorization in an LSA should be permitted to take connectivity from one NSO for

wireless access service and other NSO(s) for wireline access service in the LSA. It is further recommended that multi-parenting may also be permitted to Wireless Access Services.

This will help UL VNO Access to provide more choice / service options to the customer. And also, removal of such restriction will ensure optimum utilization of infrastructure and numbering resources, better QoS to customers, and provide also an option for redundancy in the last mile connectivity. This will significantly help to the enterprise customers looking for high-quality service from UL VNOs.

The only restriction that needs to be put in is for the UL-VNOs to ensure that all inter NSO call flow happen via the respective NSOs and UL-VNO access to ensure that and no inter NSO Call flow is facilitated by them. The said clause is already a part of UL-VNO guidelines which states as per below:

5.1 Network interconnection will be provided by NSO and not the licensee. The licensee will connect to its parent NSO (s).

Q.5 Whether there are any other relevant issues or suggestions related to the parenting of licensees holding Access Service Authorization under UL (VNO)? Please provide a detailed response with justification.

ACTO's response:

As per the current UL VNO license terms and conditions, there is no mandatory rollout obligation on the UL VNO licensee to provide services to end customers through the NSO agreement because VNOs are mainly a subset of NSOs as they ride on the existing core telecom infrastructure of their NSOs. However, the norms for multi parenting for wireline and wireless access services through common EPABX should also remain the same, as other service authorization under VNOs are allowed to enter into agreements with more than one NSO for all services. Therefore, there should not be different norms for access services under the same license. Which will also fulfil the Government's objective towards simplification norms and ease of doing business.

We also believe that allowing the multi parenting for UL VNO Access, it will bring-in global telecom operators wanting to enter Indian market who may currently be hesitant to enter the Indian market due to such restriction. Many of whom may already having operated successfully in the VNO / MVNO model in other countries and now want to share their expertise into India as well. Which would ultimately encouraging competition and lead to greater choice and lower prices Which will ultimately encourage competition and lead to more choice and lower prices for the end customer.

Therefore, we would request to TRAI make appropriate recommendations in the UL VNO license amendment by removing the said restriction for access wireline & wireless services, which currently acts as a hindrance in the operations of the access services. There should be no limit on the number of NSO agreement with UL VNO for Access wireline & wireless services. It must be left free to market forces to decide.

Global practices on multi-parenting

The term multi-parenting is not widely used in other countries but mostly it is specific to India. In most of the countries, it neither specifically mentioned as permitted nor restricted. For example, IMDA Singapore, the template for license does not specifically mentioned.

[sbotemplate.pdf \(imda.gov.sg\)](#)

In Europe, the full MVNO has no such restrictions, in fact they allow interconnection of service providers through core network set up by full MVNO.

[Full MVNO - Wholesale \(orange.fr\)](#)

Report of South Asian Telecommunications Regulator’s Council (SATRC) states full MVNO in page no 11/23

“Recent French 4G spectrum assignment proceedings were a hybrid beauty contest/auction, in which candidates could win points by committing to providing Full MVNO access. In the 2011 2.6 GHz proceeding, 3 out of 4 winning bidders committed explicitly to providing Full MVNO access. In the 2011 800 MHz proceedings, 3 out of 3 winning bidders committed explicitly to providing Full MVNO access, not only on the 800 MHz spectrum won in the proceeding, but also on their other previously licensed spectrum.

Details on the Full MVNO nature of the license conditions are contained in Section 5 of the spectrum licenses. Strong focus is placed in the MNO license conditions on the ability for Full MVNOs to be able to: (i) switch between Host MNO networks, (ii) rely on multiple host MNOs in parallel, (iii) have full commercial autonomy on all retail markets and distribution networks, and (iv) own their customer base, and not be subject to restrictions on changes in their shareholding structure, or selling the wholesale access rights they contractually acquired. In addition, the MNO license conditions provide for: (v) technical non-discrimination in favour of MVNOs on quality of service, compared to the Host MNO’s own services, (vi) an explicit right for the Full MVNO to own and operate its own core network and its own interconnections with third party operators, and (vii) reasonable economic conditions, compatible with effective and loyal competition on wholesale and retail markets.

(Full) MVNO access was also mandated by National Regulatory Authorities in other EU/EEA Member States, by way of *findings* of single and joint Significant Market Power (SMP).

In addition, Full MVNO access was mandated as part of antitrust proceedings of EC DG Competition, in Austria, Ireland, Spain and Belgium in the 2012-2016 timeframe.

The German Telefonica/E-Plus merger approval by EC DG Competition is subject to various ongoing legal proceedings, including on the exact nature of the wholesale access requirements, notably as regards Full MVNOs.”

Link:

[SATRC-SAPVI-05 MVNO Framework in SATRC Countries report.docx \(live.com\)](#)
