



DG/COAI/2024/135
April 05, 2024

Shri Akhilesh Kumar Trivedi,
Advisor (NSL)-II
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg,
New Delhi – 110002

Subject: COAI counter comments to TRAI Consultation Paper on Connectivity to Access Service VNOs From More Than one NSO

Dear Sir,

This is with reference to the TRAI's CP on "Connectivity to Access Service VNOs from more than one NSO" issued by TRAI on February 23rd, 2024.

In this regard, please find enclosed COAI's counter comments to the Consultation Paper.

We trust our above request would merit your kind consideration and look forward to your valued support on the same.

Sincere regards,
Digitally signed
by Lt. Gen Dr. SP
Kochhar
Date: 2024.04.05
14:17:38 +05'30'

Lt. Gen. Dr. S.P. Kochhar, AVSM**, SM, VSM, ADC, KIGA
Former Signal Officer in Chief, Indian Army
Fellow IETE, Fellow AIMA, Member IEEE, Sr. Member CSI

Director General
Email id: dg@coai.in

Copy to:

1. Shri V. Raghunandan, Secretary, TRAI, Mahanagar Doorsanchar Bhawan, Jawaharlal Nehru Marg, New Delhi – 110002.
2. Shri Sheo Bhadra Singh, Pr. Advisor (NSL), TRAI, Mahanagar Doorsanchar Bhawan, Jawaharlal Nehru Marg, New Delhi – 110002.



COAI counter comments on Consultation Paper on Connectivity to Access Service VNOs From More Than one NSO.

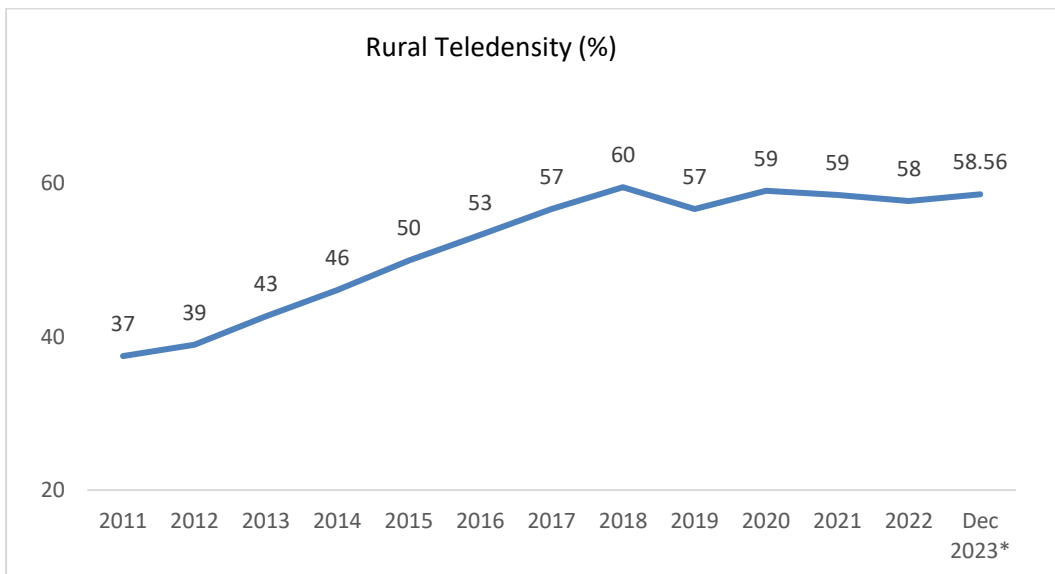
We thank the Authority for providing us with the opportunity to share the counter comments to this Consultation Paper on “Connectivity to Access Service VNOs From More Than one NSO”.

1. ***One of the stakeholders has suggested suitable regulatory measures to ensure that each NSO may at least tie up with one MVNO for providing wireless access services.***
2. ***It has further stated that “VNOs must be permitted to hire bulk bandwidth at affordable wholesale prices to be able to re-package them appropriately while selling their services to their customers, and that suitable regulatory intervention maybe required to enforce bulk bandwidth rates with appropriate and reasonable ceiling/cap, so that the bandwidth rates do not become unviable for the VNOs.”***

COAI Counter Comments

- a. We strongly oppose the above submission. We submit that the submissions by the said stakeholders are without any empirical data or analysis and the sole international example shared pertains to an established market failure, which cannot be equated with the current market conditions in India.
- b. A telecom network requires huge investments and resources to set up and involves long gestation periods. The entity who has invested in such a network, i.e. NSO/TSP, cannot be mandated to provide access to the network to any other entity, especially stakeholders who wish to use the same for commercial purposes like VNOs. Such a mandate may destabilize the investments in the sector.
- c. Further, it is pertinent to mention that the VNO business is driven by market requirements and considerations and cannot be a mandated arrangement. The primary use case for VNOs is to offer niche services to a select category of subscribers or subscribers in a select area, however, with the current market reality of ubiquitous coverage with most of tariff plans providing free voice plus a large number of SMS with per GB tariff as low as Rs 10, the VNO use cases in access market have not occurred. Further, as the Telecom services in the country are already very affordable, the possibility of bulk bandwidth at prices lower than market rates are scant. Therefore, these submissions have no realistic basis.
- d. Additionally, TSPs/NSOs plan and deploy their networks basis their own business requirements. A TSP/NSO’s network may not be capable of supporting the additional customers of a VNO. **Mandating such a TSP/NSO to enter into a VNO arrangement, would have counter-productive effects, like adverse impact on quality of services for both the customers of the VNO as well as those of the NSO.**
- e. Furthermore, **in case a TSP/NSO decides to enter into an agreement with the VNO, the commercial terms and conditions must be left to market forces or mutual agreement between the parties.** TSPs/NSOs must have the flexibility to adequately commercialize the networks in which they have heavily invested, including through suitable compensation for the use of these network resources by VNOs.

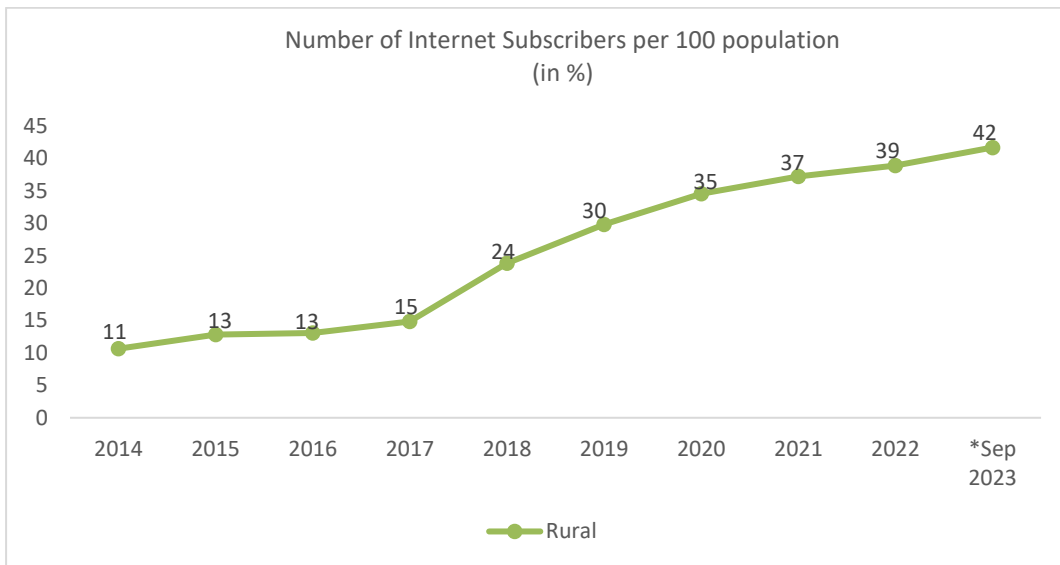
- f. Whether it is the 2008 Recommendations¹, when the VNO concept was first discussed by TRAI, or the 2015 Recommendations², on the basis of which the UL (VNO) Guidelines and License were issued, **TRAI has itself maintained a consistent stand that TSPs/NSOs cannot be mandated to enter into agreements with VNOs and that the commercial terms and conditions for VNO agreements have to be as mutually decided between the parties. The same has been accepted by DoT as well. There is no reason for deviating from the same now.**
- g. We further submit that Indian telecom industry has witnessed a pronounced growth in tele-density (including rural tele-density), along with a rapid expansion in subscriber base and network infrastructure.



Source: TRAI

¹ TRAI Recommendations dated 06.08.2008 on “Mobile Virtual Network Operator (MVNO)”: “Considering the international scenario and the stakeholders comments and keeping in view the Indian scenario as described above and discussed elsewhere in this recommendation, the Authority recommends that the commercial model covering the nature of relationship including the arrangement/agreement between MNO and MVNO be left to the market forces.”

² TRAI Recommendations dated 01.05.2015 on “Introducing Virtual Network Operators in telecom sector”: “The Authority recommends that the terms and conditions of sharing of infrastructure between the NSO and VNO should be left to the market i.e. on the basis of mutually accepted terms and conditions between the NSO and the VNO.”



Source: TRAI

- h. The consistent and substantial increase in tele-density and internet penetration suggests that the market has not experienced any failure, and there is no justification for a change in the existing regime. Accordingly, **the suggestions regarding mandating NSOs to enter into VNO agreements, and ceilings on bulk bandwidth rates offered by NSO/TSPs to VNOs, must be rejected altogether.**
 - i. Furthermore, it is pertinent to note that TSPs are facing multiple challenges in getting adequate return on investments (RoI). This is due to the low tariffs, high levies which include License Fee, USOF and high cost of compliances that include QoS regulation, high number of reporting requirements etc and the need of the hour is to reduce these burdens and improve NSOs ROI to propel more investments in sector.
- 3. A couple of stakeholders have argued for allowing multi-parenting for Access Service VNOs, on the ground that it will offer redundancy options to the last mile segments.**

COAI Counter Comments:

- a. **We submit that the aforementioned statement is entirely misleading, as allowing multi-parenting for VNOs can never result in redundancy at the level of the end customer.**
- b. Even if multi-parenting is allowed, the set of customers being served using the network resources of one NSO will be different from the set of customers being served using the network resources of another NSO. Multi-parenting would not allow a VNO to combine the network resources of different NSO. Thus, the connectivity provided by a VNO to any specific customer will come from the network of only one NSO.
- c. In any case, TSPs/NSOs build adequate redundancy in their own individual networks, in order to ensure network resilience and reliability, in the interests of continuity of service to customers. Hence, **we strongly disagree with the suggestion that allowing multi-parenting would help in building last-mile redundancy.**



- d. It is also worthwhile to mention that one of the stakeholders has supported multi-parenting, while simultaneously noting that there are technical challenges in implementing it and the fact that even, globally, most of the VNOs use it temporarily, while changing the parenting from one MNO to another and that it is not implemented generally for long term deployment. Thereby exposing their own double standards and lack of conviction with their arguments. The Authority is requested to ignore such baseless suggestions outrightly.

4. *One of the stakeholders has claimed that SUC is now zero and has stated “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.”*

COAI Counter Comments:

- a. At the outset, we submit that allowing multi-parenting in case of wireless access services is not even in question in the instant CP, and the above suggestion must be outrightly rejected.
 - b. In addition, the above claim is ill-informed and misleading. As quoted by this stakeholder itself, the office memorandum issued by DoT on October 8th, 2021, states that “**for spectrum acquired in future auctions, no Spectrum Usage Charges (SUC) will be levied**”. Accordingly, it is only the spectrum acquired in 2022 Auctions and beyond that attracts zero SUC. TSPs/NSOs still have to pay SUC for the spectrum acquired in the previous auctions – at rates which are different for each TSP/NSO as the spectrum holdings of each TSP/NSO are different. Thus, the complications regarding calculation of SUC are still relevant.
 - c. Further, there are several security concerns which will arise in case of multi parenting in access services, such as lawful interception, privacy and security, customer verification, emergency services etc. The concerned stakeholder has not provided any justification as to how all these concerns are proposed to be resolved.
 - d. Therefore, **we strongly disagree with the suggestion to permit multi-parenting in case of Wireless Access Services.**
- 5. *One of the stakeholders has written “The current VNO license restrictions prevent access service providers from interconnecting their internet telephony and PSTN networks, forcing them to rely on NSOs for interconnection, which compromises their business autonomy and hampers seamless service provision. A liberal approach will be beneficial for the VNOs.”***

COAI Counter Comments:

- a. The stakeholder is envisaging a VNO that wants to take resources from multiple NSOs, wants to have own interconnection and have full business autonomy, in fact the only thing this VNO does not want to do is invest in spectrum and network. Clearly, once again no thought has been given to technical feasibility or challenges before making suggestions and such submissions should be ignored. We submit that the any service provider seeking such autonomy should acquire UL with access authorization. There are no entry barriers, and they can avail all the benefits of being a TSP.



- b. Moreover, we submit that TRAI 2015 Recommendations clearly recognize a VNO as an extension of the NSO, and this understanding acts as the basic premise for the VNO regime in the country. This is the reason why network interconnection is restricted under the UL (VNO).
 - c. **Removal of such restrictions would take away the foundational difference between NSOs and VNOs, consequently rendering the UL (VNO) redundant.** In any case, if a VNO wishes to interconnect with networks of other NSOs, it may obtain a Unified License and do so.
 - d. Therefore, **we strongly disagree with the suggestion to remove restrictions regarding network interconnection from the UL (VNO).**
6. ***One of the stakeholders has stated “UL (VNO) licensees are dependent on the QoS parameters being met by the parent TSP (NSO)s whose resources they use, it may not be appropriate to enforce any QoS related mandates/ penalties on UL (VNO) licensees.”***

COAI Counter Comments:

- a. We submit that QoS compliances are not just about network-related parameters, but also involve other equally important parameters, which are not dependent on the network of the NSO at all, like time taken for service activation/provisioning, metering and billing credibility, resolution of billing/charging complaints, response time to customer for assistance, etc.
 - b. The same has been acknowledged by TRAI itself in its 2015 Recommendations: ***“There are some QoS parameters like network availability, interconnection, roaming, call completion ratio (CCR), congestion etc. where the VNO may not have any direct control, there are QoS parameters like provision or closure of services, metering & billing, response time to customer for assistance, complaint handling, downtime etc. where VNOs will be directly responsible.”***
 - c. In the interests of the consumers, it is absolutely necessary that the VNOs should also be mandated to comply with the same QoS benchmarks as NSOs (for the parameters which are relevant in the context of the VNOs). This will also ensure a level playing field between NSOs and VNOs. Thus, **we strongly oppose the above suggestion that no QoS related mandates/ penalties should be imposed on VNOs.**
 - d. It is also pertinent to mention here that TRAI, in its 2015 Recommendations, had also stated that *“Since QoS is in the exclusive domain of TRAI, therefore, once the UL (VNO) based regime comes into force, the Authority will put in place comprehensive regulations on QoS parameters to be complied separately by NSOs and VNOs.”* However, almost 8 years have passed since the introduction of the VNO regime, and no comprehensive regulations have yet been put in place by TRAI. It is high time that TRAI takes appropriate action on the same.
7. ***One of the stakeholders has stated “VNOs are needed to propel the sector and expand the market to unaddressed segments. An ultra-light touch regulatory framework with almost zero entry barriers, and the permission to parent multiple TSPs with a clear, time-bound and transparent mandate for TSPs to enter into an engagement with VNOs is required.”***



COAI Counter Comments:

- a. This statement is riddled with contradictions. Just to mention the most prominent ones, it proposes light touch regime for VNOs but mandates for NSOs. Further, it assumes and self-assigns the propelling of a sector requiring thousands of crores of investment at the hand of participant not willing to invest without any logic, justification, or evidence.
- b. Further experience of last few years of various new authorizations and licenses granted by the DoT indicate that current requirements are no barrier for any entity to come in the market.
- c. In fact, the prescribed requirements ensure that only serious players, who foresee long-term goals in the telecom sector, participate and compete by deploying latest technology and products which envisage better customer experience at a competitive price.
- d. Therefore, we disagree with the statement “An ultra-light touch regulatory framework with almost zero entry barriers, and the permission to parent multiple TSPs with a clear, time-bound and transparent mandate for TSPs to enter into an engagement with VNOs is required.”

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