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**To:** [advmn@traigov.in](mailto:advmn@traigov.in)  
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**Subject:** Comments Sought on Pre Consultation Paper on Unbundling

Mr S T Abbas  
Advisor NSL  
TRAI

Dear Sir

Apologies for the one day delay

Kindly find our comments to your Pre Consultation paper

Regards

Sharad Sanghi

## **Response to TRAI Pre-Consultation Paper on “Enabling Unbundling of Different Layers Through Differential Licensing”**

**Q1. In your view, what could be the possible benefits and anticipated problems in having an unbundled licensing regime? Kindly suggest the measures that can be taken to overcome the anticipated problems (if any).**

### **Response:**

Licensing regime for telecom services in India started as a Service Specific license regime initially and has now graduated to a Unified License Regime introduced in the year 2014 followed later by UL regime for VNO services. Thus as of now we have UL regime which authorise Operators to create Infra, build network and give services and we have UL VNO regime which authorise Operators to provide services only by using network of UL licensees. In addition to the above there is Infrastructure Provider Category 1 registration regime which allows the registered entities to build passive infrastructure and share the same with licensed TSPs .

The Pre Consultation Paper as also the NDCP 2018 and DoT reference states that reforming of licensing regime is being done to catalyst investments and innovation and promote ease of doing business . Towards that end it states that unbundling of Licensing regime in four layers of infrastructure, network, services and application services is one of the action plan.

In our view the present level of unbundling of licensing regime is adequate and it is not recommended to further fragment the licensing regime...In fact any further fragmentation of licensing regime to include newer services like Cloud services, AI based services, Big Data , e commerce , data

centers, IoT services and other application services in the ambit of license and regulatory regime would be against the professed objective of promoting ease of doing business and would infect be a deterrence for innovations and investments . Also most of the newer services like AI, Big Data, IoT are in a very nascent stage of development and introducing any regulations including light touch regulation is not desirable for these services .Also since these services are running as application services of licensed telegraph services it is doubtful whether such application services which use licensed telegraph services as input for the application services would get covered under Section 4 of the Indian Telegraph Act.

In view of all the above issues and problems in further fragmenting the existing licensing regime we would request not to undertake such an exercise as it would be against the ease of doing business and would adversely impact growth of application services apart from licensing of such services being legally untenable as it would be outside scope of Section 4 of Indian Telegraph Act .

**Q2. In case it is decided to unbundle the different layers of licensing, (a) what should be the different layers and their scope? What changes would be required in licensing regime to enable such a framework?**

**Response:**

We do not recommend any further fragmenting of licensing regime for the reasons given in our response to Q1.

**(b) Should there be a new regime of licensing on which the existing licensees should migrate within a specified time frame or there should be a parallel incentivized licensing regime for unbundled layers of license?**

**Response:**

While we do not agree with further fragmentation of licensing regime, any new regime has to be applicable only upon expiry of existing licenses and there cannot be any forced migration. This was the practice adopted by DoT while introducing UL regime in 2014. There is no issue if the implementation of any new unbundled licensing regime and migration of existing licensees is incentive through various benefits on a voluntary basis .

**Q3. In case you are of the opinion that there is no need of unbundling of different layers of the license, what changes should be made in the existing licensing regime to (i) promote sharing to increase utilization of the existing resources, and (ii) catalyse investments and innovation in Digital Communications sector?**

**Response:**

There is need to make some changes in the existing licensing regime to promote sharing of infrastructure and catalyse investments and innovations which are dealt below...

A) In the UL VNO -AS license there is a need to remove restriction of taking services from one NSO.

B) There should be further enablements in the IP1 registration permitting sharing and provision of active infrastructure by these IP1 providers and for such additional services no further compliance or levies should be introduced in the IP1 registration.

C) Digital Communication services including application services like IoT, AI, e-commerce etc. which are not regulated should continue to remain unregulated and application services such as audio conferencing services, OSP services which use licensed services as input services should also be brought outside the ambit of licensing and registration regime respectively .

#### **Q4. What other reforms / changes are required in the existing licensing regime?**

##### **Response:**

The other reforms which are required in the existing licensing regime are as follow -

A) there is an urgent need to rationalize levies and charges payable by licensees viz license fee, SUC, USO levy in accordance with the international best practices . The license fee and SUC should be such that it covers only the cost of regulating telecom sector and should not be on the basis of revenue share .USO levy should take into account amount in the USO Fund left un-utilized and should be imposed as a fixed amount depending upon projected requirement of funds.

Additionally if the license regime is continued on a revenue share basis then revenue only from licensed services should be considered for computing the license fee.

B) Infrastructure sharing should be freely permitted under ISP license.

C) UL VNO AS licensee should be allowed to be parented to two or more NSOs(Access Providers).

D) Audio conferencing services and OSP services should be de-licensed and there should be an automatic registration process, if required at all with requirement of filing annual return by such providers .

E) Further enablement to IP1 providers so that they can provide and share active infrastructure with other TSPs and act as a NetCo .