



1<sup>st</sup> May 2017

**Telecom Regulatory Authority of India**  
Mahanagar Doorsanchar Bhawan  
Jawahar Lal Nehru Marg  
(Old Minto Road)  
New Delhi – 110002

**Kind Attn.:** Shri Sanjeev Banzal  
Advisor (Network Spectrum & Licensing)

**Subject:** Consultation Paper on "Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area"

Dear Sir,

This is in reference to the Consultation Paper number 4/2017 dated 20<sup>th</sup> March 2017 issued by the Authority on "Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area".

As desired, we hereby enclose our response to the questions raised in your above mentioned Consultation Paper. We hope our response will be given due consideration. We shall be obliged to address any further queries from your good office in this regard.

Thanking you and assuring you of our best attention always.

Yours sincerely,

  
Satya Yadav  
Addl. Vice President – Corporate Regulatory Affairs  
Tata Teleservices Limited  
And  
Authorized Signatory  
For Tata Teleservices (Maharashtra) Limited

Encl: As above

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**TTL response to Consultation Paper on**  
**“Introduction of UL (VNO) for Access Service authorization for category B**  
**license with districts of a State as a service area”**

Q1. Is there any need to introduce Cat –B VNOs in the sector?

- i. *If yes, should the existing DID franchisees be mandated to migrate to UL (VNO) Cat-B based licensing regime? Do you foresee any challenges in the migration from franchisee regime to licensing regime?*
- ii. *If no, how DID franchisee can be accommodated in the existing licensing regime in the country?*

Q2. Based on the complexities discussed in Para 13-15 above, should the scope of UL (VNO) Cat-B licensee be limited to provide landline (voice) and internet services or should these be allowed to provide mobile service also? In case mobile services for such licensees are allowed, how the issues enlisted in Para 13-15 will be addressed? Please explain in detail.

**RESPONSE**

TTL recommends introducing Cat-B VNOs in the sector. Introduction of CAT-B VNOs will lead towards effective utilisation of spectrum liberalisation and optimum utilisation of network and spectrum by the TSPs by sharing their active and passive infrastructure.

According to the current DoT guidelines, existing DID Franchisee of any Telecom service Providers may migrate to District-wise UL (VNO) for Access Services. However, there are certain issues and complexities identified in migrating DID Franchisees to UL (VNO) Cat-B:

- How to confine DID Franchisees wireless services within the territory of license area of a district only?
- The methodology for provision and calculations of AGR and SUC will become complex and can have potential adverse impact on Government revenues in case where DID Franchisee has migrated to district wise UL (VNO) category for access services and have entered into agreements with separate NSOs in the same LSA.

Considering the above complexities and challenges TTL recommends to:

1. Mandate the migration of DID Franchisee to UL (VNO) Cat-B base licensing regime.



2. Limit the scope of services provided by the DID Franchisee to Wireline Voice and Broadband services.

Create a new classification of UL (VNO) Cat license to distinguish between DID franchisee offering wireline voice and internet services and UL (VNO) Cat-B licensees offering both Wireline and Wireless voice and internet services.

**Q3. Can the license duration for UL (VNO) Cat-B be kept 10 years which is at par with other licenses issued under UL (VNO) policy? If no, justify your answer.**

#### **RESPONSE**

UL (VNO) Cat-B license will provide access services hence TTL recommends that their eligibility should be consistent with the UL (VNO) License. The license duration for migration to UL (VNO) Cat-B license should also be kept 10 years, which is at par with other licenses issued under UL (VNO) policy. Also as DID operator migrating to UL (VNO) Cat-B license, has done doing sizeable investments, he should be awarded a fair time to recover his investments.

**Q4. What should be Networth, Equity, Entry Fee, PBG, FBG etc. For District level UL (VNO) Cat.-B licensee in case these are allowed for Wireline and Internet services only? Answer with justification.**

**Q5. What should be Networth, Equity, Entry Fee, PBG, FBG etc. in case Cat.-B VNOs are allowed to provide mobile access service also? Please quantify the same with justification.**

#### **RESPONSE**

The concept of networth and equity is applicable only for companies registered with Company Law Board. DID Franchisees are either small entrepreneurs or firms and cannot be expected to fulfil networth and equity criteria. Also we do not feel that PBG is required for these UL (VNO) Cat-B licensees.

Hence, we recommend only One Time Entry Fee of Rs 1 Lac only along with FBG of Rs 5 Lac should be applicable for UL (VNO) Cat-B Wireline and Wireless Voice and Internet service providers.

**Q6. Keeping in view the volume of business done by DID franchisees, what penalty structure be prescribed for UL (VNO) Cat 'B' licensee for violation of UL (VNO) Cat.-'B' license terms and conditions?**





**Q7. Should the UL (VNO) Cat.-B licensees be treated equivalent to the existing TSPs/VNOs for meeting obligations arising from Tariff orders/regulations /directions etc. issued by TRAI from time to time?**

**Q8. What QoS parameters shall be prescribed for UL (VNO) Cat.'B' licensees?**

#### **RESPONSE**

TTL is of the opinion that it is the basic obligation of UL (VNO) licensee to comply with the Terms and Conditions of the License. We have also, in our response to issues highlighted above, in the consultation paper, have recommended giving similar treatment to UL (VNO) and UL (VNO) Cat-B licensee.

But considering the UL (VNO) Cat-B Licensee shall be entrepreneurs or firms, who have infused capital to provide connectivity to a niche segment, their volume of business and revenue earned would be minuscule in comparison to TSPs. Hence imposing penalties to the tune of Rs 50 Crores (Max penalty towards violation of license T&C) may not be viable for these operators. Hence it is recommended that the authority shall have a separate penalty structure for UL (VNOs) Cat-B.

The Authority from time to time issues Tariff Orders, Regulations and Directions to the licensees. Most of these orders/regulations are issued by the Authority with a view to protect consumer's interest, ensure ample competition, and maintain healthy growth of the telecom sector. Hence we suggest that UL (VNO) Cat.-B licensees should be treated equivalent to the existing TSPs/VNOs for meeting obligations arising from Tariff orders/regulations/directions etc to ensure that consumer's interests stay protected, there is no violation of regulations and directions by the UL (VNO) Cat-B licensee, as issued by the Authority.

UL (VNO) Cat-B licensee, uses the infrastructure of existing TSPs, hence QoS parameters for these licensees cannot be made applicable. We recommend that the agreement between the UL (VNO) Cat-B licensee and the TSP should define the SLAs to ensure adherence of QoS parameters as laid down by the authority from time to time.

**Q9. Based on the business and operational requirements as discussed in Para 21 above, should UL (VNO) Cat. 'B' licensees be permitted to enter into agreement to hire telecom resources from more than one TSP in its area of operation for providing voice and internet services through wireline network?**

**Q10. Do you foresee any challenge in allowing such arrangement as discussed in Q9 above?**



## RESPONSE

TTL is of the view that looking at the business and commercial requirements of a UL (VNO) CAT-B, where the services offered are limited to a district, it is not advisable for a UL (VNO) CAT-B licensee to take resources from multiple TSPs in the same LSA.

As UL (VNO) CAT-B licensee is authorized to offer services only at a district level, catering to niche customer, seeking resources from multiple TSPs will result in operational inefficiencies, impacting lower level of services to the end customer. Also this will increase the fixed charges and other commercial components of the VNO making the business non-viable.

As mentioned in the Consultation Paper, taking resources from multiple TSPs will introduce further complexities w.r.t. determination of AGR, which can further impact Government's revenue.

**Q11. Please give your comments on any related matter not covered in this Consultation Paper.**

We are of the view that only VNOs should be held responsible for violation of licensing conditions OR any other violation pertaining to VNO and TSPs sharing their active or passive infrastructure with VNOs should not be held accountable for such violations. For all violations pertaining under the VNO, the TSP shouldn't be held responsible. Eg: Illegal Call Routing, Violation of Logical Partitioning.