

# UL (VNO) Cat-B Licensee's Association (Proposed)

Formerly known as DID Exchange Franchisee's Association (DEFA)

8/16 Narayan Dhuru Cross Lane, 20 Banda House 2<sup>nd</sup> Floor, Mumbai 400 003. Tel. 022 2342 6108

To,

Shri Sanjeev Banzal,  
Advisor (Network Spectrum and Licensing),  
Telecom Regulatory Authority of India (TRAI).  
Mahanagar Doorsanchar Bhawan,  
Jawaharlal Nehru Marg,  
New Delhi – 110002.

Dear Sir,

**Sub: Our written comments on the consultation paper issued by TRAI on 20.03.2017**

## Comments to the Questions:-

**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?

Q1-Comments:-

- i. Absolutely Yes. As per Unified License (UL) policy, VNOs are created to exploit the benefits of convergence, spectrum liberalization and facilitate delinking of the licensing of networks from the delivery of services so as to enable the Telecom Service Providers (TSPs) to optimally and efficiently utilize their networks and spectrum by sharing active and passive infrastructure. Therefore UL (VNO) Cat-B Licensee will play the same role as UL (VNO) initially in small area i. e. District wise.

Yes. DID franchisee be mandate to migrate to UL (VNO) Cat-B based licensing regime. But required a fresh policy based on an opportunities mentioned in scope of Access Service of UL (VNO) License, as DID Franchisees are SMEs and worked 21 years within limited responsibility and limited regulatory compliances.

Authority may refer policy of Group EPABX with DID Facility under Franchisee Scheme issued by DoT on 27.01.1994 and detailed instructions on 04.03.1994 attached as annexure-III with the consultation paper dated 20.03.2016 as a guidelines and must come with fresh policy for DID Franchisee with diluted responsibilities, regulatory and other compliances under UL (VNO) Cat-B License.

We foresee following challenges on migration from Franchisee regime to UL (VNO) Cat-B Licensing regime:-

- a. **Please refer chapter-I, General Conditions clause 1.3 (2) in which VNOs are allowed to have agreements with more than one NSO other than access services and such services which need numbering and unique identity of the customers.**

UL (VNO) Cat-B Licensees are having their own network as DID Franchisee and they understand their liabilities. Hence they might not enter in to Agreement with NSO? (i.e. Network Service Operator) If opt for NSO network then the Capital investment as well as cost of maintenance may be reduced initially but Cat-B Licensee will be on the mercy of NSO and NSO may take advantage of Licensee's helplessness, due to

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monopoly of TSP/NSO, resulting in increase of recurring cost over the years and one day Licensee may not be able to survive in the industry.

## b. Security Conditions:-

Please refer **guidelines for grant of unified license (virtual network operators)**. One of the strategies for seamless delivery of converged services is to move towards a Unified License regime and facilitate delinking of licensing of networks from the delivery of services so that Telecom Service Provider (TSP) can utilize their networks and spectrum efficiently by sharing active and passive infrastructure and also to facilitate **resale at service level** by introduction of Virtual Network Operator (VNOs).

3 (i) **VNOs are treated as extension of NSOs (Network Service Operator) or TSPs** and they would not be allowed to install equipment interconnecting with the network of other NSOs i.e. Soft Switches and TAX.

### Our suggestion:-

In view of above UL (VNO) Cat-B Licensees are not responsible for security conditions mentioned under chapter-VI and VIII. Since UL (VNO) Cat-B Licensee is having his own network which is compare to TSPs/NSOs network is extremely small and they are resellers of all services. Hence we request Authority to exempt Cat-B Licensee from security conditions mentioned there in and allow UL (VNO) Cat-B Licensee to operate his network as per B.2 Technical Conditions mentioned in the detailed instructions issued under reference 4-5/93-PHB dated 04.03.1994 by the DoT attached as annexure-III with the consultation paper by the Authority dated 20.03.2016.

## c. AGR:-

AGR @ 8% to be paid to DoT as per Appendix-II to Annexure -A, Chapter-VIII, Access Service in which following items included.

2 (iii) which says any other income/miscellaneous receipt from trading activity.

4 (i) (ii) and (iii) income from investment.

BB 1. Charges actually paid to parent NSO(s) shall be limited to applicable access charges such as carriage charges, termination charges and roaming charges. (not included call charges, monthly plan charges, rent, and any other charges levied by and paid to TSPs/NSOs). No meaning of TSP provided.

It will be double taxation (e. g. AGR on Rs. 100/- TSP suppose to pay 8% AGR on sale of call charges and rent collected from Franchisee) and again Franchisee, if made to pay AGR, have to pay 8% AGR on Rs.100/-. Therefore it is double taxation, if the above formula is accepted. Due to financial condition and MSME status the Cat-B Licensee should not be forced to contribute AGR at all.

We would like to bring Authority's kind notice that there is no AGR on Cable TV Industry. CTV operators pay Entertainment Tax to state Government and service Tax to the Central Government, which they recovered from their subscribers and pay to concerned Govt. Authorities. They do not pay these taxes from their own revenue. Therefore their revenue is intact. Please refer Clause No.2.3 of Chapter VIII, Access Service of License Agreement for UL(VNO)

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wherein it allows to act as VNO to provide Internet and voice services without any restrictions, regulatory and other compliances etc.

## Our suggestion:-

We humbly suggest the Authority, exempt UL (VNO) Cat-B Licensee as they are Micro, Small, Medium enterprises registered under MSME Act, 2006 from AGR and are very small in numbers, less subscribers, less revenue earning compare to Cable TV operators.

AGR to be calculated on average gross revenue is straight way attack on his net profit. Therefore reducing more than 50% margin from net income of Cat-B Licensee and may not sustained to provide world class services at competitive price to the general public. Therefore quality of service may be compromise.

In view of above we strongly suggest NO AGR should be collected from Cat-B Licensee.

## d. **Penalty:-**

Maximum amount of penalty per violation for each occasion in service area under Access Service authorization is fixed at Rs. 50 Crore. Please refer Annexure-V page No. 135 of the UL (VNO) Cat-B License Agreement. Such a huge amount is not financially viable for UL (VNO) Cat-B Licensee as all Licensees are MSME and their total net worth may not be valued at Rs. 50 Crore. We UL (VNO) Cat-B Licensees are extender of NSO/TSP services through network established and owned by NSO/TSP.

## Our Suggestion:-

As we are MSME and have no financial backing from either Government nor from banks and financial initiations. We are depending on our relatives and friends for financial help. We urge the Authority that we are extender of services and all our services are provided by NSO/TSP/ISP/MSO through their network. Hence service provided by NSO/TSP till our premises is from NSO/TSP network and all traffic generated by our subscribers is always go through NSO/TSP/MSO network only. Therefore NSO/TSP/MSO should be 100% responsible for network security and all other responsibilities arising there from including penalties. We are allowed to issue bills and extend the services. Therefore we are responsible only for KYC compliances of our Subscriberss.

To support our above comments, please refer clause 38.1 under security conditions chapter –VI page No. 33 of UL (VNO) License Agreement which is reproduced below:-

*“38.1 The LICENSEE shall provide necessary facilities depending upon the specific situation at the relevant time to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity, if facility to counteract/do so is available with the Licensee.”*

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In view of above fact we suggest that the Authority may separate us from this type of penalties which may be justified if it is levied on NSO/TSP and not on us. We are extending services received from NSO/TSP and create gradation on volume of penalties keeping in view of our financial capacity, size of network, ability to pay/ survive in the business and MSME status.

ii). **Scenario if we opted for Answer NO:**

We strongly suggest, new Policy with an opportunity to provide services mentioned under scope of Access Service in UL (VNO) License, must be envisage to accommodate DID Franchisee as UL (VNO) Cat-B Licensee in the existing License Regime to provide services with limited responsibility and limited regulatory compliances, minimum financial impact on the Licensee, size of network, expertise and considering our MSME status etc. by the Authority.

**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.**

Q2-Comments:- Yes. UL (VNO) Cat-B Licensee should be allowed to provide Mobile service also along with other services mentioned in the scope of Access service as per UL (VNO) Guidelines and Agreement issued by DoT wherein the mobile network **belongs to NSOs/TSPs and act as extension of NSOs/TSPs**, which mentioned in the clause No. 2 on page No. 43 of License Agreement for Unified License for VNO part-II Chapter VIII, Access service. Which reproduce below:-

***“Scope of Access Service: Scope of the authorization covers the following:***

*2.1 (a) (i) The Access Service under this authorization covers collection, carriage, transmission and delivery of voice and/or non-voice MASSAGES over Licensee`s & or NSO`s network in the designated Service Area. The Licensee can also provide Internet, Telephony, Internet Services including IPTV, Broadband Services and triple play, i.e. voice, video and data. While providing Internet Telephony network with PSTN/PLMN/GMPCS network. The Licensee may provide access service, which could be on wireline and/or wireless media with full mobility, limited mobility and fixed wireless access.”*

The above clause authorized UL (VNO) Cat-B Licensee to provide all services mentioned therein.

The DoT requested Authority vide letter No. F. No. 20-507/2016-AS-I dated 11.07.2016 (Annexure IV with the Consultation paper dated 20.03.2017) recommendation for Access Service Authorization for Category-B License with District of State as service Area for VNO may please be provided and in the same letter DoT says “The DID Franchisees operate in a very small pocket and have been

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contributing for provisioning of telecom services as an entrepreneur.” Government have obliged us and provided more opportunities by allowing us to provide all services mentioned in the scope of Access Service of UL (VNO) Agreement to support Digital India initiative of Government of India, serve people of India at very competitive price with world class service and make us grow.

## **Our Suggestion:-**

We feel that Authority may have overlooked the above scope of access service while preparing consultation paper. Therefore we humbly request Authority to involve same scope of Access Service in the recommendation to DoT and help us to continue better and more opportunities to extend/provide services covered under scope of Access Service to general public at competitive rates, support Digital India Initiative, grow and help NSO/TSP to penetrate in the aloof and lone part of cities and villages.

UL (VNO) Cat-B Licensee can provide triple play and mobile service within the scope of Access Service and can satisfy demand of their customers at one stop solution under one roof. The subscribers do not have to go to searching for above services from different service providers and for after sale service.

## **Discussion on Point No. 13 and 14.**

As UL (VNO) Cat-B Licensees are treated as extension of NSOs/TSPs and specifically created to utilize NSOs/TSPs unutilized/under utilize active and passive infrastructure and to facilitate resale at service level. In this connection we would like to bring the kind attention of Authority on following facts:-

- a. Please refer clause 2.1 (a) (ii) of UL (VNO) License Agreement which is reproduced below:-

*“(ii) The Licensee can acquire customer for delivery of services offered in its network and/or NSO's network using only the spectrum band held & technology deployed by the NSO(s). While roaming on other Licensees' network, the services availed by the subscriber shall be limited to only those services which have been subscribed in its parent NSO's home network.”*

- b. Please refer to TSPs and mobile operators tariffs which allows subscriber to pay fixed charges for all India, all Operators, outgoing call facility. BSNL has introduced this module to DID Franchisee since 2015. Please refer recent offers issued by Reliance Jio and other mobile operators in support of above facts. Therefore workability may not be a point of discontent.
- c. Please refer news report published in Economic Times dated 15.04.2017 that all GSM operators withdrawn roaming charges to be lived to their subscribers.

## **Our Suggestion:-**

The concerned raised by Authority in respect of roaming charges is already addressed in the clause 2.1 (a) (ii) of UL (VNO) License Agreement. In view above facts, market driven

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force and advancement of technology, we urge Authority to continue include all services under scope of Access Service including mobile service at district level to UL (VNO) Cat-B Licensee as extension of NSOs/TSPs permitted by DoT and recommend the same to DoT.

## **Discussion of Point No. 15.**

DID Franchisee serves the nation since 1995 (Which was confirmed by DoT vide its letter No. F. No. 20-507/2016-AS-I dated 11.07.2016 (Annexure IV with the Consultation paper dated 20.03.2017) and having excellent relation with their subscribers and invested heavily in creating infrastructure for providing telecom services (wire line) and proved that we can survive acute competition even from their Franchisor with limited opportunities but did not grow as compare to NSO/TSP. (This is unique example of Franchisee regime not seen/available in the telecom industry in the world which was disadvantageous to the Franchisee) in spite having MSME status without any help from Government or/or Banks and Financial Institutions, putting their own as well as borrowed fund form friends and relatives.

### **Our Suggestion:-**

After migration UL (VNO) Cat-B Licensee can provide triple play along with mobile service within the scope of Access Service as a wholesale purchaser and as retailer, sales to general public and can satisfy demand of their customers at one stop solution under one roof at very competitive price with excellent world class service. Subscribers do not have to go to searching for above services from different service providers and knock the doors of different service providers for after sale service.

## **B. Duration of License:-**

**Q3. Should 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.**

Q3-Comments:- Yes. But the License duration for UL (VNO) Cat-B should be kept 20 years which will be at par with Unified License (please refer Clause 4. Terms of License of Unified License guidelines No. 20-281/2010-AS-I (Vol VI) dated 19.08.2013 issued by DoT) as UL (VNO) Cat-B Licensees are MSME and cannot afford to have uncertainty in the business but want peace of mind to concentrate to expansion of business.

## **C. Financial Obligation**

### **Discussion on Point No. 17 and 18.**

Government understand the financial hardship, MSME status of the Cat-B Licensees, have reduced financial burden of the Licensees after considering their own investment made in the creating infrastructure to help Government to increase tele-density as well survival skill in the acute competition from Franchisor. Therefore the Government provided an opportunity to extend/provide services as per scope of Access Service mentioned in the UL (VNO) Agreement, support Government's Digital India Initiative and wants us to grow under its protection on the same line provided in MSME Act.

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**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.

Q4-Comments:-Since District/SSA based Access Service License is not available presently. Therefore the structure of payment proposed by DoT may be accepted with reduction in License Fee from Rs. 16500/- per year to Rs. 3,000/- per year (as in the case of ISP "C" Licensee).

We strongly suggest Cat-B Licensee must allow to provide all services under the scope of Access Service including triple play, mobile service as permitted by DoT to provide these services to the general public at competitive rates with highest quality of service under one roof and to support Digital India Initiative.

In the Voice and internet all leading operators provide Voice (unlimited all India, all operators), 100 SMS and Internet services between Rs. 303/- to Rs. 349/- i.e. Reliance Jio, Airtel, Vodafone, R-Com, Idea and others. Jio already started registration for DTH services through their <http://myjiodth.com> link and will provide service from June 2017. This is an evidence of all big players come in big way in triple play. Hence we urge the Authority to allow UL (VNO) Cat-B Licensee to have all services including mobile services as mentioned in the scope of Access Service.

**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.

Q5-Comments:- Yes, Cat-B VNOs are allow to provide mobile access service including all services under the scope of Access Service including triple play as recommended by DoT. The structure of payment including FBG proposed by DoT may be accepted with reduction in License Fee from Rs. 16500/- per year to Rs. 3,000/- per year as per ISP "C" Licensee and FBG from Rs. 1,00,000/- to Rs. 50,000/- due to MSME status of Cat-B Licensee.

No net worth criteria should be kept for UL (VNO) Cat-B Licensee as this category was specifically made for migration of DID Franchisee from Franchisee regime to License regime. Therefore only DID Franchisee is eligible for UL (VNO) Cat-B License.

## D. Various compliance and Penalty structure for UL (VNO) Cat-B License.

**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?

Q6-Comments:- No heavy penalty should be levied on UL (VNO) Cat-B Licensee and penalty should be in range as proposed by us as follows:-

- a. Incomplete KYC: Rs. 100/- for each compliances and after 3 defaults it may be increased to maximum Rs. 1,000/- as a deterrent.
- b. Our humble request to Authority to make classification of types and nature of violation and penalties. We suggest minimum penalty should be Rs. 100/- and maximum Rs. 10,000/- may be charged.

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**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?

Q7-Comments: - No. Category-B was created for facilitate DID Franchisee migrate to UL (VNO) Licensee regime. Therefore they should not 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. We are MSME and are extension of TSPs/NSOs we do not have all equipments, expertise, man power, finance and infrastructure as of TSPs/NSOs. But as was in the case of DID Franchisee, Authority may create separate and independent policy and include us in the Tariff orders based on DoT policy for Group EPABX with DID facility, dated 27.01.1994 and 04.03.1994.

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

Q8-Comment:-

- a. QoS parameter for Basic (Wire line) Services for our own network only.

We accept above QoS parameters in the same spirit as of NSO/TSP with request to make small change in parameter as follows:-

Parameter A (i), Fault incidences (No. of faults/100 subscribers/Month) Benchmark should be <12 instead of < 7 for One Quarter.

Parameter A (iv) Point of Interconnection (POI) Congestion (on individual POI) Benchmark Not Applicable instead of < 0.5% for One month.

Parameter A (vi) Metering and billing credibility- post-paid Benchmark 0.5% instead of Not more than 1 complaint per 1000 customers i.e. 0.1% for one billing cycle.

- b. QoS parameter 2G & 3G Services:

The QoS parameter 2G & 3G Services are applicable to TSPs/NSOs and not applicable to UL (VNO) Cat-B Licensee as they are treated as extension of NSOs to utilize TSPs network and spectrum efficiently by sharing active and passive infrastructure and also to facilitate resale at service level by VNO. (Please refer Guidelines issued by DoT under reference No. 800-23/2011-VAS (Vol.II) dated 31.05.2016).

## **E. Provision of telecom resources from multiple TSPs(NSOs) for UL (VNO) Cat-B Licensee**

**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 wire line network?

Q9-Comments:- Yes. UL (VNO) Cat-B Licensee should allow to provide services through wireline, wireless and digital network such as fiber to the home (FTTH), Fiber to the Building



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(FTTB) and mobile network. The facts were mentioned in Sr. No. 21 of the consultation paper dated 20.03.2017 issued by Authority which is reproduced below:-

*“Presently, TSPs are extending their connectivity to DID franchisees to their EPABX location. These connections are extended preferably on OFC, and sometimes on copper pair as well. Many a times the network of one TSP is not available in complete geographical area of a District/City or area of operation of the franchisee. During the initial discussions, DID Franchisees Association (DEFA) has brought out that on many occasions for the purpose of business acquisition and operational redundancy, it becomes necessary for them to have agreement with more than one TSPs (NSOs) in its area/geography of operation. DEFA had highlighted the issue that in the present context of DID business, hiring of telecom resources from multiple TSPs to meet the operational requirement has become relevant because most of the TSPs are reluctant to sign the Service Level agreements (SLAs) with these franchisees to provide guaranteed QoS”.*

In continuation of above facts we strongly suggest do not create monopoly of one NSO/TSP in providing telecom resources to us in view of competition from same NSO/TSP with us in our area of operation and to match competitive cost and highest level of services on procuring telecom resources from other NSO/TSP.

Further we would like to bring to your kind notice that in many cases principal NSO/TSP does not have feasibility to provide telecommunication resources in the remote area. In such cases our members lost business opportunity and NSO/TSP and Government lost revenue vis-a-vis people stays in remote area deprived from telecom services (which is a basic service), when UL (VNO) Cat-B Licensee depend on one particular NSO/TSP. **Non feasibility is a speed breaker for MSME's business and big setback for extending telecom services in remote area.**

Please note that the hiring of telecom resources from multiple TSPs/NSOs must be allowed. The existing ISPs and NSD/ISD services providers are allowed to take telecom resources from another service provider in spite of executing SLA, **to have redundancy for services provided.**

Therefore we humbly request the Authority to allow having telecom resources from multiple TSPs/NSOs by the UL (VNO) Cat-B Licensee for the purpose of business acquisition and operational redundancy, even if parent NSO/TSP agrees to execute SLA with UL (VNO) Cat-B Licensee.

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

Q10-Comments:-. No. It is proved by Para 21 that it is backbone of business acquisition and operational redundancy of telecom services provided by UL (VNO) Cat-B Licensee by hiring of Telecom resources from multiple TSPs to meet operational requirements and to extend/provide uninterrupted services to the general public at competitive rate.

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Please note that in this case UL (VNO) Cat-B Licensee has to incur more capital and extra recurring expenses every month for operational and redundancy in extending service as compulsion for highest quality of service, competitive rate. Goodwill of UL (VNO) Cat-B Licensee is involved along with above factors. Therefore we do not hesitate to spend money whole heartily for the above purpose which is essence of our business.

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

Q11-Comments:-.

**a. Access Service:-**

Point No. 11: Please refer clause No. 2 on page No. 43 of License Agreement for Unified License for VNO part-II Chapter VIII, Access service. Which reproduce below:-

*“Scope of Access Service: Scope of the authorization covers the following:*

*2.1 (a) (i) The Access Service under this authorization covers collection, carriage, transmission and delivery of voice and/or non-voice MASSAGES over Licensee`s & or NSO`s network in the designated Service Area. The Licensee can also provide Internet, Telephony, Internet Services including IPTV, Broadband Services and triple play, i.e. voice, video and data. While providing Internet Telephony network with PSTN/PLMN/GMPCS network. The Licensee may provide access service, which could be on wireline and/or wireless media with full mobility, limited mobility and fixed wireless access.”*

UL (VNO) Cat-B Licensee can provide triple play within the scope of Access Service and can satisfy demand of their customers at one stop solution under one roof. They do not have to go to searching for above services from different service providers and for after sale service.

We observed that Authority may have overlooked the above scope of access service while preparing consultation paper. We urge Authority to include scope of service with mobile service in the recommendations specifically for UL (VNO) Cat-B Licensee.

No meaning of TSP provided.

**b. Security Conditions:-**

**Comments:-**

Please refer CHAPTER-VI security conditions are meant for a big players such as NSOs and TSPs. Their area of operation, man power, revenue and subscriber base are 100000 times more than of UL (VNO) Cat-B Licensee e. g. Airtel`s revenue is Rs. 60300 Crores (Rs. 603002 Millions as per Airtel website) for the year ended 31.03.2016 and one of our leading DID Franchisee`s revenue was Rs. 1.29 Crore in the same year.

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There is no comparison in any respect between NSOs/TSPs and UL (VNO) Cat-B Licensee.

Migrated DID Franchisee may not have resources, expertise and required infrastructure compare to NSOs/TSPs to accept parameters mentioned under security conditions Nos. 38 and 39 of chapter-VI page No. 33 to 39 of UL (VNO) Cat-B Licensee. Therefore security conditions mentioned therein are not applicable to U&L(VN)) Cat.-B licensee.

## Our Suggestion:-

In view of above facts we earnestly request Authority to relax above parameters if not possible to exempt Cat-B Licensee but at practical level and allow UL (VNO) Cat-B Licensee to operate as per **B.2 Technical Conditions mentioned in the detailed instructions issued under reference 4-5/93-PHB dated 04.03.1994** by the DoT attached as annexure-III with the consultation paper by the Authority dated 20.03.2016.

**We assure Authority we will not compromising on National Security and adopt "NATION FIRST" attitude while providing services.**

## c. Penalties:-

Maximum amount of penalty per violation for each occasion in service area under Access Service authorization is fixed at Rs. 50 Crore. Please refer Annexure-V page No. 135 of the UL (VNO) Cat-B License Agreement.

Such a huge amount is not financially viable for UL (VNO) Cat-B Licensee as all Licensees are MSME and their total net worth may not be valued at Rs. 50 Crore.

We are providing services as an extender of NSO/TSP hence we are not liable for penalties as mentioned in the License Agreement. Yes. We are responsible for following acts: -

- a. KYC of our subscribers.
- b. Billing.
- c. Recovery.
- d. Bad debts.
- e. Network created and owned by us.
- f. Provide services.
- g. QoS for wire line.
- h. Day to day maintenance and complaints.
- i. Installation and commissioning.
- j. Sales.
- k. Payment of Government levies and Taxes.
- l. Man power to maintain our network.
- m. Up-gradation of network, hardware and software owned by us.
- n. Any other requirement of our subscribers with in our jurisdiction.
- o. Welfare of employees.
- p. If permitted CORPORATE SOCIAL RESPONSIBILITY or MSME SOCIAL RESPONSIBILITY.

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Therefore we urge Authority to fix penalty as below:-

a. Incomplete KYC: Rs. 100/- for each compliances and after 3 defaults it may be increased to maximum Rs. 1,000/- as a deterrent.

Our humble request to Authority to make classification of types and nature of penalties accordingly minimum penalty should be Rs. 100/- and maximum Rs. 10,000/- may be charged.

d. **Converged services:-**

The Creation of UL (VNO) was one of the strategies for seamless delivery of converged services and facilitate d-linking of licensee of network from the delivery of services. We highly appreciate strategy of Government for seamless delivery of converged services and allowed all services under scope of Access Service. To reduce our capital investment as well as recurring maintenance along with saving in electricity charges is saving of national resources. Please consider our above suggestion of power saving in view of point 24.2 of 23.Techinical Conditions under chapter-IV of Agreement for Unified License (VNO) wherein DoT wants licensee to adopt Renewable Energy Technologies (RETs) for powering the telecom network, deploy energy efficient equipments and reduce the carbon footprint.

In view of above facts, we strongly suggest UL (VNO) Cat-B Licensee should be allowed to installed Soft Switches which reduced electricity, space requirement and FTTH, FTTB digital network which facilitate to provide all services through one source under one roof at very competitive price through new technology with independent IP (internal IP) provided by ISP (in this case UL (VNO) Cat-B Licensee) without compromising on National Security.

e. **Multiple Subscriber Numbers (MSN):-**

We strongly suggest that there should not be cap on the number of subscribers wherein UL (VNO) Cat-B Licensee allowed to extend/provide services.

f. **License regime:-**

We urge Authority to recommend minimum compliances and regulations for UL (VNO) Cat-B Licensee as per their MSME Status, financial capacity, expert man power and help them to survive in acute competition of telecommunication industry and creating direct, indirect employment and extend/provide world best services at competitive rate to the General Public in far away areas of cities and villages to boost "**DIGITAL INDIA**" initiative of Government of India.

g. **Digital India:-**

Government of India under "Digital India" proposed to have Digital network in India to provide all types of information technology services to the urban as well as rural population.

Since all UL (VNO) Cat-B Licensee are having wire line network, may be allow providing services as UL (VNO) Cat-B Licensee as well as through digital network including **FTTH/FTTB through soft switches**, which is not allowed in the UL (VNO) Cat-B License Agreement. We strongly suggest the Authority may recommend Digital network for all future network to be created by UL (VNO) Cat-B Licensee to support Digital India initiative of Government of India. We request Authority to recommend zero duty on

# UL (VNO) Cat-B Licensee's Association (Proposed)

Formerly known as DID Exchange Franchisee's Association (DEFA)

8/16 Narayan Dhuru Cross Lane, 20 Banda House 2<sup>nd</sup> Floor, Mumbai 400 003. Tel. 022 2342 6108

all equipments including testing equipments, GPON OLT, ONU, switches, splitters etc. required for triple play, Splicing machine and testing equipments etc. require to create and maintain FTTH/FTTB network specifically for UL (VNO) Cat-B Licensee.

## h. Income Tax Exemption:-

We humbly request Authority to recommend exemption like 80-I A of Income Tax Act, 1961 for creating digital infrastructure/network to provide services mentioned under scope of Access Service referred in the UL (VNO) License Agreement, by UL (VNO) Cat-B Licensee and support Digital India initiatives of Govt. of India.

**We urge Authority to recognize help done by DoT by accommodating us in License regime from Franchisee regime with lots of opportunities as mentioned in the scope of Access Service and by other hand satisfy Government by regularizing us and involved us in contributing GST/Income Tax etc. in development of NATIONAL GROWTH and to recommend diluted, water down, simple, just and fair policy for us considering our MSME Status, responsibilities, man power, expertise, network, financial strength and experience etc.**

Thanking you in anticipation,

For UL (VNO) Cat-B Licensee's Association (Proposed)  
Formerly known DID Exchange Franchisee's Association (DEFA)  
Ashok Kanade  
(Secretary)

Date: 01.05.2017

Place : Mumbai