

EBG Federation Comments on Consultation on UL VNO Cat B

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?**

A1.EBG is of the view that existing DID franchisees should not be mandated to migrate to UL(VNO) but should be able to exercise the option to migrate to Cat B license when their existing license ends.

Some challenges one could foresee are:

- a) Scope and geographical Area of services to be offered by UL (VNO) Cat-B licenses. The issue is how mobile services shall be confined within a district (as per the CAT-B license conditions) and how the customers are to be charged in case they decide to roam outside of the licensed geographic area .
- b) Financial obligations of the licensees. Under the guidelines for UL(VNO) authorization for access services, the licensee is required to pay Entry fee of Rs. 50 lakh /LSA . Since District/SSA based access service license is not available, the determination of the eligibility conditions is also a challenge.

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.

A2.EBG is of the view that, with data services being greatly in demand along with voice services and the fact that mobile is the main form of communication, that a single license such as Cat_B VNO is allowed for both landline and mobile services. Mobile services may be restricted to within the given SSA or district only.

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.

A3. In case this valued Consultation results in a recommendation for proceeding with the UL(VNO) Cat-B license, then there is no reason to limit the duration of the license to a year. The

current interim duration of one year must be subsumed under the larger policy condition for 10 years duration.

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.

A4.Existing DID franchisees are offering very basic services and may not be in a position to meet a heavier financial burden. EBG is of the view that District level UL (VNO) Cat.-B licensee be kept on par with the existing DOT guidelines for DID franchisees which is an Entry fee of Rs. 16,500 and Financial Bank Guarantee of Rupees One Lakh

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.

A5.Same as answer 4.

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?

A6.These are extremely small businesses. To determine the extent of penalty to be charged, the cap may be decided proportionately on the basis of the ratio of the population of the district to the overall population of the circle/LSA , as has been done by TRAI in another case.

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?

A7.Cat B licensees may be treated equivalent to 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?

A8. UL (VNO) Cat-B licensees are bound to maintain QoS parameters and SLAs as signed with the TSPs(NSOs) whose resources they use. Therefore, it may not be appropriate to enforce strict QoS parameters unless they have corresponding SLAs from their parent TSP/NSO. It may be perhaps left to individual licensees instead of regulating the same.

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?

A9. There should be no challenge whatsoever in VNO Licensees, whether Cat B or UL VNO Access Service VNO 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. As long as QoS parameters agreed upon are met once such agreement is in place EBG is of the view that this should be permitted.

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

A10. Answered in 9.

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

A 11. None