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1<sup>st</sup> May 2017

**Shri Sanjeev Banzal**

Advisor (Network, Spectrum & Licensing)  
Telecom Regulatory Authority of India  
Mahanagar Door Sanchar Bhawan  
Jawahar Lal Nehru Marg (Old Minto Road)  
New Delhi-110002

Dear Sir,

**Vodafone Response to TRAI Consultation on 'Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area' dated 20 March, 2017**

Please find attached Vodafone's response to the Authority's Consultation on Consultation Paper On 'Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area' 20th March, 2017.

We hope that our submissions will merit your kind consideration and support.

Warm regards

**P. Balaji**

**Director – Regulatory, External Affairs & CSR  
Vodafone India Ltd**

Copy to : **Shri. R. S. Sharma, Chairman, TRAI**  
: **Shri. Anil Kaushal, Member, TRAI**  
: **Shri. Sudhir Gupta, Secretary, TRAI**  
: **Shri. R. K. Singh, Joint Advisor, TRAI**

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**Vodafone Response to TRAI Consultation Paper on 'Introduction of UL (VNO) for Access Service authorization for Category B license with districts of a State as a service area' dated 20 March 2017**

This is in response to the Consultation on 'Introduction of UL (VNO) for Access Service authorization for Category B license with districts of a State as a service area' initiated by TRAI on 20 March 2017.

At the outset, we would like to highlight that we note that the Consultation has been initiated after the DoT has already issued its guidelines on 5<sup>th</sup> July, 2016 to introduce UL (VNO) Cat-B with Access Area authorization in a District of a State/UT and the reference to TRAI is by way of seeking post facto recommendations on a decision that has already been taken. We would like to express our reservations against such an approach and urge that this reference may taken up as an exceptional case/circumstance only.

Further, we would like to submit that DID Franchisees, since 1994, are in the business of providing fixed line EPABX services in select localities, societies, residential complexes and therefore the scope of Unified License with VNO-DID authorisation should be strictly restricted to fixed line EPABX services only – i.e. fixed in all respects, including extensions.

We also support the objective of bring all telecom players under a unified licensing regime.

Against the above backdrop, we offer our responses to the issues raised by the TRAI.

**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?**

- a. We are of the view that in line with the advent of Unified Licensing regime, DID franchisees should be mandated to migrate to a UL [VNO] regime.
- b. As submitted above, the DID Franchisees, are in the business of providing fixed line EPABX services in select localities, societies, residential complexes since 1994.
- c. Keeping mind the restricted nature /scope of the service [EPABX], the need to ensure continuity of service for these services even while ensuring their integration into the unified licensing regime, we submit that Cat B VNOs can be introduced in the sector only for the



provision of DID services [Cat-B VNO[DID] i.e. fixed line EPABX services only which are fixed in all respects, including extensions.

**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.**

- a. The TRAI is well aware that concept of DID Franchisees was evolved for Landline/EPABX services and has been around since 1994. Keeping mind the restricted nature /scope of the service [EPABX], the need to ensure continuity of service for these services even while ensuring their integration into the unified licensing regime, we emphasize that the scope of UL VNO-DID Authorisation should remain confined only to providing Landline/EPABX services only - fixed in all respects, including extensions.
- b. This dispensation should be given only as an exceptional circumstance for the existing scope of services and the scope cannot be enhanced by permitting provision of either Internet or Mobile telephony services as that would undermine the entire licensing /VNO framework.
- c. Allowing mobile services to any VNO at a sub service area level is not permissible and will lead to various operational and licensing complexities, disputes, etc. We also do not support that UL VNO-DID licensee should be permitted to offer Internet and Mobility services for the reasons that VNO-DID UL holder is not authorised to offer MSC Series based mobility and IP address based internet services unless it is subject to all Network Security and LIM compliances as are applicable for UL with Access & Internet service Authorisations. Besides, there are complexities in MNP, Telemarketer, VAS etc related compliances which cannot be complied with by UL-VNO-DID holder.
- d. We submit that in case, the said UL VNO-DID holder entity wishes to offer Internet services or Mobility access services then a separate authorisations for Internet services and Mobility access services should be obtained from the DOT within the same UL as per applicable norms already in place.
- e. We note that the DoT letter dated 12.09.2016 referred to by the TRAI has not been annexed with the consultation. We request that the same may kindly be shared transparently. It is submitted that we do not agree with that Cat-B licensee can provide all services under the scope of access service at district level. We reiterate that the scope may be restricted to fixed DID only – including extensions.



**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.**

- a. We recommend that the duration of these licenses should be for 10 years which has been set for other authorizations in VNO Licence.

**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.**

- a. The Networth, Equity, Entry Fee, PBG, FBG conditions etc for the UL-VNO-DID may be as decided by DoT in its guidelines of 5 July 2016.
- b. It is reiterated that the scope of services should remain confined to DID/EPABX services only and no internet services should be permissible to be offered by the VDO-DID licensee.
- c. It is further submitted that if a VNO-DID Category B Licensee wishes to provide services in more than four SSAs of a LSA then that DID franchisee should be required to obtain VNO Access Service License for the entire Telecom LSA.

**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.**

- a. We reiterate that for the reasons given above, we do not recommend the Mobile Services to be allowed under Cat-B VNO-DID licensees.

**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?**

- a. It may first be noted that the LSA wise penalty prescribed by DoT for access services is upto Rs. 50 crores per service area.
- b. However, given the restricted nature of the authorization, we suggest that For UL-VNO-DID Cat-B licensees providing Fixed line/EPABX services only in a District /SSA, we recommend that penalty of upto Rs. 20 Lakhs may be specified. The same is necessary so as to discourage any violation of Licensing conditions pertaining to voice services.

**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?**



- a. Yes. The requirement of meeting obligations arising from Tariff orders/regulations /directions etc. issued by TRAI must be applicable to all VNO Licensees.
- b. It may be noted that Clause 17 of the UL [VNO] license states that “ *The Licensee will charge the tariffs for the Service as per the Tariff orders / regulations / directions/decisions issued by TRAI from time to time. The Licensee shall also fulfill requirements regarding publication of tariffs, notifications and provision of information as directed by TRAI through its orders / regulations / directions issued from time to time as per the provisions of TRAI Act, 1997 as amended from time to time.*”
- c. The TRAI will appreciate that the filing of Tariffs plays an important role in enabling TRAI to monitor the prevalent tariffs and to determine whether the tariffs are compliant to Regulatory principles. Hence, it is important that all the Licensees, including VNO-DID licensees are mandated to file their tariffs to TRAI.

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

- a. QOS parameters are well-defined for the fixed line services and the same may be prescribed to be followed by VNO-DID Cat.-B Licensees.
- b. Applicability of network related parameters will depend upon the extent of infrastructure being provided by the VNO.

**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?**

- a. We do not agree that UL (VNO-DID) Cat. 'B' licensees should be permitted to enter into agreement to hire telecom resources from more than one TSP in its area of operation.
- b. In this regard, it may first be noted that the DoT VNO guidelines also state as below:

*VNOs will be allowed to have agreements with more than one NSO for all services other than access services and such services which need numbering and unique identity of the customers.*



- c. Thus the VNO guidelines clearly prohibit VNOs from having agreements with more than one NSO for access services and such services that need numbering and unique identity of customers.
- d. It may be noted that hiring Telecom resources from more than one TSP may cause issues such as bypass of STD and ISD Traffic and may also lead to some gaps in security.

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

- a. No comments

**New Delhi  
1 May 2017**