

Bharti Airtel Ltd.

India & South Asia
Airtel Center, Plot No. 16,
Udyog Vihar, Phase - IV,
Gurugram - 122 015
Haryana, India

www.airtel.in
Call +91 124 4222222
Fax +91 124 4243252



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Shri Akhlesh Kumar Trivedi
Advisor (Networks, Spectrum and Licensing)
Telecom Regulatory Authority of India,
Mahanagar Door Sanchar Bhawan,
JawaharLal Nehru Marg,
New Delhi – 110 002

Subject : Bharti Airtel's Comments on Consultation Paper on *Connectivity to Access Service VNOs From More Than one NSO*

Reference : TRAI's Consultation Paper dated 23rd February 2024

Dear Sir,

This is in reference to TRAI's Consultation Paper on '*Connectivity to Access Service VNOs From More Than one NSO*' dated 23.02.2024.

In this regard, we are pleased to enclose our comments on the said consultation paper for your kind consideration.

Thanking You,

Yours' Sincerely,
For **Bharti Airtel Limited**

A handwritten signature in blue ink, appearing to read 'Rahul Vatts', with a horizontal line underneath.

Rahul Vatts
Chief Regulatory Officer

Encl: a.a

Executive Summary:

Airtel thanks the Authority for issuing this Consultation Paper (CP) and providing Airtel with the opportunity to present its response. This CP has been issued to deliberate over the issue of multi-parenting for a VNO who holds access service authorization which, as of now, is not permitted.

On looking at the last 15 years of the VNO regime (starting from 2008, when the issue was first brought up for discussion and recommendations issued by TRAI, to 2016 when the VNO licensing regime in India was formalised), what is evident is that the Regulator has discussed, debated and given its recommendations on specific aspects of multi-parenting umpteen times, and reiterated at every point that it does not support multi-parenting. The only exception has been when after incredibly careful and considered deliberation, permission to allow connectivity with different NSOs at different EPABXs was granted (with some additional relaxations to Access Service Category-B operators, as an exception).

In each of the instances of past review and consideration, the regulator, based on clear and cogent techno-licensing-commercial reasons stood its ground to now allow this (excerpts from the various TRAI recommendations are provided as part of Airtel's responses to the specific questions raised in this CP).

Even today, neither market conditions nor licensing dynamics have changed and therefore there is also nothing that warrants change in the Regulator's stand. Indeed, there have hardly been any requests from VNO (Access Authorisation) seeking such an arrangement. Even the demand for wireline services today is for wireline broadband internet services, in which case multi-parenting with NSO/ISP is already allowed.

The relationship between a VNO and NSO is for 'Access Services' and not for 'Wireline Access Service' - any move to selectively change this will contradict with licensing regime:

We also do not agree with the representations that multi-parenting be allowed in specific conditions, the conditions listed out in the DoT reference letter as part of the present CP. There cannot be a case wherein "Access services" is diluted selectively to allow 'wireline access service' since the relationship is between a license-licensee i.e. a VNO ('Access' Authorisation) licensee and NSO licensee, and not between VNO ('wireline access service') and NSO.

In such a scenario, allowing 'wireline access' only service for purpose for multi-parenting will be tantamount to a situation of not only layering of 'access service' but also tinkering the definition of 'Access service' and in conflict with licensing regime itself.

A commercial choice of a VNO to offer either wireline or wireless technology under its access authorisation cannot be a ground to argue for changing the overarching licensing definition of an 'access service' which otherwise will effectively change the licensing regime itself.

Multi-parenting will cause confusion in a scenario of unified numbering schemes:

Allowing the same VNO to parent with different NSOs - one for wireless service and another for wireline service will cause confusion over numbering resources. Indian TSPs continue to face pressure on numbering resources despite constant tightening of its allocation criteria.

To deal with such a challenge, while TRAI in its recommendations on '*Ensuring Adequate Numbering Resources for Fixed Line and Mobile Services*'¹ had stated unified numbering scheme may be considered in future, it did not recommend migration to unified numbering scheme at present since it involves large-scale changes in the existing network. However, in our view, any future move towards a unified or integrated numbering scheme for fixed and wireless may lead to concerns around mixing up of numbering resources of two NSOs and cause confusion.

India is already well covered and served by access services – not clear what policy aim can be resolved by selectively changing licensing regime:

From the paper we are unable to ascertain what policy aim(s) be achieved if a VNO (Access Authorisation) is permitted multi-parenting with NSOs for *wireline access service*. Be it teledensity or penetration of services or connectivity to enterprise services – all these are well covered across India in a technology neutral manner i.e. whether through wireless or wireline.

Since we do not see any of the above, we see no justification to challenge the basic licensing structure when there is no problem to solve.

In-fact the policy aim should be to incentivise investments through creation of infrastructure by NSOs by allowing the exemption of broadband services from payment of license fees and simplification of right of way (RoW) permissions including its charges. TRAI has made recommendations in the past to encourage wireline services, and it should reiterate the same.

In view of the foregoing, we see no reason that would justify the proposed change to the existing regime.

Accordingly, and in summary, Airtel recommends the following:

¹ dated 29.05.2020

- ✓ *A UL (VNO) licensee holding Access Service Authorisation should not be permitted to take connectivity from more than one NSO for providing wireline access service in an LSA.*
- ✓ *Allowing a UL (VNO) with Access Authorisation to multi-parent with NSO licensee by tweaking it to make specific to the term 'wireline access service' will be tantamount to changing licensing regime itself and will be in conflict with it since the relationship is between a VNO (Access Authorisation) and NSO licensee.*
- ✓ *There is no need for removal of restrictions applied presently, given the dynamics of the Indian industry and after taking into consideration all aspects including but not limited to operational complexities and security.*
- ✓ *The same VNO if allowed multi-parenting with different NSOs- one for wireless services and another for wireline will create complexity over numbering resources especially in a scenario if (and when) India chooses to migrate to an integrated numbering scheme for fixed and mobile.*
- ✓ *To encourage VNO arrangements, it will be more fruitful to incentivise NSOs/TSPs by allowing them a deduction from GR for the revenues they earn from VNOs.*
- ✓ *Specifically on encouraging wireline broadband (BB), the Authority should reiterate immediate implementation of its earlier recommendation to allow the exemption of BB services from payment of license fees and simplification of right of way (RoW) permissions.*

The remainder of this document provides question-wise responses from Airtel.

Q1. In your view, what is the maximum number of Network Service Operators (NSOs) from whom a UL (VNO) licensee holding Access Service Authorization should be permitted to take connectivity in a licensed service area (LSA) for providing wireline access service? Kindly provide a detailed response with justification.

Q2. In case your response to the Q1 is a number greater than one, what should be the associated terms and conditions for permitting such connectivity? Kindly provide a detailed response with justification.

Airtel's Response:

It is Airtel's view that a UL (VNO) licensee holding Access Service Authorisation should be permitted to take connectivity from **only one Network Service Operator (NSO)** for providing wireline access service in a licensed service area (LSA). Airtel's detailed submissions in this regard are as follows:

(A) Allowing multi-parenting only for 'wireline access service' will be in conflict with Licensing regime itself:

The term "Access services" is defined under the UL and subsumes both wireless and wireline. There cannot be a case wherein "Access services" is diluted selectively to allow 'wireline access service' since the relationship is between a license-licensee i.e. a VNO ('Access' Authorisation) licensee and NSO licensee, and not between VNO ('wireline access service') and NSO.

In such a scenario, allowing 'wireline access' only service for purpose for multi-parenting will be tantamount to a situation of not only layering of 'access service' but also tinkering the definition of 'Access service' and in conflict with licensing regime itself.

A commercial choice of a VNO to offer either wireline or wireless technology under its access authorisation cannot be a ground to argue for twisting the overarching licensing definition of an 'access service' which will otherwise effectively change the licensing regime itself.

(B) There is no need to remove the restrictions on multi-parenting, given the context of the Indian wireline industry:

The model of a virtual network operator (VNO) has shown relevance only in the markets where TSPs have huge spare capacity available with them but are unable to reach customers directly due to certain limitations. However, this is not the case with the wireline industry in India. Creation of infrastructure for wireline services is an expensive proposition – it requires huge investments with long gestation periods. Such investments are made by NSOs/TSPs only where they sense substantial demand and the possibility of a return on investment. There would be no idle capacity available for it to readily sell to VNOs. **In this context, if the Government wishes to encourage VNO arrangements, it would be much more fruitful to incentivise NSOs/TSPs by**

allowing them a deduction from GR for the revenues they earn from VNOs (rather than the removal of restrictions on multi-parenting).

It is worthwhile to highlight that typically VNOs work where there is market saturation in a service segment. This is to enable further deeper penetration. In India, that is not the case for wireline services. Another equally critical point to note is that today a wireline service effectively means home broadband internet. There are hardly any takers of wireline for a voice-only service which is already well served through pan-India mobile networks effectively and free of charge (voice bundled with data).

This assertion gets further corroborated by the fact that in the last almost eight years since the introduction of the VNO regime in the country, there have been almost no requests for entering into VNO arrangements for Access Services. With no demand for such an arrangement, easing restrictions on multi-parenting may be a futile exercise. In any case, there are no restrictions on multi-parenting in the case of ISP services. **If a VNO operator wishes to tie up with multiple NSOs for broadband services, it is already permitted to do so under the extant regime.** Therefore, there seems to be no merit in the request for removal of restrictions on multi-parenting in wireline access services.

Also, NSOs/TSPs are investing heavily in the expansion of wireline/ broadband services, especially post COVID. They have spent hundreds of crores to acquire mmWave spectrum in the last auctions and are already testing FWA for economies of scale. To illustrate the point, in the last five years, Airtel's wireline subscriber base has more than doubled.² The need of the hour is to rationalize the costs of this infrastructure expansion. **The Authority has repeatedly recommended exemption of broadband services from payment of license fees and simplification of right of way permissions. In order to increase broadband penetration in the country in line with the Digital India dream, these recommendations need to be immediately implemented.**

(C) The current regime on multi-parenting is well-considered and should not be interfered with:

The present licensing framework of UL (VNO) with respect to multi-parenting has been accurately summarised at Table 2.1 of the instant Consultation Paper. Multi-parenting is allowed in the case of wireline services only under certain conditions. These rules and conditions have been arrived at after detailed analysis and huge deliberations conducted on multiple occasions over the last 15 years. The Authority has comprehensively looked at, consulted upon and reviewed the entire regime at regular intervals, and has retained its broad principled position on the matter. A quick recap of the evolution of the current regime on multi-parenting is as follows:

2008 Recommendations:

² As per the Telecom Subscription Data published by the Authority, as on 31.12.2018 (https://tra.gov.in/sites/default/files/PR_No.13of2019_0.pdf) and 31.12.2023 (https://tra.gov.in/sites/default/files/PR_No.07of2024_0.pdf)

The VNO regime was first discussed by the Authority in a Consultation Paper in 2008,³ post which the Recommendations dated 06.08.2008 on “Mobile Virtual Network Operator (MVNO)” (“**2008 Recommendations**”)⁴ were issued. The Authority discussed the issue of multi-parenting and recommended that a VNO/MVNO should not be permitted to take connectivity from more than one NSO/MNO in an LSA. The relevant extracts from the 2008 Recommendations are reproduced below:

*“The Authority recommends that there should not be any limit to the number of MVNOs attached to a MNO. However **a MVNO cannot get attached to more than one MNO in the same service area.**”*

It has been noted in the Recommendations dated 12.04.2011 on “Telecommunications Infrastructure Policy” (“**2011 Recommendations**”)⁵ that DoT had requested the Authority to reconsider the above recommendation regarding restriction on multi-parenting. On reconsideration, the Authority simply re-iterated its stance without change.

2011 Recommendations:

The issue was again discussed in the consultation process⁶ preceding the 2011 Recommendations. In the 2011 Recommendations, the Authority observed that multi-parenting would lead to operational complexities. Accordingly, the Authority recommended that “**An MVNO cannot get attached to more than one MNO in the same service area**”.

2015 Recommendations and UL (VNO) Guidelines dated 31.05.2016:

While the Authority had recommended the VNO regime be introduced, in both the 2008 Recommendations and the 2011 Recommendations, no guidelines were issued by DoT. Meanwhile, the Unified License framework was put in place. Thereafter, a fresh consultation process was undertaken in the matter in 2014.⁷

Subsequently, the Authority issued its Recommendations dated 01.05.2015 on “Introducing Virtual Network Operators in telecom sector” (“**2015 Recommendations**”)⁸, wherein it took note of the operational complexities that would arise if multi-parenting were to be allowed in case of access services and advised against it. The relevant extracts from the 2015 Recommendations are reproduced below:

³ <https://traf.gov.in/sites/default/files/cpaper5may08.pdf>

⁴ <https://traf.gov.in/sites/default/files/recom6aug08.pdf>

⁵ https://traf.gov.in/sites/default/files/Rec_Infrastructure1.pdf

⁶ <https://traf.gov.in/consultation-paper-issues-related-telecommunications-infrastructure-policy>

⁷ <https://traf.gov.in/sites/default/files/final-Pre-consultation-paper-on-Delinking-of-licence-03.09.2014.pdf>;

<https://traf.gov.in/sites/default/files/CP-VNO-5.12.2014.pdf>

⁸ https://traf.gov.in/sites/default/files/Recommendations_VNO_01_05_2015.pdf

“...In order to facilitate the VNO to provide multiple services, using the networks of multiple NSOs, a solution could be that the VNO be allowed to be parented by more than one NSO for all services other than access services and such services which need numbering and unique identity of the customer. For those services which require unique identity in terms of numbering, lawful interception, spectrum usages etc. the VNO can have parenting with only one NSO for an authorisation. In the proposed framework being recommended by the Authority, the UL (VNO) will seek authorization(s) for various services i.e. Access Service (Basic & Mobile), Internet Service (National, Circle and SSA based), NLD, ILD, GMPCS, PMRTS, etc. in line with the UL. The VNO will be allowed to have agreement with various NSOs based on its authorization for the service area, in which NSOs are operating. For example, if a VNO wants to provide access services, NLD/ILD services and GMPCS services it can use infrastructure of different NSOs for these services. Such VNO can provide access services using infrastructure of only of one NSO but it cannot use infrastructure of another NSO for the same authorisation (i.e. access services). For GMPCS service, if the VNO can use infrastructure of another NSO it is allowed. For NLD/ILD services, it can utilize the infrastructure of more than one NSO to cater to the requirements of its customers.”

Consequently, the Authority recommended that **“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”**. This condition was reproduced in the UL (VNO) Guidelines and License which were issued by DoT on 31.05.2016⁹, on the basis of the 2015 Recommendations.

2017 Recommendations:

The issue again came up for discussion in 2017 at the time of introduction of a separate Access Service Category-B Authorisation under the UL (VNO).¹⁰ The Authority, in its Recommendations dated 08.09.2017 on “Introduction of UL (VNO) for Access Service authorization for category B License with Districts of a State as a Service Area” (**“2017 Recommendations”**)¹¹, observed that allowing connectivity from more than one TSP/NSO at the same location or the same EPABX of the VNO may lead to a security breach. Hence, it opined that further analysis was required on the virtual partitioning of the EPABX, and such arrangements may be allowed only after suitable examination and approval by TEC/DoT with desired specifications. The relevant extracts from the 2017 Recommendations are reproduced below:

“On another aspect of allowing connectivity from more than one TSP/NSO at the same location or same EPABX of the licensee, the Authority has taken note of the concerns raised by some stakeholders regarding possible bypassing and routing

⁹ https://dot.gov.in/sites/default/files/2016_06_06%20VNO-%20AS-I.pdf?download=1;

https://dot.gov.in/sites/default/files/2016_06_30%20VNO-%20AS-I.pdf?download=1

¹⁰ https://tra.gov.in/sites/default/files/Consultation_Paper_vno_20032017.pdf

¹¹ https://tra.gov.in/sites/default/files/Recommendations_on_VNO_8092017.pdf

of STD and ISD traffic that may result into the security breach. The EPABX cannot be allowed to function as mini TAX; hence the Authority feels there is a need to carry out further analysis on the virtual partitioning of the EPABX. As many cases are reported to DoT on the issues of illegal routing of calls, the Authority is of the opinion that such arrangements can be allowed only after suitable examination and approval by TEC/DoT with desired specifications. Continuation of such type of existing arrangements shall depend on the outcome of the decision of DoT/TEC.”

Thus, the Authority recommended that ***“The arrangements for allowing connectivity from more than one TSP/NSO at same EPABX can be allowed only after suitable examination and approval by TEC/DoT with desired specifications”***.

UL (VNO) Amendments dated 02.03.2020:

Post examination of the issue as suggested by the Authority in the 2017 Recommendations, DoT issued amendments to the UL (VNO) Guidelines as well as License on 02.03.2020.¹² VNO Licensees were permitted to take connectivity from different NSOs at different EPABXs under both Access Services and Access Service Category-B Authorisations. Further, connectivity with more than one NSO at the same EPABX was not allowed under Access Services Authorisation; however, the same was allowed under Access Service Category-B Authorisation, subject to certain conditions, such as ensuring non-breachable logical/virtual partitioning in the EPABX and logical separation of junctions from different NSOs with no inter NSO call flow. The relevant clauses of the UL (VNO) are reproduced below:

Clause 1.3(ii) of Chapter-I (General Conditions): ***“There would not be any restriction on the number of VNO licensees per service area. VNOs are allowed to have agreements with more than one NSO for all services other than Access service and such services which need numbering and unique identity of the customer. For wire line access services through EPABX, the connectivity of different NSOs shall be governed by the Terms & Conditions of respective service authorization as mentioned in PART-II of the Schedule to the License Agreement or as per the directions/instructions issued by the Licensor from time to time. ...”***

Clause 5.2 of Chapter-VIII (Access Service): ***“For wire line access services through EPABX, the connectivity of different NSOs at different EPABX is allowed, however, the connectivity with more than one NSO at a particular EPABX shall not be permitted.”***

Clause 5.2 of Chapter-XVI (Access Service Category-B): ***“For wire line access services through EPABX, the connectivity of different NSOs at different EPABX is allowed, however, for connectivity with more than one NSO at a particular EPABX***

¹² <https://dot.gov.in/sites/default/files/2020%2003%2003%20Guide%20UL%20AS-I.pdf?download=1>;
https://dot.gov.in/sites/default/files/2020%2003%2003%20VNO%20UL%20AS-I_0.pdf?download=1

the licensee shall ensure non-breachable logical/virtual partitioning in the EPABX and logical separation of junctions from different NSOs, with no inter NSO call flow. Also, the EPABX should not support internet connectivity and NLD/ILD calls shall be ensured through normal NLD/ILD network only & shall in no way directly or indirectly cause bypass of licensed National Long Distance Operator (NLDO)/ International Long Distance Operator (ILDO) jurisdiction. Further, licensee shall intimate to its NSO(s) and the Licensor regarding connectivity of more than one NSO at a particular EPABX.”

(D) There is no rationale for removal of restrictions at this stage:

While multi-parenting has been allowed in certain situations, that does not take away from the undisputed fact that it involves multiple complexities – ranging from operational ones to being at risk of a security breach. In case the extant restrictions on multi-parenting have to be done away with, the Authority must upfront provide regulatory mechanisms, that will provide clear and unambiguous directions on how to resolve these complexities. The instant Consultation Paper has failed to address this aspect.

While it is acknowledged that the restrictions have been further relaxed in the case of Access Service Category-B, it cannot be used as grounds for extending the same relaxations for Access Services Authorisation. Evidently, the relaxations have been granted only to Access Service Category-B operators because of the much smaller scale at which they operate [a UL (VNO) licensee holding Access Service Category-B can operate only in a maximum of four districts in a state/UT]¹³. The limited area of operations allows the Licensor as well as the regulator to track and monitor such arrangements and deal with any non-compliance effectively.

In case the same is allowed for larger entities operating at national/regional or even entire-LSA level, supervision would become extremely difficult. Identification of origin of breach itself may take a considerable length of time.

Moreover, the Access Service Category-B Authorisation was introduced mainly to bring the erstwhile DID franchisees within the licensing regime. The relaxations were offered to them as an exception, considering the specific business model of such operators; and the same cannot be treated as a rule and offered to all operators. Besides, Access Service Category-B operators are MSMEs and large entities should not be allowed to exploit the same benefits as granted to MSMEs. Hence, there is no justification for the removal of extant restrictions on multi-parenting in wireline access services.

¹³ Clause 1 of Chapter-XVI (Access Service Category B) of the UL (VNO) reads: “The Service Area of Access Service shall be geographical area of a district of a State/Union Territory”. Further, para 4(1)(vi) of the UL (VNO) Guidelines dated 17.01.2022 reads: “In case VNO authorisation is required for more than 4 Districts in a State/Union Territory for Access Services Category B, Access Service authorisation in respective Circle service area is to be applied for”.

Therefore, Airtel recommends that a UL (VNO) licensee holding Access Service Authorisation should not be permitted to take connectivity from more than one NSO for providing wireline access service in an LSA.

Q3. Whether a UL (VNO) licensee holding Access Service Authorization in an LSA should be permitted to take connectivity from one NSO for wireless access service and other NSO(s) for wireline access service in the LSA? Kindly provide a detailed response with justification.

Q4. In case your response to the Q3 is in the affirmative, what should be the associated terms and conditions for permitting such connectivity? Kindly provide a detailed response with justification.

Airtel's Response:

Please refer to the combined response to Questions 1-2. A UL (VNO) licensee holding Access Service Authorisation should be permitted to take connectivity from only one NSO for providing wireline access services in an LSA.

Coming to the instant set of questions, Airtel submits that **a UL (VNO) licensee holding Access Service Authorisation should not be permitted to take connectivity from one NSO for wireless access service and another NSO for wireline access service in the LSA.**

Whether wireline or wireless, access services have to be viewed as a single service, being offered under single service authorisation. Airtel has provided a detailed response in the combined answer to Questions 1-2 about the issues that arise due to multi-parenting in the case of wireline services. Therefore, in the interests of brevity, those issues are not being relisted. Instead, Airtel would like to hereby submit that the same issues would arise even in case a UL (VNO) licensee holding Access Service Authorisation is allowed to tie up with one NSO for wireless service and another NSO for wireline service in the same LSA.

In-fact we foresee an additional complexity that may arise if the Authority considers unified numbering scheme in future. In this context it is highlighted here that the need for a unified numbering scheme for wireline and wireless services were discussed by the Authority in its Recommendations dated 20.08.2010 on "*Efficient Utilization of Numbering Resources*" ("**2010 Recommendations**") as well as Recommendations dated 29.05.2020 on "*Ensuring Adequate Numbering Resources for Fixed Line and Mobile Services*" ("**2020 Recommendations**").

In the 2010 Recommendations, the Authority had recommended that "*the country should migrate to an integrated 10-digit numbering scheme at the earliest*". However, in 2020 considering the potential impact on customers, the Authority concluded and recommended that "*the migration to unified numbering scheme, which involves large-scale changes in the existing network, is not recommended at this stage*". Nevertheless, a unified numbering scheme has not been completely ruled out by the Authority and may be considered in the future.

Now in case a UL (VNO) licensee holding Access Service Authorization is allowed to take connectivity from one NSO for wireless service and another NSO for wireline service in the same LSA, such arrangements would prove to be especially problematic as and when a unified numbering scheme for wireline and wireless services were implemented. As also submitted earlier, the Authority had highlighted these concerns in its earlier Recommendations as well.

The instant Consultation Paper does not address how these concerns would be resolved if the restrictions on multi-parenting were removed. Thus, it would be appropriate to not interfere with the present regime.

Therefore, Airtel recommends that a UL (VNO) licensee holding Access Service Authorisation should not be permitted to take connectivity from one NSO for wireless access service and another NSO for wireline access service in the LSA.

Q5. Whether there are any other relevant issues or suggestions related to the parenting of licensees holding Access Service Authorization under UL (VNO)? Please provide a detailed response with justification.

Airtel's Response:

No comments.