



DG/COAI/2024/108

March 22, 2024

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Telecom Regulatory Authority of India,

Mahanagar Doorsanchar Bhawan,

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New Delhi – 110002

Subject: COAI Response to TRAI Consultation Paper on Connectivity to Access Service VNOs From More Than one NSO

Dear Sir,

This is with reference to the TRAI's CP on "Connectivity to Access Service VNOs From More Than one NSO" issued by TRAI on February 23rd, 2024.

In this regard, please find enclosed COAI's response to the Consultation Paper.

We trust our above request would merit your kind consideration and look forward to your valued support on the same.

Sincere regards,

Digitally signed by

Lt. Gen Dr. SP

Kochhar

Date: 2024.03.22

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COAI Response on Consultation Paper on “Connectivity to Access Service VNOs from more than one NSO”

We thank the Authority for providing us the opportunity to share the response to this consultation paper on ‘Connectivity to Access Service VNOs from more than one NSO’.

1. In this regard, it is pertinent to note that the Indian telecom sector is already highly competitive, to the extent where tariffs in India are the lowest in the world. The prevailing competitive environment with inadequate return on investment poses a significant challenge for VNOs wanting to launch services.
2. We understand the present consultation is based on the representations made by VNOs to DoT. However no details have been provided in the consultation paper on any consumer or market requirement for making changes in the current regulatory framework. We firmly believe the existing regime already caters to market requirement for various use-cases. For example, in wireline services, VNOs are even today permitted to parent to multiple NSOs for connecting their different EPABX and in case they want to offer only broadband services, there is no restriction on parenting to multiple ISPs. Thus, there is no use-case of making further changes in VNO regime for wireline services.
3. Furthermore, in case of wireless services, all four wireless service providers also provide wireline services and have invested extensively in the wireline infrastructure as well. As a result, these account for around 90% (including MTNL) of the total wireline connections in the country, implying that they have widest coverage of wireline services. Therefore, there is no necessity for parenting to different NSOs for wireline and wireless services.
4. The introduction of the VNO regime aimed to optimize the utilization of spare capacity of TSPs and foster increased competition at the consumer level. Furthermore, the introduction of VNOs was predicated on the understanding that such a move would ensure compliance with security and other licensing obligations (reference statement in National Telecom Policy 2012 (NTP-2012)). However, it appears that these stakeholders are proposing changes to the current framework primarily to strengthen their negotiating position with NSOs. This could potentially disrupt market competition by assuming the role of super-aggregators, possibly adversely impacting National security. This could also have adverse impact on other critical licensing considerations that were duly deliberated upon during the introduction of the VNO regime.
5. We strongly contend that the policy's objective should be to incentivize investments in underlying infrastructure, as it constitutes the bedrock for provisioning robust, accessible, and affordable telecom services nationwide. The current licensing framework, founded on principles of non-exclusivity, enables any eligible entity to enter the market. Consequently, the existing framework effectively addresses the objective of meeting consumer or market demands. Any entity meeting the requisite criteria can enter the market by obtaining a Unified License and investing in infrastructure to provide services, thereby bridging any gaps between demand and supply of telecom services. This approach not only augments underlying infrastructure to enhance overall capacity but also offers consumers a genuine alternative should they find the QoS of their existing service provider unsatisfactory.



6. It is with this background in mind that we provide our response to questions raised by the TRAI in the consultation paper.

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.
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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.

COAI response

1. We submit that UL(VNO) licensee are already permitted to get connectivity from different wireline NSOs at different EPABX level and there is no need to further liberalizing this regime. Therefore, UL(VNO) licensee **should not** be permitted to take connectivity with more than one NSO in a LSA for providing wireline access service.
2. The following factors justify the rationale behind restricting UL(VNO) licensee to a single NSO connection within an LSA:
 - a. **Regulatory Control:** Allowing a UL(VNO) licensee to connect with multiple NSOs within an LSA for wireline access service could lead to regulatory challenges and complexities. It would require stringent oversight and monitoring to ensure compliance with regulations related to interconnection, quality of service, and fair competition.
 - b. **Infrastructure Optimization:** Limiting a UL(VNO) licensee to connect with only one NSO within an LSA promotes efficient infrastructure utilization. It encourages collaboration and investment in shared infrastructure, leading to better resource allocation and optimization of network resources within the area. Moreover, if VNOs are allowed to have multiple NSOs as parent, it would cause a significant arbitrage in favour of VNOs v/s TSPs.
 - c. **Quality of Service:** Connecting with multiple NSOs within an LSA can introduce complexities in managing service quality. Different NSOs may have varying network capabilities, service standards, and operational procedures, leading to potential inconsistencies in service delivery and customer experience.
 - d. In case the VNO feels the need for taking connectivity from more than one NSO, then it may be better for the VNO to take UL Access Licence.
 - e. Further, we do not see any instance which may arise wherein a VNO may need to take wireline connectivity from more than one NSOs, as most of the wireline service providers have Pan-India wireline connectivity.



- f. We **request the Authority to carry out Regulatory impact assessment**, which should be shared and consulted with stakeholders, before proposing any changes in the existing arrangement.
- g. TRAI, itself, has time and again recommended against multi-parenting in access services – starting from its Recommendations dated August 6, 2008 on “Mobile Virtual Network Operator (MVNO)”. The same view was re-iterated in the Recommendations dated April 12, 2011 on “Telecommunications Infrastructure Policy”.
- h. In its Recommendations issued on May 01, 2015 on “Introducing Virtual Network Operators in telecom sector”, TRAI clearly mentioned that if multi-parenting is allowed in case of access services, the same may lead to operational complexities. The same was accepted by DoT and multi-parenting was prohibited for access services under the UL (VNO) Guidelines and License issued on May 31, 2016.
- i. Even in the Recommendations dated September 8, 2017 on “Introduction of UL (VNO) for Access Service authorization for category B License with Districts of a State as a Service Area”, TRAI cautioned DoT on the security concerns around allowing multi-parenting. DoT, after taking the same into account, allowed certain specific relaxations through the UL (VNO) amendment dated March 2, 2020 – while simultaneously ensuring compliance with security conditions.
- j. In our view, the risks due to which multi-parenting has not been allowed until now, continue to exist even today. **There is no analysis and assessment by the TRAI in its present consultation as to why its earlier considered view, which was also accepted by DoT, needs to be reviewed.**
- k. We would also like to bring to your notice that the consultation paper does not carry any analysis of the issues, nor does it contain any impact assessment of the matter. We request the Authority to carry out Regulatory impact assessment, which should be shared and consulted with stakeholders, before proposing any changes in the existing arrangement.

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.

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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.

COAI response

1. We submit that UL(VNO) licensee holding Access Service Authorisation in an LSA **should not** be permitted to take connectivity from more than one NSO for providing wireless access service and other NSO(s) for wireline access service in the LSA.
2. As mentioned in our response to Q1-2 above, TRAI itself, in its various Recommendations has taken note of the operational complexities that may arise due



to multi-parenting in case of access services. In our view, the risk of operational complexities will continue to exist in present time also.

3. **Also, there are no details given by TRAI in its present consultation as to why its earlier considered view, which was also accepted by DoT, needs to be reviewed.**
4. The following factors also justify the rationale for the same:
 - a. **Unified Numbering Scheme:** Once there is a unified numbering scheme for fixed and mobile , then in that case, parenting with multiple NSOs might become a challenge.
 - b. **Billing & Metering:** If UL(VNO) is obtaining connectivity from multiple NSOs for both wireless and wireline services, it would need to track and manage billing information associated with each NSO separately. This can result in complexities in billing reconciliation, tariff management, and customer invoicing processes.
 - c. **Regulatory compliance:** With multiple NSOs providing services within the same LSA, UL(VNO) needs to ensure compliance with regulatory requirements related to numbering portability, and usage. Managing these requirements across different NSOs can pose compliance challenges for UL(VNO).
 - d. **Security Considerations:** In case a VNO parents with multiple NSOs, it may compromise the security compliances. of numbering schemes and network infrastructures.
 - e. **Customer Experience:** UL(VNO) needs to ensure seamless interoperability and consistent user experience across wireless and wireline services provided by different NSOs within the same LSA.
 - f. **Spectrum Efficiency:** Limiting the UL(VNO) licensee connectivity with single NSO within an LSA helps in managing spectrum efficiently.
 - g. Further, we do not see any instance which may arise wherein a VNO may need to take wireline and wireless connectivity from more than one NSOs as most of the service providers have Pan-India wireline and wireless connectivity.

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.

COAI response

1. Internet Telephony norms:
 - a. Presently, certain UL (VNO) Access (Cat B) licensees are seeking internet telephony services from the TSPs citing that as per Clause 2.1(a)(i) of UL (VNO) Access (Cat B) authorization (Chapter XVI), such VNOs can offer Internet Telephony services.
 - b. There is some ambiguity in the license provisions as on one hand the scope of the Cat B license is restricted to wireline service only. However, we also note while



the aforesaid authorization mentions provision of Internet telephony service, which can only be offered through a mobile numbering series.

- c. Also, there are no clauses in this authorization or in the main UL section (Chapters I to VII) w.r.t.:
 - i. Use of mobile numbering series for provision of internet telephony service
 - ii. Allocation of MSC codes by NSO to Access (Cat B)
 - iii. Provision of Internet telephony on International roaming
 - iv. Provisions for lawful interception and monitoring (such as public IP details)
 - v. Non- provision of CLIR facility for Internet telephony subscribers
 - vi. Provisions w.r.t emergency number access and QoS parameters
- d. It is to be noted that the above-mentioned points are stipulated in the UL (VNO) Access authorization (Chapter VIII). We believe that such request made by UL (VNO) Access (Cat B) licensees, are in violation of the terms and conditions of the authorization as in no case, such Cat B licensee, who are bound to provide only wireline services, can offer internet telephony using mobile numbering series.
- e. We request the Authority to kindly examine this issue and suitably address the same.

2. Definition of AGR/ApGR:

- a. In case of a VNO, all charges paid to TSP on whose network it's actually provisioned, are allowed to be deducted from GR/ApGR. But, in case of TSPs, if a TSP takes bandwidth from another TSP to complete its' network, the same is not allowed as a deduction.
- b. This leads to inconsistency in AGR definition for TSPs and is discriminatory vis-à-vis the other services and clearly to the disadvantage of the traditional access players. It is submitted that such application of different yardsticks to measure the same natured item is not only against the basic accounting concepts but also leads to double levy and scope for multiple verification (for non-matching of revenue and cost).
- c. In order to ensure a level playing field for all and being non-discriminatory amongst the licenses / services, the charges which are of pass through in nature paid by one TSP to other TSP should be deducted for all services and the accounting for same should be on accrual basis.

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