



Pursuitex/2019-20/11

14<sup>th</sup> Oct 2020

To

**The Chairperson**  
**Telecom Regulatory Authority of India**  
**Mahanagar Door Sanchar Bhawan**  
**Jawahar Lal Nehru Marg**  
**New Delhi-11002**  
**([advmn@traigov.in](mailto:advmn@traigov.in))**

**Kind Attn . Advisor (Networks, Spectrum and Licensing ), TRAI**

**Sub: Consultation Paper No. 7/2020 on “ Enabling Unbundling of Different Layers Through Differential Licensing ” -Submission of Comments reg.**

Dear Sir,

We take this opportunity to introduce **Pursuitex Advisory Services**, a recently registered LLP.

Pursuitex is an emerging Think Tank on Policy and Governance matters, led by experts across multiple Industry verticals and policy domains. We are a group of professionals who gained varied experience from Industry, Academics, PSUs, Government, and Regulatory Institutions. We are working actively towards high-quality research on Policy formulation, Advocacy, Infrastructure development, Industry research etc. Our mission is to develop Pursuitex as a center of Research, Analysis and Engagement Institution that generates Policy recommendations and advice on domestic and international issues enabling both Policymakers and other stakeholders to make informed decisions.

Our Organization will collaborate with both Government and Private sectors for knowledge sharing and producing high-quality research and analysis on issues of National priority -related to policy formulations and Business development on diverse areas and Sectors.

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**Pursuitex Advisory Services LLP**

We will be happy to engage with TRAI to support its endeavor in all the areas mentioned above. We shall highly appreciate if TRAI keeps us in its mailing list so that we could get the information/invitation etc. for any consultation/discussion as and when takes place.

Our comments on the consultation paper on “**Enabling Unbundling of Different Layers Through Differential Licensing** ” are attached here with. We thank TRAI in giving this opportunity to respond to this consultation paper. We hope our suggestions will be taken into account while finalizing the Regulation. We will be happy to provide any further clarification /information, if required, in this regard.

We look forward to the opportunities in working with TRAI and assure our continuing co-operation and support.

Thanking you,

Yours faithfully,

**For Pursuitex Advisory Services.LLP**

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**Encl: Comments on Consultation Paper.**

**Response to TRAI Consultation Paper no 7/2020  
(Enabling Unbundling of Different Layers Through Differential Licensing)  
by Pursuitex LLP**

At the outset, we thank the Authority in providing us an opportunity to give our comments on this very pertinent issue impacting both the end customers and the industry significantly. Our response to questions posed in the Consultation Paper is furnished against each question.

**Preamble**

The current licensing framework of Unified License is well settled and the same is proposed to be completely replaced with new licensing regime in the consultation paper. Rather, TRAI should work towards simplifying the existing regime to make it more investor friendly to have regulatory certainty for the success of the Telecom sector. Introduction of any further unbundling of licensing framework is likely to increase the administrative workload and delay in service deployment along with making the licensing framework more complex and investor unfriendly at this juncture where 5G technology is going to be deployed shortly. If we are to realize Digital India, policy & regulation must work hand in hand to promote innovation and fair competition. The current heavy-handed licensing approach can drive away many possible investors when massive size of investments are needed. It needs to be ensured that the existing licensing/regulatory framework be amended so that conditions are more liberal than earlier for any existing player in the ecosystem. A radically liberalized approach in the form of a simple online registration for service providers is the need of the hour.

**Q1. Do you agree that in order to attract investment and strengthen the service delivery segment, Network services layer and Service delivery layer needs to be separated by introducing specific license for Network Layer alone? Please justify your answer.**

**Ans.**

TRAI should look into the current licensing approach whether it is driving away the potential investors when there is huge investment requirement and also whether it is a bottleneck for growth of telecom sector. If it is so, unbundling is a step forward in this direction to mitigate the situation. With no spectrum requirement, the players need not worry about the huge investment that is usually required to acquire spectrum and this will encourage increased participation, innovation and competition in this segment.

**Q2. Should the Network Services Layer licensee be permitted to take the Service Delivery Category licenses and provide the service? If yes, what kind of restrictions and safeguards are required to be built, in order to protect the competition and innovation in service delivery segment? Please justify your answer.**

**Ans.**

The Network Layer entity should be permitted to provide services under the Service Delivery layer. However, those that are exclusively in the Service Delivery Layer must have fair, reasonable, transparent and non-discriminatory access to the Network layer for providing the services on equal footing as the Network Layer entity or the vertically integrated entity.

Regulatory framework is required with regulatory oversight to ensure that competition and innovation is protected in the Service delivery layer.

**Q3. Whether certain obligations should be imposed on the existing Unified Licensees, and other measures should be taken to encourage UL licensees to provide their network resources to VNO licensees particularly in mobile service segment? Please suggest the measures in detail.**

**Ans.**

Yes- One of the key ingredients for VNO to take off would be to expand the market to unaddressed segments and this can happen through the VNOs. No obligations have been imposed on the existing Unified Licensees, to provide their network resources to VNO licensees particularly in mobile service segment. A proper framework for enabling TSP/ISPs to have an engagement with a VNO is essentially required. This has become all the more necessary in view of consolidation having taken place in the Telecom sector leaving only three private and one Govt operator in the field.

**Q4. In case network layer and service delivery layer are separated by creating separate category of licenses, as proposed in Q1;**

- a) What should be the scope for Network layer license and Service Category licenses?**
- b) Out of various responsibilities and obligations enumerated in Unified License, what should be the respective responsibilities and obligations of Network layer licensees and Service delivery category licensees? Please elaborate with justifications.**
- c) What mechanism should be put in place to regulate the access to network services of Network layer licensees by the service delivery Category licensees? Whether certain obligations should be imposed on Network layer licensees to provide the network resources in a time-bound, transparent and non-discriminatory manner?**
- d) What incentives (for example, lower license fee, lower SUC, etc.) could be provided to Network Layer licensees in the new unbundled licensing regime to encourage the investment in the Network layer? Please justify your answer.**
- e) Whether the existing Unified Licensees should be mandated to migrate to the unbundled licensing regime, or the new regime should be introduced, while keeping the existing regime continued for existing licensees till the validity of their license, with an option of migration?**
- f) Whether existing VNO licensees be mandated to migrate to service delivery category licenses as per unbundled licensing regime?**
- g) Whether service delivery category licensees be permitted to parent with multiple Network Service layer licensees? Please justify your answer.**

**Ans.**

There can be several forms of licensing-the terms and conditions of such a license can vary depending on the unique rights associated with it. The government can consider allowing VNO service with no licensing or even a registration. To induce competition, investment and innovation in the service delivery layer VNO should be either subjected to light licensing or 'registration' or be permitted without a license .However we also to see that the current UL VNO licensing regime is working well except UL-VNO Access services. Following clauses need modification –

- (1) VNO should be allowed to parent with more than one NSO in same service area for Access Services.
- (2) Time bound access to the network should be given by NSO to its parented VNOs.
- (3) Incentivize mobile operators to provide competitive, fair wholesale pricing to VNOs.

**Q5. Any other issue related to the subject may be raised with suitable explanation and justification.**

**Ans**

Change of a regime like this should be based on sound reasons. It is not known whether this consultation paper is based on a field study/research. Hence it is suggested that TRAI may commission a study to find out

- 1) Whether the existing Unified Licensing regime which was introduced in the year 2013 is working well or not and whether substantial investments have been attracted during this regime in the Telecom Sector in India.
- 2) Whether any deviation / change in the existing Unified Licensing regime will increase the complexities for existing licensees.
- 3) Whether this will increase financial burden in terms of cost to be incurred in additional compliances.
- 4) Whether it is appropriate that TRAI should focus on simplification of Unified License regime to reap optimal benefits instead of recommending further unbundling of licensing framework into different layers – Infrastructure, Network, Services and Application.
- 5) Whether scrapping of the current system of license fee (LF) as a percentage of AGR is required,especially in view of spectrum being sold through auction?
- 6) Whether license fee could be an annual fixed fee that just covers the cost of administration and regulation?
- 7) Whether the current levy of spectrum usage charges as a percentage of AGR also needs to be scrapped?

A decision can be taken after seeing the result of this study.

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