

COMMENTS ON-Consultation Paper on Enabling Unbundling of Different Layers Through Differential Licensing

20th August 2020 BY UPOBHOKTA
SANRAKSHAN KALYAN SAMITI, KANPUR (CAG
MEMBER)

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.

Some stakeholders have requested that UL VNO(AS) licensee be allowed to be parented with two or more NSOs (Access Providers). Multi-parenting relies on multiple host MNOs in parallel. MVNO basically works on a roaming agreement with an MNO for the radio network, if multi-parenting is allowed, the SIM could switch between the parented mobile networks based on the signal strength. Presently, MVNOs cannot go for multiple parenting in India, i.e., an MVNO can tie up with only one MNO in an area for their services. In U.S., MVNOs supporting multiple host networks use only one of them for each device.

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.

While suggesting different layers and their scope, stakeholders suggested that a multi-layered ecosystem be light-touch regulated. In case it is decided to unbundle the network service layer and service delivery layer, there would be many issues relating to scope of

service, responsibilities, obligations, regulations, which needs to be deliberated upon

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

In addition, some stakeholders have suggested that in order to facilitate the active infrastructure sharing, payment made by one TSP to another TSP for active infrastructure sharing be allowed as pass-through for calculation of AGR.

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. In order to attract investment and strengthen the service delivery segment, one view could be that if the network service layer and service delivery layer are separated by introducing a specific license for network layer alone, the network layer operator would willingly share its network with service delivery operators, thereby resulting in reduction of cost and increased utilization of resources including spectrum. Study of international practices shows that the network operators are also allowed to provide services to the end customers either under the same license or by taking a separate license for service delivery. The issue arises that whether the network operator may be allowed to offer services to the end customers. A network operator will have to buy spectrum at a market determined price for provision of mobile services, and will also have to fulfil the minimum roll-out obligations. In case it is not allowed to offer services to end customers directly, monetization of network and spectrum resourced may not be in its control. This may also lead to inefficient utilization of spectrum. In absence of SDOs/VNOs across the network, the investment may be under-utilized and Return on Investment (RoI) can become a challenge. In case network operator is allowed to provide services itself, mere unbundling of license may not yield the desired results as a company owning.

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

In addition to UL, there is another category of licence called Unified License (Virtual Network Operators) [UL (VNO)]. UL(VNO) is a regime parallel to UL. VNO is the service delivery operators, which

provides services of NSO, i.e., UL holder to the end customers.

4.4 Further, a company registered as Infrastructure Provider-I (IP-I) with DoT is permitted to lay telecommunication infrastructure. The existing framework for regulating the telecom infrastructure providers in India is prescribed in the guidelines for 'Registration of Infrastructure Provider Category-I' issued by DoT. As per these Guidelines, IP-I can provide assets such as Dark fiber, Right of Way, Duct space, and Towers on lease/rent out/sale basis to the licensees of telecom services on mutually agreed terms and conditions.