



VIL/AH/RCA/2024/006

March 22, 2024

Advisor (Networks, Spectrum and Licensing)
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg (Old Minto Road),
New Delhi – 110002

Kind Attn: Shri. Akhilesh Kumar Trivedi

Subject: Comments on the TRAI's Consultation Paper on "Connectivity to Access Service VNOs From More Than one NSO" dated February 23, 2024

Dear Sir,

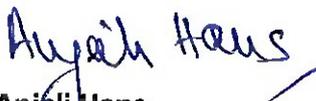
This is in reference to the TRAI's Consultation Paper on "Connectivity to Access Service VNOs From More Than one NSO" dated February 23, 2024.

In this regard, kindly find enclosed herewith comments from Vodafone Idea Limited on the above-said consultation paper.

We hope our comments will merit your kind consideration please.

Thanking you,
Yours sincerely,

For Vodafone Idea Limited


Anjali Hans

EVP – Regulatory, CSR & External Communications Head

Enclosed: As stated above



**VIL Comments to the TRAI Consultation Paper on
“Connectivity to Access Service VNOs From More Than one NSO”
issued on 23.02.2024**

At the outset, we are thankful to the Authority for giving us this opportunity to provide our comments to the TRAI Consultation Paper on “Connectivity to Access Service VNOs From More Than one NSO” issued on February 23, 2024.

Preface:

1. We would 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. It is pertinent to note that through detailed consultative process and recommendations, TRAI had earlier recommended that VNOs be parented to single NSO in case of access services and services which require a unique identity of the customers. TRAI had also observed that a VNO can have parenting with only one NSO for services which require unique identity in terms of numbering, lawful interception, spectrum usages etc.
2. Given that no details have shared by TRAI on the need for any change or the impact /implications of such change and its effects on the competition, it is our view that the existing position should be maintained and VNOs should not be permitted to tie-up with more than one NSO for wireline/wireless service in an LSA.
3. Even the case for CAT B VNOs was assessed in the context of continue of services for existing DID franchisees, which serve niche markets and that too, only for wireline services. In this case, dispensation was evaluated for multi-parenting by TRAI and DoT, basis which a detailed licensing framework was laid down. Hence, no further relaxation is required in the matter.
4. For any further change to be considered and evaluated, it is first imperative to have a systemic approach for understanding and assessing possible positive and negative effects of proposed changes.
5. Being such a diverse arrangement, it a most appropriate case for carrying out a detailed Regulatory impact assessment, which should be shared with stakeholders under a consultative approach, before proposing any changes in the existing arrangement.

Against the above backdrop, we would like to submit our question-wise comments as follows, for Authority’s kind consideration:



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.

and

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.

VIL Comments to Q1 and Q2.

- 1. In our view, existing condition should continue i.e. UL (VNO) licensee holding Access Service Authorization should be permitted to take connectivity from only 1 NSO in an LSA, for providing wireline access services.**
- 2. The TRAI in its earlier recommendations considered and recommended that multi parenting could be allowed only in very restrictive cases.**
- 3. Proposed change would encourage cherry-picking by VNOs:**
 - a. Presently, the wireline market is being served by multiple TSPs, some of which are also providing wireless services and some are providing standalone wireline services. It may be appreciated that huge investments are involved in setting up the infrastructure to offer wireline and /or wireless services.
 - b. However, if VNOs are allowed to have multiple NSOs as parent, it would cause a significant arbitrage in favour of VNOs v/s TSPs. While TSPs would be competing in the market basis their respective infrastructure, whereas a VNO is privileged to cherry-pick and club infrastructure from multiple NSOs to provide enhanced services to end enterprise customers. This will cause irreparable and irretrievable loss to competitive structure in market and would be counter-productive.
 - c. In view of the above, VNOs should not be allowed to club the beneficial services of multiple NSOs, to offer a wider scope and scale of services to end customers, as compared to an NSO.
- 4. Proposed change will have Impact to Investments:** With onset of 5G, the Government and Regulator have set ambitious visions for consumers and businesses to gain access to advanced next generation technologies with enhanced quality of experience and functionalities offered by 5G. There are minimum roll-out targets also prescribed spectrum band wise which the TSPs need to comply. Wireline networks, also, are very high capex intensive infrastructure, and VNOs do not make any investments in the



networks as such, VNOs tie up with multiple NSOs will impact the investments in building the networks.

5. **Proposed change does not consider impact on Standards and scrutiny of VNOs compliances:**
 - a. There are several regulatory interventions and compliance that are required to be met by NSOs, some of which are also applicable in case of VNOs, including various security conditions such as Lawful Interception, KYC, trusted network elements, 24x7 Nodal support, approval for foreign nationals, no bulk encryption, CDRs/IPDRs related, LI demo of new products etc. While the framework for these compliances is there for a single parenting scenario, it is not clear how these will be addressed in case of parenting with multiple NSOs.
 - b. It is not clear as to how provisions for lawful interception, privacy and security, emergency services, unsolicited commercial communications, customer verification, quality of service, etc. will be ensured by VNOs in case of multi parenting and also how such compliances will be monitored, enforced and audited by the Government and the regulator.
 - c. These are important issues that need to be dealt with TRAI in its consultation, before any changes to the existing regime are proposed.
 - d. In our view, it is important for VNOs licensees to be at par with NSOs with respect to matters of National Security, consumer interest protection, billing and metering, transparent consumer grievance, privacy and spam protection etc. as they directly engage with end consumers for their services.
6. **Alternate option already available:** There already exists a Unified License which covers various authorization. If any VNO intends to take infrastructure/connectivity from multiple NSOs, it can take suitable authorization under Unified License and seek sharing of infrastructure from other NSOs and serve its intended market segment.
7. Considering all the above, there is no need to expand the scope of present licensing dispensations. **The UL (VNO) licensee holding Access Service Authorization or UL (VNO) holding Access Service Category 'B' authorization, should be permitted to take connectivity in an LSA from only one NSO for providing wireline access services.**

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.

and

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.

VIL Comments to Q3 and Q4.

1. In our view, a UL(VNO) licensee holding Access Service Authorisation in an LSA **should not** be permitted to take connectivity from one NSO for providing wireless access service and other NSO(s) for wireline access service in the LSA.
2. In this regard, we would also like to highlight the Recommendations issued by the Authority on May 01, 2015 on “Introducing Virtual Network Operators in telecom sector”. The recommendations clearly mention that if multi-parenting is allowed in case of access services, the same may lead to operational complexities. Extract of the same has been reproduced below:

*“5.28 ... **Allowing a VNO to have agreement with more than one NSO in a LSA may lead to operational complexities like compliance of various statutory provisions like calculation of Spectrum Usage Charges (SUC) and License Fee (LF).** For example:- a VNO ‘X’ enters into agreement with NSO ‘A’ which is having administratively assigned access spectrum for getting access to deliver 2G services and also enters into agreement with another NSO ‘B’ which is holding BWA spectrum for getting access to deliver 4G services. **Existing NSOs are paying distinct SUC slabs rates as per the defined licensing conditions for access spectrum bands. Due to these differential SUC slabs the issue of separation of AGR would arise as the VNO may not be able to separate the accounting of revenue generated from various wireless services it provides to the customers.***

5.29 However, with the proliferation of broadband in the country, some of the VNOs may provide niche services using this platform. Therefore, if a VNO is restricted to only one NSO, it will be only able to provide its services to consumers only of its parent NSO. Consumer who have subscribed to broadband services from other operator will not be able to take services from this VNO. Similarly, if a VNO is providing International Calling Cards service, it will have to buy minutes from more than one ILDO so as to provide competitive tariff to its customers.

*5.30 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 utilise the infrastructure of more than one NSO to cater to the requirements of its customers.”

3. **There is no analysis and assessment by the TRAI in its present consultation as to why its earlier considered view, that was also accepted by the Government, needs to be reviewed.**
4. Hence, we submit that connecting with separate NSOs for wireline and wireless services will lead to enormous complexities in the system and in our view, granting such permissions will only lead to opacity and muddle up the regulatory and licensing framework. **Hence VNOs should not be permitted to parent to separate NSOs for wireline and wireless services in a single 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.

VIL Comments to Q5.

1. Norms related to Internet Telephony:

- a. This is to bring to your notice that 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). It is our view 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. It is requested that the Authority may kindly examine this issue and suitably address the same.

2. Inconsistency in Definition of AGR/ApGR:

- a. It is pertinent to note that 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. However, 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 variance 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.