

TELECOM REGULATORY AUTHORITY OF INDIA

January 13, 2005

PRESS RELEASE No. 8/2005

TRAI Issues Recommendations on Unified Licensing Regime

- **Unified Licensing regime introduced for all telecom services to encourage free growth of new applications and services.**
 - **Revenue share License fee presently up to 15% of Adjusted Gross Revenue (AGR) reduced to a maximum of 6% of AGR, with no revenue share and/or entry fee for a number of services.**
 - **A licensee shall be able to provide any or all telecom services by acquiring a single license.**
 - **Customers can get all telecom services including voice, data, Cable TV, Direct To Home TV, Radio broadcasting through a single wire or wireless medium from a Unified license operator.**
 - **Internet Telephony including IP enabled services allowed to Unified License and Niche Operators.**
 - **Nominal Registration charge (Rs.30 lakhs) for Unified License after 5 years.**
 - **Migration optional at this stage. Mandatory after 5 years.**
 - **Service specific licensing regime permitted to be continued till two years of implementation of Unified Licensing regime.**
 - **After two years of the date of implementation of these recommendations all new service providers shall be licensed under new Unified licensing regime.**
 - **Niche operators without any entry fee permitted to operate all services in rural/remote areas (less than 1% teledensity areas).**
 - **To offer 'Broadcasting Service', the Unified licensee will have to apply to I&B Ministry in case such clearance is required and fulfil other requirements as prescribed.**
1. TRAI today issued its recommendations on 'Unified Licensing Regime'. With full implementation of unified licensing, service specific licensing regime will end. India will also join a group of more than 80 countries where Internet telephony is permitted. The main framework is summarised in Table in this Press Note.
 2. The key objective of the Unified Licensing Regime is to encourage free growth of new applications and services leveraging on the technological developments in Information and Communication Technology (ICT). Other important objectives include simplifying telecom licensing, flexible and efficient utilisation of resources and application of technological developments, encouraging niche operators in rural and remote areas, ensuring easy entry, level playing field, and 'no- worse off' situation for existing operators.
 3. It is necessary to implement unified licensing regime because of the pace and pattern of technological developments. The regime would facilitate service

providers to find new ways to reach customers, create markets of the future and new revenue streams. The proposed reduction in regulatory costs and possibility of bundling of various services on the same media (wireline or wireless) would help customer get all kinds of telecom services at affordable prices. Allowing 'Niche Operators' would encourage small entrepreneurs to provide telecom services in rural, remote and telecom facility wise backward areas.

4. Earlier, TRAI's Unified Licensing recommendations dated 27th October 2003 had envisaged a two-stage process to introduce a Unified Licensing Regime in the country. The first phase, with Unified Access Service License at Circle level, has been implemented. The Recommendations today, taking into account all inputs, culminate in this second phase.
5. Salient features of TRAI's recommendations today are as follows:
 - a) **Framework of Unified Licence** : Four categories of licenses, with Unified License at the highest hierarchical level (see Table 1):
 - Unified License
 - Class License
 - Licensing through Authorisation
 - Standalone Broadcasting and Cable TV licence
 - b) Such a licensing regime would **enable a licensee to provide any or all telecom services by acquiring a single license.**
 - c) Migration to Unified Licensing Regime optional at present. After 5 years of implementation, mandatory for all telecom operators to migrate to the Unified Licensing Regime.
 - d) Under Unified License, there shall be **no restriction on usage of Internet Telephony or other IP enabled services.** Niche operators, under Class License, will also be allowed to offer internet telephony.
 - e) **Stand alone licenses for Broadcasting Services would continue to be issued,** under the prevailing process of issuing such licenses by I&B Ministry (including allocation of spectrum in consultation with WPC) would also continue. If a unified licensee wants to offer 'Broadcasting Service', the licensee will have to apply to the I&B Ministry in case such clearance is required and fulfill other requirements as prescribed. The content in any case, would be regulated by I&B Ministry.
 - f) To increase penetration of telecom services in rural, remote, backward areas from telecom point of view, **Niche operators to be allowed in SDCAs with fixed rural teledensity below 1%,** providing fixed telecom services including multimedia Internet telephony and other IP enabled services only in these SDCAs. These operators shall however, be permitted to use only wireline/fixed wireless networks. Definition of niche operators will be reviewed later.
 - g) **Till Government issues spectrum guidelines, based on TRAI's recommendations (currently under finalization), existing spectrum pricing & allocation process will continue.** For growth in rural areas, TRAI is considering nil/low spectrum charge for niche operators.
 - h) For 2 years after implementation of Unified Licensing Regime, operators free to take UASL in any circle. **After this period of two years no new service specific license including Unified Access License, as in the existing licensing regime, shall be issued and**

all new Service Providers shall be licensed under new Unified Licensing Regime.

- i) Reselling is not permitted at this stage.

For details, please see TRAI's website at : www.trai.gov.in

Unified Licensing Regime at a Glance

Licensing Category	Types of service	Registration Charge (Entry Fee)	License Fee	Bank Guarantees	Service Area	Roll-out obligations
Unified License	All telecom services including Basic, Cellular, Unified Access Service, NLD, ILD, GMPCS, Cable TV, DTH, TV and Broadcasting Services, Internet Telephony, etc. and all services covered under class license, 'Licensing through Authorisation' and standalone Broadcasting & Cable licences.	Registration charge# shall be Rs. 107 crores <u>plus</u> a function of BSO's (entered in/after 2001) entry fee depending on the Service area(s)/Circle(s) where the Unified Licensee wishes to offer access services. Rs. 107 crores is the discounted value of NLD +ILD entry fee. The total registration charge shall be gradually reduced from the recommended level to Rs. 30 lakhs after 5 yrs.	6% of Adjusted Gross revenue (AGR) i.e. Contribution to USF (5%) + Administrative cost (1%). As the sector revenues grows, the Government may consider reviewing the level of USO levy and Administrative fee	Performance Bank Guarantee (PBG) for Unified License will be as per UASL. For NLD/ILD operators and UALs who do not migrate to Unified Licensing Regime, the existing PBG shall continue.	National level or circle level (same as in UAS regime).	For access services: UASL rollout obligations For National long distance services, the licensee <u>shall</u> make an arrangement to pick up/handover long distance traffic of his subscribers in all service areas. Inter-service area traffic could be handed over/picked up at the choice of Unified Licensee/NLDO either at a central location or LDCA. The traffic could also be handed over/picked up at SDCA level with the mutual consent of interconnecting service providers. For ILD services existing roll-out obligations would continue.
Class License	Services covered under 'Licensing through Authorisation', VSAT Services and Niche operators*	Nil	6% of Adjusted Gross revenue (AGR) i.e. Contribution to USF (5%) + Administrative cost (1%). As the sector revenues grows, the Government may consider reviewing the level of USO levy and Administrative fee.	Nil	National level or circle level (same as in UAS regime). For niche operators service area would be at SDCA level.	Nil
Licensing through Authorisation	IP-I, IP-II, Radio Paging, PMRTS Services and Internet services (along with existing restricted internet telephony)	Nil	Nil	Nil	National level or circle level (same as in UAS regime).	Nil
Standalone Broadcasting and Cable Licenses	As at Present					

* Niche operators would be allowed in SDCAs where fixed rural teledensity is below 1%. Niche operators shall be permitted to offer fixed telecom services including multimedia, Internet telephony & IP enabled services only in these SDCAs. These operators, shall however, be permitted to use wireline/fixed wireless networks.

Integrated operators will not pay any registration charge (entry fee) for migration to Unified License.