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The Advisor (NSL)  
TRAI, New Delhi

**Sub. : Comments on TRAI Consultation Paper on “Delinking of the license for networks from delivery of services by way of Virtual Network Operators”.**

The TRAI issued Consultation paper on 05.12.2014 on the aforesaid subject and asked the various stakeholders to comment on the issues involved in the pre-consultation paper. In this regard the following is submitted for consideration:

**Q1. (a) Is there any need to introduce more competition in service delivery by the way of introduction of VNOs in the sector? If not, why not?**

**(b) If yes, is it the right time to introduce VNOs?**

**Q2. Will VNOs pose a threat to NSOs or will they complement their operations? Justify your answer.**

**Q3. How can effective utilization of existing infrastructure be improved? Can VNOs be a solution to achieve targets defined in NTP-2012 for rural density?**

**Q4. Does there exist a business case for introduction of VNOs in all segments of Voice, Data and Videos?**

**Q5. Whether VNOs be introduced in all or some of the services notified in the UL? Please name the services and the justification.**

**Q6. Is there sufficient infrastructure (active and passive including access spectrum) available with a TSP to meet its own requirements? Can TSPs spare available infrastructure for VNOs?**

**MTNL Comments:** MTNL feels that the introduction of Virtual Network operators will help in effective utilization of the assets created by TSPs which could not be fully utilized due to one or other reasons. Accordingly, it can become a win-win situation for all stake holders i.e. licensor, TSP, VNO /SDO as well as the end customers.

The introduction of VNO in existing service providing chain, will definitely help in achieving further higher tele densities in urban and rural areas.

As per understanding of MTNL, VNOs license are limited to service delivery and customer care.

**Q7. If any TSP is able to share its infrastructure with VNOs, what should be the broad terms and conditions for sharing the infrastructure?**

**MTNL Comments:** COST- REVENUE SHARE BASIS, as mutually agreed.

**Q8. Should VNOs be allowed to create their own infrastructure to reach out to niche markets? If yes, to what extent?**

**MTNL Comments:** VNO's may be allowed to create their own service delivery platforms and customer care/ billing setup's. However, the core network and spectrum ownership should be with NSO.

**Q9. Should Local Cable Operators (LCOs) or Multi System Operators(MSOs) with cable networks be permitted to share infrastructure with VNOs to provide last mile connectivity?**

**MTNL Comments:** No, LCOs and MSOs operates in different regulation regime. Therefore, first they should be brought in the same regulatory system to create level playing field.

**Q10. Does the adoption of the VNO model requires an entirely new licensing regime or will a chapter or a separate section for VNOs added to the existing UL suffice?**

**Q11. Comment on what measures are required to ensure that the existing or new licensing regime takes care of future requirements of technological development and innovation and provides a clear roadmap for migration to existing service providers.**

**MTNL Comments:** As per understanding, existing UL holder is already acting in NSO and VNO domains. Hence to provide a license exclusively for VNO functions, separate lincese should be issued, i.e. for new entrant , the licenses for NSO and VNO should be different, to avoid any overlap of functions and responsibilities.

**Q12. In view of the complexity in the existing licensing regime as explained in Para 3.16 to 3.18, Should India move towards NSO and VNO based licensing?**

**Q13. If yes, whether existing licensees may be mandated to migrate to NSO & VNO based new licensing regime? What challenges will arise in the migration to the two types of licensing framework?**

**MTNL Comments:**

- It is suggested that the existing TSP's and the operators having UL license should be allowed to work both as NSO & VNO, i.e. the existing UL license should be converted automatically in NSO & VNO license for the service area, and they should be allowed to enter into agreement with VNO licensee.
- For new entrants there should be two type of licenses i.e.(i) NSO and (ii) VNO. The new entrant may be given option to acquire either of the license or both.

**Q14. Should a VNO be issued a license at the National Level, or for LSAs as in the case of UL or should it be based on the host NSO license areas?**

**MTNL Comments:** The VNO licenses should be issued at LSA level as in case of UL.

**Q15. What should be the duration of a VNO's license? Should it be linked with the license of the NSO or should it be for 20 years, as in the case of UL?**

**MTNL Comments:** The duration of VNO license should be same as for other service licenses. As VNO can have agreement with NSO for any particular duration and it is independent of license period of NSO. Hence the duration of VNO license should be independent of NSO license.

**Q16. Should there be any cap on the number of VNOs in a service area for a particular service? If yes, what should be the number? Please provide (a) service wise and (b) service area-wise numbers with justification.**

**Q17. Should there be restriction on number of VNOs parented to a NSO? Justify your answer.**

**Q18. Alternatively, should one VNO be permitted to parent more than one NSO per LSA?**

**MTNL Comments:** There should not be any cap on the number on VNOs in a service area for a particular service. However, it is suggested for provision that for every circle, NSO can engage any number of VNO's, but VNO's should be allowed to cater only one NSO to avoid any chances of fixing priorities among services of NSOs by VNO. This

will allow customer to choose the services of NSO best suited to them. This will also create a healthy competition for providing quality service, facilities and competitive prices, at the same time retaining the incentive for NSO to make the new investment in the network for overall growth of the sector.

**Q19. What should be the eligibility conditions for becoming a VNO?**

**MTNL Comments:** It may be decided by Government, as it is its prerogative to safeguard national interest. The existing TSP should not be allowed to get VNO license for acting as VNO for other NSO/UL. However, the proposed eligibility should allow participation of only serious players and avoid participation of fly by night operators.

**Q20. Whether an existing Unified Licensee with authorization to provide all services shall be eligible to become a VNO of another Licensee in the same or other LSA? Or, will it need separate/additional authorisation to work as a VNO for delivering services for which it does not have access spectrum?**

**MTNL Comments:** No, the existing UL licensee should not be allowed to become VNO of another licensee irrespective of the area as it may cause collusion among operators for tactical practices.

**Q21. Should there be any cross-holding restriction between a NSO and VNOs? If yes, please quantify the same with justification.**

**MTNL Comments:** There should not be any cross holding between NSO and VNO's of different companies.

**Q22. What should be the financial obligations of VNOs in the form of a) Equity & Networth b)Entry Fee c)PBG and d)FBG etc.? Please quantify the same with justification.**

**MTNL Comments:** It is a prerogative of Government and may be decided, depending on functionalities of NSO's/ VNO's .

**Q23. Should a VNO utilise numbering resources, Network Codes and Locational Routing Number (LRN) of the NSO? Or, should the Licensor allocate separate numbering resource, Network Codes and Locational Routing Number(LRN) directly to a VNO?**

**Q24. What operational difficulties could arise in the above arrangements?**

**Q25. In case your reply is that the Licensor allocates numbering resource to the VNO, then how can it be ensured that the resources allocated to a VNO are**

**efficiently utilised? Should any obligation be placed on VNOs for efficient utilisation of resources?**

**MTNL Comments:** It is suggested that the number resources should be allocated to NSOs and the NSO will further make the allocations to VNO's, so as to make the efficient use of number resource and avoid any mismanagement in case of termination of agreement with VNO, as it will create multiple case of number portability, in case the VNO terminates an agreement with NSO. Also if VNO terminates the agreement with existing NSO and joins other NSO, the customers without their consent will be forced to move to new network.

**Q26. Should the LF and SUC applicable to the VNO be as per stipulated conditions of authorisation in UL? Or, should it be treated differently for VNO? Please quantify your answer with justification.**

**MTNL Comments:** The present frameworks of SUC is suggested to continue. The NSO and VNO should pay the applicable SUC separately after adjusting the pass through charges, which should be allowed on accrual basis for all the charges payable to each other to avoid double taxation.

**Q27. Should an NSO be mandated to provide access to its network to a VNO in a time-bound manner or should it be left to their mutual agreement.**

**MTNL Comments:** It should be left to their mutually agreed terms.

**Q28. How can MNP be facilitated in the VNO/NSO model? Can the VNO be treated separately for MNP purposes? Or, should MNP be facilitated only through the network of the NSO?**

**MTNL Comments:** In the suggested framework, NSO will be responsible for MNP procedures, and MNP could be facilitated only through the network of the NSO.

**Q29. Who is to be held responsible for CAF verification and number activation, the NSO, the VNO or both?**

**MTNL Comments:** The VNO should be responsible for CAF verification and number activation as in the suggested framework, VNO will be subscriber interface.

**Q30. Should an NSO or VNO or both be responsible for maintaining QoS standards as per TRAI's regulations?**

**MTNL Comments:** Both NSO and VNO should be responsible for maintaining QoS standards for services, for their respective functional domains.

**Q31. How should Mergers & Acquisitions be dealt with in the VNO/NSO licensing model? Should the recently announced M&A guidelines issued by the Government for existing players be extended to cover VNOs? Or, should their M&A be treated separately?**

**MTNL Comments:** The M&A guidelines issued by Government/ licensor may also be applicable /extended with VNOs, with the view that level playing field is maintained. Our comments for Q. 20 & 21 above, may also be considered in this regard.

**Q32. Should the VNO be treated equivalent to the NSO/ existing TSPs meeting obligations arising from Tariff orders/regulations /directions etc. issued by TRAI from time to time?**

**MTNL Comments:** Yes, Both NSO and VNO should be responsible equally regarding obligations pertaining to Tariff orders/ Regulations/ Directions etc. issued by TRAI for their respective functional domains, and as mutually agreed.

**Q33. Please give your comments on any related matter not covered in this Consultation paper.**

**MTNL Comments:** NIL

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