

TAIPA's Response to TRAI Pre-Consultation Paper on "Enabling Unbundling of Different Layers Through Differential Licensing"

1. DoT has sent a reference to TRAI on 8th May 2019, referring to the "Propel India" mission of the NDCP-2018, which envisages 'Reforming the licensing and regulatory regime to catalyze Investments and Innovation and promote Ease of Doing Business'. One of the action plans to meet this objective is unbundling of different layers such as:
 - i. Infrastructure
 - ii. Network
 - iii. Services
 - iv. Application
2. At the outset, TAIPA welcomes the opportunity to provide inputs on TRAI pre-consultation paper on "Enabling Unbundling of Different Layers Through Differential Licensing". As mentioned by the TRAI in the paper, the pre-consultation is being done with stakeholders to elicit the issues which are required to be considered for unbundling of different layers of telecom services and the changes required for facilitating the same.
3. In this regard, we strongly support the view of the Authority that different layers viz. Infrastructure, Network, Services and Application needs to be allowed to work independently under their respective licensing/registration. This will enable faster rollout of the new technologies such as the 5G etc and achieve digital India mission of the Government of India.
4. Further, TRAI continues to make efforts to ensure that the regulatory framework in telecom industry keeps evolving with technological developments and possibilities, which is in interest of all stakeholders such as the consumer, government and the industry etc.
5. Telecom, being a capital-intensive business, needs huge investment for growth and expansion and providing service based on new upcoming technologies. Telecom infrastructure creation for rollout of new technologies requires huge amount of investment by IP-1. The NDCP-2018 also calls for the increase and enhancement in the scope of IP-1 to include to encourage and facilitate further investment in infrastructure. The relevant provision vide para-1.1(f) of NDCP-2018 is as below:

"Encourage and facilitate sharing of active infrastructure by enhancing the scope of Infrastructure Providers (IP) and promoting and incentivizing deployment of common sharable, passive as well as active, infrastructure."

6. Further, considering the importance of the issues, TRAI issued a consultation paper also regarding enhancement of scope of IP-1 and the recommendations to the Government for early implementation of the same, are expected to be issued shortly. This pre-consultation paper also acknowledges the same in para-17 as follows:

*As per the current licensing regime, under Unified License, infrastructure, network & service layers are not segregated and are part of Unified License. However, **the Infrastructure layer is unbundled in the form of Infrastructure Provider Category - I (IP-I), though with a limited scope. If the scope of IP-I provider is enhanced and it includes active infrastructure elements also, it will rightly serve the purpose of an independent infrastructure layer. The Authority is already seized of the matter and a consultation process on enhancement of scope of IP-I providers has already been initiated.***

7. The paper further highlights in para-23 that, 5G would require establishment of small cells for densification of the network and a lot of capital investment is required for the same. Further, 5G is going to support various use cases and applications which are not specific to only telecom sector but will cater to the requirements of other sectors as well. To serve the entire nation and various sectors in a cost-effective manner, it is essential that telecom resources sharing happens at a greater level which is possible only through the Infrastructure providers who provide a neutral host platform for sharing on non-discriminatory basis and service providers will focus only on providing services in a very cost effective manner and improve customer experience.
8. Therefore, it is important that the regulatory regime provides for infrastructure sharing (including active network elements), which is possible through a neutral host like the infrastructure provider (IP-I) and enable all license/registered service providers to get benefitted by sharing of infrastructure. This will further help in catalyzing investment and innovation, cost optimization, effective utilization of existing infrastructure and related resources. As per the estimates, infrastructure sharing through IP-1 will provide savings up to 50% on Capex & Opex.

In view of the above background, TAIPA would like to answer the questions raised in the pre-consultation paper, as follows:

Question-wise response to TRAI Pre-consultation Paper:

Q1. In your view, what could be the possible benefits and anticipated problems in having an unbundled licensing regime? Kindly suggest the measures that can be taken to overcome the anticipated problems (if any).

TAIPA's Response:

IP1s are already covered under registration. Enhancement in the scope to own, deploy and maintain the end to end common sharable infrastructure, irrespective

active/passive, will result in faster rollouts of services, reduction in duplication of infrastructure, reduction in capex burden of service providers, opportunity to serve industries beyond telecom etc.

Q2. In case it is decided to unbundle the different layers of licensing,

- (a) what should be the different layers and their scope? What changes would be required in licensing regime to enable such a framework?**
- (b) Should there be a new regime of licensing on which the existing licensees should migrate within a specified time frame or there should be a parallel incentivized licensing regime for unbundled layers of license?**

TAIPA's Response:

Infrastructure layer should be under the IP-1 registration to own, deploy & maintain end to end common sharable and ready to LIT infrastructure without any classification i.e. active/passive.

Q3. In case you are of the opinion that there is no need of unbundling of different layers of the license, what changes should be made in the existing licensing regime to (i) promote sharing to increase utilization of the existing resources, and (ii) catalyze investments and innovation in Digital Communications sector?

TAIPA's Response:

We are of the strong view that to promote sharing to increase utilization of the existing resources and to catalyze investments and innovation in Digital Communication sector, we recommend the following changes in the existing framework for infrastructure providers:

1. IP-1 under the Infrastructure layer should be allowed to establish and provide all type of digital common infrastructure without any differentiation such as active or passive.
2. To achieve the above, first step should be the immediate implementation of the enhancement of scope of IP-1 to include common sharable active infrastructure elements, as also enshrined & notified in NDCP-2018.
3. IP-1 should be allowed to share infrastructure with all valid license/registration holders from any Ministry of the Government of India including DoT/MIB/MeitY to ensure that benefits of infrastructure sharing are available to all stakeholders in non-discriminatory manner across the digital communication sector.

Q4. What other reforms / changes are required in the existing licensing regime?

TAIPA's Response:

Already covered vide our response above.