



## **VIL Comments to the TRAI Consultation Paper on “Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)”**

At the outset, we are thankful to the Authority for giving us this opportunity to provide our comments to the TRAI Consultation Paper on “Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)” dated 09.02.2023.

### **Preamble:**

1. The Indian telecommunication sector is an essential infrastructure for socio-economic development in an increasingly knowledge-intensive world. The reach of telecom services to all regions of the country has become an integral part of an innovative and technologically-driven society. The reformist policies of the Government of India and Regulator along with strong consumer demand, have been instrumental in the rapid growth of the Indian telecom sector.
2. The Government and Regulator have been supporting and facilitating the creation of digital infrastructure and the development of digital skills, as these must go hand in hand to boosting the ‘Digital India’ mission.
3. IP-Is have also been part of this mission since they are rolling out the telecom infrastructure in the country. These entities have been providing assets such as Dark Fibre, Right of Way, Duct space, and Tower on lease/ rent out/ sale basis to licensees of telecom services on mutually agreed terms and conditions.
4. To accelerate creation of digital infrastructure and connectivity in the country especially related to active elements, enhancement of scope of IP-Is is necessary to reap the economic benefits of their services. The enhancement of scope for IP-Is is also envisaged in the NDCP, 2018 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.”*



5. Also, TRAI has stated vide its Recommendations on “Enhancement of Scope of Infrastructure Providers Category-I (IP-I) Registration” dated March 13, 2020, as below:

*Infrastructure sharing tends to impact coverage, quality of service, and pricing of services to consumers positively, as the cost-saving characteristics of infrastructure sharing allow for increased efficiency. It may lead to efficient and positive outcomes such as:*

- *Decrease in duplication of investment tends to reduce costs for operators and prices for consumers.*
  - *Positive incentives to provide services in underserved areas: reduction in costs justify serving economically poor areas.*
  - *Improved quality of service: due to increase in network coverage and capacity.*
  - *Product and technological innovation: permitting operators to compete on service innovation and technology rather than solely on coverage.*
  - *Increased consumer choice: as entry and expansion becomes easier and speedier through network sharing, consumers benefit from an increased choice of providers.*
6. This enhancement to cover active elements as well, would attract more requisite investments in this sector and accelerate the roll-out of digital services. The shared infrastructure brings economy of scale leading to savings in capital and operating expenditure and also prevents duplication in creation of such assets, thus, resulting in saving national money.
7. Moreover, sharing of infrastructure in fair, transparent, and non-discriminatory manner is possible only when such infrastructure is rolled out by standalone companies, who are not in direct competition with the service providers. This is evident from the fact that, in the Indian Market, the proportion and success stories of passive infrastructure is there for all to see. In such a scenario, infrastructure creation by standalone companies needs to be promoted through such DCIP authorization under Unified License, to boost the telecom infrastructure and to reduce the cost of capital for service providers.
8. While the ROW, etc. should be non-exclusive and exclusivity should be prohibited through the terms of DCIP license and IP-I registration, however, sharing of



infrastructure elements should continue to be on mutually agreed terms thus, not taking away their right to exercise commercial negotiations.

Our question-wise comments on the consultation paper for Authority's kind consideration, are given below:

**Q1. Comments of stakeholders are invited on the proposed DCIP Authorization under UL (attached at Annexure V). They may also offer their comments on the issues flagged in the discussions on terms and conditions and scope of the proposed authorization. Any suggestive changes may be supported with appropriate text and detailed justification.**

#### **VIL Comments to Q. no. 1**

1. NDCP-2018 envisages "Enabling unbundling of different layers (e.g., infrastructure, network, services, and applications layer) through differential licensing" as one of the strategies for fulfilling its 'Propel India' mission. Lot of emphasis is laid on digital infrastructure in the NDCP-2018 stating that *"Digital infrastructure and services are increasingly emerging as key enablers and critical determinants of a country's growth and well-being"*.
2. NDCP has envisaged three missions: Connect India, Propel India and Secure India. The 'Connect India Mission' advocates for *Creating Robust Digital Communications Infrastructure*. One of the strategies "1.1 Establishing a 'National Broadband Mission – Rashtriya Broadband Abhiyan' to secure universal broadband access", envisages enhancement in the scope of Infrastructure Providers in clause 1.1(f) reproduced 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."*

3. During the previous Consultation Paper on "Review of Scope of Infrastructure Providers Category-I (IP-I) issued by TRAI on August 16, 2019, we had submitted that scope of IP-I should be enhanced to provide certain active infrastructure elements, only to licensed entities on rent/lease basis. Hence, we recommend that enhancement of scope of IP-Is should be done by introducing a new authorization for them under Unified License.



4. In continuation of our earlier comments, we again submit that scope of IP-Is should be enhanced and sharing of certain active elements (except core) should be allowed and this should be done through a separate authorization under UL. At the same time, sharing of active infrastructure elements should also be encouraged between telecom operators having access authorization, and the revenue exchanged for such sharing should be excluded from application of License Fees.
5. Also, it needs to be kept in mind that active sharing involves an important role of 'network planning' and it can be best done by network planning teams of licensees.
6. Comments on the terms & Conditions and scope of the authorization as proposed by TRAI in its Consultation Paper are as below:
  - a. **Issue flagged by TRAI - Network elements under the category of core elements and to be excluded from the scope of DCIPs:**
    - i. **Active elements to be allowed for sharing:** IP-Is can be allowed to install the active elements (limited to antenna, feeder cable, Node B, Radio Access Network (RAN) and transmission system only) on behalf of Telecom licensees.
    - ii. **Active elements not to be allowed for sharing:** Sharing of Core Network nodes is not recommended as it involves lot of complexities and challenges. The humongous complexity in the Core routing and services would make it difficult for a single node to handle multi PLMN traffic with offered equivalent services. Huge challenge would be to have different/separate charging mechanisms and LI provisioning with most complex connectivity i.e., Inter elements connectivity with greater chances of IP conflict. Subscriber Database is also a major concern of competition conflict if considered for sharing.
    - iii. The same was already experienced by VIL while integrating and it was observed that many support systems are not aligned for Core sharing e.g. Provisioning, Mediation, IT Data, RA validation in terms of format/interworking with Core nodes.
    - iv. These challenges, as indicated in point ii and iii above, were also highlighted in our comments to TRAI Consultation Paper on "Telecommunication Infrastructure Sharing, Spectrum Sharing, and Spectrum Leasing".
    - v. **Active infrastructure sharing with licensed entities only:** The active infrastructure should be only provided to licensee(s) to meet the policy



objective of sharing and hence bring down the cost. Also, the active infrastructure can be procured by DCIP for sharing with licensee(s) only basis the mutual agreement between licensee and DCIP which will prescribe the applicable frequency etc. and bind DCIP to the conditions of the frequency allotment letter issued to the licensees in respect of equipment procurement and installation. In case there is no agreement with licensee, then DCIP cannot procure or install active equipment.

- vi. DCIP licensees shall be barred from entering into exclusive tie-ups and deployed infrastructure shall be made available for sharing to any UL licensee on a fair and transparent basis.
- b. **Issue flagged by TRAI - DCIP License proposed as a new authorization under UL, instead of a standalone license:**
- i. In our view, scope of the IP-I should be enhanced through a separate authorization under Unified License.
  - ii. However, the scope of authorization should allow them to provide services ONLY to UL licensees. Such IP-Is, who take this new UL (Authorization) should also comply with various guidelines related to Security and Data Privacy, and the Quality of Service (network uptime etc.) related requirements. Since the network is built and maintained by the DCIP, and UL licensee are using the same network to provide the services, having the QoS requirements on the DCIP will help incentivize the availability of better network to the end user.
  - iii. Further, there is a need to maintain the level playing field and there should be no dual incidence of regulatory levies. We recommend that pass through should be allowed.
  - iv. Most importantly, DCIPs should not be allowed to obtain MWB spectrum allocation, under the scope of their license so as not to have the conflict of Interest with the TSPs. In addition, Microwave access spectrum is already in shortage and with the bandwidth requirements of the technologies such as 4G/5G, providing the backhaul on microwave is not sufficient to provide the good user experience warranted by the technology.
  - v. DCIPs shall be allowed to procure the equipment for the bands, only for which they have tie-ups with UL licensees.



- c. **Issue flagged by TRAI - In the DCIP authorization, no LF is being proposed. Legal tenability of not charging any licensee fee in wake of section 4 of Indian Telegraph Act:**
- i. Simplification of the licensing process and creation of a conducive environment for market growth, with robust licensing framework providing level playing field, should be a paramount objective while defining any new framework.
  - ii. In our view, there should not be any License fee (LF) on DCIP licensees as any imposition of LF would lead to increase in cost and the benefits of the sharing will fade away.
  - iii. As such, levying LF on DCIP licensees would result in additional obligation on DCIPs which is already covered under license fees paid by TSPs on the said revenue.
  - iv. Hence, we support the proposal of TRAI to not levy any License Fees on DCIPs as this will encourage and incentivize them and attract more players/investment in the sector. However, in case if any License fees is decided to be levied from DCIP licensees, the applicable amount should be in line with the existing telecom operators to maintain level playing field, and suitable deductions in revenues from LF/SUC applicability should be given to licensees who are utilizing assets of DCIP players.
- d. **Issue flagged by TRAI - DCIPs can lease/rent/sell their infrastructure only to such entities which are licensed under Indian Telegraph Act:**
- i. In our view, DCIPs should be bound to lease/rent/sell their infrastructure only to service providers with authorization under Unified License.
  - ii. We have seen certain incidents in the past where tie ups between non-licensed entities and IP-I have caused a monopoly kind of situation resulting in huge cost to TSPs and in turn affecting services to the public. These examples pertain to airports, underground metros, malls etc.
  - iii. Also, TRAI in its recommendations on “Rating of Buildings or Areas for Digital Connectivity” issued on February 20, 2023, stated:



*The Property Manager shall allow access of DCI to all service providers in fair, non-chargeable, transparent and non-discriminatory manner and shall not have any exclusive arrangements or agreements with any infrastructure/service provider.*

*Provided that in case active wireless equipment is installed by a licensee, the licensee will be responsible for maintenance, expansion and upgradation of such DCI and to that extent, the ownership lies with that licensee. However, this installation of active wireless equipment will be carried out on behalf of the Property Manager and Property Manager shall be responsible for ensuring that the licensee compulsorily gives access of such active wireless equipment to all service providers on fair, transparent, non-discriminatory, and non-exclusive manner.*

- iv. Therefore, we submit that DCI should be provided to all service providers in a fair and non-discriminatory manner. **In addition to this, DCIPs should be bound to lease/rent/sell their infrastructure only to service providers with authorization under Unified License.**
- e. **Issue flagged by TRAI - Suggestion of an entry fee of Rs. 2 lakhs. Proposition to levy an application processing fee of Rs. 15,000 for obtaining DCIP Authorization under UL:**
  - i. Entry fee is necessary to reckon use of public resources and for inhibiting non-serious players. It also provides for entry costs for prospective entrants, however, if the entry fee is kept at a reasonable level, it does not pose any inhibition for entry into the sector.
  - ii. We have observed that entry fee of Rs. 2 lakhs and application processing fee of Rs. 15,000 for obtaining DCIP Authorization under UL is similar to the entry fee and application processing fee for ISP Category 'B' and M2M Category 'B' licenses which are telecom circle/metro area based licenses.
  - iii. In this regard, we would like to submit that since the service area for the DCIP Authorization is recommended at National Level, then the entry fee and application processing fee for them should be equivalent to ISP Category 'A' and M2M Category 'A' licenses.



- f. **Issue flagged by TRAI - The terms and conditions of the Authorization proposed in this CP are anticipated without PBG:**
- i. As we know, the Performance Bank Guarantee had been prescribed to cover violation of license conditions and to ensure the performance under the license agreement including compliance of instructions issued by the Licensor from time to time.
  - ii. In our view, the bank guarantees are intrinsically inefficient because they consume collateral and margin money and syphon working capital from the licensee. While bank guarantees may work in core infrastructure sector where contractual completion commitments are involved, these guarantees are not relevant for the technology driven telecommunication sector which, as such, is already categorized under essential services, where regular capital is needed to adopt new and evolving technologies.
  - iii. Thus, giving Bank Guarantees hinders the process of ease in doing business ending up blocking capital which otherwise could be used for expansion of networks and adopting new and efficient technologies. The Government also reduced the quantum of bank guarantee considerably vide the telecom reforms announced on September 15, 2021, which led to freeing up of non-fund facilities and margin amounts that was blocked earlier due to high amount of bank guarantees.
  - iv. In case of DCIP license, being the new authorization and framework, we recommend that PBG should apply to DCIPs from date of signing of license for the first 3 years. Post completion of this 3 year period, the PBG should be returned to them.
- g. **Issue flagged by TRAI - As far as leasing and renting infrastructure between DCIP and IP-I is concerned, it can be argued that the same should be permitted within the limit of the scope of IP-I registration. This may require necessary amendment to IP-I registration:**  
We are fine with same being permitted in line with the prevailing regulations for IP-I.
- h. **Issue flagged by TRAI - Maximum penalty of Rs. 20 Lakh is being suggested to DCIPs:** Similar to other financial conditions, penalties are also necessary to reckon misuse of public resources and pose inhibition for non-serious players to enter into the sector. The basic penalty framework should ensure that rules should be same and no licensed entity gets undue advantage. Therefore, we submit that the





same should be in line with penalty amount fixed for ISP Category 'A' and M2M Category 'A', the reason being the same as mentioned in case of entry fees and application processing fees.

2. In our view, following are some of the clauses required in DCIP Authorization under UL:

a. TRAI in its recommendations on "Use of Street Furniture for Small Cell and Aerial Fiber Deployment" issued on December 29, 2022, stated as below:

*The Authority recommends that enabling provisions or suitable terms and conditions shall be introduced in all telecom licenses and IP-I registration agreement prohibiting the TSPs/IP-I providers from entering into any exclusive contract or right of ways with infrastructure owners/CAAs or any other authority.*

b. In addition to the above, TRAI, in its Recommendations on "Rating of Buildings or Areas for Digital Connectivity" issued on February 20, 2023, mentioned as below:

*The Property Manager shall allow access of DCI to all service providers in fair, non-chargeable, transparent and non-discriminatory manner and shall not have any exclusive arrangements or agreements with any infrastructure/service provider.*

*Provided that in case active wireless equipment is installed by a licensee, the licensee will be responsible for maintenance, expansion and upgradation of such DCI and to that extent, the ownership lies with that licensee. However, this installation of active wireless equipment will be carried out on behalf of the Property Manager and Property Manager shall be responsible for ensuring that the licensee compulsorily gives access of such active wireless equipment to all service providers on fair, transparent, non-discriminatory, and non-exclusive manner.*

Hence, DCIP licensees should be prohibited to enter into any exclusive tie-ups with Property Manager or any other entity, for RoW purposes. Further, DCIP players should be bound to provide infrastructure to all UL licensees in fair, transparent and non-discriminatory manner.



**Q2. Are there any amendments required in other parts/chapters of UL or other licenses also to make the proposed DCIP authorization chapter in UL effective? Please provide full details along with the suggested text.**

**VIL Comments to Q. no. 2**

1. In our view, considering the scope of DCIP authorization, there will be certain clauses/parts/chapters of UL which will not be applicable in case of DCIP authorization viz:
  - a. **Spectrum Allotment and Use (Chapter VII):** The scope under DCIP authorization should not include assignment of any spectrum, hence, this chapter should not apply for DCIP. Suitable exclusion could be given in the DCIP authorization.
  - b. **Spectrum Related Charges (Chapter III, Clause 18.3):** Similar to point no. a above, spectrum related charges will not apply for DCIP authorization. Suitable exclusion could be given in the DCIP authorization.
  - c. **Subscriber Registration and Provision of Service (Chapter V, Clause 30):** The DCIP entities should not be allowed to provide services to any end consumers/non-licensed entities, hence, this part should not apply to them. Suitable exclusion could be given in the DCIP authorization.
  - d. **Commercial Conditions (Tariffs) (Chapter II):** This is similar to point c. above. The DCIP should not be allowed to provide services to any non-licensed entities and moreover, the services to licensed entities will be based on mutual negotiations, hence, no clause related to tariffs/charges should be part of DCIP authorization.
  - e. The DCIP Authorization should not be allowed to deploy/share core network elements, hence, clauses related to core network elements should not apply to DCIP authorization.
2. In our view, for the conditions which do not apply to DCIP Authorization, changes should not be carried out in general conditions, instead, suitable exclusions can be provided in DCIP authorization.

**Q3. Are any issues/hurdles envisaged in migration of IP-I registered entities to the proposed DCIP Authorization under UL? If yes, what are these issues and what migratory guidelines should be prescribed to overcome them? Please provide full text/details.**



### **VIL Comments to Q. no. 3**

1. Regarding the migration of IP-I registered entities to the proposed DCIP Authorization under UL, the migration guidelines should be as such that encourage the IP-Is to migrate to DCIP authorization.
2. There is a need to provide an enabling and sufficiently long timeframe for migration of IP-I registered entities to the proposed DCIP authorizations.

**Q 4. What measures should be taken to ensure that DCIP Licensee lease/rent/sell their infrastructure to eligible service providers (i.e., DCI items, equipment, and system) on a fair, non-discriminatory, and transparent manner throughout the agreed period? Please provide full details along with the suggested text for inclusion in license authorization, if any.**

### **VIL Comments to Q. no. 4**

DCIP license framework should be explicitly mandated:

1. Not to engage in any exclusive agreements with any UL Licensee or Property Manager.
2. To offer the infrastructure in a fair and transparent manner to all the UL licensees without any bias what so ever.

**Q 5. How to ensure that DCIPs lease/rent/sell out the DCI items, equipment, and system within the limit of their designed network/ capacity so that the service delivery is not compromised at the cost of other eligible service provider(s)? Please suggest measures along with justification and details.**

### **VIL Comments to Q. no. 5**

1. Various provisions/clauses should be included in the DCIP authorization to ensure that DCIPs lease/rent/sell out the DCI items, equipment, and system within the limit of their designed network/ capacity so that the service delivery is not compromised at the cost of other eligible service provider(s).



2. DCIP shall be responsible for QoS (network availability etc.) which impacts the UL licensees' ability to serve the customers and shall be clearly part of the license framework of the DCIP. DCIP shall provide the network infrastructure and associated services to all the UL service Licensees in a fair and transparent manner without any bias. DCIP Licensee should be prohibited from extending any preferential treatment/arrangement to one tenant as compared to others.

**Q 6. Stakeholders may also submit their comments on other related issues, if any.**

**VIL Comments to Q. no. 6**

No comments.

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