

Information note to the Press (Press Release No. 72/2017)

For Immediate Release

Telecom Regulatory Authority of India

TRAI releases recommendations on “Introduction of UL (VNO) for Access Service authorization for category ‘B’ license with districts of a State as a service area”

New Delhi, 8th September, 2017– The Telecom Regulatory Authority of India (TRAI) today issued its recommendations on **“Introduction of UL (VNO) for Access Service authorization for category ‘B’ license with districts of a State as a service area”**.

2. Through its reference dated 11th July, 2016 the Department of Telecommunications (DoT) has requested TRAI to issue recommendations for Access Service authorization for category ‘B’ license with districts of a State as a service area for Virtual Network Operators (VNOs).

3. In the wireline segment, in order to supplement its efforts of providing telecom facilities to the public, DoT introduced a scheme called Direct Inward Dialing (DID) in the year 1994 to provide facilities of group Electronic Private Automatic Branch Exchange (EPABX) by private entities as franchisees of DoT.

4. Pursuant to TRAI recommendation on ‘Introduction of Virtual Network Operators in telecom sector’ dated 1st May 2015, DoT issued guidelines on 31st May, 2016 for the grant of Unified License (VNO). Further, vide its notification dated 5th July 2016, DoT separately issued guidelines for grant of UL (VNO) for authorization for category ‘B’ license with districts of a State as a service area for entrepreneurs like Direct Inward Dialing (DID) franchisees.

5. The Authority issued a Consultation Paper on ‘Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area’ was issued on 20th March, 2017, seeking the comments / counter comments of the stakeholders. Comments from fifteen (15) and counter-comments from two (2) stakeholders have since been received and have been uploaded in the TRAI Website. Open House Discussion (OHD) was conducted on 6th July, 2017 with the stakeholders.

6. After analyzing various issues involved and considering the comments received from stakeholders in their written responses and during the OHD, in-house analysis & research, the Authority has finalised the recommendations. The salient features of the recommendations are:

- A new category of authorization may be introduced under Unified License (VNO), for Access Service as Category ‘B’, license with districts as a Service Area on non-exclusive basis. To continue their services, existing DID franchisees should migrate to UL (VNO) Category ‘B’.



- New license should not be restricted only to existing DID franchisees and should be open to all entities intending to offer such services.
- Scope of proposed UL (VNO) Cat 'B' license should be to provide only wireline access services within a district. Wireless access services shall not be a part of the scope of UL VNO Cat B.
- Duration of UL (VNO) Cat 'B' license shall remain consistent with UL (VNO) policy.
- Entry Fee of Rs. 1,65,000 for 10 years of duration of license shall be applicable to the UL (VNO) Cat 'B' licensee. Financial Bank Guarantee (FBG) of Rs. 1,00,000 shall be applicable to UL (VNO) Cat 'B' licensee.
- UL (VNO) Cat 'B' licensee shall possess the minimum networth of more than Rs. 5 lakhs per authorization.
- In order to promote fixed line Broadband, DoT should implement TRAI recommendations dated 17th April, 2015 on 'Delivering Broadband Quickly: What do we need to do?' wherein the license fee on the revenue earned from fixed line Broadband should be exempted for at least 5 years.
- On introduction of VNO regime an issue of double taxation has arisen. DoT may consider review of AGR components and charges paid by VNO licensee to the TSP/NSO for procurement of services should be allowed to be deducted as pass through charges for the purpose of calculating the AGR, similar to other pass through charges permitted under UL like IUC, roaming charges etc. This will be in line with the Input Tax Credit (ITC) feature under Goods and Service Tax regime.
- The amount of maximum penalty on UL (VNO) Category 'B' licensee should be same as provisioned for ISP Cat 'C' in UL (VNO) policy. UL (VNO) Cat 'B' licensee has to comply with obligations arising from Tariff orders/regulations /directions etc. issued by TRAI from time to time.
- In order to meet the requirement of connectivity UL (VNO) Cat 'B' licensees may be allowed to have arrangement for connectivity at different locations with different TSPs/NSOs in its licensed area of operation i.e. within the geography of a district, only in case of provision of wireline access services through EPABX.
- UL (VNO) (Access service) license may be amended to enable the provision of allowing parenting with multiple NSOs by a VNO for wireline network at different locations of the LSA only in case of provision of wireline access services through EPABX.
- The arrangements for allowing connectivity from more than one TSP/NSO at

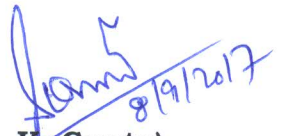


same EPABX can be allowed only after suitable examination and approval by TEC/DoT with desired specifications. Further continuation of such arrangements shall depend on the outcome of the decision of DoT/TEC.

- The provider TSP/NSO shall mandatorily enter into Service Level Agreement (SLA) with UL (VNO) Cat 'B' licensee.

7. The recommendations on **“Introduction of UL (VNO) for Access Service authorization for category ‘B’ license with districts of a State as a service area”** have been placed on TRAI’s website // www.trai.gov.in/.

8. For any clarification/ information Shri S. T. Abbas, Advisor (Networks, Spectrum and Licensing), TRAI may be contacted at Tel. No. +91-11-23210481 or email at advmn@trai.gov.in


8/9/2017

(S. K. Gupta)
Secretary (I/C), TRAI