

**Comments of various stakeholders on the issues raised by TRAI in its
consultation paper no. 3/2003 dated 16th July 2003 on Unified Licensing for Basic
and Cellular services**

Q1. Should there be a unified license for basic and cellular mobile service in India?

1. Orissa Consumers' Association: Yes. Association mentioned that they are in favour of introduction of the regime. The proposed regime is in sync with guidelines adopted/being adopted by many other countries. We must introduce such regime at the earliest. The introduction of such regime will lead to create a conflict free telecom environment. It would result in quicker roll out and growth of wireless subscribers. Rural roll out will become more effective and thus, the desired targets of NTP'99 can be achieved. Similarly the ULR would provide greater efficiency as a result of optimum sharing of infrastructure and resources.

2. ABTO: Yes. A unified license should not only bring together Basic and Cellular mobile services, but Long Distance (National and International) & Internet Services should also be under its ambit. *This unified license having Basic, Cellular, Long Distance (National and International) and Internet services under one umbrella should have the following important distinctive concepts:*

- Unified licensing regime comprises of a license for all services viz Basic, Cellular, National Long Distance, International Long Distance and Internet services.
- All new licenses will be issued under the unified licensing regime.
- Existing operators will have the option to:
 - continue under the present licensing regime, or
 - migrate to unified licensing regime in the existing circles, or
 - opt for a pan-India unified license
- New Operators can opt for either circle-wise or pan-India license.
- Unified licensee should be able to provide any of the services – be it basic, cellular, Long Distance, Internet or a combination of these i.e. freedom to provide any service.
- There should be a uniform cap for the allocation of spectrum based on need / requirement to all unified service providers based on the payment of requisite entry fee.
- However, qualification for any new allocation, i.e. more than the uniform cap, should be on bidding / auction and release of spectrum should be strictly on the basis of fulfillment of rollout obligation under unified license.

The Unified Licensing Regime would thus serve to eliminate the uncertainty and duplication that is happening in rolling out different types of networks and also ensure that technology advancement and resulting services are not artificially curtailed.

3. Ms.Geeta Sekhar:- Yes, there should be a unified license but not merely for basic and Cellular mobile voice telephony services but for all segments of the broad Communication sector recognizing the universal convergence covering voice, Data and image communication segments but excluding content provision. The Unified license should therefore cover basic, cellular mobile, WLL, satcom, V-sat, internet, paging, domestic long distance, international long distance, DHH, cable TV and other communication services. Such a unified license should be brought about only after disparities in the initial and current licensing terms as between different services as also different Operators are removed and/or set right to ensure level-playing competitive field for all services and operators in future.

4. **CTMS, Dr. T. H Chowdary:** Yes. There should be a unified license for not only basic and cellular mobile service but also NLD, ILD and Internet and every type of telecom and information service. The deadline should be extended by 2-3 months. Consultation paper should address the issue of inequality and non-level playing field conditions between BSNL and Pvt. service provider. BSNL/MTNL are realising the economies of scale and scope since BSNL is a multi service company.

5. **Kerala Consumer Service Society, Dr.T.Balachandran :**

The attempt on the part of TRAI to introduce a unified licencing for cellular and basic-phone companies is most welcome as this is the need of the hour. We are really happy to note that our chairman has stated that the fundamental intention of this unified licencing is to benifit the consumers and the TRAI ACT put the customers above the industries.Our hearty congratulation to our chairman Shri Baijal.But the learned consumers in India know that tariff will never come down as TRAI is for the corporators.

6. **Dr. Niranjn Nath (Consumer Protection Association, Gujarat) :** YES

7. **Palakkad District Consumers Association, Kerala:** Yes. We are welcoming the unified licensing system for basic and Mobile service in India because it may lead a healthy competition among the various operators and in a healthy competition naturally Consumers interests will be protected.

8. **Consumer Unity & Trust Society (CUTS), Shri Vinayank R. Pandey -** In principle, CUTS welcomes the move to have unified license for wire-line and wireless services as it would bring-in efficiencies through economies of scale. Objective should be to allow the sector as whole to grow and not particular technology, and obviously 'greater penetration of improved services at most efficient price' is one of the most significant indicator to measure the growth of the sector. The Malaysia model, which is technology and service neutral, likely to best fit to our country of course with required modifications. In addition to that while designing Unified Licensing Regime TRAI must see that important national priority of Universal Service Obligation is taken care of. At the same time overlooking the very reality of convergence among the communication services cannot afforded at all, as the government of India has proposed to bring out the Convergence Bill very soon. Regarding having single regulator for all convergent communication services is something that is highly desired, however very important issue here is of regulator (TRAI in this case) acquiring the required capacities to deal with.

9. **Shri S. Chandra Shekhar (Advocate- Supreme Court) –** Yes. Unified licensing would provide greater efficiencies, increase tele-density, bring down cost.

10. **Shri D.N. Nanda (Retired Member Telecom Commission):** - Yes. There is no doubt that both the services have to merge in the light of trends towards convergence, but the question should have been how and when it should be done?

11. **Shri Vijay Singh Yadav (M.P.) :** This would be beneficial for all the stakeholders of this sector and would go a long way in serving the interests of the nation.

12. **Shri Brahmanand Mandal (M.P):** A unified license would provide greater efficiency as a result of optimum sharing of infrastructure and resources. Such efficiency would bring down the costs of providing service, the benefits of which can be passed on to the consumers in terms of lower tariffs and more benefits.

13. **Shri Punnu Lal Mohale (M.P):** Yes.The emergence of 3G which reconciles GSM and CDMA, and its adoption by the ITU is already blurring the difference between BSOs, CMSOs, and ISPs.

14. **Shri Bir Singh Mahato (M.P.)** : The present attempt by the regulatory authority to introduce a unified/converged license for Basic and Cellular services is a step in the right direction to end all the present controversies. It is a positive move to ensure that a favorable environment exists for robust competition in the market and that service providers and end-users take full advantage of technology and innovations, especially in the wireless and Internet sphere.

15. **Shri Subodh Rai (M.P.)**: The proposed Unified License Regime will definitely help in solving lot of problems that exist between different operators in this sector.

16. **Shri Sanjay Chandwani (Telecom User Association of India)** - We believe that this regime will go a long way in benefiting the Indian telecom industry and more importantly the consumers. World over, countries are migrating to a convergent regime. It is imperative, for the growth of telecom industry in India .

17. **Tata Teleservices Ltd.** :- Yes, there should be a unified license. This should be on a larger plane encompassing other services existing today (National Long Distance and International Long Distance, Internet, etc.) and in the conceivable future (e.g. 3G mobile). It would be the first step in arriving at a converged regime as envisaged under the Convergence Bill.

18. **J.Sagar Associates**: Conceptually the switch from the service specific licence to the unified licence is in tune with the technological trend and hence a desirable switch. The objectives, transition path, definition of unified licence, and other related issues need to be timed and calibrated properly by the DoT and the TRAI. Also, the Government and the TRAI should have sanction by the statute to do the same. He has further mentioned that Unified licence of the basic and cellular service providers neither has a sanction under the New Telecom Policy 1999 nor has any statutory backing. In fact, it shall be contrary to the New Telecom Policy 1999, which categorically recognizes basic and cellular services as two distinct service governed by different terms and conditions. Since the sanctity of contract is not respected, the stakeholders will find difficulty in predicting policy before deciding investment issues. Consultation paper has not brought any strong justification to move from service specific license to unified license. The Consultation Paper has not spelt out the modus operandi of the unification of the licenses of the basic and cellular service providers. Following issues, which are not spelt out in the Consultation Paper, need to be addressed by the TRAI:-

- In a scenario where two companies of the same promoters are providing basic and cellular services in the same service area, unified licence means that each of such companies can provide both basic and cellular services in the same service area. Is it mandatory for these companies to merge? For efficiency gains eventually both the companies may merge but there is a huge cost to the merger of the company.
- The guidelines of mergers and acquisitions should be spelt out in advance before the finalization of the unified licence.
- The number of operators will vary in each service areas. In service areas where the two different companies of the same Group are providing basic and cellular services, the number of operators will be less compared to the service areas in which different unconnected companies are providing basic and cellular services.
- Issue of cross subsidy will become very ticklish. How are we going to reconcile the objective of optimal utilization of resources on one hand and the regulations against cross subsidy on the other hand in the proposed scenario? In the new scenario TRAI need to spell out the strategy to tackle the issues of cost-based tariff, predatory pricing and cross subsidy.
- Paper has nowhere referred to convergence Bill and the definition of convergence is at variance or contrary to concept of unified license stated in Bill.

- TRAI also needs to examine more in depth the conceptual issues of economies of scale and cost.

Most of the countries in world have service specific license and not unified license. TRAI has also adopted the model of unified license different from the concept of unified license in the countries mentioned in consultation paper.

19. **Spandan (Shri Sameer Ranjan Parida):-** Yes. A unified license will guarantee rapid roll out of services and better Quality of Services since the service operators would be allowed to offer end to end services that use whichever technology using this license. Such parameters are of more significance to the consumers than tariffs.

20. **VAROSA, Orissa (Shri Bijen Pattaik) :-** Yes. The unified license proposed by the TRAI will create a condition where regulation will lead technology and act as a catalyst for the growth of the sector as a whole. However, a level playing field is better created by recompensating the cellular operators rather than charging the basic operators. This will help to keep the tariffs low and will benefit the consumers, rather than having the additional license fees proposed being loaded on tariffs. Increased choice and improved access is better served by reducing rather than increasing the license fees.

21. **PATH, Shri Deepak Tandon** Yes. We feel that the concept of unified license is totally workable. The only thing to be ensured by the Regulator is to work out the terms and conditions of the unified license in a transparent manner through consultation process. The Regulator has also to ensure that no group is treated favorable or unfavorable. A unified licensing will provide economies of scale to all the operators. Such a condition will ensure that the consumers (end users) get the benefit of technological advancements. They will be able to get a variety of services like broadband, Internet etc from a single service provider and at lower tariffs due to the service provider's economies of scale. Therefore a single license policy ushered in by the regulatory is well timed and also in pace with technology developments. A unified license condition will be the first step towards Convergence and ultimately 3G telecommunications sector.

22. **VOICE, Sh. H.K Awasthi:** There should be a unified Telecom License to include every possible service Basic Cellular, NLD, ILD and Internet. Advantage of competitive tariff on NLD and ILD are not available to BSNL subscribers. BSNL continues to charge higher tariff.

23. **RAJDHANI UPBHOKTA PARISHAD, (Sh. Ravinder Singhal):-** Yes. A unified licensing condition will create a blanket policy to address the various aspects of technology market and competition, which is the need of the much litigated telecom sector in India. From such considerations of efficiency that would bring down the cost of providing services has arisen the need for consulting the stakeholders on creating a unified licensing framework.

24. **JANADHAR, (Sh Shalabh Kumar Singh):** Yes. For the consumers it would be beneficial as they will be able to access a plethora of telecom service – including Broadband, wireless and internet.

25. **Human Upliftment Development and Social Awareness (HUDSA), Allahabad (Sh. Mani Shankar Dwivedi)-** Unified License Regime is a welcome step towards the future of the telecom sector.

26. **Asian Development Institute, Bangalore (Sh. Madhusudhan):-** Technological convergence has challenged the basis for different regulatory/license controls – as such the need for Unified license.

27. **Center for Market Research and Social Development, New Delhi. Dr. Ajit Kumar Naik:** - Yes. A unified license will ensure the emergence of a liberated market

infrastructure that would eventually accommodate the convergence of IT Telecommunications, and Internet. It will lead to simple licensing procedures and a technology neutral policy environment that will assure lower historical/operational costs for the service providers. Apart from basic and cellular services, the unified license regime should encompass other services like NLD, ILD, Internet etc. This will provide economies of scale and optimal utilization of available resources for the service provider which will lead to reduction in cost of service.

28. Data access India Ltd:- Yes. There should be unified licence for all telecom services including ILD, NLD, VSAT etc. The suggested categories of Operators / Licences are Infrastructure Provider Licence, Facilities based Licence and Reseller Licence.

29. Infrastructure Development Finance Company Limited:- Yes. There is a case for rationalising the existing licensing regime to make it compatible with the fact of convergence and charting a path of transition towards a unified licensing regime. Such a step enhances competition and choice to consumers.

30. Delhi Science Forum, New Delhi - We welcome the move towards a unified license even though it means addressing a host of legacy issues. If this is not corrected at this moment, the problems are likely only to grow. That such a condition does not exist for NLD or ILD services. Indeed such a scenario may come about in the future if switches change to ATM switches and instead of circuit switching network, we move to a packet switching network. At that point, a unified license for local and long distance will make sense. This is not the scenario today. If a unified license concept is introduced, they should have similar regimes even if the tariffs are different, the way tariffs are computed should be similar even if the services are different. Some advance has already been made in this direction but at the cost of the basic service consumer. Not only did the basic service operators have rural obligations, they also had roll out obligations. TRAI should make public that under the current license terms and conditions what were the Basic service operators supposed to provide and what they have provided actually on the ground. The above is not an academic issue but goes to the question of license fees paid by each of the parties. The basic service operators in general paid lower license fees but also inherited social obligations. While they have refused to fulfil their obligations, they want to expand the lucrative high-end market including the mobile one. The parity of both therefore comes only if the obligations in the original tender are insisted upon.

The convergence bill is looking at a common regulatory framework for broadcasting and telecom. The current regulatory and legal framework can accommodate a unified license in telecom without a convergence Bill/Act. This also means that any attempt to introduce a unified license must first address the distortions introduced by the BSOs in not meeting their rural, roll-out and other service obligations. It is only when this done seriously that a level playing field conditions between BSOs and CMSPs will emerge.

At this stage, we need to address only two issues- a) Is it desirable to move towards unified licensing arrangement and is it an opportune time. If it is desirable to do so, will it help if we wait or will it only worsen the situation. b) Are there any insurmountable barriers to introducing a unified License. Once the above two conditions are answered in the affirmative introduction of a unified license is deemed to be desirable and opportune, only then we need to tackle the thorny issue of how to do it without major dislocation of service or increase in cost of basic services.

31. ISPAI:- Yes. ISPAI is of the view that a unified licensing regime for wireline and wireless services will provide greater efficiency as a result of optimum sharing of infrastructure and resources. The transition to such a system of Unified Licensing be done in a manner that the burden of ISPs do not increase particularly in terms of financial commitment such as Licence Fees, Bank Guarantees, Entry Fee or any other

such instruments. No onerous conditions over and above what is already applicable to ISPs in terms of new entry fee or license fee, roll out obligations, or any other such conditionalities would be acceptable. Rather, considering the unfair circumstances under which ISPs especially the stand alone / pure play ISPs, function, it would be worth considering such new provisions that enable these players to remain economically viable and competitive entities. TRAI must ensure that any unfair and prejudicial practices resorted to, by integrated players, to edge out competitive service providers, can be checked by incorporating enabling provisions. Before Unified License is introduced, measures should be taken to prevent unfair and inappropriate trade practices being adopted by the integrated service providers.

32. **HITL:** - A unified licence for basic and cellular mobile services would be a great leap forward for the Indian Telecommunications Industry. We also believe that the unification of licencing should be limited to the access services only – basic, cellular and internet services. The geographical spread of India is too vast to combine all licences for all services, including long distance services, into one licence.

33.**Reliance:-** Unified licensing is a step in the right direction, which will govern communications activities so that it remains relevant to the relatively dynamic communications environment. Unification of licenses is in the larger interests of public and will be a landmark decision by the Authority.

34. **Shyam Telelink Limited:-** Yes, however only after resolving the level playing issues of the old six basic operators and bring them at par with old CMSPs and new BSOs.

NTP'99 has also envisaged unified license. To facilitate this NTP'99 had upgraded Cellular Mobile Service providers to Access providers. Over a period of time both the licenses have almost similar terms excepting the roll out obligations and Bank guarantees.

35. **COAI (Sh.TV Ramachandran): - Unified licensing is not possible / permissible under the present policy and licensing regime**, which envisages service-specific licensing in telecom. COAI has also mentioned that CMSPs have obtained licenses for a huge consideration and they have contractual rights under the policy and their licenses. These contracts cannot be amended unilaterally. COAI has mentioned that the power to amend a license is not an unfettered right and cannot be used to alter the very substratum of the licenses of the CMSPs. COAI has mentioned that migration to a new policy regime would be required if a New Telecom Policy is introduced. The migration offer to the existing service providers in 1999, clearly laid down that if either of the cellular operator in a given service area does not accept the package, both the existing operators will continue in the existing licensing arrangement until the validity of the present licenses. Thus the migration cannot be unilaterally thrust upon the licensees. It has to be a bilateral settlement.

COAI has further mentioned that the judgement of TDSAT clearly holds that the right to provide cellular mobile services is with cellular operators. With such judgement in place, which clarify rights of WLL(M) and cellular operators, they are unable to understand how an effort to provide cellular mobility for fixed line operators can be sustained, even initiated.

COAI has mentioned that in India, the first steps towards convergent licensing were initiated in the year 2000 with the setting up of a sub-group on Convergence. Convergence in this context encompasses all communication services – Telecom, IT as well as Broadcasting. COAI has represented that the present consultation exercise, which has been initiated by the Authority seeks to pre-empt a well-considered Parliamentary process and is outside the Authority's jurisdiction.

COAI has also mentioned that that the International practises listed by the Authority are completely irrelevant in the present context, as not one single country has unified only fixed and cellular licenses. Further, in all these countries, spectrum is auctioned separately and does not form part of the common license. The cited examples all have a common license/general authorization that encompasses all communication services including broadcasting. Of the 206 countries that are members of ITU, there is not one single country that has unified fixed and mobile licenses only. COAI has further mentioned that the narrow definition of unified license-to include only fixed and cellular services, cannot be found in any other telecom regime in the world. A unified license indicates a single license under which “all”: telecom services can be offered – fixed, mobile, long distance, internet, etc. COAI has further mentioned that the brief addendum issued by the Authority, merely pays lip service to broadening the scope of unified licensing, as the Authority has neither amended the scope of consultation nor it felt necessary to provide any data or information on the other telecom segments. If the scope of the consultation paper is to cover fixed and mobile services, then the “willingness” of the Authority to receive suggestions from industry on the inclusion of NLD, ILD, Internet, etc. within the scope of a unified license , is absolutely meaningless. COAI has also mentioned that the Authority is ambiguous about the scope and objectives of the exercise.

COAI has further mentioned that they are unable to understand the rationale for considering the introduction of unified licensing at all. Already, there is complete deregulation of all sectors in telecom. COAI mentioned that they apprehend that the real raison of the consultation exercise is to legitimise WLL(M) as a full cellular mobile service. COAI has mentioned that that it appears that the regulator has taken upon itself the task of dispute resolution. Such ‘dispute resolution’ efforts by the Authority will lead to even more turmoil and litigation. Further, convergence of technologies does not need or justify convergence of licenses. Also, the overlap of competition is not between fixed and cellular, it is confined to WLL(M) and cellular. The former was introduced on the basis that it was a non-substitutable service, a position that the Authority is finding increasingly difficult to maintain, hence the efforts to legitimise it as full cellular. COAI has mentioned that the Indian consumer is already enjoying virtually the lowest tariffs in the world. The advantages of a common bill or a common customer care centre number, etc. appear to be too trivial a reason for overturning the entire policy and licensing regime. Infact, both of these are perfectly possible for a service provider who has multiple licenses in the same service area and there is nothing that prevents the current licensing regime for such benefits if the operators choose to do so. Also, the operators can also enter into commercial arrangements with other service providers to provide such common services to the consumer. COAI has further mentioned that sharing of infrastructure etc, is already permitted by the Govt. In fact private sector licensees are already actively sharing their infrastructure. There is no need for a unified licensing regime to facilitate infrastructure sharing. Mergers and acquisitions too, do not require unified licensing as a pre-requisite. Such an approach is tantamount to the Authority presiding over the elimination of smaller/pure-play independent operators. Almost any benefit that is listed or can be conceived, which is national, public or consumer interest is readily available under the current licensing and policy regime.

COAI has also mentioned that the consultation paper is silent on the possible adverse impact of unified licensing on consumers, on service providers, on the competitive landscape, achievement of national tele density objectives, etc. The Authority must also address the concerns of the respondents by laying down in detail how the drawbacks will be addressed/tackled by the Authority. COAI has mentioned that it has also not been elaborated on exactly how the objective ‘unified licensing not resulting in a substantial lessening of competition’ will be achieved. Further the Authority has not addressed the issue of accounting separation in the consultation paper. Further the Authority has been silent on the complementary checks and balances that are required to support the licensing regime – strong competition laws, high tele density, mature markets, etc. COAI mentioned that the present consultation process only seeks to give de facto permission

to FSPs to operate in an area (mobile) that is, in all countries listed by the Authority, permitted/facilitated through a competitive selection process.

COAI has mentioned that the fast track approach adopted by the Authority on such critical issue which will have a far reaching impact on the future of the entire Indian telecom sector surpasses even the zeal and speed shown by the Authority in recommending WLL(M). In other instances the Authority has taken almost up to two years to recommend entry of new service providers/terms and conditions of license for existing service segments. Further, although the authority had asked the question whether there should be a unified license for basic and cellular services, they (COAI) feel that the answer to this issue is a foregone conclusion.

COAI has mentioned that the Authority has failed to even raise, let alone discuss, several crucial and relevant issues and all its efforts appear to be focussed only on achieving a single point agenda – allowing FSPs to offer full cellular mobile services and thus, negate TDSAT judgement on WLL(M). COAI further mentioned that such consultation process will serve no purpose and will be against public interest unless the issues are first discussed within Govt. and the Parliament and then subjected to much wider consultation process giving enough time and using proper resources and also addressing all the lacunae. COAI has requested the Authority to follow the due process of policy and statute as also address the concerns raised by them, before embarking on any such exercise.

36. Telecom Users Group (TUG):- TUG fully appreciate the efforts put in by TRAI in bringing out the issues involved in changing over to Unified Licensing regime instead of service specific licenses for basic and cellular services. Unified Licensing may lead to fewer problems in interconnectivity and more efficient use of frequency spectrum. We feel that the Unified Licensing may reduce competition which will not be in the public interest. The licensing terms and conditions and obligations for Basic and Cellular services are totally different and the implementation of Unified License for them will be extremely difficult and it will be a long drawn process for the existing licensees. This will adversely affect the interests of consumers in the long run. International trend is towards change to fully converged licensing regime for telecommunication, broadcasting and information technologies and not for partially unified licensing regime. As proposed in this consultation paper. We feel that we should wait for the outcome of Communication Convergence Bill before switching over to unified licensing regime. We find that the NTP 99 does not contain any provisions for unified licensing regime. In view of the above described factors, we feel that the change over to unified licensing regime for basic and cellular services will not be in the interest of consumers and therefore recommend that the existing service specific licensing regime may be continued.

37. Hutch:- Same as COAI

38. Shri Rizwan Zaheer (M.P.):- I solicit your help and support in enhancement of growth in the telecom sector and not succumb to the pressures of the vested interests that are not allowing advancement of technology and holding the consumers captive.

39. Bombay Telephone Users Association (Ms. Achintya Mukherjee):- It would be advisable to club the consultation on this subject together with paper on questions in TDSAT judgement.

40. Consumer Coordination Council:- While the consumers are in favour of all the initiatives of the Authority that seeks to deliver the tangible benefits at an affordable price and efficient quality telecom services to the consumers. We submit our 11 points concerns on the paper and would deeply appreciate if the Authority would resolve these concerns in the interest of the consumers.

1. The consumers are not clear on the exact scope of the unified licensing process that has been undertaken by the Authority.

2. The TRAI has provided the consumers with absolutely no details on the terms and conditions of the other telecom services, which we are sure you will agree is not fair.
3. The Authority must in all fairness present full data and information to the consumers on the other telecom services, much like it has done for fixed and cellular services. If however, the scope is still restricted / limited to unifying only fixed and cellular, then the Authority must explain to us not only why the other services have been excluded from unified licensing but also why the addendum was issued at all.
4. How, if at all, is unified licensing deferent from convergence bill and why are two separate routes being followed to achieve the same end result? This is in our view waste of public money and raises doubt on the intention for such duplicate exercise.
5. The benefits of unified licensing to the consumers have not been adequately elaborated upon by the TRAI.
6. As we always said, Competition is the Best friend of a consumer. Is this going to happen under unified licensing?
7. Also are there any other possible adverse effects of unified licensing.
8. The international practices given by TRAI are also quite confusing. Do these countries have a common license for fixed and mobile services or for all telecom services like suggested by TRAI in the addendum? What is the experience of these countries since they have moved to unified licensing? How have the consumers fared in these countries and how are they protected? Are there other factors that must be taken into consideration that will determine the success or failure of reforms? We have enough models around the world for effective adoption in the interest of the Indian consumer.
9. Consumer Organizations have limited finances and therefore cannot undertake independent research on international practices. TRAI must therefore step in and fulfill this responsibility.
10. We believe that the TRAI has given a very short time frame to seek the responses to the consultation paper.
11. It is urgently requested that TRAI defer that last date of submission or responses and issue a fresh date once the full information has been provided.

41. **CUAI:-** The present consultation paper itself lacks in some major areas and appears to be drafted in limited time, as it does not talk about;

- i) How Unified Services will bring the tariffs down?
- ii) How the oligopoly of operators created shall help attain the objectives of NTP99? Unified licensing is not possible under present telecom policy and TRAI Act. TRAI failed to discuss how NTP objectives would be met.
- iii) How to safeguard the consumers interests in the new era of Oligoliths/Monoliths that shall be created?
- iv) Impact of unified license on the state owned entities as the BSNL and MTNL:
- v) Impact of unified license upon WLL-M service:
- vi) Unified licence whether the same would be having territorial limitations or not e.g. CMTS license holder in Delhi does not have FSP license for Delhi but has FSP license for MP would it also be covered under the unified license.
- vii) The conflict of the proposed unification with Convergence Bill. Public would have to bear a lot of expenses on account of unification for fixed and mobile and thereafter for the changes brought about in the bill.
- viii) Increase of teledensity.
- ix) How the telecom services shall become more affordable with the advent of Unified Licensing.
- x) How the increased demand of the spectrum shall be met without compromising the quality of service of the existing subscribers and meeting the spectrum requirement of the existing operators. Number of existing and new players.
- xi) Territorial limits (nationwide or existing), obligations of service providers, Impact on USO fund, proposed numbering plan and costs involved, in the proposed regime

- xii) None of the countries discussed in International practises have demographic, geographic or economic parameter similar to India. Consultation paper is misleading in nature by elucidating a different example and seeking an altogether different model in the process.
- xiii) TRAI has incorrectly stated that pre-paid cards for basic services are available in market.
- xiv) Consultation paper does not talk about why unification exercise is being preferred than introducing more cellular operators.
- xv) Protection of consumers in case of ill-conceived proposed licensing regime by some operators.
- xvi) Benefits of proposed regime to the consumers which existing regime cannot offer.
- xvii) Rather than addressing the issue of impending litigation and doing a balancing act the consultation paper ignores major ongoing litigations and judgements therein. In view of TDSAT judgement there is a serious need to alter the chronology of the consultation exercise. The issue of how proposed regime shall ensure that there is no further litigation should be addressed.
- xviii) Any inputs on the manner in which the desired results under unified licensing regime will be available in India looking into the fact that the two mobile technologies at present in operation in India namely GSM and CDMA are not capable of being integrated. In its consultation paper TRAI has referred the introduction of hybrid switches by service providers in their network but has not provided other relevant detail
- xix) Addendum fails to take into account the kind of services that could be unified.

CUAI opined that the time allotted by TRAI for submission of the response is grossly inadequate. Further, TRAI failed to verify market conditions and such an exercise must not be carried out in such a short time frame. CUIAI mentioned that the proposed regime would result in lessening of competition and TRAI failed to address other vital issues pending with TRAI. CUIAI further mentioned that had the govt. wanted to create and propagate the monopoly era, it would never have corporatised the DoT and never permitted unbundling. Further, TRAI should have provided all requisite information to the consumers including inputs from external consultants before seeking comments of all stakeholders.

An addendum to the paper covering an in depth analysis of how the TRAI foresees such a regime to usher in benefits of the consumer and public at large besides further growth in the sector and achieving the principles of the NTP99 is highly desirable.

TRAI should favorably consider:

1. Campaign for Consumer Awareness: The TRAI must undertake active media campaign and real interaction with the masses at large to educate them about the possible advantages and Disadvantages of the new regime.
2. In the meantime TRAI must extend the deadline for filing written submissions by at least Nine weeks to the end of September, (Total Time Required =Twelve Weeks) Two rounds of OHD's must be held, one for a broad discussion of the issues and consumer awareness and the other for fine dissection of the issues involved.
3. The Open House Discussions must be conducted in large number off towns and cities besides the metros.

An addendum to the consultation paper must be issued explaining at length the plight of consumer in the new scenario.

42. Qualcomm:- QUALCOMM supports TRAI's proposal to unify licenses for wireline and wireless services in order to provide a level playing field for all telecommunications and information technology service providers. In this era of technological convergence, creating a single, harmonized and streamlined regulatory framework is an important step towards increased competition, lower prices, and improved teledensity, ultimately leading to great economic opportunities throughout India. QUALCOMM agrees with

TRAI that technology neutrality and unified service rules that eliminate artificial distinctions between limited mobility and cellular mobile services will enable operators to tailor their service offerings to meet consumer demand, and fuel inter-system and inter-technology competition, to the benefit of wireless operators and consumers alike. QUALCOMM believes that by removing existing regulatory distinctions between service providers and between different access technologies, TRAI can best serve the interests of India's consumers in terms of promoting access to affordable, high quality services.

43. Sh. Sidharth Sinha, IIM Ahmedabad (views are personal) : The consultation paper provides the following reasons for the move to a unified license for basic and cellular services:

- 1.3.1 Convergence of wireline and wireless technologies
- 1.4 Overlap of Competition
- 1.5 Consumer benefit
- 1.6 Optimum Sharing of infrastructure and generating efficiencies
- 1.7 Provisions of Limited Mobility Service by Basic Service Operators:

A unified license is not necessary for sharing of infrastructure and taking advantage of the convergence of wireline and wireless technologies. Such sharing of infrastructure is possible and perhaps already taking place by the same operator taking multiple licenses. Other economies of scope such as common delivery system and common billing may also be taking place to the extent possible and desirable. For example, it is not clear to what extent the marketing of cellular and fixed services could be integrated given the nature of services provided.

More generally, economies of scope, if any, can be realized by operators acquiring the two licenses separately, instead of a unified license. Separate licenses also provide operators the flexibility to choose to acquire only one license, a flexibility that could be lost in the case of a unified license. This flexibility is valuable especially if the licenses impose building constraints, such as roll out obligations.

44. Confederation of Indian Industry:

CII welcomes this TRAI's Consultation Paper on Unified Licensing Regime. CII believes that this consultation process initiated by the TRAI, presents an opportunity to take a positive step forward from a fragmented highly compartmentalized and sector-specific licensing regime that was evolved over a decade ago at a time when the Government had just about begun to open up the Telecommunication Sector to private participation, but had not anticipated the speed at which the emerging technologies would enable this sector to grow by leaps and bounds. This Consultation Paper also provides each stakeholder in this important and growing telecom sector an opportunity to express its views on the proposed Unified Licensing Regime (ULR).

The NTP-99 recognized the need for Regulatory System to keep pace with advances in technology. It observed the need to take a fresh look and evolve a more flexible licensing regime that enabled easier adaptation to convergent technologies. This would lead to a Unified Regulatory Structure that will result in regulatory certainty and stability. This will also encourage increased investor confidence by simplifying regulatory norms. This, in turn, will spur growth, widen the large potential market for telecom services and, ultimately, speedily result in higher tele-density levels.

The Unified Licensing Regime proposed in the Consultation Paper recognizes the reality of Convergence. CII believes that an appropriately construed and timed Unified Licensing Regime will lead to a less cumbersome, less regimented and a more liberal operating environment. CII believes that, given the diversified license systems within the Telecom Sector and also the differential license fees paid by different operators and the difference in various regulatory aspects of these businesses, that create artificial regulatory barriers, it may be useful to adopt a Single Unified License Regime. This

regime would enable operators to offer a basket of services and, at his choice, to offer either a select or the entire bouquet of services.

CII also notes that the international trend is now evolving towards a more Unified Licensing Regime as indicated by the implementation of the recent EU directive dated 7th March, 2002, consequent where to most of the European Union countries would be migrating to a unified licence for wireline and wireless services including cellular services.

The Regulator must take into consideration all comments and concerns, that would undoubtedly be expressed by each of the stakeholders, while evolving a Unified Licence Regime. CII also notes that the TRAI has captured the concerns of the various stakeholders especially those of the existing licensees. Indeed, the key issue would be the migration of existing licensees (presently with different terms and conditions) to a single license with common terms and conditions.

It is necessary that while formulating its recommendations, the Regulator will adequately consider these concerns and evolve solutions that enable unification of licenses across various sectors including, but not limited to, Basic, Cellular, Long Distance (National and International), VSAT, Internet Services and other service providers. Once the larger concerns raised by the TRAI as well as the various industry stakeholders have been reasonably addressed, competition in the market place will ultimately iron out the creases.

Some of the issues that would that need to be addressed would be:

- ensuring a reasonable and fair migration path;
- establishing a non-discriminatory operating environment;
- ensuring an equitable treatment between existing licensees and new operators and *inter se* various specific service providers;
- evolving model terms of a Unified License;
- ensuring an equitable distribution of social and performance obligations
- devising easier provisions that enable quick and efficient mergers and acquisitions;
- establishing an equitable and mechanism for distribution of spectrum;
- ensuring that all the players, without exception, irrespective of ownership are covered by the regulation; and
- ensuring that the timing of the Unified Licensing Regime is appropriate and *in line* with the suggestions of the various stakeholders

CII believes Unified Licensing Regime will ultimately benefit the consumer and enable him to access modern and technologically advanced telecommunication services at affordable prices.

45. **BSNL:** BSNL would like to support the unified licence as a concept. However, the scheme envisaged in this paper does not reflect the true spirit of a unified licensing regime. This serves the narrow objective of resolving the dispute between Basic and Cellular Operators but does not help the telecom sector as a whole and shall be of little help to the growth of telecom services in the country. The customers will also not get any benefit out of the proposed scheme. We can expect more litigations if this scheme is implemented as the rules of the game are being proposed to be changed.

Segregation of the telecom services and networks as envisaged in the proposed communication Convergence Bill, *prima facie*, seems to be a better option to be explored further to achieve the unified licensing regime with a focus on provisioning of state of the art telecom services at competitive rates to the customers throughout the length and breadth of the country in a non-discriminatory manner.

46. Spice Communications: - At the outset we would like to point out that the “Consultation Paper on Unified Licensing for Basic and Cellular Services” is very narrow in its scope, wherein it seeks to merely unify cellular and basic telecom services without addressing the overall unification/convergence in information, communications and entertainment industry. The ‘blurring of difference between different conduit systems’ is not only restricted to wireless & wireline telephony. Therefore, unification needs to be seen in a broader context. Any attempt to unify only basic and cellular services would actually mean enabling full mobility to the basic operators. Also such a narrow unification goes against the provisions of the National Telecom Policy’1999 (NTP’99) which was adopted by the Govt. after deliberations at length at the highest level and has also the approval of the Parliament. We strongly feel that a holistic approach should be adopted to understand and formulate a policy towards unified licensing. The technological developments after the prevailing policy was formulated have not been clearly spelled out to address the need of Unified Licensing for only basic and cellular services. The benefits cited from unified license for basic and cellular, such as consumer benefits, sharing of infrastructure and generation of efficiencies can be addressed in the existing licensing and regulatory regime. It may be noted that India has amongst the lowest cellular tariffs in the world. **If the limited objective of the consultation paper is to unify cellular and basic services, the recent TDSAT judgment and subsequent TRAI recommendations (dated August 14th 2003) provides a framework for cellular and basic services (including limited mobility) under the prevailing licensing regime.**

It may be noted that TRAI modified the consultation paper (after it released it) to include “Unified License should be extended to include services such as National Long Distance (NLD), International Long Distance (ILD) and Internet Services”, suggesting that the regulator believes these services to be part of the process of unification/convergence. However the consultation paper fails to discuss these services in any detail.

Vision of a Unified License

The “blurring of differences between different conduit systems” and changing customer preferences would lead to evolution of unified/integrated service providers fulfilling information, communications and entertainment needs over fixed, mobile and Internet platforms. Unification would also happen across geographies. We envision a converged environment enabling the evolution of such service providers, with minimal policy interventions and regulatory costs. It should include defined guidelines for equitable allocation of scarce resources like spectrum, while providing for optimal utilization of the resource leading to improved quality of service and affordability. A stable and litigation free environment driven by maximum interplay of market forces (including consolidation through mergers and acquisitions) and rewarding enterprise will enthrone investments resulting in accelerated growth. We believe that the move towards unification/convergence can be in a phased manner with communications and information services leading the way. The process of unification should address the concerns of existing players while providing reasonably sufficient time for stabilization and market forces to act.

Formulation of Unified License

A unified license regime needs to address issues in a manner that results in growth rather than litigation by aggrieved players. There are no international precedents available that can be directly applied to the Indian context particularly considering the present state of the industry. A half-hearted attempt at unification of cellular and basic services without addressing the broader context will only aggrieve the existing operators leading to further litigation. TRAI should prepare a fresh consultation document that would encourage healthy discussions and formulation of the revised policy. Some of the key issues that such a document should address may include:

- What is the objective for a unified license regime. How are different sectors like telecom, information technology, broadcasting and services within these sectors envisaged in the unified license.

- How should horizontal integration (geographical) issues be considered to enable players to provide both area specific and pan-India services.
- What is the methodology to determine the entry of new players. How should the need and timing of new players be established.
- How should the impact on existing players be understood to provide level playing conditions. How would the migration of existing players from service specific licenses be handled considering that the terms and conditions of license were widely varying in several issues including license fees, allocation of scarce resources like spectrum etc.
- What would be the impact on consumer in terms of quality of service, enhanced options, convenience and cost.
- How should the scarce resources like spectrum be allocated to ensure optimum usage while addressing issues like quality of service and level playing field.

Our Submission:

We would like to submit that unification of licenses is a complex issue with far reaching implications for all stakeholders including customers. **If the limited objective of the consultation paper is to unify only cellular and basic services, then the recent TDSAT judgment and subsequent TRAI recommendations (dated August 14th 2003) provides a framework for cellular and basic services (including limited mobility) under the prevailing regime.** A half-hearted attempt at unification involving cellular and basic services without addressing the broader context will only aggrieve the existing operators leading to further litigation. If TRAI feels that the need of the hour is unification, it would need to broaden the scope of the discussion to include not only other telecom services like NLD, ILD, internet but also information and communication services. Infact, TRAI has itself modified the consultation paper to include NLD, ILD and internet without suggesting the process of unifying them. We believe that TRAI should formulate a fresh consultation paper that addresses unification from a broader perspective and addresses concerns of all stakeholders resulting to harmonious and stable environment.

Q2. If a unified license is to be implemented, what changes in the license terms and conditions should be made to bring about such a license, both in terms of entry conditions as well as other conditions during the term of the License?

1. **HFCL Infotel:** Highlighted the issue of parity between pre-NTP'99 and post NTP'99 BSOs. The key differences in license terms of BSOs Pre & Post NTP' 99 included: Entry fee, Roll-out Obligations, Social Obligation and Bank Guarantees.

It is absolutely essential to ensure a fair, clear and unambiguous migration path for existing licencees to move to a Unified Licencing Regime. The pioneering operators who established services earlier and paid higher entry fee should not be penalized to the advantage of later entrants. In order to have a level playing field and to ensure that competitive level is not compromised, the high entry fee paid by the pre-NTP'99 Basic Service Operators should be adjusted towards entry fee, if any, prescribed for a Unified Licencing Regime or that may be proposed pursuant to the TDSAT Judgement.

Details are provided in their representation.

2. **Orissa Consumers' Association:** It is to be so framed/regulated to avoid monopoly/casual and formation of cartel/lack of competition and the manipulation system to exploit the consumers. To consider the same please examine the provisions of Competition Act, 2002(Act,12 of 2003). There should not be any distinction between fixed and mobile services. They should not frequently change the Telephone number of subscribers. Telegraph Act became outdated it is to be repealed. A competition policy needs to be formulated by TRAI to ensure healthy competition and providing for quality/standard of service and price. Service area to be defined.

3. **ABTO:** All the existing players in Basic, Cellular, Long Distance (National and International) and Internet services would have the option to be migrated to the new system of license that incorporates the latest developments in the sector. Those who do not opt for migration may continue in their existing licensing regime. However, in order to prevent the industry from being fragmented, all operators should be encouraged to migrate to the unified licensing regime. Some of the essential issues to be handled when migrating would be of level playing field, allocation of spectrum, obligation for roll out, area of operation of service and technology neutrality. Likewise, incumbent operator like BSNL / MTNL, should pay all prescribed fees. The new licensing structure should take into account the differentials in license mapping from current category to new category and also the areas of overlap that benefit one segment or another unduly. The license transition process would have to be clearly defined – a step-by-step process that will require involvement of all the stakeholders in the industry.

Entry fee: ABTO is of the view that ideally, there should be no entry fee applicable for migration of existing basic and cellular licenseees to the new regime in the same service area. But in the existing setup since CMSPs and BSOs have different roll out obligations and varying levels of entry fees, this may require some fine tuning. Since the roll out obligations of Basic Operators are far more onerous than CMSPs, entry fee, if any, for migrating to unified license in their respective service area should therefore be setoff in proportion to the overall roll out obligation of BSO. However, ISPs and existing long distance operators (National and International) opting for unified licensing would have to pay equitable entry fee at the time of migration.

All composite payments including entry fee made by the Operators upto the date when they choose to migrate to the new regime should be taken as a full and final consideration for moving to unified regime. If the Government still feels that entry fee is to be levied, it should deduct / setoff all amounts already paid from the entry fee so

determined for the Unified Licenses and also give due weightage to the issue of rollout obligations as mentioned above.

For new entrants into the unified licensing regime, entry fee should be equitable and not less than total amount paid by the existing operators including the Performance Bank Guarantee amount for that service area so far. For mobile services under the unified licensing regime, spectrum as determined with uniform cap shall be made available to the new entrants on payment of requisite entry fee. The spectrum cap should be same as that of migrating operators.

All unified license holders who opt for pan-India license with appropriate entry fee will be able to offer National and International Long Distance service. Therefore, there will be unfair advantage to the new unified licensees with respect to existing NLDOs and ILDOs. Existing Group / Associate company NLDOs / ILDOs should have the option of getting a credit equivalent to the entry fee of their existing license, with a suitable compensation / setoff.

Details are provided in their representation.

4. Geeta Sekhar:- Competitive market conditions require free entry and exit and minimum costs of regulation imposed on players for ensuring level-playing field for all players. Setting right the inter se anomalies and injustices as between the incumbents and the different sets of entrants into each of the services and all the operators of each service vis-à-vis the other services will be the main change in the licensing conditions and terms that will be necessary as a precondition to bringing about a unified licensing regime.

5. Dr T.H. Chowdary (CTMS):- Reduce the entry and other conditions to the lowest that are there now as such conditions result in cost reduction and therefore the companies can pass on this benefit to consumers. IP-Telephony must be allowed not only from PCs to telephone abroad but also within country.

6. Dr. Niranjan Nath (Consumer Protection Association, Gujarat) :We do not know present position regarding this matter. Indian Scenario is quite different from those countries mentioned in the Consultation Paper. Those countries are smaller both geographically & in population. The main objective of increasing Teledensity should be fulfilled by entry conditions & other conditions. Entry conditions & other conditions can be developed & modified as & when required as the situation arises.

7. Palakkad District Consumers Association, Kerala :- Service obligations are strictly followed. No change should be made in the service of the service providers from the terms of condition laid down in the license agreement. The operator can decide the Minimum chargers for their services whereas the maximum charges should controlled by TRAI. The classification of SDCA's as urban Semi Urban and Rural based on the census of India is not a scientific method. The service obligation should consider the pending demand for telephone connections. So consumer interest will be protected and tele density of the country can be improved. The tariffs plans published by the operators should be transparent and do not allow any concealed charges. Chennai, Mumbai and Calcutta are to be made the part of respective state of mobile service. In case of those circles where no BSO other than BSNL is having the license for operation, the CMSPs may be made as BSO with compulsory service obligation. It may benefit to the remote area and the poor consumers.

8.D.N. Nanda (Retired Member Telecom Commission): Government should merely exercise its right to modify the existing licenses to bring the benefits of new technology to the customers. The unified license has not only to equate the license conditions but also to compensate for years of inequalities.

Entry fee: BSNL and MTNL licensed as third Operators without entry fee. It will result in inequity if BSOs are given license to provide full mobile service without equating the license fee with CMSPs. In order to solve this problem following is suggested:

1. Existing BSOs should be given option to get license for providing full mobile service in their service areas by paying entry fee as quoted by the fourth operator. They should exercise this option within reasonable time limit to be specified by TRAI..
2. Existing CMSPs should be allowed to provide Basic service in their service area by paying additional entry fee equal to that paid by BSOs for that area within the time limit to be specified by TRAI
3. No more licenses should be issued for three ensuing years in which they should have the privilege of exploiting the market. There after the combined licenses may be thrown open with new entry fee for combined license according to market conditions at that time.
4. There should not any objection from any one of them because they have already agreed for unlimited competition.

9. **TTSL:** TTSL has submitted two proposals for Question 5.2 and 5.3:

Proposal A for circle based unified license

Proposal B for totally new All India License. I.

Proposal A

Under this proposal, we are proposing a **Unified Service License on a circle by circle basis**. The salient features would be as under:

- All services, Technology neutral
- Migration optional for existing access players; all new access licenses under Unified License
- Migration / Entry Fee based on entry fee of existing licenses
- Other (non-access) licenses to continue, with modifications

Services: The services under the Unified Service License may be classified as under:

Access Services: These would comprise of the services being offered currently by the BSOs and the CMSPs i.e. voice, data and video, and Internet.

Transport Services: Intra-circle long distance is already under the purview of both BSOs and CMSPs licenses. We propose that such licensees would now be allowed to handover traffic across the boundaries of contiguous circles, effectively creating a right to offer “regional” long distance services. Transport services would also include international long distance voice, data services and broadband services, including carriage of TV channels and sale of bandwidth.

Value-added Services These would comprise of seamless roaming (intra-circle, national and international), IP services, hosting, wireless data, etc.

Infrastructure sharing Currently only inactive infrastructure can be shared between service providers. We propose that the facility be extended to active elements. Furthermore, reselling of bulk capacity, like local loop should be allowed. This would give a major fillip to small local operators, who would like to operate in niche markets as non facilities based operators, and therefore, help in meeting the country’s tele-density objectives.

All the above services would be technology neutral. The operators may use wireless, wireline, satellite or any other emerging technologies that may be available at any time, and on any commercially available platform.

Non access pan-India licenses like, NLD and ILD would continue, with some modifications:

NLD

Since the Unified Services License will create both regional and all-India long distance rights, the terms of the existing operators would need to be rationalized e.g.

- Allow existing NLDOs to surrender their license against the migration of Group and Associate Access provider companies to the Unified Service License. Entry Fee of Rs.100 crores and bank guarantee should be setoff against the commitments of Group and Associate Access provider companies under the migrated Unified Service License.
- Reduce the current roll out and performance bank guarantee obligations for operators opting to stay with the current regime.

ILD

Similarly allow the existing ILDOs to surrender their license against the migration of Group and Associate Access providers companies to the Unified Service License. Entry Fee of Rs.25 crores and bank guarantee should be setoff against the commitments of Group and Associate Access providers companies under the migrated Unified Service License.

ISPs

The ISPs should be allowed to offer Internet Telephony on payment of applicable revenue share for voice services and interconnect fees. The requisite interconnect regime would need to be developed.

Public VSAT

The VSAT licensees should be allowed to interconnect to PSTN on payment of applicable revenue share and interconnect fees. TRAI to develop the requisite interconnect regime for the same.

Service Areas

Circle-wise service areas would continue with a circle being defined as the political state of the Union of India. Scarce resources like spectrum would be allotted on a circle wise basis. Currently there is an anomaly between the services areas of CMSPs and BSOs vis-à-vis the Metros. These anomalies need to be addressed in the Unified Service License.

Entry Fees & Roll-out Obligations

The entry fee for the Unified Service License would be determined at the Circle level. The fee structure and roll-out obligations would be different for new entrants and existing players migrating to the Unified Service License.

New Entrants

The entry fee for the New Entrants should be determined using the fee structure of existing licenses. The following benchmarks could be used.

Access: 4th Cellular license (Mobile, fixed and value added services, including roaming & intra-circle long distance; upto 10 MHz of spectrum; roll-out at LDCA level)

Inter-circle Long Distance: NLD license (roll out at LDCA)

International Long Distance: ILD license (4 PoPs roll out)

At an aggregate (all India) level, the entry fee would be upto Rs 1750 crores (see Table 1). When the 4th cellular auction happened two years ago, only four cellular and 2-3 limited mobility players were envisaged. However, under the Unified Services License,

the market is likely to have at least 6 mobile operators. Therefore, a revised value of the Access license (which is likely to be less than Rs 1634 crores) needs to be determined.

Table 1

Existing License	Entry Fee (Rs cr)
4 th Cellular	1634
NLD	100
ILD	25
Total	1759

The all India amount could be disaggregated at the circle level in proportion of either the 4th cellular circle-wise bids or the existing cellular subscribers.

The licensees would be mandated to create service presence at all LDCAs within three years of obtaining the license. Licensees would be required to provide a Performance Bank Guarantee, totaling Rs 250 crores for all circles, in lieu of the roll-out obligations. A minimum Net Worth criterion (say, twice the entry fee) should be applied to ensure that only serious players obtain the Unified Services License.

The licensees would be allocated contiguous spectrum (subject to availability) on payment of the entry fees. The licensees can choose from 5+5 MHz in the 800MHz band, 8+8MHz in the 900MHz band and 10+10MHz in the 1800 MHz band. Other frequency bands could be included in future depending on availability and technology developments.

Migration The existing access licensees in each circle should be given the option of migrating to the Unified Services License. The migration principles for the various access license categories are detailed below:

1st and 2nd Cellular Licenses

These licensees had paid significantly high entry fees (~ Rs 5500 crores for two licenses) and were subsequently migrated to a revenue sharing regime under the NTP 99. These licensees should be migrated to the Unified Services License without any entry fee implication. Further, they should be allowed to retain the spectrum (upto 10 MHz) that has already been allocated to them.

Original Basic License (Punjab, Rajasthan, Gujarat, MP, AP and Maharashtra)

The original basic licensees were also migrated to a revenue sharing regime under the NTP 99 after they had paid over Rs 1100 crores for the five licenses. These licensees should also be migrated to the Unified Services License without any entry fee implication. Further, they should be allowed to retain the spectrum (upto 10 MHz) that has already been allocated to them. The village telephony roll-out obligations of these licensees would continue to be applicable.

4th Cellular Licenses

The 4th cellular licensees who have paid Rs 1634 crores in the bidding process, should also be migrated to the Unified Services License without any entry fee implication. Further, they should be allowed to retain the spectrum (upto 10 MHz) that has already been allocated to them.

3rd Cellular Licenses (BSNL & MTNL)

There is a need to create a level playing field amongst all the service providers in the market. It is important to include the incumbents, BSNL and MTNL also in the level playing field. Since they were given cellular licenses around the same time as the 4th cellular licenses, BSNL and MTNL should pay similar entry fee for their licenses.

New Basic Licenses

Basic Licensees are allowed to offer limited mobility services, in addition to basic services. They can be allocated upto 5 MHz spectrum in the 800 MHz band (subject to availability). They also have to fulfill SDCA level roll out obligations.

Migration of the Basic Licenses to the Unified License would enable them to offer “full mobility”. The migration fee should capture the value of the additional benefit available to them.

We believe that “multiple subscriptions” and “call forwarding” are permitted under the Telegraph Act. Hence, Basic Licensees can offer their subscribers non-seamless roaming, which is similar to roaming except for the inconvenience of call drops when moving across SDCAs. For the additional feature of seamless roaming, the Basic Licensees could pay a premium (say, 15%) on the entry fee already paid by them.

However, if multiple subscription and call forwarding were not permitted, the value of full mobility would be proportional to the additional customer segments (and therefore, revenues) that the Basic Licensees could target under the Unified Services License. Based on publicly available data, it has been estimated that the roaming segment constitutes 40% of the mobile market (by revenues). Access to these customers would enhance the Basic Licensees’ addressed market by 66%. Therefore, the (additional) migration fee payable would be 66% of the Basic License entry fee.

In either case, the SDCA level roll out obligations and the spectrum allocation of upto 5MHz would continue to be applicable.

Other Fees and Obligations

All the Unified Services Licensees would pay an annual revenue share of 8%, which shall be split as 5% for the USO fund and 3% for the cost of administering regulation. The revenue share should be calculated on the licensed service revenues, excluding the cost of CPE / hardware sold to the customer and Other Income (e.g. Interest / Dividend income, sale of assets).

It would be mandatory for all licensees to enable Direct Customer Access to all other licensees, through Carrier Access Code (CAC) and/or Carrier Pre-Selection. This would ensure that customers can choose from competitive Long Distance and Internet plans. Licensees should also provide Interconnection at an LDCA level to other licensees. The terms and conditions for customer access and interconnection would be commercially determined by the licensees, subject to TRAI norms.

Under the Level Playing Field principle, BSNL and MTNL should also pay 8% revenue share and immediately implement Customer Access mechanisms.

Definition of interconnection seeker / provider

The concept of “Interconnection Seeker” and “Provider” are irrelevant since interconnection is the bedrock of the telecom industry and every network should be mandatorily connected to every other network. Therefore this concept should be completely eliminated. Hence, all interconnect costs, i.e., set-up charges; junction charges, co-location charges, cost of terminating equipment, etc should be shared. Provisioning of circuits by unified licensees shall be based on percentage of outgoing calls.

Numbering

All services should follow an LDCA based linked numbering scheme, wherein the LDCA replaces the SDCA as the local area.

Tata:- (Proposal B) - The following is our combined response to the questions 5.2 and 5.3 of the consultation paper.

Under this proposal, we are proposing a **National Telecom Services License on an all India basis**. The salient features would be as under:

- New license in addition to current licensing regime
- All services, Technology neutral
- Entry Fee: Rs 1750 crores with All India spectrum
Rs 150 crores without spectrum
- Migration optional for existing players; credit given for previous entry fee payments

Services The services under the National Telecom Service License may be classified as under:

Access Services These would comprise of the services being offered currently by the BSOs and the CMSPs i.e. voice, data and video, and Internet.

Transport Services Transport services would include national long distance, international long distance voice, data services and broadband services, including carriage of TV channels and sale of bandwidth.

Value-added Services These would comprise of seamless roaming (intra-circle, national and international), IP services, hosting, wireless data, etc.

Infrastructure sharing Currently only inactive infrastructure can be shared between service providers. We propose that the facility be extended to active elements. Furthermore, reselling of bulk capacity, like local loop should be allowed. This would give a major fillip to small local operators, who would like to operate in niche markets as non facilities based operators, and therefore, help in meeting the country's tele-density objectives.

All the above services would be technology neutral. The operators may use wireless, wireline, satellite or any other emerging technologies that may be available at any time, and on any commercially available platform.

Service Areas The service area for the National Telecom Services License would be all India.

Entry Fees & Roll-out Obligations The entry fee for the National Telecom Services License should be determined using the fee structure of existing licenses. The following benchmarks could be used.

Access: 4th Cellular license (Mobile, fixed and value added services, including roaming & intra-circle long distance; upto 10 MHz of spectrum; roll-out at LDCA level)

Inter-circle Long Distance: NLD license (roll out at LDCA)

International Long Distance: ILD license (4 PoPs roll out)

The entry fee would be upto Rs 1750 crores (see Table 1). When the 4th cellular auction happened two years ago, only four cellular and 2-3 limited mobility players were envisaged. However, under the Unified Services License, the market is likely to have at least 6 mobile operators. Therefore, a revised value of the Access license (which is likely to be less than Rs 1634 crores) needs to be determined.

Table 1

Existing License	Entry Fee (Rs cr)
4 th Cellular	1634
NLD	100
ILD	25
Total	1759

The licensees would be allocated contiguous spectrum (subject to availability) on payment of the entry fees. The licensees can choose from 5+5 MHz in the 800MHz band, 8+8MHz in the 900MHz band and 10+10MHz in the 1800 MHz band. Other frequency bands could be included in future depending on availability and technology developments.

The National Telecom Services License without spectrum would have a much lower entry fee, say Rs 150 crores.

The licensees (with or without spectrum) would be mandated to create service presence at all LDCAs within three years of obtaining the license. Licensees would be required to provide a Performance Bank Guarantee (with spectrum: Rs 250 crores, without spectrum: Rs 25 crores), in lieu of the roll-out obligations. A minimum Net Worth criterion (say, twice the entry fee) should be applied to ensure that only serious players obtain the National Telecom Services License.

MigrationThe existing licensees should be given the option of migrating to the National Telecom Services License. A credit of upto Rs 1000 crores would be given for past license fee payments made by migrating licensees. In this context Group companies and Associates would be treated as a single entity.

Other Fees and Obligations

All the National Telecom Services Licensees would pay an annual revenue share of 8%, which shall be split as 5% for the USO fund and 3% for the cost of administering regulation. The revenue share should be calculated on the licensed service revenues, excluding the cost of CPE / hardware sold to the customer and Other Income (e.g. Interest / Dividend income, sale of assets).

It would be mandatory for all licensees to enable Direct Customer Access to all other licensees, through Carrier Access Code (CAC) and/or Carrier Pre-Selection. This would ensure that customers can choose from competitive Long Distance and Internet plans. Licensees should also provide Interconnection at an LDCA level to other licensees. The terms and conditions for customer access and interconnection would be commercially determined by the licensees, subject to TRAI norms. Under the Level Playing Field principle, BSNL and MTNL should also pay 8% revenue share and immediately implement Customer Access mechanisms.

Definition of interconnection seeker / provider & Numbering

Same as in Proposal 'A'.

Details are provided in their representation.

10. **Sh. H.K Awasthi, VOICE** - Reduce the entry and other conditions to the lowest. Cost reduction be passed to the consumers.

11. **Data access India Ltd.:-** Suggested for the elimination of entry fee in the interest of the consumer and competition..

12. **Infrastructure Development Finance Company Limited:-** The new licensing regime should conform to the following well-acknowledged best practise:

- (a) low entry fee and low revenue share so as to encourage entry and consequently competition;
- (b) no administrative roll out obligations;
- (c) competitive allocation of scarce resources such as spectrum; and
- (d) regulatory intervention limited to areas of natural monopoly and anti-trust related issues.

One way of aligning the licenses of Basic Service Operators (BSOs) and Cellular Mobile Service Providers (CMSPs) would be to allow BSOs to provide unlimited mobility and simultaneously provide some relief to CMSPs.

A more rational basis for the compensation would be the differential in the amount paid by the fourth cellular operator through competitive bidding and the entry fee for the basic services licensee. This differential seems to provide a good approx. of the premium that a cellular operator would place on the privilege to offer unlimited mobility, but without the roll out obligations envisaged in the basic services license. The cellular and basic operators may agree to interpret a portion of the differential specified above as the "fair compensation" allowable to the cellular operators in lieu of their collective claim of exclusivity over unlimited mobility. As and when cellular operators recover their "fair compensation" by paying a lower revenue share, the stipulated revenue share percentage for all players should be brought down to a new lower level, in line with international practice. Such a step will better serve to keep tariffs low and will ultimately benefit consumers.

13. Reliance:-

a) Service Area:- There are two options to homogenise the Service area between the two

1. Modify the service areas for BSOs to be the same as that of CMSPs
2. Modify the service areas for CMSPs to be the same as that of the BSOs.

The Unified license should use **option 1** as a basis for Service Area.

Reliance has suggested the following under Unified License:-

1. In the new regime, the licensing could be Service specific licensing (as is the current framework), as well as Unified Licensing
2. Existing Licensees will have an option to either continue with their existing license conditions, OR migrate to the Unified License
3. Service Area: The Unified License can be obtained circlewise as well as on national basis
4. Scope of Service: The Unified License can cover Basic + Cellular + ISP as well as NLD services as defined in current licensing framework
5. Further the licensee will have options on Continue with rollout obligation OR Waiver of rollout obligation (in which case the licensee needs to pay additional fees equivalent to the PBG)
6. Entry fee for Unified License:
Based on above options the license fee would be dependent upon choice exercised by the licensee on the following options –
Service area – Circle or National
Rollout obligation – Continue with existing obligation or waiver of rollout obligation
Service scope – with NLD or without NLD
7. It is desirable to migrate the CMSPs and the BSOs to the Unified License regime with the respective obligations and PBG.
8. For all the existing Licensees these options will be available for migration to Unified Licensing and appropriate fee will be applicable depending upon the exercise of the various options. (Details are provided in their representation).

14. Shyam Telelink Limited:-

1. The NTP' 99 had a clear vision as regards the migration path for the BSOs, which has been wrongly interpreted by the Licensor. NTP ' 99 mentions that DEL's cannot stand due to Multipoly and the balance uncovered VPTs to be done through USO. This has also been reiterated by TRAI in their 8th Jun 2001 recommendation. While unifying TRAI should consider these aspects and bring out uniform set of obligation (if need be) for all access providers.
2. VPTs to be done by all Access providers as envisaged in NTP,99 through USO.

3. That the contracted spectrum of Six old BSO is given to them immediately, without applying the SDCA policy.
4. Additional Spectrum if any is auctioned, over & above the reserved price.
5. This release of spectrum in small chunks of maximum 5 Mhz should take place after every three to five years, after reviewing the need for the same.
6. TRAI should come up with a mechanism to dissuade operators from hoarding of spectrum.
7. Inter - connectivity at the borders as envisaged in NTP' 99.
8. No additional entry fee applicable for migration of existing licensees to the new regime. Entry Fee payment made by operators upto the date when they choose to migrate to the new regime should be taken as a full and final settlement for moving to unified regime.
9. For new entrants in this sector, the new unified licensee should pay the highest of the entry fee paid in that circle combining both BSO and CMSPs, as they are getting the assured licenses.

15. **Sidharth Sinha, IIM Ahmedabad** (views are personal): Any move to a unified license would have to deal with the existing differences in the two licenses. The following are the key distinctions between cellular and basic licenses.

1. Bundling of spectrum: Cellular licenses are bundled with spectrum which can be used for full mobility. Basic licenses are bundled with spectrum for limited mobility. There are serious questions about the meaning and enforcement of 'limited mobility'.
2. Number of licenses: Cellular licenses are limited because of availability of spectrum. Basic licenses are unlimited even though they are also bundled with (limited) spectrum.
3. Entry fee: Limited number of cellular licenses are auctioned, because they are bundled with spectrum. Unlimited number of Basic service licenses are available for a fixed entry fee, even though they are bundled with spectrum
4. Roll out Obligations: Basic service licenses have strict roll out obligation for both fixed and limited mobility service. Cellular services do not have binding roll-out obligation.
5. Tariff regulation: In the case of basic services, for 'fixed' services both rental and call charges are regulated (below cost). However, only rentals are regulated (at cost) for limited mobility services. For cellular services both rentals and call charges are unregulated.

There are several anomalies in the current licenses

1. Spectrum allocation and pricing: While both the cellular and basic licenses come bundled with spectrum, only the cellular licenses are limited and auctioned. If the number of cellular licenses are restricted because of limited spectrum then the same should apply for basic service license also.
2. Rationale for roll-out obligation: Roll out obligations will be binding if they are unviable for the operator, i.e., the operator is not able to recover costs through tariffs. For example, this is the case of fixed line services where tariffs are regulated below cost. However, roll-out obligation has no meaning in the case of WLL with LM where only the rental is regulated at cost and call charges are unregulated. In the case of high cost areas the WLL operator will end up setting call charges so high that there is no demand and hence no need for roll out.

With the setting up of the Universal Service Fund (USF) the need for roll-out obligations should be re-examined. If the USF is to subsidize the network costs of high cost areas, the need for roll-out obligations is no longer clear.

3. Limited Mobility: While there is a clear-cut distinction between fixed and mobile services on the basis of technology, the concept of 'limited mobility' is ambiguous and artificial. It essentially 'limits' a technology which is inherently capable of 'full mobility'. In that sense it is inefficient and not in the public interest. Moreover,

because it represents an artificial and uneconomic constraint on technology, it is also unenforceable by a regulator or licensor. Hence the concept of 'limited-mobility' should be abandoned.

The anomalies can be resolved in the following manner:

Spectrum Management: There is a need to unbundle the spectrum from the service license, and create a separate spectrum license. The spectrum license could then be auctioned. This does not represent a radical departure from current practice since the current auction of cellular licenses is equivalent to the auction of spectrum licenses. The procedure for Spectrum Management, as proposed in the Communication Convergence Bill, could be adopted, with the TRAI serving the function of the proposed Communication Commission. In the case of cellular operators, the new procedure would apply to spectrum that becomes available after meeting the spectrum commitments to the licensees under the existing licenses. This is because the licensees have effectively paid for this spectrum through the auction procedure. Additional spectrum could be made available through an auction procedure. Monopoly issues with respect to spectrum ownership and provision of cellular services could be dealt with either through ex ante or ex post regulation. In the case of ex-ante regulation minimum number of operators and/or individual operator spectrum caps could be established. In the case of ex post regulation, the regulator would step-in only if there is exercise of monopoly power.

The current situation is one of ex ante regulation. The licensor has specified the number of operators, with no mergers and acquisitions within a service area. When auctioning new spectrum licenses the regulator/licensor would have to decide, if the existing operators can bid for the new license or if it would be available only to new operators. Effectively the regulator/ licensor will have to take a view on the minimum number of operators in a service area. The regulator could allow mergers and acquisitions subject to this restriction as well as restrictions on individual spectrum ownership.

In the case of ex-post regulation there would be no ex-ante restriction on the number of operators. However, mergers and acquisitions would be subject to a competition review. In general, the competition authority or the regulator could step-in any time there is a possibility of exercise of market power.

In the current situation ex ante regulation is likely to be more efficient. The regulator/licensor could specify the minimum number of operators and the maximum percentage of total spectrum for a service area that can be controlled by a single operator. Mergers and acquisitions of existing companies and acquisition of new licenses could be allowed subject to these restrictions. Once the market and regulatory structure has stabilized a move to ex-post regulation could be considered.

Roll-out obligations Given the poor performance of the basic service licensees in meeting their roll-out obligations there is a need to take a fresh look at this license condition. The roll-out obligation is a binding constraint only in the case of uneconomic/unviable areas. At the time the licenses were designed it was expected that the cost of such roll-out would be met through cross-subsidies from long-distance tariffs. However, with sharp drops in long-distance rates the financing of the net cost of roll-out obligations from this source becomes uncertain. The Universal Service Fund and access deficit charges are two alternative source for financing of the net cost. It is not clear if the Universal Service Fund will meet the net cost of roll-out obligations. The approach to access deficit charges is yet to be finalized.

Given the less than enthusiastic response of the private licensees to roll-out obligations the government could consider relieving the private licensees of this obligation. However, this would also imply that they would not have access to any of the USO funds and would not be considered for receipt of access deficit charges. The responsibility for network expansion to uneconomic areas would be transferred to BSNL who would be

compensated through the USO Fund and access deficit charges. In effect BSNL would become the sole universal service provider. This would also make it easier to manage the Universal Service Fund and the Access Deficit Charges.

Limited Mobility : The concept of limited mobility must be abolished since it is inefficient and unenforceable. The need to make this change can be justified on the basis of technological progress. There is unlikely to be a perfect solution for the resulting situation.

The existing WLL operators can be given the option to move to 'fixed' WLL or to complete mobility. In the latter case they would have to pay for the spectrum allotted to them based on the fourth cellular license entry fee. They could then compete in auctions for further spectrum

Additional license related problems and their resolution: There are several problems with the other telecom licenses.

1. NLD Roll-out obligations

The roll-out obligation for the NLD operator effectively mandates a national NLD network. There is no need for this restriction. The decision of the optimal NLD network should be left to individual licensees, to be determined by market forces. Regional networks could possibly be viable by interconnecting with each other. If such networks do not provide adequate service consumers could be expected to migrate to an operator with a national network.

2. Definition of long distance traffic

The NLD license does not include intra-circle long distance calls even though this constitutes a large proportion of the 'long-distance' market. Long distance service providers can carry intra-circle traffic 'only in conjunction with the service providers in the respective circles'. The main rationale for not allowing NLD service providers to carry intra-circle long distance traffic was to preserve for the basic services operator the cross-subsidy element in the long-distance tariff. However, with the disappearance of the cross-subsidy, partly because of intra-circle long distance provision by cellular operators, the rationale for such a restriction also disappears. Therefore, NLD operators should be allowed to carry intra-circle long distance calls

3. Inter circle interconnection by access providers

The 'access' licenses – basic and cellular – do not allow the licensees to interconnect directly across circles since that falls in the purview of the long distance license. With NLD licensees being allowed to carry intra-circle traffic direct interconnection across circles for cellular and basic licensees should also be allowed. Similarly, ILD operators should also be allowed to directly interconnect with access providers. This will improve the operations of the network and lower costs for the consumers.

4. Need for revenue shares

All operators, other than ISPs, pay a revenue share. These revenue shares include the contribution to the Universal Service Fund. The revenue shares are in addition to fixed entry fees for basic and long distance and bid entry fees for cellular licenses. As a part of the migration package for the initial licensees, revenue shares were meant to replace the high bids of the initial auctions. Therefore, the rationale of such revenue shares disappears if licenses are unlimited and there is no bidding. Therefore, with the exception of cellular licenses, revenue shares should be eliminated for all licenses. Revenue shares could have a rationale in the case of cellular services where limited licenses are still bid out. In this case the bid amount and the percentage revenue share together represent the value of the limited spectrum which comes bundled with the license.

Conclusion

Many of the license conditions have their origin in the universal service objective and cross-subsidy of local access by long distance services. There is a basic conflict between achieving universal service objectives through prices and service conditions,

and allowing competitive market forces to operate unfettered. The Universal Service Fund was set up in order to resolve this basic conflict and achieve the universal service objective in a competitively neutral manner. Given this, the universal service argument must be used most sparingly for justifying constraints on competitive market forces.

16. **BSNL:** Licenses are contracts and they cannot be unilaterally changed. Unified licenses as envisaged will put many of the operators at a dis-advantage who are unwilling to provide services other than those for which they have obtained the license. At the same time, some of the existing operators will get undue advantage over the stand alone licensed operators.

In the same service area, operator not willing to migrate to the new regime will not be able to compete in a Level Playing Field with other operator having a unified license. In spite of this, if the unified license is to be implemented, it is imperative that the BSOs and the CMSPs have to be brought at par with each other in respect of entry fee, roll out obligation, spectrum allocation. The interconnection regime, routing and charging arrangements and the Numbering Plan of the respective services should be continued to be adhered to. Therefore, the WLL (M) service should migrate to the level of cellular mobile service in above respect.

Q3. How should consistency be achieved within a regime of unified License for basic and cellular mobile regarding the differences in:

- a) definition of service areas;
- b) roll out obligations;
- c) performance bank guarantees;
- d) spectrum availability and charges;
- e) interconnection between services,
- f) call carriage/charging;
- g) termination charge regime applicable to different types of calls;
- h) definition of interconnection seeker/provider;
- i) numbering;
- j) mobile technologies used
- k) any other.

1. **ABTO:** Unified licensing regime shall cover Basic, Cellular, Long Distance (National and International) and Internet Services.

a) **Service Areas :** The licensee would be free to offer unified service within the service area, which can be either a pan-India service area or the presently defined telecom circle – depending on the choice of the operator. The essential aim of the Unified Licensing Regime will be to bring all services to a technology and service neutral platform within the license areas. Some clarity is however, required in case of overlapping service areas.

b) **Rollout obligation:** The rollout obligations imposed on CMSPs are less stringent and easy to achieve when compared to the roll out obligations of BSOs. BSOs have more onerous rollout obligations in terms of 100% SDCA coverage in the circle for post NTP-99 licensees and VPT/DEL obligation for Pre NTP-99 licensees as compared to CMSPs who have to cover only 50% DHQs / towns which is 1/10th of BSOs obligation.

A uniform rollout obligation will apply for unified service licensees. Rollout obligations should be in terms of the phased coverage of the service area of the operators migrating to Unified Licensing regime.

c) **Performance Bank Guarantees:** There is huge difference in performance bank guarantee amounts among different categories of service providers. There is also the linked issue of performance bank guarantees (PBGs) with the roll out obligations. BSOs have to pledge PBGs that are four times higher than the entry fee for each circle (varies in the range of Rs 4 crores to Rs 460 crores). These are only released in phases after fulfillment of the rollout obligations. Even after completing 80% of the rollout obligations, only 50% of the PBGs are released, even though the balance 20% is a shared obligation between private licensees. Contrary to this, CMSPs pledge only Rs 2 crores for Category - C circles upto Rs 20 crores for Metros / Category - A circles to guarantee a service coverage of 50% DHQs / towns in lieu thereof. Further, similar to roll-out obligations, the Performance Bank Guarantee terms for pre-NTP'99 Basic Services' licensees are also different from those of post NTP'99 licensees. Pre-NTP'99 licensees are required to give a Rs 100 crore Performance Bank Guarantee, half of which is to be maintained for the entire license period, even after the roll-out obligations are fulfilled. NLDOs provide Rs. 400 crores performance bank guarantee as collateral for their LDCA rollout obligations in addition to entry fee of Rs. 100 Crores.

As is the current practice, performance bank guarantee should be a function of rollout obligation and the PBG should be released on fulfillment of rollout obligation.

d) **Spectrum availability and charges:** There shall be uniform cap on spectrum allocation for service providers both new and those migrating to the unified licensing regime. Further, there shall be bidding / auction after obtaining unified license for

obtaining spectrum above the cap. Allocation of spectrum would be need based with periodic review for efficient utilization of spectrum allotted to each operator. In case of inefficient utilization, the extra spectrum bid for should be surrendered by the operator.

As mentioned above, qualification for any new allocation shall be on bidding / auction; however, release of spectrum should be subject to fulfillment of 'unified rollout obligations'. Unified License should allow the 1900 MHz band for provisioning of wireless services as with other bands also.

To fully realize the benefit of unified license, service providers need customers to have easy and desirable access. In view of this, for the purpose of access network, spectrum in 5 GHz and 10 GHz band be earmarked for unified licensees for voice and data applications. The disparity seen in the release of spectrum and availability of spectrum needs to be completely eliminated.

To have efficient spectrum management by unified licensees it is but necessary to increase the efficiency of the Wireless wing of the Government and at the same time to reduce the roadblock faced by the service providers from SACFA clearance and assignment of frequencies. Spectrum usage charge will continue to be paid as presently .

e) **Interconnection between services:** Interconnection should continue to be mandatory and based on the principle of non-discrimination as is the case today. The service providers should have the right to interconnect their networks with other networks of any other operator or operators at any mutually agreed terms. Adequate interconnect capacity in desired time frame must be mandated by TRAI. The definition of local area for all operators in the unified regime should be changed to a unified LDCA based local area. Interconnectivity can therefore be mandated to be at LDCA level or any other level once it is mutually agreed between operators. This would reduce the Number of POIs and enable reduction of cost of installation and at the same time eliminate the inconsistency that presently exists.

f) **Call carriage / charging:** The TRAI's IUC exercise is already in the process of defining the exact costs and process of charging. However, the actual charging of calls should be left to market forces i.e. forbearance on all aspects of tariff in the unified licensing regime. To have call charge / charging consistency, so that the complexities of SDCA connectivity and its associated problems of charging and other anomalies arising out of differential definitions of service area are eliminated, there should be a single uniform LDCA connectivity under unified license.

g) **Termination charge regime applicable to different types of calls:** TRAI is addressing the issue of termination charge regime in its current IUC review.

h) **Definition of interconnection seeker / provider:** The concept of "Interconnection Seeker" and "Provider" introduced by TRAI are irrelevant since interconnection is the bedrock of the telecom industry and every network has to be mandatorily connected to every other network. Therefore this concept should be completely eliminated. Hence, all interconnect costs, i.e., set-up charges, junction charges, co-location charges, cost of terminating equipment, etc should be shared. Provisioning of circuits by unified licensees shall be based on percentage of outgoing calls.

i) **Numbering:** For achieving consistency in the numbering within a Unified Licensing Regime of telecom sector a proper and long term numbering plan is of fundamental necessity. A properly planned and long term numbering plan aids in the development of telecommunication networks, routing of calls, reduction in cost and consequent increase in teledensity. The numbering plan should be such as to cater to demand in the sector for the next two to three decades.

To achieve consistency, there is also a need to review the National Numbering plan keeping in view the need to adopt a Long Distance Charging Area (LDCA) plan vis-à-vis the current Short Distance Charging Area (SDCA) linked numbering plan. This also impacts the level of interconnection between different networks. The current numbering plan of cellular networks should also be brought on the same single, unified platform.

India has more than 2600 SDCAs or National STD codes for only 4 crore telephone subscribers; where as most western countries have just a few manageable codes. USA has less than 400 codes for its 20 crore subscribers. Obviously there is tremendous scope for reduction of the number of STD codes.

The present SDCA based numbering plan has lost its relevance as it was based on the legacy monopoly network for BSNL, which has more than 32500 exchanges. With the advent of competition and a multipoly the present numbering plan cannot stand the test of time in the Unified Licensing Regime.

It is thus important that there should be an LDCA based linked-numbering scheme to tackle the present and future requirements. This will pave the way for growth of teledensity and would stand test of time and will also provide sufficient flexibility of approach and eliminate the inconsistency in the unified licensing regime for service provider.

All services whether wire line or wireless including cellular mobile should follow the LDCA based linked numbering scheme.

The main advantages of this numbering proposal are listed below:

- i) Fewer points of interconnection.
- ii) There will be less than 350 National STD codes instead of more than 2600 codes.
- iii) Local call in the entire LDCA.
- iv) Faster rollout as POIs required are fewer.
- v) Simplified inter network calls, connectivity and accounting.
- vi) Simplified tariff setting.

These will benefit the rapid growth of telecom services in the country and ensure faster and cost competitive roll out by operators and will bring about consistency under unified license.

j) **Mobile technologies used:** Since 1999 the government has followed the concept of technology neutrality for all services, including mobile and WLL services. The Unified license should reinforce and in fact take this concept further in order to keep pace with worldwide developments.

k) **Any others:**

- Existing Long Distance (National and International) Operators: All unified license holders who opt for pan-India license with appropriate entry fee will be able to offer National and International Long Distance service. Therefore, there will be unfair advantage to the new unified licensees with respect to existing NLDOs and ILDOs. Existing Group / Associate company NLDOs / ILDOs should have the option of getting a credit equivalent to the entry fee of their existing license, with a suitable compensation / setoff.

- Definition of Adjusted Gross Revenue (AGR): The present definition of AGR has created various problems which have resulted into disputes. It is therefore strongly suggested that TRAI reiterates its definition of Adjusted Gross Revenue. In addition, the definition should also exclude income from:

1. Interest and dividends
2. Sale of assets

3. Any other income accruing to the Licensee by way of operations other than the telecom license.

- License Fee (Revenue Share): We suggest that revenue sharing should be 5% of AGR towards USO Fund. As per the current international practice an additional 1-3% of AGR may only be levied to cover administrative costs. The license fee (revenue share) should be uniform for all new licensees and those migrating to the unified license regime. Existing licensees who do not opt to migrate to the unified licensing regime will continue to pay license fee (revenue share) as per their existing license. This will enable service providers to make more investments in infrastructure to increase teledensity and significantly reduce costs to the consumer. Details are provided in their representation.

2. **Geeta Sekhar:-** Under the unified licensing regime, the following far-reaching changes vis-à-vis the existing licensing regime needs to be ensured in the areas outlined above:

(a) No operator shall be subject to any restriction as to service area and shall be free to operate anywhere in India in any of the existing licensed communication services. Limiting new entrants to separate state circle-wise licenses has give a vast edge to the country-wide incumbent operators which is necessary to curtail;

(b) No rollout obligations need be insisted upon. Unreasonable and unrealistic USO targets are bound to end up in failure. The minimum essential public connectivity for citizens in emergencies shall be ensured through general taxation rather than being loaded on a fledgling new entrant which Government with all its resources has not been able to achieve in over a century. On the other hand, free entry and exit without restrictions should be allowed subject to reasonable conditions for transfer/cancellation of license;

(c) Interconnection between every operator and every other irrespective of service segment shall be mandatory and at competitive mutual charges and till competition develops, the regulatory mechanism shall establish the default interconnect terms on the basis of the minimum required incremental costs with reasonable rate of return assured to the players concerned on a reciprocal basis. Domestic/international long distance charges and wireless spectrum usage charges shall also be established on a similar basis.

(d) Inter-operator cross-subsidization in the name of access deficit charges which transfer revenues of one operator to others shall be forthwith stopped as this leads to subsidizing of inefficiency of operators and misdirection of scarce resources;

(e) Regulation of the communication sector shall be totally technology-neutral. (f) Government anomalous handling of licensing and regulatory policies has discouraged substantial entry of foreign capital into telecom sector in India as compared to China. Government could free the restriction on foreign equity ceilings to 49% and raise it upto 74% with the provision that foreign equity in excess of 49% of the strategic equity holdings in joint ventures shall be permitted only from institutional/financial investors. This will ensure large inflow of foreign capital without diluting the control of Indian partners.

3. **CTMS**, Dr. T. H Chowdhary: Appropriate compensation (determined through extensive consultations) will have to be given to those who will be adversely affected. There should be no roll-out obligations. Spectrum charge should be reduced to the lowest. When BSO and CMSO choose different technologies, the handsets with consumers should not be required to change.

4. **Consumer Protection Association**, Gujarat (Dr. Niranjan Nath) :

- Service Area - Circle for Basic & country for mobile
- Roll-out obligations - To be worked out as per NTP – 99
- PBG – Service area, Roll-Out and PBG requires more information & study.
- Spectrum - Data not provided. Auction preferred

- Interconnection/call carriage/charging – More information regarding the investment of the operator & cost of each operation is required.
- Termination charge regime - The costing of all operations should be made transparent & discussion with CAGs + Operators : TRAI as a mediator.
- Definition of seeker/provider - Seeker : Where the call originates. Provider : Where the call terminates.
- Numbering - Data regarding present numbering system is not sufficient.
- Technology - New Technologies are expected to replace the old, so there should be no barrier to use of technology.
- Any other - The Telecom Industry should grow providing cheaper, quality & efficient service to the consumer & not for profit of X - Y or Z service provider.

5. Palakkad District Consumers Association, Kerala :

- a) No discrimination of service area is required.
- b) The roll out plan from BSO to Cellular and vice versa to be considered based on the past service performance contributed to the consumers and the saturation limit.
- c) In case of Mobile to Basic Convergence the operator can use same spectrum with different technology without additional bank guarantee. However in reverse case additional bank guarantee to the extent of number of subscribers anticipated during 3,5,7 years of rollout may be compared with the forth Cellular operator and appropriate weightage can be given.
- d) Any spectrum should be allotted to the highest bidder through auction and should be at freedom to provide any service with in the allotted spectrum..

In the case of Mergers if an operator is having two spectrum for service, It's should be made mandatory to surrender one spectrum. It should be incorporated in the Merger guidelines.

Any new service offered by the operator within the allotted spectrum warrants separate license fee.

- e) Interconnection between services should be mutually binding and should be transparent.
- f) Irrespective of the originating and terminating point and the carriage of the traffic, call charges should remain same for a call from any operator to any operator.
- g) The consumer should have the option to choose his NLDO and handset source, at any circumstances.
- h) In any definition the consumers interest should be protected..
- i) The number allotted to the consumer for a specific service should be independent of the operator he or she chooses. Technological changes should not add additional burden to the consumer.

6. CUTS:

- Service Area - Service areas of mentioned three metros should be merged with service areas of the respective circles, like for the basic services.
- Roll-Out - It is advised that existing roll out obligations be carried over to the new licensing regime too. However looking at experiences in past, more important is that TRAI ensures compliance of such decisions on service providers agreed upon but still not meeting at ground.
- Spectrum & Technology - operators should be allowed to opt for the technique of their choice and auction is the best possible way to allocate the spectrum.
- Level of competition – TRAI should not worry at this stage of policy formulation. The decision in this regard essentially has to based upon the extent of competition exists in the market at certain point of time. In a dynamic scenario, particularly when mergers & acquisitions starts happening, TRAI has to constantly observe the market and decide about different ways for maintaining the desired competition.
- Selection of NLD operator by subscriber - Nothing stops TRAI from allowing similar flexibility to CMSPs licence agreement.

- Numbering plan - it would be appropriate and desirable to retain existing numbering plan that distinguishes different type of subscribers.
- TRAI need to issue directives stating that as long as compatibility with the existing infrastructure is ensured service providers can use any technology of their choice.

7. D.N. Nanda (Retired Member Telecom Commission):

- a) **Definition of Service Area:** Status quo should be maintained for these metros for the CMSPs and they should be given option to provide basic service. As entry fee for basic service relates to the whole circles in which these metros are included entry fee will need to reduce in proportion of the basic service connections. Similarly for BSOs status quo for these circles should be maintained and they should given option to operate mobile service by adding the license fee of the fourth operator for metro and the circle. Acquisitions and mergers should be encouraged to remove this mismatch in the service area.
- b) **Roll out Obligations and Performance Bank Guarantee:** The existing *Roll out Obligations* and *Performance Bank Guarantee* should remain and be carried over with the some changes (details in representation). New *roll out obligations* and *Performance Bank Guarantee* can be fixed after three years at the time of inviting applications for new unified licenses. By then the seven year period for PBGs of the BSOs will also be over.
- c) **Spectrum Availability and charges:** The availability of spectrum is dependent on factors which are extraneous to the licensing policy. There is a possibility of slight improvement by combined planning in unified licenses but the effect will be marginal. The charges for CMSPs should be made equal to those fixed for fixed service.
- d) **Interconnection between Services:** The methods prescribed for interconnection should continue. The only matter for regulation should be to prescribe that all interconnections should be approved by TRAI, particularly between the fixed and mobile networks in the same service area. This is to ensure that the interconnection does not allow undue advantage against competitor.
- e) **Call Carriage and Charging:** Call carriage will become simpler after same licensee is responsible for both mobile and fixed services. The mobile calls should be routed outside and within the service area through the fixed network of the same licensee. As a matter of fact all the facilities granted to the fixed service should automatically be available to the mobile service.
- f) **Termination Charge Regime Applicable to Different Types of Calls and Numbering Plan:** - These two items are linked together. India has adopted a well-considered *Numbering Plan*, which is according to the Recommendations of ITU and technical capability of the existing networks. Its improvement in future is also planned. We should not link the numbering plan with unification of licenses and leave this issue for next three years till applications for new operators are invited under unified license. The termination charge regime should not be disturbed.
- g) **Definition of Interconnection Seeker and Provider:** This does not have any relationship with the method of licensing.
- h) **Mobile Technologies:** - The license should be technology neutral. It should only specify that the network should be capable of inter-working with all the other networks in India and should have capability for commercial settlement of accounts with other operators according to relevant regulations.

8. Janadhar (Shalabh Kumar Singh): The TRAI should take the following into consideration: Iniquitous license and entry fees, Differential roll out obligations, Unequal allocation of spectrum, Asymmetric regulatory treatment, Carte formation & Ensure M&A's in a proper and amicable way

9. Asian Development Institute, Bangalore. Madhusudhan : The major bone of contention of the cellular operators is that they have paid huge amount of license fees to the Government in comparison to the basic operators. This is of course true and the regulator has to keep this in mind while finalising the process of unified licensing.

However, it should also remember that the cellular companies have also earned huge profits from the high tariffs they charged when the services were initially started.

10. Data access India Ltd.: In addition to the suggestions made herein for bringing about consistency in complete/full unified licence regime, as listed below, in short, it may be added that there should not be any need for Performance Bank Guarantees because in open market scenario, a non-performing Operator will be eased out of the market if he does not perform. Imposition of Performance Bank Guarantees has not successfully worked in India and does not necessarily ensure fulfillment of performance.

- a) Service Area - On PAN INDIA basis
- b) Roll out obligation - None
- c) PBG - None
- d) Spectrum Charges - Proportionate Fee and Simplified Procedure
- e) Interconnection - Mandatory and timely provision
- f) Call carriage/charging - IUC as fixed and applied by TRAI from time to time
- g) Termination charge - As fixed by TRAI
- h) Definition of Interconnection seeker/Provider - Existing Definitions
- i) Numbering - LDCA based with full number portability
- j) Mobile Technologies used - All technology and interface neutral

11. Infrastructure Development Finance Company Limited:-

- a) The status quo may be maintained with regard to service areas for the current operators, the new licenses may be awarded on the basis of circles incorporating the respective metro areas. Split the total entry fee payable for providing basic services in the entire circle, into entry fees pertaining to the Metro area and the rest-of-the-circle. Indicators like revenue, average revenue per user (ARPU) or numbers of subscribers, individually or in combination, might be chosen to determine the split. In case a cellular licensee of a metro area wants to provide services in the rest of the corresponding circle, he may be allowed to do so after paying the aforementioned derived license fee for the rest-of-the-circle. Similarly, the cellular provider in the rest-of-the-circle may be permitted to provide services in the metro area after paying the derived license fee corresponding to the metro area.
- b) Pvt. basic operators have fallen short in fulfilling their rural roll out obligations by a reported 90%. An alternative mechanism for ensuring the roll out of the rural telephony network could be through a Universal Service Fund (USF). For new licensees the roll-out obligations should not be imposed and rural telephony objectives should be met through USF. However, considering that the existing basic operators have already committed to roll out obligations when bidding for various circles, it is important that the current obligations are enforced to send a signal that the government is committed to meeting rural telephony needs.
- c) Obligations like PBG should be enforced, it is recommended that existing operators should be made to keep their PBGs valid as per the existing terms and conditions. In the case of new licensees, if roll out obligations are discontinued as recommended above, we do not see any need for bank guarantees
- d) There is a danger of spectrum becoming a binding constraint if the current growth rates of cellular and WLL (M) subscriptions are maintained. Ideally, spectrum should be awarded through auctions, as this remains the best method both for extracting the value of the allocated spectrum and for incentivising the most efficient use of bandwidth. However, in the current scenario of multiple existing operators (both CMSP and WLL), each conferred with spectrum entitlements, it is difficult to conceive of auctions in allocating the additional spectrum commitments for existing licensees. Hence, as a next best option, the contractual entitlements to spectrum embedded with both the fixed and cellular licenses should be honored in the new license regime. With regards to spectrum, parity should be brought between the existing

basic and cellular operators with regard to the pricing and allocation of both their initial allotments and additional entitlements (upto 10MHz + 10MHz in line with the existing policy for cellular operators as indicated in the consultation paper).). Any allocation of additional spectrum over and above these entitlements for existing licensees, as well as spectrum for new licensees should be based on a transparent auction mechanism. Here, it is noteworthy that additional spectrum can also be freed by relocation of existing incumbents through negotiated settlements and compensation. The processes adopted in the US for migrating incumbents serves as a good illustration for emulation.

- e) Elements of interconnection conditions that have gradually been put in place, including similar charges and access conditions, have increasingly served to ensure level access conditions for all service providers. As we see it, currently, a substantive difference between the basic and cellular services with regard to various interconnection-related charges is attributable to the Authority's decision to allow recovery of Access Deficit Charges (ADC) through the long distance calls originating or terminating on a fixed line network, as part of an administered Interconnection Usage Charges (IUC) regime. We firmly believe that ADC should be not be loaded either differentially on basic and long distance or even uniformly across all operators. As regards fostering parity between basic and cellular services with regard to interconnection, in the context of multiple service providers, it is generally considered that interconnection is a bilateral matter between "consenting adults", wherein operators carry competitors' traffic on the same terms as for carrying their own traffic or that of their subsidiaries. However, the Indian telecom sector does not appear to be as yet mature enough to sort out its interconnection tangle entirely through a hands-off approach, in view of the market power of the dominant fixed line incumbent. Hence, in order to protect the interest of the smaller players, the sector would continue to require active regulatory oversight in this regard. Here, it is noteworthy that the first best means to check predatory pricing is to ensure that the operators provide access to all their network elements, on the same terms that are applicable to their own traffic or that of their subsidiaries. In order to do this, the regulator should mandate separation of businesses or, as a second best option, separation of accounts.
- f) With regard to mobile technologies used, service providers should be allowed to opt for the mobile technology that they feel is best suited to delivering the most effective service. For instance, the imposition of v5.2 standards in place of Mobile Switching Centres (MSCs) for the current WLL service providers restricts the induction of the most suitable technology.

12. HITL:-

a) **Definition of Service Areas:** - The service areas around the metro cities would need to be redrawn. While migrating to the Unified Licence, the service areas of the Basic Services should be bifurcated/ expanded to make them identical with that of the cellular services currently. In effect, bifurcation would be required in Maharashtra, Tamil Nadu and West Bengal. The modification required in the National Capital Region, involving Delhi, Haryana and UP (West) would be a tricky affair.

b) Rollout obligation

Under a unified licence, the roll-out obligations should be identical. This could be specified in terms of phased coverage of the service area.

c) Performance Bank Guarantees (PBG)

Under a unified licence, the PBG quantum should be uniform for all operators within a circle and the release of PBGs should be linked to fulfillment roll-out obligations.

d) **Spectrum availability and charges:-** Currently, the maximum allocation of spectrum is 5+5 MHz for WLL services of Basic Operators and 10+10 MHz for Cellular Operators. In a unified licencing scenario, the allocation should be made identical for all operators. To enable efficient and optimal planning, the spectrum

should be made available at one go in the beginning and should not be linked to roll-out. Further, the allocation of spectrum for Fixed Wireless services through CorDECT or other micro-cellular technologies should be independent and not linked with the allocation of spectrum for mobile services.

e) Interconnection between services &

f) Call carriage/ charging &

g) Termination charge regime applicable to different types of calls

The inter-connection regulations, call carriage/ charging scenario, termination charges etc. are currently service based (not licence based) and the same basis could continue in the unified licencing regime. Under the unified regime, the most optimum local area definition would be that of LDCA instead of the current SDCA for Basic Operators and entire circle for Cellular Operators.

h) The concept of “Interconnection Seeker” and “Provider” have become irrelevant in current scenario, especially after introduction of IUC Regulations. Eliminating this concept, all interconnection charges (set-up charges, port charges, co-location charges, etc) should be made reciprocal in proportion of the outgoing traffic.

i) As suggested earlier, the local calling area should be the LDCA boundary for all services. The continual decline of the capital cost, more widespread availability of telecommunication services also support the argument for a bigger local calling area. The numbering plan should, therefore, be modified for fixed line as well as mobile services.

j) The technology neutral stance of the licencing policy should continue. The selection of technology should be left to the market forces. The availability of spectrum for different technologies should be clear at the outset. Regulation should ensure that there is no restriction on availability/ accessibility/ inter-operability of services across technologies.

13. Shyam Telelink Limited:-

- a) Service Area:- The essential aim of the Unified Regime will be to bring all services to a single, technology and service neutral platform within the license areas. With unified license having a service area, the licensee should be in a position to provide all types of access services
- b) Roll out:- The rollout obligations imposed on CMSPs are less stringent and easy to achieve when compared to the roll out obligations of BSOs. A uniform rollout obligation would be the most ideal for unified service licensees. Rollout obligations should be in terms of the phased coverage of the service area of the operators migrating to Unified Licensing regime.
- c) PBG:- There is huge difference in performance bank guarantee amounts among different categories of service providers. In a unified license scenario, all present Performance Bank Guarantees must be released to bring about parity amongst all licensees and the licensor can evaluate the rollout obligation in terms of Service Area coverage and accordingly levy Performance Bank Guarantees for the respective circle. All operators should be given full assistance (CAPEX & OPEX recovery) under the USO Fund to meet the social objectives of universal access.
- d) Spectrum:- We request that TRAI should ensure the following:-
 - 1. Contracted spectrum of Six old BSO is given to them immediately, without applying the new procedures.
 - 2. Additional Spectrum if any should be auctioned, over & above the reserved price.
 - 3. This release of spectrum in small chunks of maximum 5 Mhz should take place after every 3 – 5 years, after ascertaining the need for the same
 - 4. TRAI should come up with a mechanism to dissuade operators from hoarding of spectrum.

Spectrum usage charge will continue to be paid as presently i.e. 2-4% for spectrum allotted till cap limits. For spectrum, which is purchased through auction process, there would be no usage charges.

e) Interconnection should continue to be mandatory and based on the principle of non-discrimination as is the case today and on mutually agreed terms. Adequate interconnect capacity in desired time frame must be mandated by TRAI. The definition of local area for all operators in the unified regime should be changed to a unified LDCA based local area. Interconnectivity can therefore be mandated to be at LDCA level or any other level once it is mutually agreed between operators.

f) Call carriage/charging:- The TRAI's IUC exercise is already in the process of defining the exact costs and process of charging. We strongly feel that since all are access providers providing identical services, TRAI should fix standard package prices to customers based on cost of each service and clear out the present anomaly of calling long distance through fixed lines. Further to stay clear from the existing POI complexities, and other anomalies arising out of differential definitions of service area can be eliminated with a single uniform LDCA connectivity under unified license.

g) Termination Charge:- The principle of termination charges is well accepted and therefore should continue. However levying of access deficit charges on fixed lines, the long distance traffic is being diverted. Making a long distance call expensive of a poor man who only uses fixed phones may not be in the right earnest and therefore needs correction.

h) The concept of "Interconnection Seeker" and "Provider" introduced by TRAI are irrelevant since interconnection is the bedrock of the telecom industry and every network has to be mandatory connected to every other network. Therefore this concept should be completely eliminated. Hence, all interconnect costs, i.e., set-up charges, junction charges, co-location charges, cost of terminating equipment, etc should be eliminated. Provisioning of circuits by unified licensees shall be based on percentage of outgoing calls.

i) Numbering:- The numbering plan should be such as to cater to demand in the sector for the next two to three decades. All services whether wire line or wireless including cellular mobile should follow the LDCA based ten digit-numbering scheme. (2 + 8 for metros & 3 + 7 for others).

j) Since 1999 the government has followed the concept of technology neutrality for all services, including mobile and WLL services. The Unified license should reinforce and in fact take this concept further in order to keep pace with worldwide developments.

14. Reliance:-

- Spectrum availability and charges :- There should be **uniform cap on spectrum allocation** for all providers operating under the unified licensing regime. Further, for obtaining additional spectrum above this cap there should be bidding / auction or a government determined price. Spectrum usage charge should continue to be paid as presently i.e. 2-4% for spectrum allotted till cap limits. For spectrum above specified cap, which is purchased through auction process, there would be no usage charges.
- Interconnection between services:- Interconnection should continue to be mandatory and based on the principle of non-discrimination as is the case today. The service providers should have the right to interconnect their networks with other networks of any other operator or operators within the service area at any mutually agreed terms.

- Call carriage/charging:- The TRAI's IUC exercise is already in the process of defining the exact costs and process of charging. However, the actual subscriber charging of calls should be left to market forces i.e. forbearance on all aspects of tariff in the unified licensing regime.
- Termination charge regime applicable to different types of calls:- TRAI is already in the process to define the termination charges for various call scenarios under IUC regime. Under unified license termination charge should be independent of type of originating network or terminating network. Although TRAI is relooking at the present ADC magnitude, under unified License the same should not be continued. ADC, if any, should be addressed through a separate fund and not on call by call basis. Within circle termination charge can be uniform for all types of Networks and distance dependant termination charges can exist for inter-circle calls. ILD calls can have highest termination charges. However it is imperative that, TRAI should also mandate pulse rate, which is to be used for the reconciliation, for all these different call types.
- Definition of interconnection seeker/provider:- The concept of "Interconnection Seeker" and "Provider" are irrelevant since interconnection is the bedrock of the telecom industry and every network has to be mandatorily connected to every other network. Therefore this concept should be completely eliminated. Hence, all interconnect costs, i.e., set-up charges, port charges, co-location charges, cost of terminating equipment, etc should be shared.
- Numbering:- Following options can be considered:-
 - Option I - Migration of all unified license operators (including present cellular service providers) towards LDCA linked numbering scheme
 - Option II - Considering present number of telecom users in the country, to avoid discontinuity in migration to new numbering plan, present service providers may have option to continue with the present numbering plan (ie the SDCA link numbering as well as level 98 & 94). However TRAI should address disparity in termination charges paid by service providers arising out of numbering plans as explained above.
- Mobile Technologies used:- Since 1999 the government has followed the concept of technology neutrality for all services, including mobile and WLL services. In this context technological neutrality and the unified license may not have a meaning, if it is not coupled with flexibility in the use of frequency bands. Therefore, if unified licensing policy is to succeed, the Government will have to permit the flexibility in the use of frequency, leaving the choice to the service provider to use any technology, any equipment and any frequency band.

Details are provided in their representation.

15. Qualcomm:- Removing the Concept of Limited Mobility-QUALCOMM fully supports this proposal and other policies that result in more flexible service rules for wireless operators. In addition to improving access to basic voice services, many developing countries are also looking to expand the definition of universal service/access to include data services, such as Internet access. QUALCOMM encourages TRAI to implement a unified licensing scheme, which would result in the removal of the concept of limited mobility and increase competition for wireless voice and data services. QUALCOMM believes that the introduction of such flexible service rules will stimulate substantial growth in India's telecommunications sector, resulting in an increase in the availability of basic as well as advanced services throughout the country.

Issue of Spectrum Allocation:- QUALCOMM supports the evolution and migration of systems within existing spectrum bands on a technology neutral basis. Preserving technology neutrality and allowing in-band migration provides strong incentives for innovation, fosters competition and encourages the deployment of new services.

Such flexible use policies have resulted in accelerated deployments of commercial IMT-2000 systems. Given the significant initial capital expenditures necessary to deploy

entirely new IMT-2000 systems, operators worldwide are finding that upgrading networks in existing spectrum is a more economically viable option. Therefore, QUALCOMM urges TRAI to adopt policies that will encourage existing wireless operators to upgrade their networks, and to permit the existing cellular mobile and basic service/limited mobility operators to carry their existing spectrum allocations over to the new unified regulatory regime. TRAI seeks advice on the allocation of new spectrum for wireless services under the unified regulatory regime. QUALCOMM recommends that, rather than make technology specific spectrum allocation decisions, TRAI instead allocate blocks of spectrum on a technology-neutral basis and permit the designated licensee to determine which technology to deploy. For example, if TRAI decides to allocate new spectrum for mobile services, it should not specify which technology the licensee of this spectrum must use, regardless of the frequency band being allocated. Instead, TRAI can assign the spectrum rights to one or more licensees (whether through auction or beauty contest), implement out of band emission limits and coordination requirements to prevent interference between adjacent licensees, and allow the licensee to choose whatever technology options best suit the needs of its customers. It is important to point out that today's wireless technologies are standardized to operate in a number of different frequency bands, and have successfully been deployed in adjacent frequency bands without the need for significant regulatory oversight. Therefore, QUALCOMM encourages TRAI to permit licensees in new spectrum to deploy whatever technology best meets their business needs.

16. **BSNL:** a) Definition of Service Area: The service area should remain on circle/metro basis as at present. However, if the scheme as envisaged is to be implemented, the service areas of BSOs and CMSPs should be reorganized to coincide with the actual boundary of the circles. There may be a need to permit the metro cell operator to operate in rest of the basic service circle area. Similarly, the circle cell operator may have to be allowed to operate in the metros of their respective circles.

b) Roll out obligations: The customer should have a choice to subscribe to the fixed services or the mobile services throughout the country. It is, therefore, must that the Access Providers rollout their fixed and mobile networks up to the SDCA level. Therefore, the rollout obligation of the mobile and fixed service should be same. Both should cover all the SDCAs in a time bound manner. This will also help in dispersed development of the telecom services in the country and increasing the teledensity.

c) PBG – No comments

d) Spectrum availability and charges - Spectrum is a scarce national resource and should be priced in such a way that it promotes its efficient utilization. The cost of spectrum should not be less than the estimated cost to be incurred by an operator for frequency re-use (by using additional BTS) in the condition of limited spectrum availability. The cellular operators have been given 10 + 10 MHz. It is proposed not to disturb this. Basic operators are allowed to have 5 + 5 MHz spectrum. They can be given additional 5 + 5 MHz spectrum. This will ensure Level Playing Field vis-à-vis existing CMSPs. The BSOs may pay one time entry fee equal to the amount paid by fourth cellular operator. Any additional spectrum beyond 10 + 10 MHz may be given based on a revised pricing model which promotes efficient frequency utilisation.

e) Interconnection between services: The network architecture for fixed services and cellular services should be retained as such and the applicable numbering plan, charging plan and routing plan should be complied with. Under these circumstances, the interconnection regime applicable for the basic services and the cellular services can be retained as at present for the fixed services and mobile services proposed to be provided under the unified licensee. Interconnection of the fixed services and the mobile services with the NLDO and the ILDO may continue as per the existing arrangements.

f) Call carriage/charging - For fixed services the present arrangement of near end and far end hand over may continue. The same concept should be applied for fixed to mobile calls. For this purpose, the far end hand over shall be at the level of a designated gateway MSC. The calls from mobile to fixed may be handed over to the fixed service operators only at their Level-II TAXs on the lines of current arrangements applicable for cellular operators. For fixed service the distance wise charging may continue. However, for fixed to mobile and mobile to fixed call within the service area the same charges should be considered.. This will enable optimization of the number of POIs between the mobile and fixed network resulting in higher efficiency of the circuits and better manageability.

g) Termination charge regime applicable to different types of calls: Cost based termination charge for fixed and mobile services should continue to be made applicable.

h) Definition of Interconnection seeker/provider: A service provider who intends to seek interconnection with another service provider is a interconnection seeker. The other party automatically becomes the interconnection provider. It is suggested that in place of making direct interconnection among all service providers mandatory concept of interconnect gateway exchanges should be established. Such Gateway exchanges may be owned and operated by a Government PSU or a separately licenced service provider who does not have any interest in any of the other licenced service provider.

i) Numbering: The National Numbering Plan as applicable for basic services and cellular mobile services at present should be complied with by the fixed service providers and the mobile service providers (GSM based / CDMA based – Limited Mobility as well as Full Mobility networks) under the unified licence regime.

j) Mobile Technologies used: License should be technology neutral.

Q4. What is the implication of a unified licensing regime for sustainability of the market?

1. **ABTO:** India offers a huge market for telecom services. The present teledensity of about 5% is just the start. The NTP '99 teledensity target of 7% by 2005 and 15% by 2010 could be surpassed keeping in mind the untapped potential that exists in the country. The market must necessarily be created and service providers are presently making efforts to do this. Understanding consumer preferences and delivering consumer values would determine the sustainability ultimately. India offers a huge middle-class population who need telecommunication services but on an affordable basis. With the ever increasing / widening of the community of interest, the market will only grow in the future. In this context the Unified Licensing regime is in the right direction and at the right time. The timing is right because the main complexities and problems in this sector are just about to set in and this paper addresses them before they become insurmountable. There is enough scope for many service providers within the telecom market in India. The pie is big and there is plenty of scope for it to grow further.

Niche markets, fringe subscribers and low-income users have not even been tapped. It is when telecom services reach these sections that the real explosion in the market will happen.

It would not be out of context to re-emphasise that the technological upheavals in the sector have already forced a realignment and the unified regime would serve to address these changes rather than avoid them and land in a deeper mess in the future. We have to be ready for the future.

2. **Geeta Sekhar:-** A unified licensing as proposed above shall ensure that Governmental policies are service segment-neutral and operator-neutral and encourage their growth to their fullest natural techno-economic potential.

3. **Dr T.H. Chowdary (CTMS):-**The market can sustain good and efficient companies wonderfully well if the regulator, the licensor and government do not succumb to pressures from lobbies .

4. **Dr. Niranjana Nath (Consumer Protection Association, Gujarat) :-** Unified Licensing shall be technology neutral & sustainability of the market shall depend on its interpretation & implementation.

5. **Palakkad District Consumers Association, Kerala :-** The operator should have the obligation to provide any service within the service area as and when the demand arises whether profitable or not. Unless conditions are stipulated in the License policy operators will concentrate only profitable service which may affect some part of the development of the nation and hit the consumer interest.

6. **D.N. Nanda (Retired Member Telecom Commission): -** Market will be served better if one company can look after needs of all the segments of the market. The licensees will develop ingenious tariff plans to satisfy a broad perspective. This will contribute to growth of the market and customer satisfaction.

7. **TTSL:** The Herfindahl-Hirschman Index as presented in the consultation paper was calculated for the existing cellular industry. In all circles it was found to be well above 1800, indicating that the industry is highly concentrated. We believe, therefore, that there is still scope in the mobile services industry for at least another two players without affecting the long term sustainability of the market.

8. **Sh. H.K Awasthi, VOICE -** The market will sustain good efficient companies. WLL under BSNL/MTNL could not grow. Imagine the growth by Tata and Reliance Telecom.

9. **Data Access Ltd: -** In the unified licensing regime, the market would sustain because unification of loss making and profit making service segment of the same Operator would be able to support each other. This would help the market grow and will be in public interest.

10. Infrastructure Development Finance Company Limited:- We believe that the continuing litigation relating to the legality of limited mobility has served to limit the flow of funds to the sector. In contrast, a unified licensing regime, by removing inconsistencies and the resulting uncertainty, is likely to promote, rather than impinge on, the sustainability of the telecom sector. The government's role in ensuring a dynamic and viable sector, in sharp distinction to attempts at shoring up individual companies, is to ensure a level playing field for all companies and to facilitate the rapid consolidation of unviable and weak companies. This includes rationalising ownership norms and allowing decent and fair exit opportunities, such as mergers and acquisitions (M&As). This allows companies to exploit economies of scale and scope and enables lending institutions to effectively unlock values in case of commercial distress through the takeover of the assets and customers of the failing company by a more efficient competitor, instead of expending considerable effort in dealing with NPAs.

11. HITL:- The Unified Licencing regime has the potential to proactively resolve the most significant of the conflicts that plague the Indian Telecommunications Industry. We believe that the unified licencing regime would enable more orderly, faster, and sustainable growth in the Industry. It is, however, important to ensure that the migration terms are not onerous for operators to migrate and that the competition is not weakened by the exercise.

12. Reliance:- A closer look at the Indian circle-by-circle competitive position also indicates towards another trend - more number of operators, there is more choice available to consumer resulting in greater penetration of telecom services. Large number of additions of subscribers every month is a pointer towards the potential of the existing and future market. The only pre-requisite are the affordability of the service, convenience of availability, combined bouquet of services at one stop, good after sales customer care etc. All these are possible if a service provider is providing all the services required by the consumers. Unified licensing can be envisaged as sharing of telecom infrastructure, which will result in ability of telecom operators to provide multiple services through common infrastructure and hence will reduce their operational costs leading to a stage where their operations can be viable and sustainable.

13. Shyam Telelink Limited:- The technological upheavals in the sector have already forced a realignment and the unified regime would serve to address these changes optimally. Aggregation in the way of unified license for basic and cellular services would be the biggest enabler for the proliferation of various services, sustainability and spread of telecommunication networks in the country.

The low-income users have not even been tapped. It is when telecom services reach these sections that the real explosion in the market will happen.

14. Qualcomm:- TRAI seeks comment on the implications of a unified licensing scheme on the sustainability of the market. QUALCOMM believes that a unified license for wireline and wireless services will not only contribute to, but will in fact drive the long term sustainability of the telecommunications market in India. A unified license will enable operators to take full advantage of the advanced capabilities of their networks, thus enabling them to offer innovative and cost effective services and solutions to their customers. By leveling the regulatory playing field, and implementing policies that take into consideration future technology and market developments, TRAI can increase competition, drive demand for telecommunications services, and encourage the overall expansion and long-term sustainability of India's telecommunications market.

15. BSNL: The unified licensing regime shall adversely affect the viability of the stand alone operators and may result into creation of a few monopolies which may not be in the interest of consumers.

Q5. Unified License may imply a need to facilitate mergers and acquisitions. What conditions should apply for this purpose in respect of:

- a) spectrum available with the merged entities
- b) definition of “market” in order to determine whether a merged entity has significant market presence;
- c) conditions that should be specified to ensure that competition is not compromised.

1. **Orissa Consumers’ association:** We feel the acquisition and merger practices are bound to happen in the volatile sector. So in the unification era we feel when such practices happen the consumers as well as the industry will not be a sufferer.

2. **ABTO:** Unified License will result in more significant economic and social benefits as well as a longer terms perspective.

(a) Spectrum available with the merged entities;

Merged entities must not be allowed to have more than the maximum spectrum allowed to a single entity based on coverage, rollout or subscriber base. Till then, all efforts must be directed to ensure that spectrum is efficiently deployed by all service providers. To ensure judicious usage, some benchmarks must be arrived at to ensure that spectrum is not wasted /hoarded once mergers and acquisition take place.

(b) Definition of “market” in order to determine whether a merged entity has significant market presence;

Definition of market must be for the product in the service area. European Commission defines market with respect to geographical area as “The relevant geographical market comprises the area in which the operators / service providers are involved in the supply and demand of products or service, in which the conditions of competition are sufficiently homogenous and which can be distinguished from neighboring areas because the conditions of competition are different in those areas”.

The appropriate geographical market will be an important determinant of market definition. Market would consist of access service providers in a geographical licensed service area for the merged entity. For unified licensing regime, the same definition of Significant Market Power (SMP) will stand as determined by TRAI. SMP be considered in point of view of power of service provider in a service area. The TRAI has mentioned the Hirschman-Herfindahl Index (HHI) for measuring the level of competition in the market. On a close examination of the current cellular market it can be clearly observed that the market is not competitive enough.

(c) Conditions that should be specified to ensure that competition is not compromised.

With a unified license, adequate measures should be taken to encourage competition in the market. There will be restructuring of the industry as mergers and acquisitions will take place. As regards the number of players, it should be left to market forces to determine wherein customers will only choose those service providers who will deliver in terms of both quality and price of services provided. However, steps should be taken to ensure that no monopolistic / duopolistic situation may arise as regards any kind of service – mobile, wire line, broadband, Long Distance (National & International) or internet which may work to the disadvantage of the consumers availing that particular service. Telecom Service Providers would be subject to the provisions of competition bill/act. To ensure competition, TRAI must target an HHI of less than 1800.

3. **Geeta Sekhar:-** A unified license does not necessarily facilitate mergers and acquisitions. All it does is to allow full flexibility to operators to enhance synergies between their existing and future service offerings subject to their own market shares. This combined with free entry and exit conditions will ensure that maximum competition compatible with the market size and viability of the network will develop in each and

every region in the country. Government needs to be strictly neutral in mergers and acquisitions so long as the minimum required number of operators exist in every region of the country.

4. Dr. Niranjana Nath (Consumer Protection Association, Gujarat) :-

Sufficient data has not been provided.

5. Palakkad District Consumers Association, Kerala :-

One spectrum should be surrendered. The demand existing as on the date of Licensing should be taken as the market. No deviation from the stipulated service obligation allowed at any reason.

6. D.N. Nanda (Retired Member Telecom Commission): - Mergers and acquisitions in the same service area of the companies licensed for mobile service with companies licensed for basic service and vice versa should be welcome if these facilitate combining/unification of licenses. Applications for mergers and acquisitions should be examined and approved by the government. Yardsticks to avoid concentration of the market with one company / cartel formation and growth of competitors and effect on efficiency of operations and customer benefits should form the basis for allowing M & As. All these factors need a separate study. I doubt if there are universally standardized yardsticks, which can be applied. I feel that these applications will need case by case consideration.

7. TTSL: The license conditions of a Unified Services License should encourage free enterprise by allowing as many operators as the market can sustain. To allow for attrition and revival without taking recourse to government support mechanisms for allowing mergers and acquisitions within limits of acceptable market concentration.

Measures for market dominance would need definition, both service wise and circle wise:

- Fixed and Mobile services – circle wise subscriber share
- NLD – All India traffic share

Dominant players should be subject to asymmetric regulatory terms :

- Mandatory resale of infrastructure
- Tariff floors to prevent cross-subsidies and predatory pricing
- Regulated mergers and acquisitions
- Restricted growth on the lines of the Korean model

The incumbent which currently dominates the fixed line and NLD market, should be mandatorily migrated to the Unified Services License and apart from meeting all obligations, like payment of Entry fee, should conform to the above asymmetric regulations for dominant players. It should also conform to the following:

- Implement Accounting Separation in a time bound manner
- Implement CAC at the earliest as per TRAI mandate. Private operators not to be pressurised until the incumbent implements the same
- License Fee (Revenue share) at par with private operators

The collection in the USO Fund should be transparently distributed, applying uniform norms, amongst all players, private and the incumbent, offering rural telephony.

The dominant operators not complying with their obligations should attract severe penalties, e.g. additional revenue share of 5% for 1 year and suspension of license thereafter.

Mergers and acquisitions would be an essential market mechanism as a self correction tool for the long term sustainability/health of the industry. Mechanisms to allow timely exits for marginally players would also aid in the continuity of quality offerings to customers. In the event that merger creates a dominant player, the regulator should step in to review the same.

Upon merger of two or more entities in the same service area, the individual spectrum allocations should be aggregated in the merged entity. The aggregated spectrum should be subjected to periodic review for efficient utilization. In case of inefficient utilization, the remaining spectrum should be surrendered by the merged entity.

8. Sh. H.K Awasthi, VOICE - While facilitating acquisitions and mergers the regulator must ensure three to four competition providers in each state.

9. Human Upliftment Development and Social Awareness (HUDSA), Allahabad (Mani Shankar Dwivedi):- The regulator does not need to evolve specific principles with respect to the number of players in the market. The market forces will themselves decide the number of players that can sustain in the market. However the Regulator has to keep a watch so that the consumers are not harmed in the process of mergers and acquisitions.

10. Center for Market Research and Social Development, New Delhi. Dr. Ajit Kumar Naik:- A unified license regime will see the growth of integrated players in the market. However, mergers and acquisitions led to increase in efficiency which can be seen in many places. This will also give rise to effective utilisation of spectrum allotted which is becoming a rare commodity now-a-days. Due to such merger and acquisitions a situation of oligopoly might crop up in the future. In such a given situation it is essential that the Regulator take care that companies do not form a cartel which could be harmful for consumers.

11. Data Access Ltd: - The need for merger or acquisition must be left to the market forces and to the application of the requisite rules/laws on the subject.

12. Infrastructure Development Finance Company Limited:-

- a) Mergers (or any other form of alliance) between two licensees in the same service area should be explicitly permitted, subject, of course, to the caveat regarding adequacy of competition. As part of this, the spectrum slots and SACFA clearances should be automatically transferred to the merged company. In other words, SACFA clearances should be linked to a license and not to a licensee company.
- b) Given the definition of licensing entities being circles, it makes sense to identify “markets” with this licensing unit. TRAI needs to define what is meant by “significant market presence” for a single operator, which operators are required to abide by when considering a merger/acquisition.

In the event of a possible decline in the number of operators in a specific licensing area, there may be a negative impact on the level of competition in the sector and an increase in the opportunities for collusion, predatory pricing and unfair competition. In this regard, the issue of adequacy of competition should be determined by TRAI, and not by the licensor; TRAI on its part should publish transparent guidelines in this regard. In this context, the Authority may take note that the yardstick of measuring market power has gradually shifted from considerations of market shares to abuse of market dominance. Significant market presence (as opposed to “power”) might be measured through potential indicators like revenue or subscriber shares. In other words, a mechanistic application of quantitative indicators like the Herschman – Herfindahl Index, however, is likely to vitiate the benefits to consumers arising out of network economies and economies of scale.

13. HITL:-

a) Spectrum available with the merged entities

The spectrum available with a merged entity should not exceed that available for a single entity. If required, a suitable timeframe could be allowed to the merged entity to re-engineer the network and surrender the excess spectrum.

(b) Definition of “market” in order to determine whether a merged entity has significant market presence;

The market should be defined for a service (fixedline/ mobile) within a service area.

(c) Conditions that should be specified to ensure that competition is not compromised.

In general, the general provisions of MRTP/ Competition Bill, as applicable for other sectors, should be applicable to the Telecommunications Sector. TRAI current approach to check predatory practices should continue.

14. Reliance:-

a) Spectrum available with the merged entities:- the Authority should not at all permit spectrum aggregation in case of mergers and acquisitions. Rather the spectrum belonging to the merged entity should revert back to the Government.

b) Definition of market in order to determine whether a merged entity has significant market pressure:- Since service providers are licensed on telecom circle basis, the products offered by these operators and area of operations, representing supply side of the market, can define the relevant market for purpose of determining SMP status of the merged entity. Although with rapid technological changes such definition might not be always correct, as useful starting point, the regulator can consider the present telecom circles for defining relevant market in order to determine whether a merged entity has significant market presence.

c) As a result of merger, if the regulator finds that the concerned market of the merged entities is not effectively competitive, in addition to deciding the concerned entity as having SMP, additional regulatory obligations should be imposed.. These obligations can be as follows

- obligation to interconnect and provide co-location facility on fair and non-discriminatory terms
- obligation to publish reference interconnect offer to other operators
- obligation to maintain accounting separation with complete transparency
- obligation of non-discrimination in respect of offering of all products and service
- obligation to follow price control in case instances of price escalations

Further, TRAI may impose additional restrictions, which can be monitored from time to time to check against monopolistic practices or cartelization that large operators may resort to. The provisions of Competition Bill should equally be applicable in this regard.

15. Shyam Telelink Limited:-

a) Merged entities must not be allowed to have more than the maximum spectrum allowed to a single entity based on contracts entered in to. The Spectrum, which will be surrendered by the merged entity (of the second operator), should be kept by Govt & released for auction. .

b) For unified licensing regime, the same definition of Significant Market Power (SMP) will stand as determined by TRAI. SMP be considered in point of view of power of service provider in a service area. One wonders whether this is relevant in view of the press statements issued by TRAI on predatory pricing.

c) Competition is primarily controlled through two aspects, Choice to customers and predatory pricing. We strongly feel that TRAI should first fix the cost based Tariff for all the services with floor & ceiling, disallow bundling, and to allow operators to run the service as per license. This action of TRAI will ensure that competition is not compromised.

16. BSNL:

a) Spectrum available with the merged entities: Spectrum is a scarce national resource and bottle neck facility. It should not be permitted to be monopolized by one or two entities. It is, therefore, felt that in case a licenced entity is merged with another licenced entity in the same service area, one of the entity must surrender the spectrum and the spectrum available with the new entity arising out of the merger of two more entities should not be in any case more than its competitors for the identical customer base.

b) Definition of “market” in order to determine whether a merged entity has significant market presence: The licenced service area of a BSO as applicable at present should be considered the relevant market for the purpose of determining the significant market power of the merged entity.

c) Conditions that should be specified to ensure that competition is not compromised: Experience in our country has shown that to have an effective competition, a minimum four operators are required in any market. Therefore, the merger should be regulated in such a way that it does not result in a situation where the service providers in any market are reduced to less than four.

Further to prevent cartel formation the merged entity should not be able to have more than 50% of the market share. Also through mergers the new entity should not be in the position to monopolize control over bottle neck facilities.

Q6. Should the regulator evolve some specific principles with respect to the number of operators that are desirable to be present in the market;

1. **ABTO:** Regulatory principles must promote the basic policy objectives of widening access to Unified Services and establishing a basis for competition in the telecom sector.

Unified licensing regime shall allow the competitive market forces to determine the number of operators. With the BSOs migrating to single unified licensing, the licensees be permitted to compete in a service area without any restrictions. Presently, basic services have open competition. Recently, TRAI has also stated that there can be more than four cellular operators subject to availability of spectrum. It is quite natural to have open competition regarding the number of operators. The number of operators should be left to the market forces to determine. Keeping in mind the present market scenario and the worldwide trends, it is but inevitable that in India too there will be an industry realignment in the market. It will usher in an era of survival of the fittest as is witnessed in any free market economy which will ensure better quality of services to the end consumer.

It would be relevant here to quote from the OFCOM background paper where the Objectives for setting up a converged regulatory body has been outlined.

Quote

“Creating a single, integrated regulatory framework for communications addresses the risks that the current framework poses to the future success of this sector in the United Kingdom. The current regime was established when a clear demarcation existed between the various parts of the communication sector. The increasing convergence of the sector means that the regulatory framework risks becoming outdated, unable to adapt to the new form of the industry. The case for converged regulation rests primarily on the need for an over-arching strategy.”

Unquote

We need to be similarly proactive and move ahead with the times in order to tackle the changes in this sector. In addition, two important aspects as follows must be part of principles of regulatory environment:

- WTO Basic Telecommunications Negotiations principles of liberalization of the telecommunication services aimed at the introduction of competition, reduction of service rate and diversification of services.
- Hon'ble Prime Minister's vision of free market economics with total deregulation in the telecom sector.

2. **Geeta Sekhar:-** Yes. A minimum of two unconnected operators needs to be ensured in very region of the country, except in remote or unlivable towns or areas for which Government shall ensure the minimum possible services through the incumbent operators or through a USO fund created from taxation revenues of the Government.

3. **Dr T.H. Chowdary (CTMS):** All over the world the rule of “not more than three companies can survive” appears to be manifesting itself. Therefore, the Regulator may, so guide the competition, mergers and acquisitions so that in every State, there are at least three competing providers for every service.

4. **Dr. Niranjana Nath (Consumer Protection Association, Gujarat) :-**

YES. The principles should be

- 1) Real growth of the Telecom Industry for the development of the country.
- (2) Just & fair competition among the operators.
- (3) Lowering the cost of service & quality & variety benefits to the consumer.

(4) Prevention of Cartels, Mergers & acquisition & fair dealing both with players & the consumers.

5. Palakkad District Consumers Association, Kerala :-

Should be left to the consumer' s demand.

6. D.N. Nanda (Retired Member Telecom Commission): - At this stage the aim should not be to unify the licenses but allowing all the licensees to provide both the services i.e. all those who have licenses for mobile service should be licensed for fixed basic service and vice versa. It will take quite a while for the modified situation to stabilize. In my opinion it should take around three years. At that time the period of seven years given to BSOs for roll out will also be over. After stabilization of the situation TRAI should develop the format for unified license on the basis of the conditions at that time. At that stage government may invite further applications under unified license without any limit for the number of licensees.

7. TTSL:- As we have proposed earlier, free market conditions with facility for merger and acquisition, and adequate controls on market concentration should determine the number of players in the market.

8. Data Access Ltd: - The Regulator should manage only the boundaries of the domain and let the market forces determine the number of players

9. Infrastructure Development Finance Company Limited:- The number of operators allowed should not *per se* be regulated or decided by TRAI. The market conditions will determine how many operators will be sustainable.

10. HITL:- Whatever be the licencing regime, it is important that there is sufficient sustainable competition as competition is the only way to ensure quality of service and fair tariffing in the long run. Norms/ principles on the minimum number of operators would be desirable, but would remain ineffective unless it is simultaneously ensured that all the operators can compete on level playing fields and sustain their operations. Number of operators would remain limited by the high level of competition, distant viability and limited spectrum. Hence, there is no requirement for upper limits on the number of operators.

11. Reliance:- There need not be any guidelines as such issued by the regulator as the industry has been opened to competition and the subscribers should not be deprived of benefits of competition.

12. Shyam Telelink Limited:- Unified licensing regime shall allow the competitive market forces to determine the number of operators. With the BSOs migrating to single unified licensing, the licensees be permitted to compete in a service area without any restrictions. The number of operators should be left to the market forces to determine. In this regard for fair competition It is a must that there are not more than Five service providers (including BSNL/MTNL) in any Circle. Once the teledensity of 25% is achieved uniformly in a circle only then TRAI should think of allowing more operators. (metros not included, which already have more than 30%). Continuity of stable regulatory regime is a necessity for increase of teledensity. Till we achieve 25% teledensity in each circle, there should not be any change in this policy & all operators should be asked to just increase the teledensity in their service area.

13. BSNL: Yes, as per our comments in Q5.

Q.7 What should be the validity period and the effective date of the unified License.

1. **Orissa Consumers' Association:** In order to provide global standard telecom services we should march towards convergence in two three years time. Validity period be ten years subject to condition of cancellation of license for breach of conditions for unfair trade practice. Effective date may be within two year.
2. **ABTO:** The validity period of the unified license shall commence from the date of migration. The period of license shall be 30 years from the effective date of license.
3. **Geeta Sekhar:-** The unified license should be effective for present operators from the date when Government and the regulator ensure the removal of the existing inter-service and inter-operator anomalies. As the unified license envisaged as above is on terms which are required to cover the minimum cost of regulation and does not involve any upfront investment/expense from operators, who are free to enter and exit the sector at will subject to minimum reasonable conditions applicable to all businesses, the license should be valid for perpetuity without restriction.
4. **Dr. Niranjan Nath (Consumer Protection Association, Gujarat) :-** 20+10 Years. As huge investment & long term planing is required.
5. **Palakkad District Consumers Association, Kerala:** - The validity period is preferably for 5 years since Technological changes are taking place rapidly. The effective date may be considered as on the 1st day of April 2004.
6. **CUTS:** There is no issue about reconsidering validity period of the unified license agreement and its starting point.
7. **D.N. Nanda (Retired Member Telecom Commission):** - I have suggested that the proposal should be tackled in two stages. In the first stage the Validity and the effective date should remain as envisaged in the existing formats of the licenses. Let us have another study after three years to decide upon these for the new entrants after three years.
8. **TTSI:** - The validity period of the unified license shall commence from the date of migration. The period of license shall be 30 years from the effective date of license.
9. **Data Access Ltd:** - The validity period of unified licence should be 30 years and the effective date must be the date of execution of the respective unified licence between the Operator and the Government.
10. **Infrastructure Development Finance Company Limited:** - The existing licensees should continue with the current license periods that they have been awarded. In the case of new licensees, the government should ensure that new licenses are in line with the ones already issued, namely for a period of fifteen to twenty years.
11. **HITL:-** The current validity periods and effective dates of the migrating operators could continue even in the unified license.
12. **Reliance:-** The validity period may be 20 years (extendable by 10 years) effective form the date of issue of the license.
13. **HUDSA:** The unified license can be implemented after the consultation process is over and the TRAI has found amicable solution to the objectives of all the stakeholders.

14. **Shyam Telelink Limited:-** The unified license shall commence from the date of migration or maximum 6 months from the date of first migration. The implementation of the license is required to have urgency. It is imperative that the unified license terms & conditions be implemented upon migration keeping in mind the past history, which has not been too pleasant for the industry as a whole. The period of license shall be 25 years from the effective date of license.

15. **Qualcomm:-** TRAI specifically seeks comment on the validity period and the effective date of the unified license. QUALCOMM believes that the transition to a unified licensing scheme should be initiated and implemented as early as possible in order to remove uncertainty in the regulatory environment. QUALCOMM also supports a license validity period of between ten and twenty years with the option of renewal for an additional five years.

16. **BSNL:** The validity period of the unified licence may be 20 years extendable by 10 years as per present arrangements applicable from the date when the licences were granted to the BSOs with WLL (M) facility or the forth cellular licensees whichever is later.