

6th April 2023

Shri Sanjeev Kumar Sharma
Advisor (Broadband & Policy Analysis)
Telecom Regulatory Authority of India
Mahanagar Door Sanchar Bhawan,
Jawahar Lal Nehru Marg,
New Delhi-110002

Ref: **Lightstorm Response to TRAI's Consultation Paper dated February 09, 2023 on Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)**

Dear Sir,

With reference to the *Consultation Paper on Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)* issued by Hon'ble Authority, Lightstorm, is pleased to provide comments.

We hope that our comments (as enclosed below) will enable the Hon'ble Authority to form effective policy prescriptions as benefits all interest groups.

Thanking you,

Yours sincerely,
For **Lightstorm Telecom Connectivity Private Limited**



Authorized Signatory

Rajiv Nayyar

Email: Rajiv.Nayyar@Lightstorm.net

Enclosure: Our response

Lightstorm comments on Consultation Paper on 'Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)'

We, M/s Lightstorm appreciate the efforts of TRAI in releasing the consultation paper on introduction of Digital Connectivity Infrastructure Provider Authorisation as separate chapter under Unified license. and we are glad for the opportunity to provide our views on the same.

Please find our detailed views as below –

As has been discussed in the present consultation, TRAI had earlier recommended that the scope of the IP-I registration should be expanded to include the right to own, establish, maintain, and work all such infrastructure items, equipment, and systems which are required for establishing Wireline Access Network, Radio Access Network (RAN), and Transmission Links in its recommendation “**Enhancement of Scope of Infrastructure Providers Category-I (IP-I)**” dated 13.03.2020.

However, in the legal opinion sought by DoT on this issue, it has been opined that:

- (i) Active Infrastructure can be provided only by Telecom Licensees.
- (ii) IP-I registration holders cannot be allowed to provide active infrastructure under their IP-I registration unless they are shifted to licensing regime.

New/existing businesses can obtain UL Authorisation is case they wish to deploy **active infrastructure**. DoT vide letter dated 11th August 2022 has therefore stated that TRAI's recommendations cannot be accepted. In the backdrop of the recommendations, however, a new licensing regime called **TIL** (Telecom Infrastructure License) is being proposed by DoT.

Lightstorm is strongly of the opinion that currently India has a stable licensing regime in place which has been steadily attracting investments from global players. Unified License is a vertically integrated licensing regime where the scope and obligation of providing Infrastructure services, Network services and Services to the end-customer is outlined comprehensively. As such any disruption to the current licensing regime could be an impediment to future growth of the sector.

It is our view that IP-I entities willing to own **active infrastructure** should be brought under the existing licensing framework (UL) and the license fee on Adjusted Gross Revenue (AGR) should be made applicable on them as well to prevent unfair discrimination against the existing UL licensees. Some of the critical compliances which are included in the Unified License but are not part of the IP-I registration such as Security Conditions, Confidentiality, Technical Standard, Quality of Service norms, location of network elements, facilitating inspection, and testing of Installations should also be made applicable to **IP-I with active infrastructure** to maintain the level playing field for all interest groups.

It is pertinent to note that the provision of end-to-end bandwidth and other active infrastructure was initially permitted to IP-II providers, and they were covered under the licensing regime. In 2005, IP-II license was discontinued and the then existing IP-II licensees were asked to migrate to National Long Distance (NLD) license, which allows NLD licensees to provide leased circuit connectivity to end customers and other active infrastructure related activities. Therefore, allowing an entity to provide end to end bandwidth to the eligible service providers without ensuring compliance with the same obligations as that of the existing license regime, creates a non-level and biased playing field. One relevant example of such distortive licensing terms can be with respect to license fee paid for providing similar services, as the present consultation envisages an entry fee of Rs. 2 lakhs and a processing fee of Rs. 15000, significantly lesser than that of the existing UL license holders. It is our apprehension that permitting the provision of elements of active Infrastructure through IP1 registration will result in loss to exchequer and defeat the purpose of NLD authorization as it will encourage the UL-NLD holders to discontinue/service closer under the UL-NLD authorization and migrate to IP registration. The same might be the case with TSPs who would migrate to IP-1 license in lieu of the relatively lax obligation envisaged in the new licensing regime.

We believe that TRAI should recommend to DoT the need to simplify UL-VNO regime as per the global norms which are presently very onerous for UL-VNO licensees especially smaller players as compared to global standards of licensing terms for SDOs (Service Delivery Operators). Globally, the SDO layer is usually kept under light- touch regulation wherein license conditions of UL – VNO license is almost identical to Unified license thereby making it more compliance burden on UL-VNO licensee. In these context examples of leading economies like Australia, UK, USA, South Africa, Malaysia, Singapore etc. can be

considered. They have only two separate categories of licenses for (a) Network Service Provider, who are integrated operator enabling network and providing services to end customers including Service delivery operators and (b) Service Delivery Operators i.e. the Service Delivery Operators are very lightly regulated.

If the VNO license regime under UL is made simplified the need to create another light touch license regime becomes redundant. Therefore, the scope of IP1 should remain the same as Dark Fibre, Right of Way, Duct space, and Tower on lease/ rent out/ sale basis to licensees of telecom services on mutually agreed terms and conditions and there is no present need to create a new category license 'Telecom Infrastructure License (TIL)".

To conclude, instead of creating a separate authorization or licensing regime under UL; IP-1 registration holders can continue providing passive infrastructure or acquire a UL or UL (VNO) license going forwards to provide end to end bandwidth services.

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