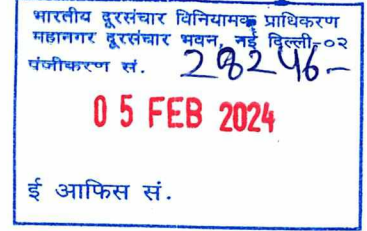




VIL/AH/RCA/2024/003
February 05, 2024

Advisor (Admin)
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg (Old Minto Road),
New Delhi – 110002



Kind Attn: Ms. Vandana Sethi

Subject: Counter-comments on the TRAI's Consultation Paper on "Digital Transformation through 5G Ecosystem" dated September 29, 2023

Dear Madam,

This is in reference to the TRAI's Consultation Paper on "Digital Transformation through 5G Ecosystem" dated September 29, 2023.

In furtherance to the comments submitted by us vide our letter no. VIL/AH/RCA/2024/002 dated January 22, 2024, kindly find enclosed herewith counter-comments from Vodafone Idea Limited on the above-said consultation paper.

We hope our submission will merit your kind consideration please.

Thanking you,

Yours sincerely,

For **Vodafone Idea Limited**

Anjali Hans
Senior Vice President - Regulatory & Corporate Affairs

Enclosed: As stated above



**VIL Counter comments to the TRAI's Consultation Paper on
"Digital Transformation through 5G Ecosystem" dated 29.09.2023**

At the outset, we are thankful to the Authority for giving the opportunity to provide our comments and counter-comments to the Consultation Paper on "Digital Transformation through 5G Ecosystem" dated 29.09.2023.

Vodafone Idea Limited (VIL) has submitted its comments to the questions raised in the above-said consultation paper. Further, we have also gone through the submissions of various stakeholders on the above-said consultation paper and would like to submit our counter-comments for Authority's kind consideration, as given below:

1. One of the stakeholder has mentioned in their comments to Q2 that:

Sunset date for legacy technologies: The Government should come out with a policy and glidepath for closing down the 2G and 3G networks completely so that unnecessary network costs should be avoided, and all customers can be migrated to 4G and 5G services. This will also give great impetus to developing ecosystem to 5G use cases.

2. Another stakeholder has mentioned that:

Another step to consider would be to agree on a roadmap for a sunset date for 2G and 3G networks completely so that unnecessary network costs should be avoided, and all customers can be migrated to 4G and 5G services. This will also give greater impetus to developing ecosystem to 5G use cases. This roadmap should be prepared in consultation with the industry.

3. At the outset, we submit that such comments and demands are rhetoric in nature and ignore the severe impact on existing customers from a network shutdown through regulatory mandates. In this regard, we would further like to submit as follows:

4. **Present Market Dynamics**

- a. With pan-India 4G coverage availability, 2G networks provide coverage primarily to those set of consumers who still have feature phone handsets and cannot migrate to smartphones due to the cost of purchasing new handsets. It is also widely recognized that 2G services are mostly used by the customers who are at the bottom of the pyramid. Also, there are substantial number of customers being served by the 2G networks.



- b. 3G networks are being shutdown gradually across different circles, depending upon the number of 3G specific devices still using the network to access 3G services. Thus, the market itself is deciding the optimum course and timeline for shutdown of networks depending upon consumer needs.
- c. The telecom industry has already moved towards technology neutral usage of spectrum and the spectrum is allocated to TSPs in a technology neutral manner. The auction norms/NIA gives flexibility to the TSP(s) on deploying any / multiple technologies over the spectrum bought from the auction. On sample basis, an extract from NIA dated June 15, 2022 issued by DoT, is given below for ready reference:

Spectrum blocks in liberalized spectrum or acquired through auction(s) may be combined if required by technology, and there are no restrictions on the technology to be deployed for providing services within the scope of the service license, provided it is compatible with technology(ies) already deployed in the LSA. ...

- d. Mass enterprise deployments and IoT devices like Smart Metering, ATMs, PoS devices etc. rely on 2G networks. Replacing such devices with 4G/5G capability is a mammoth task.

5. Impact of a Regulatory Mandate

- a. **Low income and marginal consumers will not be able to access telecom services:**
 - i. As mentioned above, there are huge number of consumers who are using 2G networks, despite having extensive 4G coverage available. The primary reason can be attributed to the cost of migration from feature phone to smartphone as the consumers using 2G networks would largely be in the lower income bracket.
 - ii. Moreover, voice being the primary service, especially for those accessing 2G/3G network, even if these users migrate to 4G with low cost devices (which may not be supporting VoLTE), in that case, 2G network would still be required as a fallback option to ensure seamless voice service experience till all smartphones become 4G / VoLTE capable.
 - iii. Therefore, any forceful shutdown through regulatory mandate, will lead to low income and marginal consumers being forced out of accessing the basic telecom services, thus increasing the digital divide.
- b. Any mandatory migration towards newer technology will impact PoS and IoT devices like ATMs, etc. as in certain cases, it may not be even able to change the equipment to be capable to latch onto 4G network. Any forceful shutdown can have severe consequences as availability of various services is dependent upon IoT devices and 2G networks.



- c. **Regulatory mandates will bring inefficiencies:** It is a settled economic principle that regulatory mandates discourage the organic growth of the sector and can bring in inefficiencies into the ecosystem. The phased shutdown of 3G network being carried out by TSP(s) establishes the role already being played by market forces.
- d. Considering auction norms providing technology neutral spectrum, regulatory mandate of shutting down any particular technology would be in direct conflict with the said auction norms.
- e. **Impact on Financial inclusion:**
 - i. Any inorganic shutdown of 2G/3G networks through a regulatory mandate, would also impact the financial inclusion of rural and marginal consumers.
 - ii. This has also been recognized by TRAI in its 68th amendment to the TTO dated 7th April 2022, whereby it has mentioned as follows:

“The Authority is of the view that since the USSD target users are generally low income rural population who are still using feature phones, imposing no charge for USSD service can have a positive impact on number of USSD transactions, which will be a significant step towards achieving digital financial inclusion.”
- f. The contention raised for 2G/3G shutdown in said comments of the stakeholders to avoid unnecessary network costs, disregards the very important factor of public interest. As mentioned above, there is larger public interest which is being fulfilled through continuation of such older technologies. Any decision to shut down older technologies must be taken after keeping in mind the interest of consumers, as is being done in case of 3G.

6. Recommended Way Forward

- a. **No Regulatory mandate:** We urge the TRAI to disregard such rhetoric comments of sunset date for legacy technologies and do not recommend any regulatory mandate, which otherwise would cause huge inconvenience to the public at large.
- b. **Handset subsidy to migrate from feature phone to smartphone:**
 - i. **We recommend that instead of any Regulatory mandate for shutting any particular technology, there should be a central and pan-India based handset subsidy scheme, supporting migration of feature phones to smartphones through respective operator.**



- ii. **In our view, such subsidy will fuel up organic migration of customers to next generation technologies over a period of time and thereafter, the relevance of network of older technology would diminish.**
- iii. We again reiterate our comments submitted earlier to TRAI that the Authority may kindly recommend to the Government, for coming out with a handset subsidy scheme through concerned TSP, to support marginal consumers in upgrading their handsets from feature phones to smartphones.
- iv. This scheme can be funded through the existing corpus lying in USOF (now renamed as “Digital Bharat Nidhi”) and would also meet the objective of Universal connectivity for the low income consumers.

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