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Dated: 12th June 2017

To,

Shri Sanjeev Banzal,
Advisor (Network, Spectrum and Licensing),
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
J.L. Nehru Marg, Old Minto Road
New Delhi - 110002

Subject: Airtel's Response to TRAI's Consultation Paper on **Network Testing before commercial launch of Services.**

Dear Sir,

This is with reference to your above mentioned consultation paper. In this regard, please find enclosed our response for your kind consideration.

Thanking You

Yours Sincerely
for **Bharti Airtel Limited**

A handwritten signature in blue ink, appearing to read 'Ravi P. Gandhi', with a horizontal line extending to the right.

Ravi P. Gandhi
Chief Regulatory Officer

encl.: as stated above

**Bharti Airtel Limited's response to TRAI's consultation paper on
'Network testing before commercial launch of services'**

At the outset, we sincerely thank the Authority for providing us with the opportunity to submit our response to this consultation paper. We are dismayed with the Authority's approach on this issue and the series of events that have consequently unfolded in the last one year. Our key submissions with reference to the issues raised by Authority in the consultation paper are as follows:

1. **Purpose of the consultation process:** The background of this consultation paper is the prolonged testing conducted by the new entrant and the enrolment of lakhs of subscribers as "test users" before the commercial launch of its services. This consultation paper gives the impression that the rules regarding network testing were unclear. However, we submit that there are no grey areas or ambiguities in the existing guidelines pertaining to the testing that might require further clarity. The guidelines clearly state that the enrolment of subscribers is not permitted before the commercial launch of services, and the same has been followed by all the telecom service providers. However these guidelines have been blatantly violated by the new entrant. Therefore, we are surprised that instead of taking an action against the new entrant, TRAI has issued a consultation paper over the issue.
2. **Violation of licensing conditions:** The DoT circular dated 29th August 2005 defined test/service cards as: *"These are cards which are given free of cost to Business Partners including roaming operators to check the Quality of Service from time to time"*. Thus, it is clearly stated that test cards are to be used for the testing of the network and not for the provision of services to subscribers.

However, the new operator, in complete disregard of the existing guidelines, started acquiring subscribers in the guise of test users as early as December 2015, and had acquired 6.21 million¹ such subscribers before the commercial launch of its services on 5th September 2016. Therefore, acquiring subscribers in the garb of testing was a deliberate ploy to circumvent regulations and to gain a competitive edge in the market through unfair means.

3. **Damage has already been done by the new entrant:** As per the TRAI Act, TRAI has been entrusted with the responsibility to ensure compliance with License terms and conditions. The rules governing the testing of the network by a new entrant are quite clear. However, TRAI failed to act on a suo-moto basis over the violation of these rules, despite the fact that the industry players had been pleading and seeking intervention from TRAI over this issue for months as new entrant sought large number of PoIs during the test phase itself. This delay in action at TRAI's level allowed the new entrant to amass subscribers in the guise of test users and offer all its services for free,

¹ http://www.trai.gov.in/sites/default/files/Authority_Response_Bharti_24.05.2017_0.pdf

which resulted in abnormal levels of asymmetric traffic. Therefore, the release of this consultation paper by TRAI comes too late and is no longer relevant, since the damage has already been done by the new entrant and we do not anticipate the entry of any other new operator in the near future, as the industry is already in the phase of consolidation.

4. **Erosion of government revenues and industry bleeding:** The consequence of the aforesaid illegal acquisition of subscribers under the garb of testing as well as the subsequent free service offerings, have resulted in an unprecedented decline in industry revenues—by over 10 percent in just 9 months. This has made global investors wary of investing in the Indian telecom industry, thereby severely jeopardizing the future investments in the sector. Moreover, this has eroded government revenues, forcing the government to form an inter-ministerial committee to study the severe financial stress experienced by the industry.
5. **Testing of network:** Network testing is generally confined to functional testing, whereby the testing is limited to test users and a limited number of SIMs are allotted in order to check network functioning and interconnection with other operators.

Further, if load testing is required (wherein the network is tested for loaded conditions, i.e., with traffic proportionate to network capacity), it is carried out in a simulated laboratory environment. Load testing should never be carried out in a live environment, and especially not with interconnected live networks, because any malfunction might lead to the shifting of the entire load to the other TSP's network, thereby severely degrading its network and Quality of Service (QoS) parameters.

In case of the new operator, it carried out its functional testing from January to September 2016 and its load testing on live interconnected networks from June to September 2016, by distributing millions of free SIMs to “test users”. This resulted in an overloading of the interconnection links during the test phase, as they are not designed to sustain that amount of load.

In addition to the above, the new operator also allowed all its test users to make unlimited calls terminating in other operators' networks. Such indiscriminate provision of SIMs, with unlimited free services, ended up posing a security risk as well.

6. **Mobile Number Portability (MNP) services during testing:** MNP services are for subscribers and not for test users. Since there is supposed to be no enrolment of subscribers in the testing phase, and the test SIMs and numbers have a temporary validity, there shouldn't be any requirement or contemplation for MNP in the testing phase. In a clear violation of this, efforts were made by the new operator to port out Airtel's subscribers, which had also been brought to the Authority's attention in

August 2016. This was in contravention to established industry norms – usually in order to port out subscribers, tariff plans need to be offered, which were non-existent during the new operator’s test phase.

7. **Incorrect assessment by the Authority:** The Authority has acknowledged that the background of this consultation paper is the enrolment of lakhs of subscribers as test users by the new entrant before the commercial launch of its services, which clearly signifies that the penalty recommended by the Authority is based on the incorrect assessment of the situation on the ground. Airtel has provided POIs to RJio at an unprecedented pace despite the provision of a 90-day time period in the License.

The abovementioned issues were brought to the Authority’s attention by Airtel as well as other industry players during the new operator’s test phase. While the Authority has acknowledged the issue in the consultation paper and suggested measures therein, we believe that quick remedial action should have been taken at the time of the test period itself to curb the damage. We, therefore, would like to reiterate that the delay in the issuance of this paper has defeated the very purpose of this consultation process.

With the aforementioned submissions, our response to the queries raised in the consultation paper is as below:

- Q1. Should a TSP be allowed to enroll subscribers as test users and in such case, should there be any restrictions on the number of test SIM cards and the period of such use? Please justify your response.**

Bharti Airtel’s Response:

1. The concept of network testing is distinct from the enrolment of subscribers.
2. Enrolling a subscriber entails the signing of a contract with the customer, ensuring definitive services and a pleasant customer experience for a defined consideration. A subscriber who has entered into an agreement with the operator via the submission of the CAF, has the legitimate right to experience desired/mandated QoS.
3. On the other hand, test users will face the most number of quality-related issues and operational issues, since the network would be in the testing and development phase. Therefore, they are required to be clearly informed that they are network-testing users/participants, and not subscribers. Even the process prescribed by the Licensor for the counting of subscribers, vide its circular dated 29th August 2005, considers test users/SIMs distinctly from subscribers and doesn’t take them into consideration while counting the number of subscribers.
4. Therefore, network-testing participants cannot be equated with regular (commercial)

subscribers.

5. Further, as stated above, the testing of a network is confined mainly to functional testing. Load testing, if required, is to be carried out in a simulated lab environment only. This is because any malfunction would choke other operators' live networks, thereby severely degrading their QoS parameters. Therefore, load testing shouldn't involve a million test users/participants.
6. **Therefore, a new TSP should not be allowed to acquire customers/subscribers before its commercial launch, and SIM cards meant for testing should not be issued to the general public.**

Q2. To clearly differentiate test phase from commercial launch, which of the options discussed in Para 1.12 would be appropriate? Please provide justification. Please explain any other method that, you feel, would be more appropriate.

Bharti Airtel's Response:

The licensing conditions and subsequent letters clearly indicate that test SIMs/users are meant solely for the purpose of network testing. On the other hand, the licensee has a contractual obligation with the subscriber in terms of QoS, etc. Hence, the distinction between the test phase and commercial launch is already embedded in the License.

Q3. Do you agree that the provisions discussed in Para 1.13 viz. information to the subscribers about test SIM being temporary etc., should be put in place for the TSP testing its network involving test users/subscribers? Please suggest other provisions, which should be mandated during test phase?

Bharti Airtel's Response:

When a user is provided with a test SIM, it is the operator's responsibility to convey the details and duration of testing to the user. The test SIM/user cannot in any way be equated with a subscriber.

Q4. Is there a need to have a defined timeline for testing phase i.e. period beyond which a TSP should start offering commercial services? If yes, what should be the timeline? Please justify your response.

Bharti Airtel's Response:

The TSP should not be allowed to acquire subscribers during the test phase, which means that the TSP has to start offering services on a commercial basis before the enrolment of subscribers. Hence, there should not be any defined timeline for the testing phase as long as the operator is not acquiring customers.

Q5. In case enrolling of subscribers as test users before commercial launch is allowed, whether subscriber related conditions and regulatory reporting requirements laid down in the license, be imposed for the test subscribers enrolled before commercial launch? Please provide justification to your response.

Bharti Airtel's Response:

As stated in our responses to Q1 & Q2, the licensing conditions and subsequent letters clearly indicate that test SIMs/users are to be used for network testing only.

We would like to reiterate that during the testing phase **all** users are considered as test users/test participants, and not subscribers. Therefore, the License conditions and other regulatory requirements related to subscriber verification would not be applicable here.

Q6. Should test users/subscribers of such licensees be given the facility of MNP? Please justify your answer.

Bharti Airtel's Response:

We do not foresee the requirement of MNP for such test users, since the test SIM/user is temporary, i.e. valid for a limited period only.

Q7. If there are any other issues/suggestions relevant to the subject, stakeholders may submit the same, with proper explanation and justification?

Bharti Airtel's Response:

No other suggestions.