



Telecom Regulatory Authority of India



**Recommendations
On
“Introduction of UL (VNO) for Access Service authorization for
category ‘B’ license with districts of a State as a service area”**

**[DoT reference back dated 31st August, 2018 on TRAI recommendations
dated 8th September, 2017]**

21st December, 2018

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Background

- 1.1 According to the provisions of NTP-2012, DoT through its reference dated 7th July 2014 had sought recommendations of the Authority on 'Delinking of licenses for networks from the delivery of services by way of Virtual Network Operators (VNOs) including associated issues of definition of Adjusted Gross Revenue (AGR) under the UL regime'. The Authority after detailed consultation issued its recommendations on "Introducing Virtual Network Operators in telecom sector" on 1st May, 2015. Pursuant to these recommendations, DoT issued guidelines and license agreement for the grant of Unified License (Virtual Network Operators) on 31st May, 2016.
- 1.2 VNOs are created to exploit the benefits of convergence and facilitate delinking of the licensing of networks from the delivery of services so as to enable the Telecom Service Providers (TSPs) to optimally and efficiently utilize their networks and spectrum by sharing active and passive infrastructure and also to facilitate resale at service level by VNOs.
- 1.3 As per the VNO framework introduced on 31st May, 2016, the provision for authorisation to provide Access Services has been at License Service Area (LSA) level. The government felt necessity to introduce Category 'B' license in Access Service authorisation with districts of a State as a service area for VNO, particularly for entrepreneurs like Direct Inward Dialling (DID) Franchisees. These DID Franchisees have been in operation since more than 20 years. With the decision of the government to enable these DID Franchisees in VNO regime, DoT vide its notification dated 5th July 2016, as an interim measure separately issued guidelines for grant of UL (VNO) for authorization for Category 'B' license, with districts of a State as a service area, for entrepreneurs like Direct Inward Dialing (DID) franchisees.
- 1.4 Guidelines issued by DoT on 5th July, 2016 prescribed as an interim measure for one year for migration from DID franchisee regime to UL (VNO) Category 'B' licenses to be issued for operations at district level. In this context, DoT, vide its letter dated 11th July, 2016 requested the Authority to provide recommendations for Access Service authorization for category 'B' license with districts of a State as a service area for Virtual Network

Operators (VNOs) for regularising the UL (VNO) Category 'B' licenses.

- 1.5 The Authority on 20th March, 2017 issued a Consultation Paper on 'Introduction of UL (VNO) for Access Service authorization for category B license with districts of a State as a service area', seeking the comments / counter comments of the stakeholders. Open House Discussion (OHD) was conducted on 6th July, 2017 with the stakeholders.
- 1.6 Followed by the consultation process, the Authority on 8th September, 2017, issued its recommendations on "Introduction of UL (VNO) for Access Service authorization for category 'B' license with districts of a State as a service area". The summary of the recommendations have been annexed at **Annexure -I**.

2 DoT's revised guidelines for VNO dated 31st August, 2018

- 2.1 Based on the TRAI recommendations dated 8.9.2017, DoT on 31st August, 2018, has issued revised guidelines for the grant of Unified License to Virtual network operators, under the category Unified License (Virtual Network Operator). As per the said guidelines, DoT has introduced the Access Service category 'B' authorization under UL (VNO). In this authorization UL (VNO) Access Service category 'B' licensee can provide the access services within the District (as licensed area) through wireline network only.

3 DoT reference back

- 3.1 DoT vide letter dated 31st August, 2018 (**Annexure- II**) has communicated to the Authority that:

Telecom Commission has agreed with the requirement to submit SLA (Service Level Agreement) to Licensor/ TRAI. Accordingly, TRAI is asked to design & prescribe a model SLA framework in this regard.

- 3.2 During the consultation held for UL (VNO) Cat 'B' license, as referred in the para 1.5 above, the stakeholders (DID Franchisee operators) informed TRAI that presently TSPs are extending their connectivity to DID franchisee's EPABX location preferably on OFC, and sometimes on copper pair as well.

DID Franchisees Association (DEFA) has stated that for the purpose of business acquisition and operational redundancy, it becomes necessary for them to have agreement with more than one TSPs (NSOs) in its area/geography of operation. DEFA highlighted the issue that hiring of telecom resources from multiple TSPs to meet the operational requirement has become relevant because most of the TSPs are reluctant to sign the Service Level Agreements (SLAs) with these Franchisees. The reluctance of TSPs quite often results in compromised QoS to the customers.

- 3.3 Keeping in view the issues highlighted by stakeholders, the Authority, vide para 3.82 of the recommendations on “Introduction of UL (VNO) for Access Service authorization for category ‘B’ license with districts of a State as a service area” issued on 8th September, 2017 has made observations that:-

3.82 On the issue raised by some stakeholders for reluctance on entering into SLAs, the Authority is of the opinion that connectivity provided by the TSP/NSO to a Cat ‘B’ licensees should be mandatorily in ring protection preferably on OFC. TSP/NSO entering into an agreement to provide the connectivity should mandatorily sign an SLA with Cat ‘B’ licensee. The SLA shall include all the parameters defined for QoS. The DoT may design a template for such SLA in the licensing condition and the copy of the SLA shall be submitted to licensor and TRAI accordingly.

- 3.4 Accordingly, the Authority vide (e) and (f) of para 3.83 of the recommendations had recommended that:-

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

(f) The DoT may prepare a model template for such SLA in the licensing condition and the copy of the SLA shall be submitted to licensor and TRAI accordingly by the licensee.

4 Response of TRAI

4.1 The provision of the recommendations in para 3.4 above has been aimed to ease the difficulty being faced by DID Franchisee operators. Prevailing Quality of Service (QoS) parameters for Basic (Wireline) services, as prescribed by the Authority, are placed at Annexure-III. These QoS parameters are to be fulfilled by the wireline service providers as per the norms specified. Failing to comply with QoS parameters, the Financial Disincentives are provisioned to be levied for non-compliance on TSPs.

4.2 Clause 28 of UL (VNO) license agreement provides that:-

28. Quality of Service:

Since QoS is in the exclusive domain of TRAI, therefore, TRAI will put in place comprehensive regulations on QoS parameters to be complied with separately by NSOs and Licensees.

4.3 The Authority is of the view that from the subscribers' point of view, whether the services are being provided directly by parenting NSO or by VNO, the quality of service specifications/benchmarks should be same in both cases. Therefore, the respective quality of service parameters/benchmarks prescribed for parent NSO (TSP) should be equally applicable on UL (VNO) licensees too. In order to comply with Clause 28 of UL (VNO) license and to enforce & ensure the prescribed QoS parameters, the VNO licensee may include service level agreement as part of their commercial agreement with parent NSO. However, instead of prescribing template SLA, it may be left to their mutual commercial agreement.

4.4 In view of above, Authority withdraws the clause (e) and (f) of para 3.83 of its recommendations dated 8th September, 2017 and further recommends as below:-

The Authority recommends that:

(e) The Licensee shall enforce and ensure QoS, as prescribed by the TRAI from time to time, from the parent NSO with whom it has entered into commercial agreement for procurement of services. The responsibility of ensuring QoS shall be that of Licensee.

SUMMARY OF TRAI RECOMMENDATIONS DATED 8th SEP, 2017

4.1 The Authority recommends that:

- a) A new category of authorization may be introduced under Unified License (VNO), for Access Service as Category 'B' license with districts as a Service Area on non-exclusive basis.
- b) To continue their services, existing DID franchisees should migrate to UL (VNO) Category 'B'.
- c) New license should not be restricted only to existing DID franchisees and should also be open to new entities intending to offer such services.
[Para 2.19]

4.2 The Authority recommends that:

- a) Scope of proposed UL (VNO) Cat 'B' license should be to provide only wireline access services within a district. Wireless access services shall not be a part of the scope of UL VNO Cat 'B'.
- b) The number of district to be served by a UL (VNO) Cat 'B' licensee in a telecom circle should be limited to four. If a licensee wishes to provide services in more than four districts of an LSA, the licensee should be mandated to obtain UL (VNO) Access Service Authorization License for entire LSA.
[Para 2.36]

4.3 The Authority recommends that:

- a) The duration of UL (VNO) Cat 'B' license shall remain consistent with the guidelines of UL (VNO). Accordingly, licenses will be issued for 10 years duration and further renewable for 10 years as per prevailing terms and conditions.
[Para 3.5]

4.4 The Authority recommends that:

- a) Entry Fee of Rs. 1,65,000 for 10 years of duration of license shall be applicable to the UL (VNO) Cat 'B' licensee.
- b) FBG of Rs. 1,00,000 shall be applicable to UL (VNO) Cat 'B' licensee.
- c) UL (VNO) Cat 'B' licensee shall possess a minimum networth of more than Rs. 5 lakhs per authorization.

- d) In order to promote fixed line Broadband, the DoT should implement TRAI recommendations dated 17th April, 2015 on 'Delivering Broadband Quickly: What do we need to do?', wherein the license fee on the revenue earned from fixed line BB should be exempted for at least 5 years.
- e) On introduction of VNO regime, an issue of double taxation has arisen. DoT may consider review of AGR components; and charges paid by UL (VNO) licensee to the TSP/NSO for procurement of services should be allowed to be deducted as pass through charges for the purpose of calculating the AGR, similar to other pass through charges permitted under UL like IUC, roaming charges etc. This will be in line with the Input Tax Credit (ITC) feature under Goods and Service Tax regime. [Para 3.36]

4.5 The Authority recommends that:

- a) The amount of maximum penalty on UL (VNO) Category 'B' licensee should be same as provisioned for ISP Cat 'C' in UL (VNO) policy.
- b) The penalty on failure to comply with subscriber verification/ KYC norms should be as per provisions of UL (VNO) policy. [Para 3.46]

4.6 The Authority recommends that:

- a) UL (VNO) Cat 'B' licensee has to comply with obligations arising from Tariff orders/regulations/ directions etc. issued by TRAI from time to time. [Para 3.52]

4.7 The Authority recommends that:

- a) Relevant QoS parameters as applicable to UL (VNO) shall also be applicable to UL (VNO) Cat 'B' licensee. The Authority will, in due course, define separate QoS parameters for NSO and VNO on the relevant aspects. [Para 3.63]

4.8 The Authority recommends that:

- a) In order to meet the requirement of connectivity UL (VNO) Cat 'B' licensees may be allowed to have arrangement for connectivity at different locations with different TSPs/NSOs in its licensed area of operation i.e. within the geography of a district, only in case of provision of wireline access services through EPABX.

- b) UL (VNO) (Access service) license may be amended to enable the provision of allowing parenting with multiple NSOs by a VNO for wireline network at different locations of the LSA only in case of provision of wireline access services through EPABX .
- c) The arrangements for allowing connectivity from more than one TSP/NSO at same EPABX can be allowed only after suitable examination and approval by TEC/DoT with desired specifications.
- d) UL (VNO) Cat 'B' licensee shall intimate the licensor regarding having connectivity of more than one TSP/NSO at particular EPABX, in case such arrangement is approved by DoT.
- e) The provider TSP/NSO shall mandatorily enter into Service Level Agreement (SLA) with UL (VNO) Cat 'B' licensee.
- f) The DoT may prepare a model template for such SLA in the licensing condition and the copy of the SLA shall be submitted to licensor and TRAI accordingly by the licensee.

[Para 3.83]

20-562/2016/AS-I (P&D)
Government of India
Department of Telecommunications
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110001

Dated: 31st August 2018

To

The Secretary,
Telecom Regulatory Authority of India,
Mahanager Door Sanchar Bhavari,
Jawahar Lal Nehru Marg (Old Minto Road),
New Delhi – 110002.

Sub: Recommendation for Access Service Authorisation for Cat B Licence with districts of State as service area for UL(VNO).

Sir,

With reference to recommendations dated 08.09.2017 of TRAI on "Introduction of UL(VNO) for Access Service authorisation for category B license with districts of a State as a service area", the undersigned is directed to convey the following observations:

Para 3.83 (e) and 3.83(f)

TC has agreed with the requirement to submit SLA (Service Level Agreement) to Licensor/TRAI. Accordingly, TRAI is asked to design & prescribe a model SLA framework in this regard

Yours faithfully,


(Director(AS))

QoS parameters for Basic (Wireline) services

Serial Number	Name of Parameter	Benchmark	Averaged over a period
(i)	Fault incidences (No. of faults/100 subscribers /month)	≤ 7	One Quarter
(ii)	Fault repair by next working day	<p>For urban areas: By next working day: $\geq 85\%$ and within 5 days: 100%.</p> <p>For rural and hilly areas: By next working day: $\geq 75\%$ and within 7 days: 100%.</p> <p>Rent Rebate Faults pending for >3 days and ≤ 7 days: Rent rebate for 7 days. Faults pending for >7 days and ≤ 15 days: Rent rebate for 15 days. Faults pending for >15 days: rent rebate for one month.</p>	One Quarter
(iii)	Mean Time To Repair (MTTR)	≤ 10 Hrs	One Quarter
(iv)	Point of Interconnection (POI) Congestion (on individual POI)	$\leq 0.5\%$	One month
(vi)	Metering and billing credibility – post paid	Not more than 0.1% of bills issued should be disputed over a billing cycle	One Billing Cycle
(vii)	Metering and billing credibility – pre-paid	Not more than 1 complaint per 1000 customers, i.e., 0.1% complaints for metering, charging, credit, and validity	One Quarter
(viii)	Resolution of billing/ charging complaints	100% within 6 weeks	One Quarter
(ix)	Period of applying credit/ waiver/ adjust-ment to customer's account from the date of resolution of complaints	within 1 week of resolution of complaint	One Quarter

Serial Number	Name of Parameter	Benchmark	Averaged over a period
(x)	Response Time to the customer for assistance		
	(a) Accessibility of call centre/ customer care	≥ 95%	One Quarter
	(b)Percentage of calls answered by the operators (voice to voice) within 90 seconds	≥ 95%	One Quarter
(xi)	Termination/ closure of service	≤ 7 days	One Quarter
(xii)	Time taken for refund of deposits after closures	100% within 60 days.	One Quarter