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

Dear Sir,

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

We hope that our comments (enclosed as Annexure - I) will merit consideration of the Hon'ble Authority.

Thanking you,
Respectfully submitted

Yours sincerely,
for **Association of Competitive Telecom Operators**



Tapan K. Patra
Director

Encl: As above

Annexure-I

ACTO's comments on TRAI's Consultation Paper on Introduction of Digital Connectivity Infrastructure (DCIP) Authorization under Unified License (UL)

The Association of Competitive Telecom Operators (ACTO) appreciates TRAI for bringing the Consultation Paper on "Introduction of Digital Connectivity Infrastructure (DCIP) Authorization under Unified License (UL)" dated 09th February, 2023.

During the last consultation process on "Enhancement of Scope of Infrastructure Providers Category-I (IP-1) Registration" dated 13th March 2020", ACTO had clearly stated that IP-1 should not be allowed to provide end-to-end bandwidth without license. ACTO had also suggested to place IP-1 under general / separate category of license. DOT's reference to TRAI on the recommendation on the Enhancement of Scope of Infrastructure Providers Category-I (IP-1) Registration and subsequently release of this consultation paper justifies our view expressed during the past consultation process. Moreover, as mentioned in this consultation paper vide clause no. 1.20, DOT had sought legal opinion on this matter and it also states:

"(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."

In response to this consultation paper, we would like to provide our input on the few key issues and these are follows:

1. ACTO suggests that the entity who intends to provide end to end bandwidth service, should be put under license in order to avoid any infringement on the scope of existing licensed telecom service providers. There are many existing licensed telecom service providers who provide end to end bandwidth to their end customers.
2. Provision of end to end bandwidth was initially permitted to IP-II service providers and they were covered under the licensing regime. In 2005, IP-II license was discontinued and then existing IP-II licensees were asked to migrate to NLD (National Long Distance) license, which allows NLD licensees to provide leased circuit connectivity to end customers. Hence provisioning of end-to-end bandwidth continues to be a licensed activity as per DoT.
3. If an entity is allowed to provide end to end bandwidth to the eligible service providers without license, it will create a non-level playing field with respect to license fee. The business of NLDOs will be hampered due to undue cost advantage of the license fee component as compared to the entity providing the same service without having license. ACTO strongly believes policy makers should ensure level playing field among the service providers while making any change in the policy/registration guidelines.
4. Current license condition also does not allow TSPs to set off the license fees paid while buying resources like bandwidth from other TSPs during the payment of net license fee to DoT. Without resolving this critical issue, the creation of separate license of Digital Connectivity Infrastructure (DCIP) Authorization under Unified License (UL) may not be a

success. Thus, there is an urgent need to expedite the consultation process with respect to the AGR and to resolve the issue of multiple levy of license fee in B2B mode.

5. As announced by Hon'ble Minister of Communication, licensing reform is utmost important to address many issues with respect to various licensing conditions. This activity may start in the 2nd half of this year. ACTO look forward to participate in this activity and expect it to start soon.
6. Another key issue related to infrastructure sharing, on which TRAI is already working. We look forward for a suitable and positive recommendation towards the implementation in the licensing conditions among various licenses. This will also address many other issues mentioned in this consultation paper.
7. This consultation paper has suggested for the introduction of light touch/simplified new license category. ACTO requests that the same will also be extended to the existing licenses.
8. If the issues related to multiple levy of license fees in B2B mode and active infrastructure sharing are resolved, then there is no need for creating a separate license category. The entity intends to provide end to end bandwidth service can take UL VNO or UL NLD license which will serve the same purpose.
9. The IP1s with registration can continue to provide services to the TSPs with the current passive infrastructure sharing or with some enhancements if require.
10. While making the licensing reforms, we request TRAI that licensing or policy framework should not restrict the TSPs to offer the emerging digital services/technology (SDWAN/SDN/VPN/NFV etc.) only through private lease circuits/line. It can be provided through multiple access transport mode like using of public internet or LTE or 4G or 5G or private lease line.

ACTO believes that just creating a new license category will not solve the issues. There is an urgent need for overall licensing reform along with addressing the issue of AGR/ multiple levy of license fees and full fledge infrastructure sharing among service providers wherever technology permits to do so without licensing restrictions.

Summary:

- a. Any entity that intends to provide end to end bandwidth should be put under the license.
- b. TRAI should ensure level-playing field in terms of license fee payment across all service providers.
- c. We request TRAI for an early recommendation to DoT for the removal of multiple levy of license fee in B2B mode.
- d. We also request TRAI to expedite the recommendation on active infrastructure sharing. Active infrastructure sharing should be allowed where technology permits to do so without any licensing restrictions.
