



**Telecom Regulatory Authority of India**



## **Consultation Paper**

**on**

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

**20<sup>th</sup> March, 2017**

**Mahanagar Doorsanchar Bhawan  
Jawahar Lal Nehru Marg  
New Delhi-110002**

**Written Comments on the Consultation Paper are invited from the stakeholders by 17<sup>th</sup> April, 2017 and counter-comments by 24<sup>th</sup> April 2017. The comments and counter-comments may be sent, preferably in electronic form, to Shri Sanjeev Banzal, Advisor (Networks, Spectrum and Licensing), TRAI on the Email-Id [advmn@traigov.in](mailto:advmn@traigov.in) Comments and counter-comments will be posted on TRAI's website [www.traigov.in](http://www.traigov.in).**

**For any clarification/ information, Shri Sanjeev Banzal, Advisor (Networks, Spectrum and Licensing), TRAI, may be contacted at Telephone No. +91-11-23210481**

## **Introduction**

1. Over the last two decades, the licensing regime for access services has witnessed periodic transformations to accommodate technological evolution and changing market requirements. One of the strategies envisaged in the NTP-2012 has been to move towards a Unified License (UL) regime to exploit the benefits of convergence, spectrum liberalisation 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 utilise their networks and spectrum by sharing active and passive infrastructure.
2. Another strategy envisaged under NTP-2012 is to facilitate resale at the service level, both wholesale and retail, for example, by introduction of virtual operators – in tune with the need for promoting robust competition while ensuring due compliance with security and other license-related obligations. NTP-2012 also aims to achieve rural tele-density of 100% by the year 2020.
3. In this context, the Department of Telecommunications (DoT) through its reference dated 7<sup>th</sup> 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 1<sup>st</sup> May, 2015. Pursuant to these recommendations DoT issued guidelines and license agreement for the grant of Unified License on 31<sup>st</sup> May, 2016.
4. Further, vide its notification No. 20-507/2016-AS-I dated 05<sup>th</sup> July 2016, DoT separately issued guidelines and application form 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. This

circular was amended through another circular of even no. on 30<sup>th</sup> July, 2016 (**Annexure-I**). As per the letter, the DoT has given option to DID Franchisees to migrate to UL (VNO) Cat -B till 31st October, 2016.

5. Accordingly, DoT has issued Letter of Intent (LoI) to the DID franchises who have opted to migrate to UL (VNO) Cat 'B'. Further, DoT vide its notification dated 25<sup>th</sup> November, 2016 and 11<sup>th</sup> January, 2017 has extended the last date for submitting the application upto 15th February, 2017 and last date for compliance of LOI and signing the Unified License agreement for Access Service Cat 'B' upto 31st March, 2017 for the parties having applied for migration (**Annexure-II**). The validity of license issued in pursuance to interim guidelines dated 5<sup>th</sup> July, 2016 and amendment dated 30<sup>th</sup> July, 2016 shall be 31<sup>st</sup> October, 2017 or one year from the effective date of license, whichever is earlier.

#### **Background to the present reference of DoT**

6. In order to supplement its efforts of providing telecom facilities to the public in certain limited geographical areas, DoT introduced a scheme called Direct Inward Dialing (DID) in 1994 to provide facilities of group Electronic Private Automatic Branch Exchange (EPABX) by private entities as franchisees of DoT (**Annexure-III**). Later, after formation of Bharat Sanchar Nigam Limited (BSNL) in 2000, DoT's operations were transferred to BSNL. DID operators continued to provide group EPABX facilities as franchisees of BSNL. After the introduction of private TSPs, they were also permitted to enter into franchisee arrangements for resale of the services under UL/UASL/Basic Service Licenses.
7. Since then, DID franchisees have become partners in the telecom growth in the country. Telecom services have been extended by them to various unconnected parts/clusters of the country. Normally, DID franchisees are small entrepreneurs who have established their business under the aegis of

Government's prevailing policies and have entered into commercial agreements with telecom operators including BSNL, Mahanagar Telephone Nigam Limited (MTNL) and various private operators. As intimated by DoT, there are 259 franchisees operating in the country.

8. The guidelines issued by DoT on 5<sup>th</sup> July, 2016 for authorization for Access service in a Secondary Switching Areas (SSAs) as service area are in addition to TRAI recommendations on 1<sup>st</sup> May, 2015 on the subject. These guidelines are meant to introduce UL (VNO) Cat-B with Access Service authorization in a District of a State/UT. The guidelines issued by DoT are valid for one year. Salient features of the guidelines are:-
  - a. An applicant should be either a registered company or a partnership firm or an organization registered under Shop and Establishment Act or a legal person.
  - b. The existing DID Franchisee of any Telecom service Providers may migrate to District-wise UL (VNO) for Access Services.
  - c. Entry fee of authorization for migration to UL (VNO) would be Rs. (16,500/-) for one year.
  - d. The UL (VNO) Category licensee shall pay license fee @ 8% of AGR, applicable spectrum Usage Charges and submit financial bank guarantees.
  - e. Instructions contained in DoT Circular No.4-5/93-PHB dated 27<sup>th</sup> January, 1994 and 4<sup>th</sup> March, 1994 stand withdrawn w.e.f. 1<sup>st</sup> August, 2016. Subsequently DoT amended the timeline to 31<sup>st</sup> October, 2016.
  - f. All DID franchisee shall be given time upto 31<sup>st</sup> July, 2016 to migrate to UL (VNO) Cat. B for Access Service authorization or franchisee regime under UL/UASL/Basic Service License of TSP. Subsequently DoT amended the timeline to 31<sup>st</sup> October, 2016.
  - g. W.e.f. 1<sup>st</sup> August, 2016 all existing agreements/ arrangements, pursuant to DoT circular No. 4-5/93-PHB dated 27<sup>th</sup> January 1994

shall be treated as null and void (amended and extended the date to 1<sup>st</sup> November, 2016 by DoT on 30<sup>th</sup> July, 2016).

After issuance of guidelines, DoT has so far issued few UL (VNO) Cat- 'B' licenses.

9. In this backdrop, the DoT, vide its letter F. No. 20-507/2016-AS-I<sup>1</sup> dated 11<sup>th</sup> July, 2016 has requested TRAI 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) (**Annexure-IV**). DoT further clarified vide their letter dated 12<sup>th</sup> September 2016 that there shall be no category of DID franchisee License in future.
10. Primarily it appears that the objective of the guidelines/licenses issued by DoT is to streamline DID franchisee regime and provide them a better and broader business umbrella through proper licensing. It is evident that the guidelines/license conditions referred above were not a part of TRAI's recommendations on the subject and DoT has first issued these guidelines/licenses and then sent the reference for the recommendations of the Authority on the matter. The Authority after examination of reference has identified certain issues for consultation with the stakeholders. These issues are discussed in the following paragraphs.

**A. Scope and area of the services to be offered by UL (VNO) Cat- B licensees**

11. Presently there are 22 LSAs in the country for the purpose of providing access services viz. wireline, wireless and Internet. Accordingly, Access service license i.e. Unified License with Access service authorization is given License Service Area (LSA) wise. Further, LSA based approach is also linked with the allocation of access spectrum, computation of Adjusted Gross Revenue (AGR), computation of Spectrum Usage Charges (SUC), National

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<sup>1</sup> DoT reference include UL (VNO) Guidelines issued on 31<sup>st</sup> May, 2016 and notification dated 5<sup>th</sup> July 2016

and Intra-Circle Roaming (ICR) etc. In its recommendations on “Introducing Virtual Network Operators in telecom sector” the Authority has also adopted LSA based approach for VNOs. On the issue of scope of services to be offered by UL (VNO) Cat- B licensees, DoT vide letter dated 12<sup>th</sup> September 2016 has clarified that a Cat-B licensee can provide all services under the scope of access service at district level.

12. Present framework of DID franchisees permits provisioning of voice telephony to the subscribers through wireline network only. In the proposed UL (VNO) Cat-B license, the transition of these franchisees should be such that it should accommodate their existing business model to facilitate smooth transition. Such licensees can be authorized to provide voice as well as internet services through their existing infrastructure by adding equipment viz. Digital Subscriber Line Access Multiplexer (DSLAM) etc. which are already permissible in UL (VNO) policy. The additional authorization to provide internet services will enhance their capability with minimum additional investments. This approach will also contribute towards increasing the broadband penetration in the areas served by such licensees.
  
13. If DID franchisees are also allowed to provide wireless services under their brand(s), under UL (VNO) -Cat B, the issue will arise as to how these licensees will be able to confine their services within the territory of license area of a district only. In such a circumstance existing Telecom Service Provider (TSP) or Network Service Provider (NSO) shall have to restrict the users of the District based operator to its license area and charge them roaming charges once a user of UL (VNO) Cat-B roam out of its licensed geographic area. Such an arrangement may not be workable as will create technical issues to both NSO and VNO which can further result in inconveniencing the customer.

14. There can be instances when a UL (VNO) Cat-B licensee operating in two districts of the same LSA enters into agreements with two separate NSOs for providing mobile services. Such a scenario will introduce further complexities. Moreover, the methodology for provision and calculations of AGR and SUC will become more complex and will be difficult to determine. It can have potential adverse impact on Govt. revenues.
15. To overcome above challenge, it is for consideration whether to create a new category as UL (VNO) Cat-B licensee under access service authorisation with the scope of service limited to provision of a combination of wireline voice and internet (broadband) services only with the exclusion of wireless services. In view of the foregoing, comments of the stakeholders are invited on the questions mentioned below:

**Q1. Is there any need to introduce Cat. -B VNOs in the sector?**

- i. **If yes, should the existing DID franchisees be mandated to migrate to UL (VNO) Cat-B based licensing regime? Do you foresee any challenges in the migration from franchisee regime to licensing regime?**
- ii. **If no, how DID franchisee can be accommodated in the existing licensing regime in the country?**

**Q2. Based on the complexities discussed in Para 13-15 above, should the scope of UL (VNO) Cat.-B licensee be limited to provide landline (voice) and internet services or should these be allowed to provide mobile service also?**

**In case mobile services for such licensees are allowed, how the issues enlisted in Para 13-15 will be addressed? Please explain in detail.**



## **B. Duration of the License**

16. As recommended by the Authority, the UL (VNO) guidelines released by the DoT provide for 10 years as validity for the license. DoT guidelines for UL (VNO) Cat- B migration envisage validity for one year, since it is an interim measure pending recommendations from the Authority. Therefore, the issue is raised for the comments of the stakeholder:

**Q3. Should the license duration for UL (VNO) Cat.-B be kept 10 years which is at par with other licenses issued under UL (VNO) policy? If no, justify your answer.**

## **C. Financial obligations: Entry Fee, Financial Guarantee**

17. The guidelines issued on 5<sup>th</sup> July, 2016 and 30<sup>th</sup> July, 2016 mentioned entry fee of Rs. 16,500, and Financial Guarantee (FG) of Rs. 1.00 lakh for DID franchisees. Details of the Minimum required equity, Minimum Networth, Entry Fee for various service authorizations under UL (VNO) license are as given below in the table:

Table -A

<b>Sl. No.</b>	<b>Service Authorization(s) (VNO)</b>	<b>Minimum Equity (Rs. Cr.)</b>	<b>Minimum Networth (Rs. Cr.)</b>	<b>Entry Fee (Rs. Cr.)</b>	<b>Application processing fee (Rs. Cr.)</b>
1	UL(VNO-All services)	10.0	10.0	7.5	0.01
2	Access Service (Telecom Circle / Metro Area)	1.0	1.0	0.5 (0.25 for NE & J&K)	0.005
3	NLD (National Area)	1.0	1.0	1.25	0.005
4	ILD (National Area)	1.0	1.0	1.25	0.005
5	VSAT (National Area)	Nil	Nil	0.15	0.005
6	PMRTS (Telecom circle/Metro)	Nil	Nil	0.0025	0.0015
7	GMPCS (National Area)	1.0	1.0	0.5	0.005

Sl. No.	Service Authorization(s) (VNO)	Minimum Equity (Rs. Cr.)	Minimum Networth (Rs. Cr.)	Entry Fee (Rs. Cr.)	Application processing fee (Rs. Cr.)
8	INSAT MSS-R (National Area)	Nil	Nil	0.15	0.005
9	ISP "A" (National Area)	Nil	Nil	0.15	0.005
10	ISP "B" (Telecom circle/Metro Area)	Nil	Nil	0.010	0.0015
11	ISP "C" (SSA)	Nil	Nil	0.001	0.001
12	Resale of IPLC (National Area)	2.5	2.5	1.00	0.005

18. Since such UL (VNO) Cat -'B' licensee will be providing access services (wireless and/or wireline and internet), their eligibility conditions etc. should be consistent with the UL (VNO) policy. For example:- as per the Guidelines for UL (VNO) authorization for access services, a licensee has to pay Rs. 50 lakhs per LSA (Rs. 25 lakhs for JK & NE). Since District/SSA based access service license is not available presently determination of networth, equity, entry fee etc. has to be carried out afresh. Comments of the stakeholders are invited on the following issues:

**Q4. What should be Networth, Equity, Entry Fee, PBG, FBG etc. for District level UL (VNO) Cat.-B licensee in case these are allowed for Wireline and Internet services only? Answer with justification.**

**Q5. What should be Networth, Equity, Entry Fee, PBG, FBG etc. in case Cat.-B VNOs are allowed to provide mobile access service also? Please quantify the same with justification.**

**D. Various compliances and penalty structure for UL (VNO) Cat- B licensee**

19. Existing DID franchisees are small and medium level entrepreneurs who are guided by the operational framework of TSP. As of now, they are resellers

acting on behalf of a TSP and have to follow minimum set of rules and obey mutually agreed financial obligations. As such, either no regulatory compliance or very limited license compliances are cast upon them. The penalty clauses relevant to a TSP are not applicable to these franchisees in same form or quantum. These entrepreneurs are generally firms who have infused capital to provide connectivity to a niche segment. The volume of business and revenue earned by them are minuscule in comparison to the TSPs. However, these franchisees will enroll customers in their name and provide services to end customers. Therefore, these licensees should also comply with CAF & penalty norms, QoS parameters and complaint redress norms as applicable. As per the UL (Access Service) in a maximum penalty of Rs. 50 Crores can be imposed for violation of license terms and conditions. This may not be viable for such small operator(s). For QoS parameters, a brief on salient features of prevailing QoS parameters/norms for Wireline and Wireless telecom services have been placed at **Annexure- V**. Another issue to be deliberated is whether UL (VNO)Cat - 'B' licensee will be required to report tariff plans to TRAI and also to meet obligations arising from TRAI's Telecom Tariff Orders(TTOs)/Regulations/ directions etc. issued from time to time.

20. In view of the above, the following issues are raised for the comments of the stakeholders:

**Q6. Keeping in view the volume of business done by DID franchisees, what penalty structure be prescribed for UL (VNO) Cat. 'B' licensee for violation of UL (VNO) Cat.-'B' license terms and conditions?**

**Q7. Should the UL (VNO) Cat.-B licensees be treated equivalent to the existing TSPs/VNOs for meeting obligations arising from Tariff orders/regulations /directions etc. issued by TRAI from time to time?**

**Q8. What QoS parameters shall be prescribed for UL (VNO) Cat.'B' licensees?**

**E. Provision of telecom resources from multiple NSOs for UL (VNO) Cat.- B licensees**

21. Presently, TSPs are extending their connectivity to DID franchisees to their EPABX location. These connections are extended preferably on OFC, and sometimes on copper pair as well. Many a times the network of one TSP is not available in complete geographical area of a District/City or area of operation of the franchisee. During the initial discussions, DID Franchisees Association (DEFA) has brought out that on many occasions 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 had highlighted the issue that in the present context of DID business, 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 to provide guaranteed QoS.
22. In view of the above, the following issues are raised for the comments of the stakeholders:

**Q9. Based on the business and operational requirements as discussed in Para. 21 above, should UL (VNO) Cat. 'B' licensees be permitted to enter into agreement to hire telecom resources from more than one TSP in its area of operation for providing voice and internet services through wireline network?**

**Q10. Do you foresee any challenge in allowing such arrangement as discussed in Q9 above?**

**Q11. Please give your comments on any related matter not covered in this Consultation paper.**

## Chapter-2

### Summary of issues for consultation

- Q1. Is there any need to introduce Cat -B VNOs in the sector?**
- i. If yes, should the existing DID franchisees be mandated to migrate to UL (VNO) Cat-B based licensing regime? Do you foresee any challenges in the migration from franchisee regime to licensing regime?**
  - ii. If no, how DID franchisee can be accommodated in the existing licensing regime in the country?**
- Q2. Based on the complexities discussed in Para 13-15 above, should the scope of UL (VNO) Cat-B licensee be limited to provide landline (voice) and internet services or should these be allowed to provide mobile service also?**
- In case mobile services for such licensees are allowed, how the issues enlisted in Para 13-15 will be addressed? Please explain in detail.**
- Q3. Can the license duration for UL (VNO) Cat-B be kept 10 years which is at par with other licenses issued under UL (VNO) policy? If no, justify your answer.**
- Q4. What should be Networth, Equity, Entry Fee, PBG, FBG etc. for District level UL (VNO) Cat.-B licensee in case these are allowed for Wireline and Internet services only? Answer with justification.**
- Q5. What should be Networth, Equity, Entry Fee, PBG, FBG etc. in case Cat.-B VNOs are allowed to provide mobile access service also? Please quantify the same with justification.**
- Q6. Keeping in view the volume of business done by DID franchisees, what penalty structure be prescribed for UL (VNO) Cat 'B' licensee for violation of UL (VNO) Cat.-'B' license terms and conditions?**

- Q7. Should the UL (VNO) Cat.-B licensees be treated equivalent to the existing TSPs/VNOs for meeting obligations arising from Tariff orders/regulations /directions etc. issued by TRAI from time to time?**
- Q8. What QoS parameters shall be prescribed for UL (VNO) Cat.‘B’ licensees?**
- Q9. Based on the business and operational requirements as discussed in Para. 21 above, should UL (VNO) Cat. ‘B’ licensees be permitted to enter into agreement to hire telecom resources from more than one TSP in its area of operation for providing voice and internet services through wireline network?**
- Q10. Do you foresee any challenge in allowing such arrangement as discussed in Q9 above?**
- Q11. Please give your comments on any related matter not covered in this Consultation paper.**

Government of India  
Ministry of Communications and Information Technology  
Department of Telecommunications  
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110 001.

No. 20-507/2016 AS-I

Dated, the 30<sup>th</sup> July 2016

**SUB: GUIDELINES FOR GRANT OF UNIFIED LICENSE (VIRTUAL NETWORK OPERATORS) CATEGORY B FOR ACCESS SERVICE AUTHORISATION - AMENDMENT**

In pursuance of clause XII of the guidelines for grant of Unified License (Virtual Network Operators) Category "B", the Licensor reserve the right to modify the guidelines. Following amendments may be incorporated in the guidelines for UL (VNO) category B for Access Service authorization dated 05<sup>th</sup> July 2016:-

Sl. No.	Para No. of Guidelines dated 05.07.2016	Existing	Amended
1.	(vi)	The Financial Guarantee shall be of Rs. 3.5 Lakh and valid for a period of one year.....	The Financial Guarantee shall be of Rs. 1 Lakh and valid for a period of one year.....
2.	(ix)	All existing DID franchisee shall be given time upto 31.07.2016 to migrate to UL(VNO) Cat. B for Access Service authorization or franchisee regime under UL/UASL/Basic Service License of TSP.	All existing DID franchisee shall be given time upto 31st October, 2016 to migrate to UL(VNO) Cat. B for Access Service authorization or franchisee regime under UL/UASL/Basic Service License of TSP.

2. DOT circular as mentioned in the guidelines shall be treated as null and void w.e.f. 1<sup>st</sup> November, 2016.



(R.K. Soni)  
Director (AS)

For and on behalf of President of India



Government of India  
Ministry of Communications  
Department of Telecommunications  
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110 001.

No. 20-507/2016 AS-I


Dated, the 11<sup>th</sup> January, 2017

**OFFICE MEMORANDUM**

**SUB: Extension for last date of submission of applications for UL(VNO) Category "B" -reg**

Undersigned is directed to convey that, last date for submitting the applications for UL(VNO) Category "B" has been extended up to 15<sup>th</sup> February, 2017. Last date to comply the LOI for UL(VNO) Category "B" shall remain same i.e. 31<sup>st</sup> March, 2017.

2. It is also clarified that the last date of validity of license issued in pursuance to interim guidelines dated 05<sup>th</sup> July 2016 and amendment dated 30<sup>th</sup> July 2016 shall be 31<sup>st</sup> Oct 2017 or one year from the effective date of license, whichever is earlier.

  
(R.K. Soni)  
Director (AS)

**Copy to,**

1. Secretary TRAI
2. Sr DDG (LFP)
3. DDG (CS) / DDG (DS)
4. All India DID Franchisee's Association,
5. All DID Franchisees.



Government of India  
Ministry of Communications and Information Technology  
Department of Telecommunications  
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110 001.

No. 20-507/2016 AS-I

Dated, the 25<sup>th</sup> Nov, 2016

To,  
All India DID Franchisee's Association,  
All DID Franchisees.

**SUB: Extension for DID franchisees to comply the LOI and signing the License agreement up to 31<sup>st</sup> Mach, 2017-reg**

Under signed is directed to convey that, last date for compliance of LOI and signing the Unified License agreement for Access Service Category "B" is extended up to 31<sup>st</sup> March, 2017. Last date for submitting the application for migration in to Unified License shall remain same i.e. 31<sup>st</sup> October, 2016. No application for migration in UL shall be considered after 31<sup>st</sup> October, 2016.

It is also clarified that the last date of validity of license issued in pursuance to interim guidelines dated 05<sup>th</sup> July 2016 and amendment dated 30<sup>th</sup> July 2016 shall be 31<sup>st</sup> Oct 2017 or one year from the effective date of license, whichever is earlier.



(R.K. Soni)  
Director (AS)

For and on behalf of President of India

## Terms and Conditions

## General

- 1. Only EPABXs are to be considered for the purpose of the scheme.
2. The minimum capacity of EPABX will be 128 ports and maximum capacity will be 1024 ports.
3. Extensions of this EPABXs will be allowed within the multi-storeyed buildings or in the adjoining multi-storeyed buildings within a distance of 500 metres from the location of the EPABX. The road crossing for providing the local loop, if required, will be permitted.
4. The technology of the local loop will be wired local loop or wireless local loop as decided by the DoT.
- 5. The franchisee will make his own arrangement for seeking permission from the local authorities for laying the U/G cable or O/H cable, as the case may be. All charges connected with this will be borne by the franchisee.
6. The franchisee will pay compensation to the DoT as decided by the department if he damages the existing U/G network of the DoT while laying his own U/G or O/H cables.
- 7. Bulk franchising of the service by any franchisee will be permitted.
8. Additional charges of appropriate licence fees as per rules will be levied if the extensions are used for non-voice services.
9. The franchisee will abide by all terms and conditions within the rules and regulations in force.
- 10. Franchisee will be fully responsible for procurement, installation and maintenance of the EPABX equipment including subscriber terminals and connected cables.
- 11. Before commissioning the EPABX, he will get his system interface approved with the DoT network. DoT will have full powers to conduct any test as desired before commissioning of the EPABX. He will commission the EPABX only after it is cleared for commissioning by the appropriate authority of the DoT.
- 12. All telephone connections from the EPABX will be governed by the Indian Telegraph Act, 1885 and rules framed under this Act.
13. No subscriber working from the EPABX will be provided with terminating free category in the system. Franchisee will ensure that there is no software available within a system from which such commands can be given.
14. Outgoing junctions from EPABX will be provided on out-of-turn under Non-OYT General category and these will be terminated on the DELs within the main exchange.

3

No. 4-5/93-PHB, dated 27-1-1994

*Subject:*—Scheme for operation of indialling EPABXs by private parties under franchise.

A scheme for popularising indialling EPABXs has been under consideration of the Department. It has been decided now to permit private operators to install, maintain and operate indialling EPABXs under franchise to supplement the efforts of the department in providing Telecom facilities to the public.

The following terms and conditions will be observed for operating this scheme:—

ANNEXURE-III



15. PCM systems and analogue junctions will be provided to the franchisee without any R & G charges.
- 16. DoT may revise terms and conditions at any time if it is necessary or expedient to do so in the interest of the general public or for proper conduct of the indialling scheme.
17. The licence to the franchisee for operation of the service will be for a period of 5 years initially and may be extended after that on year to year basis.
- 18. In case the telephone number remains faulty the franchisees will pay rebate in rental to the subscriber as per DoT rules.
19. In order to see that ordinary PABX owner should not ask for DID facility for the sake of benefits of Commission, we may restrict that DID Group EPABX scheme operators will not be permitted to use more than 5% of Extensions for his personal use. There will be no problem of checking as to how many extensions are being used for his own use as all the extension numbers will find a place in directory as directory number will be allotted to every extension.

#### → Charges that the subscribers have to pay to the franchisee

1. No free calls will be allowed in the bi-monthly bills that the franchisee will issue to his subscribers.
2. The bi-monthly rental charges will be Rs. 200.
- ③ 3. Charges per unit call will be Rs. 1.25 at flat rate without any slab.
4. Security deposit of Rs. 2,500 will be paid by the subscribers to the franchisee. This amount will be non-interest bearing.
5. Booking of the telephone will be done by the subscribers with the franchisee by depositing Rs. 1,000 to be adjusted in the security at the time of provision of telephone.
6. Subscribers may have to deposit extra security if the average bill for a period of three months exceed the security deposited with the franchisee.
7. Installation charges will be Rs. 800.
- ⑧ 8. Franchisee may be permitted to revise his terms and conditions with his subscribers after the approval of the DoT.

#### ✓ Charges to be levied from the franchisee by DoT

1. Annual rental for each outgoing junction from EPABX will be bi-monthly rental of a DEL  $\times 6 + 20\%$ .
2. Annual rental for each incoming junction to EPABX will be (bi-monthly rental of a DEL-75)  $\times 6 + 20\%$ .

3. The above charges will be paid annually in advance.
4. On every outgoing junction, a commission of 20 paise per unit call up to 10,000 calls, 15 paise per unit call between 10,000 and 20,000 calls and 10 paise per unit call beyond 20,000 calls made during the period of one month will be permitted to the franchisee.
- ⑤ 5. DoT will issue bills to the franchisee at a flat rate of Rs. 1.25 per call unit without any free call on any junction. Bills will be issued on monthly basis.
6. Licence fee for EPABX will be as prescribed in DoT rules.
7. The franchisee will also pay the licence fee for any U/G cable laid across the road.
8. For each outgoing junction, the franchisee will deposit Rs. 5,000 (Rupees five thousand only) as security or the average monthly bill, whichever is higher. Initially for the first six months, the bill for the current month will be security deposit for the subsequent month. This security deposit will be reviewed after six months. Number of the outgoing junctions to be provided will be decided by DoT.

Detailed instructions for the operation of the above scheme will be issued shortly.

4

No. 4-5/93-PHB, dated 4-3-1994

*Subject:*—Scheme for DID service through Group EPABX.

In continuation of this Office Letter of even No., dated 27-1-1994, containing a scheme for DID service through Group EPABX, the detailed instructions for the same are given below—

#### A. General

1. The application for the licence should be submitted to local Telecom authority and must be accompanied by a draft for Rs. 1,000 (non-refundable) payable to the concerned AO (TR) of the local Telecom administration along with an agreement (original) between the applicant and the owner of the multi-storey building/buildings/Co-operative Group Housing Societies permitting him to provide DID service through Group EPABX in their multi-storey building. Alternately, a co-operative society or the owner of a building could be a licensee. The application should also be accompanied by the specification of the service which will be provided by the applicant to his extension users. The local Telecom authority will examine and decide the case taking into account the departmental exigencies and technical feasibilities.



2. Junctions outgoing from EPABX will be provided to the licensee on out-of-turn basis under Non-OYT General category and they will be terminated on the subscriber cards in the main electronic exchange.
3. The connectivity of the EPABX with DoT network whether by means of PCM or by means of analogue junctions will be decided by local Telecom Authority keeping in view the techno-economics and technical feasibility.
4. At the time of according interface approval by Telecom Engineering Centre of DoT, it should be ensured that EPABX working on PCM with DoT network are in accordance with DoT specification for coding/signalling, etc.
5. While processing the applications for granting licence for DID service through group EPABX, the local Telecom Authority will keep in view the points detailed in the DoT Letter No. 4-5/89-PHB, dated 18-3-1992 and as clarified *vide* Letter of even No., dated 8-10-1993.
6. It should be ensured that there is no common cross-connect point available in the building where DELs working for other DoT customers and junctions for EPABX are both terminated. For this purpose, separate MDFs distantly located from each other, one for DELs for other DoT customers and the other for EPABX junctions should be created. Lead-in-cables terminated on the two MDFs should be distinct and should be separately joined to the underground cable.
7. The term local Telecom authority mentioned in the terms and conditions hereunder denotes GMs/TDMs/Area Directors in Telecom Circles, Area GMs/Area Managers under CGMs in metro districts.
8. The term Telecom authority mentioned in the terms and conditions means the Director-General of Telecommunications and includes any officer empowered by him to perform all or any of the functions of the telegraph authority under the Indian Telegraph Act.
9. DoT indicated in the terms and conditions means Department of Telecom.
10. The charges that the extension users have to pay to the licensee are given below. These charges may be revised by DoT from time to time and the revised rates are applicable from the date they are given effect to by DoT. There shall be no need for local Telecom Authority to give any prior notice to the extension users through the licensee in this matter.
  - (a) The monthly rental charges from the extension users will be up to a maximum of Rs. 100.
  - (b) Extension users are not entitled for any free calls against the monthly rentals they pay to the licensee.
  - (c) Charges per unit call will be Rs. 1.25 at flat rate without any slab.

- (d) Security deposit up to a maximum of Rs. 2,500 can be collected from the extension users by the licensee. This amount can be non-interest bearing.
  - (e) Licensee can collect extra security deposit (non-interest bearing) from the extension users proportionally if the average monthly bill for a period of three months exceeds Rs. 1,250.  
[ Rs. 2,500 as mentioned in (d) above will be the maximum security deposit if the average monthly bill is up to Rs. 1,250. ]
  - (f) Licensee can collect as registration charges from the intending users up to a maximum of Rs. 1,000 (non-interest bearing) to be adjusted in the security deposit at the time of provision of telephone.
  - (g) Installation charges will be up to a maximum of Rs. 800.
  - (h) Telephone instruments to the extension users will be supplied by the licensee but will be the property of the licensee. User will return the instrument at the time of surrendering the extension connection.
- 11. Charges to be levied from the licensee by Local Telecom Authority are given below. These charges may be revised by DoT from time to time and the revised rates are applicable from the date they are given effect to by DoT. There shall be no need for Local Telecom Authority to give any prior notice to licensee.
- (a) Annual rental for each outgoing junction from EPABX will be bi-monthly rental of a DEL  $\times 6$  (= 'A') + 20% of 'A'.
  - (b) Annual rental for each incoming junction to EPABX will be (bi-monthly rental of DEL-75)  $\times 6$  (= 'B') + 20% of 'B'.
  - (c) The above charges will be paid annually in advance and no interest will be paid by Local Telecom Authority on this advance payment.
  - (d) On every outgoing junction, a commission of 20 paise per unit call up to 10,000 calls, 15 paise per unit call between 10,000 and 20,000 calls and 10 paise per unit call beyond 20,000 calls made during the period of one month will be permitted to the licensee.
  - (e) DoT will issue bills to the licensee based on meter readings recorded in the telephone exchange at a flat rate of Rs. 1.25 per call unit without any free call on any junction. Bills will be issued on monthly basis.
  - (f) Licence fee for EPABX will be as prescribed by DoT instructions to be revised from time to time.  
(The present licence fees are given in this Office Letter No. 4-2/86-PHB, dated 31-5-1988.)



- (g) The licensee will also pay the licence fee for laying any underground cable laid across the road as per prevalent DoT instructions.
- (h) For each outgoing junction, the licensee will deposit Rs. 5,000 (Rupees five thousand only) as security (non-interest bearing) or twice the average monthly bill averaged over previous six months, whichever is higher. Initially for the first six months, an amount equal to twice the call charges for the current month will be the security deposit for the subsequent month. Number of the O/G junctions to be provided will be decided by the Local Telecom Authority.

### B. Terms and conditions for incorporation in the licence

#### B.1 General and Commercial

1. The licensee shall install a suitable interface approved EPABX and provide direct dialling service through EPABX within 30 days from the date Local Telecom Authority provides the access media/equipment to the EPABX from Public Switched Telephone Network (PSTN).
2. The licence is initially granted for a period of five years extendable by one year or more years at a time.
- 3. The licensee shall be responsible for the installation, networking, operation and maintenance of the EPABX equipment including user's terminal equipments and connected cables. Licensee will be responsible for operation and maintenance of his portion of network which will start from the MDF installed in his network.
- 4. The licensee shall be responsible for treatment of complaints, issue of bills to his extension users, collection of bills from his extension users, claims and damages arising out of the operation of the licence.
- 5. The licensee will have to make his own arrangements for all the infrastructure involved in providing the service.
- 6. Only the EPABXs for which the interface approval/type approval has been given by DoT will be installed by licensee for providing DID service.
7. The minimum permitted capacity of the EPABX will be 128 ports and the maximum permitted capacity will be 1024 ports for providing the service.
8. Extensions of this EPABX will be within the multi-storey building or in the adjoining multi-storey buildings covering a maximum distance of 500 metres from the location of the EPABX. Road crossings for providing the local loop will be permitted, if required. The licensee will seek permission from the Local Telecom Authority for crossing the road.

- 9. The licence to any licensee will be issued on non-exclusive basis, i.e., other applicants may be granted licence for the same service in the same area at the discretion of Local Telecom Authority.
- 10. The licensee shall make his own arrangements for booking complaints from extension users. 90% of the complaints received should be attended within 24 hours and no complaints should be left unattended for more than 72 hours.
- 11. All telephone connections of the EPABX network will be governed by Indian Telegraph Act, 1885 and rules framed under this Act.
- 12. The Telecom Authority or his representative shall have the right to inspect the site/sites from where the services are provided. He shall, in principle, have the right of access to lines, junctions, terminating interface processing and software/hardware memories of any type distribution frames and to enter into dialogue with input/output devices or terminals.
- 13. The Telecom Authority or his representative shall have the right to inspect the premises of all the extension users connected to the EPABX network for inspection to find out unauthorized attachments/misuse of extension user terminal and for any other purpose under the Indian Telegraph Act, 1885.
14. In case of any disruption in service due to damage to cables/media connected to the EPABX from PSTN, the rebate in rentals will be calculated as per the existing DoT instructions issued from time to time.
- 15. Local Telecom Authority will not entertain any alleged excess metering complaint from the licensee.
- 16. Any dispute between the extension user and the licensee will be settled between themselves and Telecom Authority will have no responsibility, whatsoever, in such disputes.
- 17. Local Telecom Authority will have the right to provide DELs also to the deserving extension users of the EPABX Network and also to the residents in these multi-storey buildings not connected with the EPABX network.
18. The licensee should intimate the Local Telecom Authority any provision of attachments to the extension user terminal, like cordless telephones, FAX, other attachments, etc., which are permitted by the department and these will be charged by Local Telecom Authority as per the existing rules. Telecom Authority or his representative will have the right to inspect the extension user's premises for this purpose. The charges for such attachments will be collected by Local Telecom Authority from the licensee who will maintain records of such attachments by his extension users and will also charge them as per prescribed DoT rates.



- 19. Licensee will submit to Local Telecom Authority for approval a copy of the standard agreement to be entered into between the extension user and the licensee.
- 20. The licensee will charge the extension users for shifting STD connection/disconnection and other subscriber related services as per the existing DoT rules as applicable to DELs.
- 21. In case of operator assisted services such as trunk calls through manual trunk exchange for national and international calls, phonograms and morning alarm service, etc., booked directly by EPABX extension users, the relevant bills will be sent to the licensee for arranging the payment within the due date.
22. The licensee will issue detailed bills to the extension users on monthly cycle.
- 23. STD PCOs may be provided/run by the licensee from his network, if required. Any commission payable to the STD PCO operators will be paid by the licensee only.
24. The licensee will make his own arrangements for seeking permission from the local authorities for laying underground cables or overhead cable, as the case may be and charges connected with this will be borne by the licensee.
25. The licensee will pay compensation to Local Telecom Authority as decided by the latter if the former damages the existing underground network of the latter while laying his own underground cable or overhead cable.
- 26. Telecom Authority may revise the terms and conditions at any time without any notice if it is necessary or expedient to do so in the interest of general public or for proper conduct of the direct indialling group EPABX service. The licensee will be duly intimated of any such revision of terms and conditions.
27. In case the licensee surrenders the licence for the operation of the DID group EPABX service during the period of the licence or at the end of the termination of the licence, refund of security money and advance rent charges, if any, due to the licensee will be paid after settling all the bills against the licensee as per existing rules. Licensee in turn will refund the security money to his extension users after settling all dues against telephone bills.
28. The "multi-storey building" mentioned herein is defined as a commercial or residential multi-storey building having a minimum number of four storeys.

### Termination of licence

29.0 The Local Telecom Authority reserves the right to revoke the licence at any time on the breach of any of the terms and conditions therein contained or in default of payment of any consideration payable thereunder by giving a 60 days notice. Notwithstanding anything contained anywhere else in the licence the authority's decision shall be final in this respect.

#### 29.1 Termination for default

The authority may, without prejudice to any other remedy for breach of conditions of licence, by written notice of default, issued to licensee 60 days in advance, terminate his licence in whole or in parts—

(a) If the licensee fails to provide any or all of the services within the time period(s) specified in clause No. 1 of terms and conditions under B.1 above of this licence or any extension thereof granted by the Local Telecom Authority;

or

(b) If the licensee fails to perform any other obligation(s) under the licence including timely payments due to Local Telecom Authority;

and

(c) If the licensee, in either case of the above circumstances, does not rectify the failure within a period of 30 days or such longer period as the Local Telecom Authority may authorize in writing.

#### 29.2 Termination for insolvency

The Local Telecom Authority, may at any time terminate the licence by giving written notice of 30 days in advance to the licensee if the licensee becomes bankrupt or otherwise insolvent, provided such termination will not prejudice or affect any right of action which has accrued or will accrue thereafter to the Local Telecom Authority.

#### 29.3 Termination for convenience

If the licensee chooses to surrender the licence, he shall give a notice of 180 days for such action.

29.4 The licensee shall (clandestinely or otherwise) not transfer the licensing rights granted to him, to any other party. Any violation will be construed as a breach of licensing rights and the licence will be terminated in accordance with Clause 30.0 of the licence.

#### 29.5 Force-Majeure

If the service is interrupted at any time during continuance of this licence on account of unforeseen events like earthquake, law and order disturbance on account of terrorist activities, riots or other



acts of God, neither party of the agreement will be entitled to terminate the licence but rebate in rentals as per relevant rules under this agreement will be provided.

30. Neither the licensee nor any extension user (individual or legal entity) shall be permitted to have in his/her/its name more than 5% of the extensions.
- 31. The licensee is responsible for the recording of meter readings of the extension users connected to EPABX.
- 32. The licensee shall warrant that services provided to the extension users shall be of the grade consistent with the established and generally accepted standards and shall perform in full conformity with the specifications as per the A/T schedule prescribed by DoT. Any failure to maintain prescribed standards in the service will invoke the clause 30.0.
33. The licensee will be allowed to collect security deposit and charge rental, call charges and other charges from the extension users as per DoT's instructions in this matter issued from time to time.
34. The licensee will remit security deposit and pay rental, call charges and other charges to the Local Telecom Authority as per DoT's instructions in this matter issued from time to time.
- 35. If the licensee fails to pay the bills issued by the Telecom Authority for the call charges within ten days of the receipt of the bill, the junctions pertaining to the call charges will be disconnected without any notice to the licensee.
36. The levy of surcharge on delayed payment of bills for Telecom services will be applicable in case of bills to be paid by the licensee to Local Telecom Authority and the bills to be paid by the extension users to the licensee as per DoT instructions issued from time to time.

### B.2 Technical

1. The technology of the local loop will be wired local loop or wireless local loop as approved by DoT.
- 2. Before commissioning the EPABX services, the licensee will get the system and interface equipment connected with PSTN of DoT/MTNL tested by Acceptance Testing Wing (A/T) of DoT or by any agency appointed by DoT, as per the A/T schedule drawn by DoT.
3. No extension user working from the EPABX shall be provided with terminating free category in the system. For this, licensee has to ensure that there is no software available with their system for providing such service. This aspect shall be specifically tested during acceptance testing and during routine inspection by the Local Telecom Authority.

- 4. PCM system/analog junctions will be provided to the licensee without any guarantee charges normally leviable.
5. Neither the licensee nor any extension user (individual or corporate entity) shall be permitted to have in his/her/its name more than 5% of the extensions.
- 6. All extension users will have directory numbers and will be listed in the directory issued by the department.
- 7. The licensee is responsible for the recording of meter readings of the extension users connected to EPABX.
- 8. The licensee shall warrant that services provided to the extension users shall be of the grade consistent with the established and generally accepted standards and shall perform in full conformity with the specifications as per the A/T schedule prescribed by DoT. Any failure to maintain prescribed standards in the service will invoke the clause 30.0 above.
9. The resources required for the operation of the services for extending them over the network of the DoT/MTNL will be mutually agreed between the licensee and Local Telecom Authority. If any difference of opinion arises, the decision of the Local Telecom Authority will be final. The resources will be DELs, PCM analog junctions, etc. The necessary interface requirement with full details with DoT/MTNL equipment for inter-connecting direct dialling services through EPABX should be furnished along with the application for licence. The Local Telecom Authority will have the right to decide the extent of equipment required based on traffic consideration.
- C. Local Telecom Authority may issue licence providing DID service through group EPABX in the form of an agreement containing the above terms and conditions. He may also issue along with the licence a separate letter detailing the charges to be paid to DoT by the licensee as per A.11 and the charges to be collected by licensee from extension users as per A.10.



F. No. 20-507/2016-AS-I  
Department of Telecommunications  
Access Service Division-I  
Sanchar Bhavan,  
New Delhi

Dated the 1<sup>st</sup> July, 2016.

To

The Secretary,  
Telecom Regulatory Authority of India,  
Mahanagar Doorsanchar Bhawan,  
Jawaharlal Nehru Marg (Old Minto Road)  
New Delhi - 110002.

**Subject: Recommendation for Access Service authorisation for category B licence with districts of a State as a service area for VNO.**

Sir,

The Government has decided to introduce Category B licence in Access Service Authorisation with districts of a State as a service area for VNO particularly for entrepreneurs like Direct Inward Dialling (DID) Franchisees. DID Franchisees maintain Group EPABX (Electronic Private Automatic Branch Exchange). These DID Franchisees are in vogue since 1995 and it has been decided by the Government to enable them in VNO regime.

2. The guidelines for grant of VNO operators have been issued on 31.05.2016 (copy of which is annexure A). These guidelines provide for VNO at service area level for access service authorisation, which is typically a State or metro city. The DID Franchisees operate in a very small pocket and have been contributing for provisioning of telecom services as an entrepreneur.

3. As an interim measure, guidelines for category B VNO, have been issued to facilitate the continuance of DID Franchisees on 5/7/2016 (copy at Annexure B). It has been decided to seek TRAI recommendations for Access Service authorisation for category B licence with districts of a State as a service area for VNO for regularising the same.

4. Therefore, it is requested that recommendation for Access Service authorisation for category B licence with districts of a State as a service area for VNO may please be provided.

Yours faithfully,

P.K. Mittal  
(P.K. MITTAL)

Deputy Director General (AS-I) 11/3/16



Government of India  
Ministry of Communications and Information Technology  
Department of Telecommunications  
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110 001.

No. 800-23/2011-VAS (Vol.II)

Dated, the 31<sup>st</sup> May, 2016

**SUB: GUIDELINES FOR GRANT OF UNIFIED LICENSE (VIRTUAL NETWORK OPERATORS).**

One of the strategies for seamless delivery of converged services is to move towards a Unified License regime and facilitate delinking of licensing of networks from the delivery of services so that Telecom Service Provider (TSP) can utilize their networks and spectrum efficiently by sharing active and passive infrastructure and also to facilitate resale at service level by introduction of Virtual Network Operator (VNOs).

2. While introducing the UL regime (in its first phase), the Department of Telecommunications (DoT) decided that this regime may be introduced over two phases with the delinking of licensing for networks from the delivery of services be taken up in a second phase. In convergence era, same network can provide various services which are independent of network layer, that means, the delivery of services can be provided by one operator and network may be owned by a distinct operator.

3. After considering the recommendations of TRAI on VNO, the Government has decided to grant Unified License VNO {UL(VNO)}. The basic features of UL(VNO) are as follows:-

- (i) VNOs are treated as extension of NSOs (Network Service Operator) or TSPs and they would not be allowed to install equipment interconnecting with the network of other NSOs
- (ii) Applicant can apply for UL (VNO) along with VNO authorisation for any one or more services listed below:
  - a. Unified License VNO (All Services)
  - b. Access Service (Service Area-wise)
  - c. Internet Service (Category-A with All India jurisdiction)



- d. Internet Service ( Category-B with jurisdiction in a Service Area)
- e. Internet Service (Category C with jurisdiction in a SSA)
- f. National Long Distance (NLD) Service
- g. International Long Distance (ILD) Service
- h. Global Mobile Personal Communication by Satellite (GMPCS) Service
- i. Public Mobile Radio Trunking Service (PMRTS) Service
- j. Very Small Aperture Terminal (VSAT) Closed User Group (CUG) Service
- k. INSAT MSS-Reporting (MSS-R) Service.
- l. Resale of International Private Leased Circuit (IPLC) Service

Authorisation for UL VNO (All Services) would however cover all services listed at para 3(ii) (b) in all service areas, 3 (ii) (c), 3(ii) (f) to 3(ii) (l) above. No more UL for authorization of resale of IPLC shall be granted except for the Applications already under process for Resale of IPLC.

4. The broad guidelines for grant of Unified License (VNO), i.e., UL (VNO); are as follows:-

#### 1. General

- (i) The applicant must be an Indian company, registered under the Indian Companies Act, 2013.
- (ii) The applicant company shall submit the application in single copy in the prescribed Application form enclosed at Annexure-II. UL (VNO) and Authorisation under UL (VNO) shall be issued on non-exclusive basis i.e. without any restriction on the number of entrants for provision of any service in a Service Area.
- (iii) One Company can have only one UL (VNO). The applicant company can apply for authorisation for more than one service and service area subject to fulfillment of all the conditions of entry simultaneously or separately at different time. The tenure of such authorisation will run concurrently with the UL(VNO).



- (iv) At the time of applying for UL (VNO), the applicant has to apply for authorisation of at least one service listed in para 3(ii) above.
  - (v) In case VNO authorisation is required for more than 4 SSAs in a Telecom Circle for ISP 'C' category, Category "B" ISP authorisation for the respective telecom circle is to be applied for.
  - (vi) The applicant company shall pay nonrefundable processing fee as prescribed in **Annexure-I** along with the application (Two copies) in the form of Demand Draft/Pay Order from a Schedule Bank payable at New Delhi issued in the name of Pay & Accounts Officer (Headquarter) DOT or through Bharatkosh or e-payments.
  - (vii) The total composite foreign holding shall be governed by Foreign Direct Investment (FDI) policy of the Government of India as announced by Department of Industrial Policy and Promotion from time to time.
  - (viii) The applicant company shall have a minimum paid up equity capital and networth of the amount indicated in **Annexure-I** for the respective Service(s) and Service Area(s) on the date of the application and a certificate to this effect shall be provided by the registered Company Secretary alongwith application. Any applicant seeking additional authorisation, subsequent to grant of UL(VNO), has to meet the minimum cumulative networth required on the date of application for seeking such additional authorisation. The requirement under this license for the combined minimum Networth and paid-up equity shall be limited to a maximum of Rs. 10 Crore (Rupees Ten Crore only), each. The paid-up equity capital shall be maintained during the currency of the License.
  - (ix) Net worth shall be as defined in the Companies Act 2013 and as amended from time to time. The networth of promoters/equity share holders shall not be counted for determining the networth of the company. While counting the Net-worth, the foreign currency shall be converted into Indian Rupees at the prevalent rate indicated by the Reserve Bank of India as on the date of Application received.
  - (x) Grant of UL (VNO) to the applicant shall be on the basis of the claims, representations and submissions made by the applicant as duly certified by the Company Secretary and authorized Director of the Company. The
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applicant is therefore advised to ascertain their eligibility for the license and authorisations applied for with utmost care and diligence. The application shall be decided, so far as practicable, within 60 days of the submission of the application complete in all respect and the applicant company shall be informed accordingly. In case the applicant is eligible for grant of license or additional authorisation, a Letter of Intent (LOI) will be issued. The applicant shall be required to deposit non- refundable Entry Fee and submit the Bank Guarantees / other documents and sign the license agreement within the specified period as mentioned in the letter of intent (LOI) failing which the offer of grant of license may be withdrawn at the expiry of the permitted period.

- (xi) In case the applicant is found to be not eligible for the grant of license for UL(VNO) or for additional authorisation under UL (VNO), the applicant shall be informed accordingly.
  - (xii) The grant of License would be subject to fulfillment of all requisites under the application and meeting eligibility conditions by the applicant. Mere filing of application would not lead to assignment of any priority. If deemed expedient, Licensor may seek clarification before rejecting the application.
  - (xiii) VNOs that enter the network would do so based on arriving at a mutual agreement between an NSO and a VNO.
  - (xiv) VNOs shall be permitted for services as indicated in para 3 (ii) above.
  - (xv) The terms and conditions of sharing of infrastructure between the NSO and VNO shall be on the basis of mutually accepted terms and conditions between the NSO and the VNO.
  - (xvi) VNOs shall be permitted to set up their own network equipment viz. Base Transceiver System (BTS), Base Station Controller (BSC), Mobile Switching Centre (MSC), Remote Switching Unit (RSU), Digital Subscriber Line Access Multiplexer (DSLAM), Local Area Network (LAN) switches,). VNOs shall not be allowed to own/ install equipment of core infrastructure, i.e., Gateway Mobile Switching Centre (GMSC), Soft Switches and Trunk Automatic Exchange (TAX) or equivalent. Therefore, they are not allowed to own/install equipment which are required for interconnection with other
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NSO(s), viz. GMSCs, Soft-switches and TAX. Soft Switch is an Application Programme Interface (API) that is used to bridge a traditional Public Switch Telephone Network (PSTN) and Voice over Internet Protocol (VoIP) by linking PSTN to Internet Protocol (IP) networks and managing traffic that controls a mixture of voice, fax, data and video. Soft Switch is a software based switching platform based on open systems.

*(xvii)* VNOs shall also be allowed to create their own service delivery platforms in respect of customer service, billing and VAS.

*(xviii)* An operator who wishes to provide telecom services to its customers utilizing the underlying network and/or access spectrum of an existing NSO will have to obtain UL (VNO) license.

*(xix)* Only pan-India or service area-wise authorizations may be granted under a UL (VNO) license. However, UL (VNO) licensee will be able to service an area within the LSA of the NSO with which the VNO has entered into an agreement for delivery of services.

*(xx)* There would not be a restriction on the number of VNO licensees per service area

*(xxi)* There shall be no restriction on the number of VNOs parented by an NSO.

*(xxii)* VNOs will be allowed to have agreements with more than one NSO for all services other than access services and such services which need numbering and unique identity of the customers.

*(xxiii)* An NSO shall allocate a numbering range to their VNO(s) from the numbering range allocated to it by the licensor. VNOs shall also utilise the LRN and network codes of the parent NSO for the purpose of routing of calls.

*(xxiv)* There would not be any mandate to an NSO for providing time bound access to its VNO; rather, it shall be left to the mutual agreement between NSO and VNO. However DoT/TRAI shall have right to intervene in the matter as and when required to protect the interest of consumers and telecom sector.

*(xxv)* CAF verification and number activation shall be the responsibility of a VNO.

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(xxvi) A VNO shall bear the penalty on account of failure of subscriber verification norms (for its own customers). Other penalties which are beyond the scope of the VNO viz. roll out obligations, core network issues etc. shall be borne by the NSO as per existing norms defined for them.

(xxvii) No spectrum shall be assigned to the VNOs.

(xxviii) In case, the MSC or equipment capable of interception is with VNO, then fulfilling requirement of Law Enforcement Agencies (LEA) would be a responsibility of VNO.

## 2. Financial Conditions

### (a) Entry Fee:

A one-time non-refundable **Entry Fee** for authorisation of each Service and service area shall be payable before signing of license agreement and thereafter for each additional authorisation (s) as per Annexure-I. The total amount of Entry fee shall be subject to a maximum of Rs. 7.5 Crore (Rupees Seven crore fifty lacs only), whichever is higher..

### (b) License Fee:

- (i) In addition to the Entry Fee, an annual License fee and Spectrum Usage Charges (SUC) as a percentage of Adjusted Gross Revenue (AGR) shall be paid by the Licensee service-area wise for each authorized service separately as per procedure prescribed in applicable Chapter of Unified Licensor (VNO) from the effective date of the respective authorisation. The License fee is at present 8% of the AGR, inclusive of USO Levy which is presently 5% of AGR. SUC shall be applicable as per rates applicable for NSO and can be amended from time to time.

Provided that from Second Year of the effective date of respective authorisation, the License fee shall be subject to a minimum of 10% of the Entry Fee of the respective authorized service and service area as in Annexure-I.



(ii) The Licensor reserves the right to modify the above mentioned License fee and SUC any time during the currency of UL (VNO) agreement.

**(c) Bank Guarantees:**

In any case the, applicant company shall submit the Bank Guarantees i.e. PBG and FBG in prescribed proforma for each authorized service and service area separately in the concerned offices of the controllers of communication accounts (CCAs)/ DoT.

### **3. Terms of License**

The Unified License (VNO) shall be issued on non-exclusive basis, for a period of 10 years. However, depending on technological developments and experience gathered, this duration of license can be reviewed after 3-4 years. The Licensor may renew, if deemed expedient, the period of License by 10 years at a time, upon request of the Licensee, on the terms specified by the Licensor, subject to extant policy. The decision of the Licensor shall be final and binding in this regard. On renewal, the Licensee may be required to pay a renewal fee as may be notified by the Licensor.

The prospective telecom service provider can obtain Unified License (VNO) with authorisation for any number of offered services in the composite license document. Any number of the remaining services can also be authorized subsequently as per the request of licensee. However, the validity of license shall be 10 years from the effective date of the first authorisation in the Unified License (VNO). This would imply that authorisation for services added at a later date would be valid only for the remaining period, without any prorata rebate in entry fee etc. and on fulfillment of the additional eligibility criteria, payment of required fee etc.

### **4. Equity holding in other companies:**

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No one VNO and another NSO (other than VNO's parent NSO) and a VNO & another VNO in the same service area directly or indirectly shall have any beneficial interest in each other.

For the purpose of this clause:

(a) Promoter shall mean legal entity other than Central Government, financial institutions and scheduled banks, which hold 10% or more equity in the licensee company.

(b) Beneficial interest shall mean holding of any equity directly or indirectly including through chain of companies in the licensee company.

(c) Any arrangement contrary to above shall be made consistent with the above stipulations within a period of one year from the date of grant of UL (VNO).

## 5. Security Conditions

5.1 The Chief Officer in charge of technical network operations and the Chief Security Officer/Chief Information Security Officer, The positions of the Chairman, Managing Director, Chief Executive Officer (CEO) and/or Chief Financial Officer (CFO), if held by foreign nationals, would require to be security vetted by Ministry of Home Affairs (MHA). Security vetting shall be required periodically on yearly basis. In case something adverse is found during the security vetting, the direction of MHA shall be binding on the Licensee. All foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall also be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Government of India, who will follow standard drill in the matter.

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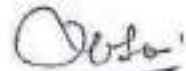


5.2 LICENSOR shall have the right to take over the SERVICE, equipment and networks of the LICENSEE or revoke/terminate/suspend the LICENSE either in part or in whole of the Service area in the interest of national security or in case of emergency or war or low intensity conflict or any other eventuality in public interest as declared by the Government of India. Any specific orders or direction from the Government issued under such conditions shall be immediately applicable to the LICENSEE without loss of time and shall be strictly complied with. Further, the LICENSOR reserves the right to keep any area out of the operation zone of the service if implications of security so require. Provided any taking over or suspension of license, issuance of an order and exclusion of an area, as described above shall neither be a ground of extension of license period or expansion of area in different corner or reduction of duly payable fee

5.3 For detailed conditions of the UL (VNO), applicant may refer to the UL (VNO) document on the DoT website <[www.dot.gov.in](http://www.dot.gov.in)>.

6. The LICENSOR reserves the right to modify at any time these guidelines and terms and conditions of the LICENSE, if in the opinion of the LICENSOR it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of the telegraphs. The decision of the LICENSOR shall be final and binding in this regard.
  7. If at any time, any averments made or information furnished for obtaining the license is found incorrect, the application and the license if granted thereto on the basis of such application, may invite penalties and/or cancellation as may be deemed fit by the Licensor.
  8. Applications are to be submitted to the Under Secretary (AS-I), Department of Telecommunications, Sanchar Bhavan, 20 Ashoka Road, New Delhi-110 001.
  9. This guidelines shall be part and parcel of the Unified License (VNO) agreement and the same will be read in harmony with the Unified License
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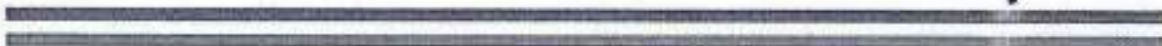
(VNO) agreement which is attached herewith or on the DoT website  
<[www.dot.gov.in](http://www.dot.gov.in)>



(R.K. Soni)

Director (AS-I)

For and on behalf of President of India



Annexure-I

Details of Minimum required Equity, Minimum Network, Entry Fee for various service authorisations

Sl. No.	Service Authorization(s) (VNO)	Minimum Equity (Rs. Cr.)	Minimum Network (Rs. Cr.)	Entry Fee (Rs. Cr.) ₹	Application processing fee (Rs. Cr.)
1	UL(VNO-All services)	10.0	10.0	7.5	0.01
2	Access Service (Telecom Circle / Metro Area)	1.0	1.0	0.5 (0.25 for NE & J&K)	0.005
3	NLD (National Area)	1.0	1.0	1.25	0.005
4	ILD (National Area)	1.0	1.0	1.25	0.005
5	VSAT (National Area)	Nil	Nil	0.15	0.005
6	PMRTS (Telecom circle/Metro)	Nil	Nil	0.0025	0.0015
7	GMPCS (National Area)	1.0	1.0	0.5	0.005
8	INSAT MSS-R (National Area)	Nil	Nil	0.15	0.005
9	ISP "A" (National Area)	Nil	Nil	0.15	0.005
10	ISP "B" (Telecom circle/Metro Area)	Nil	Nil	0.010 ₹	0.0015
11	ISP "C" (SSA)	Nil	Nil	0.001	0.001
12	Resale of IPLC (National Area)	2.5	2.5	1.000	0.005



**ANNEXURE-II**

GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY  
DEPARTMENT OF TELECOMMUNICATIONS  
(ACCESS SERVICES CELL)  
SANCHAR BHAWAN, 20 ASHOKA ROAD, NEW DELHI-110 001.

APPLICATION FOR GRANT OF UL (VNO) / Authorisation for Additional Services  
under Unified License (VNO)

(To be submitted in single copy)

1. Name of Applicant Company: \_\_\_\_\_  
\_\_\_\_\_
  2. Complete postal address \_\_\_\_\_  
with Telephone/FAX Nos./E-Mail  
i) Corporate Office \_\_\_\_\_  
\_\_\_\_\_
  - ii) Registered Office \_\_\_\_\_  
\_\_\_\_\_
  3. Address for correspondence with \_\_\_\_\_  
Telephone/FAX Nos./E-mail  
\_\_\_\_\_  
\_\_\_\_\_
  4. Name of Authorised contact \_\_\_\_\_  
person, his designation, address  
and Telephone/FAX Nos./Email
  5. Details of payment of processing fee (DD/PO to be enclosed in a separate  
envelope)/e-payment/ Bharat kosh.
- 
-

6. Certified copy of Certificate of Registration along with Articles of Association and Memorandum of Understanding to be attached.

(To be certified by the Certificate from Company Secretary/ Statutory Auditor and countersigned by Director duly authorised by the company )

7. (a) Details of Promoters/Partners/Shareholder in the Company. The Promoters to be indicated.

S.No.	Name of Promoter/ Partner /Shareholder	Indian/ Foreign	Equity %age.	Networth
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(Complete break-up of 100% of equity must be given. Equity holding upto 5% of the total equity shared among various shareholder can be clubbed but Indian and Foreign equity must be separate.)

- (b) **Equity details**

Indian \_\_\_\_\_ \$  
Foreign \_\_\_\_\_

**Total**

(Certificate from Company Secretary/ Statutory Auditor countersigned by Director duly authorised by the company to be attached)

- (c) FDI up to 100 % with 49% under automatic route and beyond 49% through FIPB route. The applicant is required to disclose the status of foreign holding.

(Certificate from Company Secretary/ Statutory Auditor countersigned by Director duly authorised by the company to be attached)

- (d) Networth of the company \_\_\_\_\_



(Certificate from Company Secretary/ Statutory Auditor countersigned by Director duly authorised by the company to be attached)

8. Services for which authorisation sought

S.No	Name of the Service	Service Area, if applicable	Remark, if any

9 Details of the licenses granted under section 4 of Indian Telegraph Act 1885 or authorisation for various services under UL (VNO) held by the applicant

S.No.	Name of License/ Service authorization	Service area	No. and date of license/ authorisation

10. Paid up capital (Certificate from Company Secretary/ Statutory Auditor countersigned by Director duly authorised by the company to be attached)

11 Certified copy of approval of Government of India for Foreign Equity  
(To be applicable if FDI is more than 49%) (Certificate from Company Secretary/ Statutory Auditor countersigned by Director duly authorised by the company to be attached)

12. (a) Names of Chairman / Managing Director /  
Directors of the applicant Company

Nationality

\_\_\_\_\_

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(b) Details of Chief Executive Officer / Chief Technical Officer /Chief Finance Officer

Name	Designation	Nationality
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13. Power of Attorney by Resolution of Board of Directors that the person signing the application is authorized signatory.

**Certificates/undertaking:**

- 1 A. I hereby certify that I have carefully read the guidelines and License Agreement for providing UL (VNO). I undertake to fully comply with the terms and conditions therein.
- 2 B. I understand that this application if found incomplete in any respect and/or if found with conditional compliance or not accompanied with the processing fee shall be summarily rejected.
- 3 C. I understand that processing fee is non-refundable irrespective of any reason whatsoever.
- 4 D. I undertake to sign the License Agreement, within the prescribed time notified to me failing which my application shall be taken rejected and processing fee forfeited.
- 5 E. I understand that all matters relating to the application or license if granted to me will be subject to jurisdiction of courts/Tribunal(s) in Delhi/New Delhi only.
- 6 F. I understand that if at any time, any averments made or information furnished for obtaining the license is found incorrect, then my application and the license if granted thereto on the basis of such application, shall be cancelled.

Date  
the  
Place.

Signature and name of  
  
Authorised Signatory  
(Company's Seal)

Annexure III

SERVICE AREA (TELECOM CIRCLES/ METROS) AND THE AREAS COVERED BY THEM

Sl. No.	Name of Service Area	Areas covered
01.	West Bengal Service Area	Entire area falling within the Union Territory of Andaman & Nicobar Islands and area falling within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.
02.	Andhra Pradesh Service Area	Entire area falling within the State of Andhra Pradesh & Telangana State
03.	Assam Service Area	Entire area falling within the State of Assam.
04.	Bihar Service Area	Entire area falling within the re-organised State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganisation Act, 2000 (No.30 of 2000) dated 25 <sup>th</sup> August, 2000.
05.	Gujarat Service Area	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).
06.	Haryana Service Area	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon Telephone exchanges.
07.	Himachal Pradesh Service Area	Entire area falling within the State of Himachal Pradesh
08.	Jammu & Kashmir Service Area	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.
09.	Karnataka Service Area	Entire area falling within the State of Karnataka
10.	Kerala Service Area	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.
11.	Madhya Pradesh Service Area	Entire area falling within the re-organised State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Reorganisation Act, 2000 (No:28 of 2000) dated 25 <sup>th</sup> August, 2000.
12.	Maharashtra Service Area	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.
13.	North East Service Area	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.
14.	Orissa Service Area	Entire area falling within the State of Orissa.
15.	Punjab Service Area	Entire area falling within the State of Punjab and Union territory of Chandigarh and Panchkula town of Haryana.



16.	Rajasthan Service Area	Entire area falling within the State of Rajasthan.
17.	Tamilnadu Service Area (including Chennai Service Area)	Entire area falling within the State of Tamilnadu and Union Territory of Pondichery including Local Areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges
17A.	Tamilnadu Service Area (excluding Chennai Service Area)	Entire area falling within the State of Tamilnadu and Union Territory of Pondichery excluding Local Areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges
17B.	Chennai Service Area	Local Areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges
18.	Uttar Pradesh (West) Service Area	Entire area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh : Pilibhit, Bareilly, Badaun, Etah, Mainpuri and Etawah. It will exclude the local telephone area of Ghaziabad and Noida. However, it will also include the newly created State of Uttaranchal pursuant to the Uttar Pradesh Re-organisation Act, 2000 (No.29 of 2000) dated 25 <sup>th</sup> August, 2000.
19.	Uttar Pradesh (East) Service Area	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh : Shahjahanpur, Farrukhabad, Kanpur and Jalaun.
20.	Delhi Service Area	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges
21.	Kolkata Service Area	Local Areas served by Calcutta Telephones.
22.	Mumbai Service Area	Local Areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges

**NOTE:**

1. Yennum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Telecom Circle in East Godavari LDCA.
2. The definition of Local areas of exchanges will be as applicable to the existing cellular operators, i.e. at the time of grant of cellular Licenses in Metro cities.
3. The definition of local areas with regard to the above service area as applicable to this License is as per definition applicable to Cellular Mobile Service Licenses as in the year 1994 & 1995, when those Licenses were granted to them. This is in accordance with respective Gazette Notification for such local areas wherever issued and as per the statutory definition under Rule 2 (w) Indian Telephones Rules, 1951, as it stood during the year 1994/1995 where no specific Gazette Notification has been issued.
- 4.

Government of India  
 Ministry of Communications & Information Technology  
 Department of Telecommunications  
 (Access Services Division)  
 1203, Sanchar Bhavan, 20, Ashoka Road, New Delhi-110001

No. Dated: 2016

To,

Subject: Letter of Intent (LoI) for award of UL (VNO)

With reference to your application dated ..... regarding grant of ..... service authorizations under UL (VNO), the undersigned is directed to convey the approval of competent authority for award of ..... Unified License ..... authorization for ..... Service Area, on non-exclusive basis subject to the Guidelines of Unified License (VNO).

2. The LOI is being issued based on the information/certificate submitted by you with the condition that at a later date if the information/certificate is found wrong or misleading, the license shall be liable to be terminated. Further, if the information/ certificate/ undertaking being submitted by the company along with the compliance of the LOI, is found wrong or misleading at a later date, then also, the license shall be liable to be terminated or any other action as deemed fit by the licensor.

3. A copy of the prescribed authorisation format is enclosed with this LOI. Amended authorisation in the prescribed format, shall be signed only after compliance of the following, within twenty one working days on receipt of this LoI, failing which the same shall stand cancelled without any further reference :-

- (i) Submission of Rs ..... as non-refundable Entry Fee for ..... authorisation in Unified License (VNO) for ..... service area.
- (ii) Submission of one additional Financial Bank Guarantee (FBG) for Rs ..... Crores (Rs ..... crores only) for additional authorisation in Unified License (VNO) for ..... service area in the prescribed format as per UL (VNO) Agreement.
- (iii) In respect of all licences granted under Section 4 of the Indian Telegraph Act, 1885 (including Indian Wireless Telegraphy Act, 1933) to you or any of your



promoter(s)/partner(s) or associate(s)/sister concerns, you are required to furnish the following before signing the Licence Agreement:-

'An unconditional and unequivocal undertaking to clear all dues to the Department of Telecommunication (including the WPC) raised up to date under the respective Licence Agreements without any reservation or deviation and would also be liable to pay all such dues which would be assessed and demanded in respect of the licenses referred above, if quashed under the orders of the Hon'ble Supreme Court, up to the date of termination.'

- (iv) No one VNO and another NSO (other than VNO's parent NSO) and a VNO & another VNO in the same service area directly or indirectly shall have any beneficial interest in each other.

For the purpose of this clause:

(a) Promoter shall mean legal entity other than Central Government, financial institutions and scheduled banks, which hold 10% or more equity in the licensee company.

(b) Beneficial interest shall mean holding of any equity directly or indirectly including through chain of companies in the licensee company.

(c) Any arrangement contrary to above shall be made consistent with the above stipulations within a period of one year from the date of grant of UL (VNO).

a)

4. Unequivocal and unconditional acceptance of this offer should be conveyed latest by twenty one working days on the receipt of this LoI along with the required certificates/undertaking, PBGs & FBGs.

5. In accordance with the condition No.7 of the FBG and condition No. 8 of PBG Format, the Bank has to designate a local branch where the respective CCA Office is located for an ink signed copy of invocation letter. In case of M/s ....., the following city is to be designated.

Service Area

.....

City

.....

Therefore the name of such branch will be mentioned by the Bank, issuing Bank Guarantee.

6. The applicant Company is required to submit, the details of the Licenses held by the associate/sister concern apart from Applicant Company, along with compliance of this LoI.

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7. This LOI is issued without prejudice to the rights and contentions of the Government in the court cases/ disputes/ show cause notices issued/ to be issued under the respective licenses granted to you or any of your promoter(s)/partner(s) or associate(s)/sister concerns.

Director (AS-I)  
Tel. No. 23036284

Encl:

- (i) Proforma for Undertaking



**Proforma for UNDERTAKING**

To

The Department of Telecom/Licensor,

In consideration of the Department of Telecom (hereinafter called 'the Licensor') having agreed to grant additional authorisation in Unified Licence (VNO) (UL (VNO)) with authorization for ..... (hereinafter called 'the LICENSE') for ..... Service Area to us, we M/s

....., (hereinafter referred to as Licensee) in accordance with para 3 (iv) of the Letter of Intent No. .... dated .....

(hereinafter called 'the LOI') do hereby give our unconditional and unequivocal undertaking that in respect of all licences granted under Section 4 of the Indian Telegraph Act, 1885 (including Indian Wireless Telegraphy Act, 1933) to us or any of our promoter(s)/partner(s) or associate(s)/sister concerns, we undertake that all dues to the Licensor (including the WPC) would be paid and cleared in terms of such Licence Agreements for demands raised up to date.

We also undertake that in respect of all licences granted under Section 4 of the Indian Telegraph Act, 1885 (including Indian Wireless Telegraphy Act, 1933) to us or any of our promoter(s)/partner(s) or associate(s)/sister concerns, which have been quashed as per the orders of the Hon'ble Supreme Court in Writ Petition (Civil) No 423/2010 vide their judgement/order dated 02.02.2012 or have expired or expiring, we undertake that all dues to the Department of Telecommunication (including the WPC) would be paid and cleared in terms of such Licence Agreements for demands raised up to date and demands which would be assessed and raised for the period up to the termination/cancellation/expiry of such licenses.

We also undertake, that the Performance and Financial Bank Guarantees given under compliance to the LOI for the UL(VNO)with authorization of ..... licenses shall stand as a security for payment of the above said dues. We hereby irrevocably and unconditionally guarantee to the Licensor to pay all such dues, and in case of failure, the Licensor shall be entitled to recover its said dues by encashment of the said PBGs and FBGs, and in lieu of which we further undertake to furnish fresh PBGs and FBGs as per the requirement of our additional authorisation in Unified Licence with authorization of ..... service.

We, the Licensee, DO HEREBY DECLARE AND AGREE that the decision of the Licensor as to whether LICENSEE has failed to pay the said dues shall be final and binding on us.

This Undertaking shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE. We, the Licensee, undertake not to revoke this Undertaking except with the previous consent of the Licensor in writing after the Licensor is satisfied on recovery of all said dues.

Licensee

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Government of India  
Ministry of Communications and Information Technology  
Department of Telecommunications  
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110 001.

No. - 20-507/2016 AS-I

Dated, the 5<sup>th</sup> July, 2016

**SUB: GUIDELINES FOR GRANT OF UNIFIED LICENSE (VIRTUAL NETWORK OPERATORS) CATEGORY B FOR ACCESS SERVICE AUTHORIZATION.**

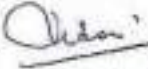
In addition to guidelines for UL(VNO), following guidelines for UL(VNO) for Access Services (Category B) authorization are prescribed as an interim measure for a period of one year.

- (i) There shall be a category of UL(VNO) Cat-B for Access Service authorization. The service area under this category shall be a geographical area of a district of a State/Union Territory.
- (ii) The applicant should be either a registered company or a partnership firm or an organization registered under Shop and Establishment Act or a legal person. The signing or other requirement by Director/ Company Secretary of the company stand amended to that effect.
- (iii) The existing DID Franchise of any Telecom Service Providers may migrate to District-wise UL(VNO) for Access Services.
- (iv) The Entry fee of authorization for migration to UL(VNO) Category B would be Rs. 16,500/- for one year.
- (v) The UL(VNO) Category B licensee shall pay licence fee @ 8% of AGR, applicable Spectrum Usage Charges and submit financial bank guarantees.
- (vi) The Financial Guarantee shall be of Rs. 3.5 lakh and valid for a period of one year and to be renewed one month prior to expiry of validity of



Financial Bank Guarantee. In case, the Financial Bank Guarantee is not renewed, it shall be encashed without further intimation to the Licensee.

- (vii) The application Processing Fee would be Rs. 10,000/- .
- (viii) The instructions contained in DoT Circular No. 4-5/93 PHB dated 27.01.1994 and even no. dated 04.03.1994 stand withdrawn w.e.f. 01.08.2016
- (ix) All existing DID franchisee shall be given time upto 31.07.2016 to migrate to UL(VNO) Cat. B for Access Service authorization or franchisee regime under UL/UASL/Basic Service License of TSP.
- (x) W.e.f. 01.08.2016 all existing agreements/ arrangements, pursuant to DoT Circular No. 4-5/93-PHB dated 27.01.1999 shall be treated as null and void.
- (xi) All other terms and conditions of UL(VNO) guidelines issued vide this Office letter No. 800-23/2011-VAS(Vol.II) dated 31<sup>st</sup> May, 2016 shall be applicable.
- (xii) LICENSOR reserves the right to modify these guidelines or incorporate new guidelines considered necessary in the interest of national security, public interest and for proper conduct of telegraphs.

  
5/7/16

(R.K. Soni)  
Director (AS)

For and on behalf of President of India

**Brief on salient features of Quality of Service for Basic Telephone Service  
(Wireline) and Cellular Mobile Telephone Service (Wireless)**

**Quality of Service Regulations:**

1. Sub-Clause (v) of clause (b) of sub-section (1) of section 11 of Telecom Regulatory Authority of India Act, 1997 (24 of 1997) mandates the Authority to "lay down the standards of quality of service to be provided by the service providers and ensure the quality of service and conduct the periodical survey of such service provided by the service providers so as to protect interest of the consumers of telecommunication services". In the discharge of these functions and in order to:-
  - (i) create conditions for customer satisfaction by making known the quality of service which the service provider is required to provide and the user has a right to expect;
  - (ii) measure the Quality of Service provided by the Service Providers from time to time and to compare them with the benchmarks so as to assess the level of performance; and
  - (iii) to generally protect the interests of consumers of telecommunication services,

the Authority, in exercise of its functions under the above provisions in the TRAI Act, had notified the "Regulation on Quality of Services (QoS) of Basic and Cellular Mobile Telephone Services, 2000" vide Notification dated 5th of July, 2000. The benchmarks for these QoS parameters were to be achieved in three stages viz. (i) in the short term before the end of 12 months, (ii) in the medium term before the end of 24 months; and (iii) in the long term of 36 months for cellular and 48 months for basic service operators.

2. The Quality of Service (QoS) standards in the above regulation were reviewed in 2005, keeping in view the performance of service providers against the QoS standards, the international standards on QoS and utility of the laid down QoS parameters. Based on the review of QoS standards undertaken by the Authority in 2005, the QoS standards were revised and the revised QoS standards for Basic Service (Wireline) and Basic Service (Wireless) & Cellular Mobile Telephone Service were issued by the Authority on 1st July, 2005.
3. Further, TRAI undertook review of the parameters during the period December 2008 to March 2009 and notified the "The Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009." These regulations are still in force for basic service and cellular mobile service.
4. The Quality of Service 2009 Regulations were first amended on 7th May 2012 through notification of the "The Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service (Amendment) Regulations, 2012." Through these amendment regulations TRAI had notified the Quality of Service standards for 3G services.
5. TRAI further issued "The Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service (Second Amendment)



Regulations, 2012" to provide for Financial Disincentives for delay in submission of Compliance Reports, non-compliance with the benchmarks for Quality of Service Parameters and for wrong reporting of QoS performance.

6. Subsequently, the Quality of Service parameters for basic service (Wireline) were reviewed keeping in view the practical difficulties expressed by the service providers in meeting the benchmarks and issued "The Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service (Third Amendment) Regulations, 2014" after rationalizing the benchmark for some of the parameters. TRAI had recently notified "The Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service (Fourth Amendment) Regulations, 2015" on 15th October 2015, providing for increased Financial Disincentives in cases of repetitive non-compliance. Recently, TRAI had issued a consultation paper on "Review of network related Quality of Service standards for Cellular Mobile Telephone Service" on 5<sup>th</sup> August, 2016 proposing a review of the quality of service standards for call drop and other parameters, including measurement methodology, so as to enhance the "Quality of Experience" by consumers.

**Action taken for ensuring the compliance of the QoS Regulations:**

7. TRAI periodically publishes information about the quality of service performance by service providers, the results of Audit and assessment of Quality of Service under taken by Independent Agencies and the results of survey under taken by independent agencies about customer perception of service through its website for the information of stakeholders.
8. For ensuring compliance with the Quality of Service benchmarks and to protect the interests of the consumers, TRAI had introduced the system of financial disincentives through the Second Amendment regulations issued on 8<sup>th</sup> November 2012. These regulations provide financial disincentives for non-compliance with the benchmarks, delay in submission of compliance reports and false reporting. For non-compliance with the benchmarks the financial disincentive is Rs. 50,000/- per parameter. However, in the case of cellular mobile service for network parameters the financial disincentive for second or subsequent non-compliance is Rs. 1,00,000/- per parameter. TRAI has been imposing financial disincentives on service providers in accordance with these regulations.

**Initiatives taken by TRAI for ensuring accuracy of metering and billing:**

9. TRAI has prescribed the standards for metering and billing through the Quality of Service (Code of Practice for Metering and Billing Accuracy) Regulations, 2006 dated 21<sup>st</sup> March 2006. These regulations contain a Code of Practice for Metering and Billing Accuracy, which every service provider has to comply with. The regulations provide for Audit of the Metering and Billing system of the service providers by the service provider every year through any one of the auditors from the panel notified by TRAI. The service providers have to submit the Audit Report to TRAI by 31<sup>st</sup> July every year. Also they have to take action on the audit observations and Action Taken Report has to be submitted to TRAI by 15<sup>th</sup> November every year.



### 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)	$\leq 7$	One Quarter
(ii)	Fault repair by next working day	<p><b>For urban areas:</b> By next working day: <math>\geq 85\%</math> and within 5 days: 100%.</p> <p><b>For rural and hilly areas:</b> By next working day: <math>\geq 75\%</math> and within 7 days: 100%.</p> <p><b>Rent Rebate</b> Faults pending for <math>&gt;3</math> days and <math>\leq 7</math> days: Rent rebate for 7 days. Faults pending for <math>&gt;7</math> days and <math>\leq 15</math> days: Rent rebate for 15 days. Faults pending for <math>&gt;15</math> days: rent rebate for one month.</p>	One Quarter
(iii)	Mean Time To Repair (MTTR)	$\leq 10$ Hrs	One Quarter
(iv)	Point of Interconnection (POI) Congestion (on individual POI)	$\leq 0.5\%$	One month
(v)	Metering and billing credibility – post paid	Not more than 0.1% of bills issued should be disputed over a billing cycle	One Billing Cycle
(vi)	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
(vii)	Resolution of billing/charging complaints	100% within 6 weeks	One Quarter
(ix)	Period of applying credit/waiver/adjustment to customer's account from the date of resolution of complaints	within 1 week of resolution of complaint	One Quarter
(x)	Response Time to the customer for assistance		One Quarter
	(a) Accessibility of call	$\geq 95\%$	

	centre/ customer care		
	(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

**QoS parameters 2G & 3G Services**

<b>Serial Number</b>	<b>Name of Parameter</b>	<b>Benchmark</b>	<b>Averaged over a period</b>
<b>A</b>	<b>Network Service Quality Parameters:</b>		
(i)	Network Availability		
	(a) BTSs Accumulated downtime (not available for service) (2G) Node-B's Accumulated downtime (not available for service) (%age) (3G)	$\leq 2\%$	One Month
	(b) Worst affected BTSs due to downtime (2G) Worst affected Node-B's due to downtime (%age) (3G)	$\leq 2\%$	One Month
(ii)	Connection Establishment (Accessibility)		
	(a) Call Set-up Success Rate (within licensee's own network) (2G) (3G)	$\geq 95\%$	One Month
	(b) SDCCH/ Paging Channel Congestion (2G) SDCCH/Paging Channel and RRC Congestion (%age) (3G)	$\leq 1\%$	One Month
	(c) TCH Congestion (2G) TCH and Circuit Switched RAB Congestion (%age) (3G)	$\leq 2\%$	One Month
(iii)	Connection Maintenance (Retainability)		
	(a) Call Drop Rate (2G) Call Drop and Circuit Switched Voice Drop Rate: (%age) (3G)	$\leq 2\%$	One Month
	(b) Worst affected cells having more than 3% TCH drop (call drop) rate (2G) Worst affected cells having more than 3% TCH drop (call drop) and Circuit Switched Voice Drop Rate:-CBBH (3G)	$\leq 5\%$ upto 31.03.2011 $\leq 3\%$ From 01.04.2011	One Month
	(c) connections with good voice quality (2G) Connections with good voice quality and Circuit Switch Voice Quality (CSV quality) (3G)	$\geq 95\%$	One Month



(iv)	Point of Interconnection (POI) Congestion ( on individual POI) (2G) Point of Interconnection (POI) Congestion (3G)	≤ 0.5%	One Month
<b>B</b>	<b>Customer Service Quality Parameters:</b>		
(v)	Metering and billing credibility – post paid	Not more than 0.1% of bills issued should be disputed over a billing cycle	One Billing Cycle
(vi)	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
(vii)	(a) Resolution of billing/ charging complaints	98% within 4 weeks & 100% within 6 weeks	One Quarter
	(b) Period of applying credit/ waiver/ adjustment to customer's account from the date of resolution of complaints	within 1 week of resolution of complaint	One Quarter
(viii)	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 60 seconds Percentage of calls answered by the operators (voice to voice) within 90 seconds	≥ 90% ≥ 95%	One Quarter
(ix)	Termination/ closure of service	100% within 7 days	One Quarter
(x)	Time taken for refund of deposits after closures	100% within 60 days	One Quarter