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TRAI'S NEW RECOMMENDATIONS PROVIDE FLEXIBILITY TO VNOS

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On 13 September 2024, the Telecom Regulatory Authority of India (TRAI) issued its *Recommendations on the Connectivity to Access Service Virtual Network Operators (VNOs) from more than one Network Service Operator (NSO)* (Recommendations).

Background

The Department of Telecommunications, Ministry of Communications, Government of India (DoT) via the National Telecom Policy 2012 envisioned to facilitate resale of telecom services at the service level, both wholesale and retail by introduction of VNOs. This was intended to enhance service quality, optimize investments, and address the digital divide. In 2015, TRAI made its first significant recommendations for the introduction of VNOs, advocating for them as facilitators of service delivery rather than direct competitors to NSOs. VNOs were seen as crucial in providing last-mile connectivity and offering services to consumers without threatening NSOs' market position.

At present, VNOs are only allowed to have agreements with one NSO in a Licensed Service Area (LSA) for providing 'access services' and such services requiring numbering and unique identity of the customers. Due to this restriction, the capability of VNOs to build redundancies and explore synergies with NSOs in an LSA is reduced.

The Recommendations are in response to the DoT's letter dated July 2023, seeking TRAI's views on whether the number of NSOs (who are Unified License holders) with whom a VNO is permitted to connect with in a LSA should be enlarged. Additionally, DoT also sought recommendations on whether VNOs providing both wireline and wireless services could take separate connectivity for each service from different NSOs.

The Recommendations aim to ease operational challenges for VNOs, granting them greater flexibility in sourcing infrastructure while fostering a more competitive environment for providing telecom services. By expanding VNOs' connectivity options, TRAI hopes to improve service reliability while maintaining a balanced regulatory ecosystem between VNOs and NSOs.

Key Recommendations

➢ There should be no cap on the number of NSOs from whom access service VNOs can take connectivity for providing wireline access service. This has been done in view of the intermittent breakdowns in the copper lines / optical fiber laid down by the wireline access providers. Further, the quality of service of one NSO can fluctuate over time and cause hinderance in the services of the VNO. However, if a VNO takes

connectivity from more than one NSO at a particular Electronic Private Branch Automatic Exchange (EPABX), the same should be intimated to DoT.

➢ TRAI mandates non-breachable virtual or logical partitioning between NSOs to prevent inter-call flow in cases where VNOs use multiple NSOs at a single EPABX. This partitioning strengthens the reliability of service offerings, particularly for enterprise customers who rely heavily on EPABXs. The recommendations also prohibit EPABXs from supporting internet connectivity and require that all International Long Distance (ILD) and National Long Distance (NLD) traffic be routed through the appropriate licensed channels to avoid jurisdictional bypass.

➢ Lawful Interception Monitoring / Lawful Interception System to be installed at nodes if VNO obtains upstream internet bandwidth from multiple NSOs.

➢ In case the access service VNO is providing both wireline and wireless access service in a particular LSA, it should be permitted to take connectivity from one NSO for wireline service and other NSO for wireless service. It should be ensured that the network resources of both services are not integrated in any manner. Further flexibility is provided in cases where the VNO is providing both wireline and wireless access service in one LSA, where the VNO can seek connectivity from one NSO for both services. This is done in view of the fact that many major telecom companies (telcos) only provide wireline access service to VNOs and not wireless access service. Hence, if two separate NSOs provide connectivity for wireline and wireless access service, then the issue of calculation of spectrum usage charge will not arise as was the concern of some stakeholders.

Comments

The recommendations are designed to enhance service reliability by providing redundancy and reducing the impact of service outages caused by fiber or copper breakdowns. By allowing VNOs to switch between NSOs based on service quality, the regulatory changes incentivize better network performance, as NSOs will compete to provide more reliable infrastructure.

From a business standpoint, the flexibility to connect with multiple NSOs gives VNOs operational independence, reducing reliance on a single NSO. This is particularly beneficial for last-mile connectivity efforts. The segmented virtual architecture at EPABX ensures security and prevents cross-network interference, boosting confidence in multi-operator environments.

For NSOs, the recommendations open up new revenue streams through infrastructure leasing agreements with VNOs. The Recommendations also strike a balance between fostering competition and ensuring collaboration between NSOs and VNOs, driving improved consumer experience.

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