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## Differential Licensing on Telecom Sector

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### Why in News

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Recently, various telecom operators have collectively **opposed the move to introduce differential licensing via unbundling** of various layers (infrastructure, network, services, and application layer).

### Key Points

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- **Background:**

- In **May 2019**, the **Department of Telecommunications (DoT)** informed that the **National Digital Communications Policy 2018**, under its **‘Propel India’** mission, envisages **reforming the licensing and regulatory regime** to catalyse investments and innovation and promote Ease of Doing Business.
- **Enabling unbundling of different layers through differential licensing** is one of the action plans for fulfilling the strategy.
- For that, the **Telecom Regulatory Authority of India (TRAI)** was requested to **furnish recommendations and seek stakeholders’ (telecom operators) inputs** on possible benefits and measures.

- **Current Licencing Regime:**

- The grant of telecom licenses in India is primarily governed by the **Indian Telegraph Act 1885**, and the **Indian Wireless Telegraph Act 1933**.
- These Acts provide an **exclusive authority to the Central Government** for establishing, maintaining, and working telegraphs, and wireless telegraphy equipment, and to grant licenses for such activities.

The 1885 Act defines "**Telegraph**" as any appliance, instrument, material or apparatus used or capable of use for transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature by wire, visual or other electromagnetic emissions, Radio waves or Hertzian waves, galvanic, electric or magnetic means.

- In **November 2003**, the **Unified Access Service License (UASL)** regime was introduced which permitted an access service provider to offer both fixed and/or mobile services under the same licence, using any technology. It came into being in 2013.
- In **June 2012**, the **National Telecom Policy** was issued with the **aim to simplify the licensing framework**, and to strive for the creation of **One Nation-One License** across services and service areas.

- **Issues Highlighted:**

- Separating the network licence will **introduce uncertainty** in the licensing regime and **adversely impact the future investment** in the networks.  
A converged licence for network and service layer **offers clarity and certainty to an operator making** an investment in the network.
- Any such changes will require **business models to be reconfigured** which would be **counterproductive**.
- The **process of unification is yet to be completed** under the existing licensing regime and the **proposal** to unbundle network and service layers with a completely new type of licensing regime would **introduce a great level of uncertainty in the system**, with **unknown and unpredictable impact on investments**.

- **Measures if Implemented:**

- There **should not be any mandatory migration** of licences until the validity of existing licences.
- A **clear compensation methodology** should also be enumerated, especially for investments made in the last 10 years.
- **Address the underlying issue of the poor financial health** of the telecom sector.
  - Strengthening telecom infrastructure which would **require enormous fund infusion**, estimated to be about Rs. 2,00,000 crore over the next 2-3 years.
- The government needs to **provide incentives, reduce regulatory cost, provide appropriate policy and financial stimulus** to the existing service providers.

## **Way Forward**

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- Unbundling has been termed as “neither necessary nor desirable” by the telecom service providers.
- Ushering in changes that require business models to be re-configured at a time when existing investments are not already fully recovered, would be counter-productive.
- Therefore, there is a need to address the existing underlying issues prevailing in the sector instead of recommending or implementing another licensing framework which will create ambiguity and additional challenges.

**Source: TH**