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Licensing Approaches in an Era of Convergence

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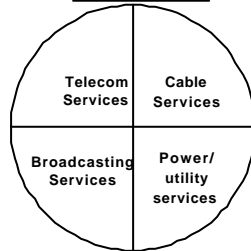
Background

- **Before sector reform,**
 - In the era of government-owned telecommunication networks, most countries had an integrated monopoly operator offering different services with what in effect amounted to a single license.
- **Today, following the introduction of sector reform and licenses for specific services**
 - Governments and regulators seek to implement similar licensing rights, but in a competitive telecommunication market whose scope has expanded substantially and will continue to do so

Same technological and market forces that are driving market liberalization are also now leading policy-makers to recognize the changes brought on by convergence

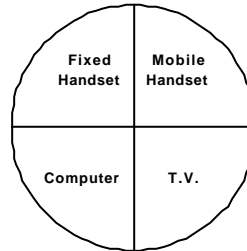
Different aspects of convergence

Service Providers



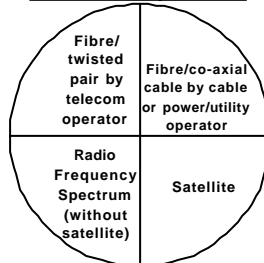
Circle (a)

Equipment for receiving the service



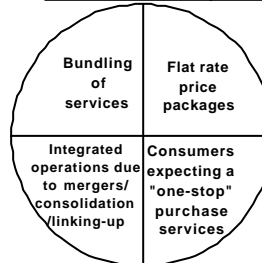
Circle (b)

Modes of delivery of service



Circle (c)

Market related developments



Circle (d)

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Convergence is simultaneously a technological, market and regulatory trend

Impact of convergence on licensing Practices

- **Recognizing the need for Flexibility**
- **Adopting a new licensing framework**
 - **Competition**
 - **Licensing and non-licensing issues**
 - **Scarce resources**

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Converged licensing options

- **Technology Neutral licensing**
 - Licensee retains the ability to choose which technology and equipment it will use to provide the licensed service
 - Provides a fair and predictable regulatory regime flexible enough to embrace technological and market developments.
 - Many countries -- including Australia, Bangladesh, the EU member states, India, Jamaica, and Malaysia -- have adopted technology-neutral licensing regimes.
- **Service Neutral licensing**
 - Effectiveness of technology-neutral licensing approaches can be limited, not only by spectrum allocation practices but also by licences that require operators to offer specific services.
 - Service neutrality empowers operators to offer a variety of different services and applications, tailored to fluctuations in market demand.
 - Many countries -- including Australia,, EU, Japan Singapore and Malaysia -- have adopted service-neutral licensing regimes.

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Forms of Converged licensing

Country	Licensing Regime
Australia	Carrier licence and carriage service providers
European Union	General authorisation regime
India	Unified licensing
Japan	Simple registration/ notification
Kenya, Malaysia, Mauritius, Tanzania	Converged licensing regime
Mali, Uganda	Converged licence for National Operators
Singapore	Facility-based and service-based licensing

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Converged licensing objectives

- Encourage the growth of new applications and services.
- Simplify existing licensing procedures to ease market entry and operations.
- Create a set of stand-alone regulations so that issues such as interconnection, quality of service, universal access/service, and spectrum and number allocations can be addressed comprehensively.
- Ensure regulatory flexibility to address market and technological developments.
- Ensure efficient utilization of network resources, so that individual networks may be used to provide a broad range of ICT services.
- Encourage market entry by a full range of operators, including large scale and micro entrepreneurs.
- Ensure that the transition to a converged licensing regime fosters a level playing field among all competitors.

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Unified Licensing in India

- **Based on TRAI recommendations Government decided to implement Unified Licensing on 11.11.2003**
- **Unified Licensing to be implemented in two steps:**
 - **First Unified Access Services License which has already been implemented.**
 - **Unified Licensing for all Telecom Services including Broadcasting services, to be implemented through a consultative process**
 - **Three consultation papers and several consultation meetings.**

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Unified Licensing Regime- Salient features of TRAI's recommendations

Framework of Unified Licence : Four categories of licenses:

- **Unified License**
 - All inclusive license.
 - Key new aspects in line with NTP'99 :
 - a) Internet telephony
 - b) Telecom services by broadcasting and cable operators.

- **Licensing through Authorisation**
 - No entry fee or revenue share license fee.
 - Includes provision of passive infrastructure and bandwidth services, Radio Paging, PMRTS and Internet Services but not general internet telephony.

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Unified Licensing Regime- Salient features of TRAI's recommendations

Framework of Unified Licence (Cont'd) :

- **Class License**
 - No entry fee; Revenue share license fee same as Unified License.
 - Includes:
 - a) Niche operators
 - b) All services other than under 'Licensing through Authorisation', which do not have both way connectivity with Public network e.g. VSAT.

- **All Stand Alone Broadcasting and Cable licenses (as at present).**

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