



The **Virtual Network Operators Association Of India (VNOAI)** welcomes the decision taken by the **Telecom Commission** in a scheduled meeting on **11-07-2018**, to remove the cascading taxation on the revenue generated by the Virtual Network Operators (VNOs).

The VNOs in India, are under severe financial stress because of the requirement to pay license fee on their adjusted gross revenue, without adjusting for the payout made by the VNO to their parent **Network Service Operator (NSO)**. This led to effective 'double taxation' where both the VNOs and the NSOs pay license fee to the government on the same revenues. In certain cases, there was 'triple' taxation also. This negatively impacted the viability of the VNOs as they operate on very thin margins, and hence it was not viable to operate under cascading taxation. Though there are 67 firms which have secured VNO licenses in India – there has not been any commercial launch of services till now.

Now, as a result of the decision the VNOs will be liable to pay license fee only on the basis of 'value added' by them - i.e they will not be required to pay license fee on the cost paid to the parent Host Network Service Operator, for wholesale capacity purchased from them. This will make the operations of the Virtual Network Operators **"Viable"** – and will ensure that many of the prospective VNOs will now launch the services very soon, on a nationwide basis.

In the current context of consolidation among the National NSOs- which will soon lead to only 3+1 (4 TSP players) in each telecom circle - the VNOs will ensure much needed competition and choice to the end consumers. Further, the VNOs will be playing a key role in ensuring achievement of the Government Of India's "Digital India" vision, and ensuring universal rural connectivity.

"VNOAI Officials, with the support of other eminent associations including COAI, have been engaging the Department Of Telecommunications in addressing this issue of 'cascading taxation' on Virtual Network Operators. We thank the Secretary and Chairman of the Telecom Commission, Smt Aruna Sundararajan and all officials for this farsighted step which has been taken, which will a great relief to all the VNOs. We assure the complete co-operation and efforts of the VNOs in achieving the objectives of the Department of Telecommunications" said Sh. R. K Upadhyay Director General (VNOAI) -Ex CMD BSNL

#### **About VNOAI:**

The Virtual Network Operators Association of India (VNOAI) offers the convergence of Virtual Network Operators (VNOs) and VNO industry associates to build a healthy ecosystem that facilitates the growth of a prospective VNO industry in India.

The member-driven association strives to initiate and promote activities that contribute to the development of VNOs in India. With the many legal, technology, regulatory and network operator challenges prevalent among the growing VNO sector in India, VNOAI has been created to give VNOs in India a united and stronger voice in the Evolving mobile, fixed line franchise, NLD, ILD, VSAT, and ISP landscape.

Furthermore, the association does not just serve as a platform to represent the interests of VNOs in India which is a new concept in India but also addresses their challenges in Collaboration with Licensing and



regulatory authority DOT, TRAI, Network service operators (NSO) and all stakeholders. We believe that our joint efforts can bring catalytic effect to the Telecommunications industry, and fuel the future growth of the VNO industry in India.

For more information: Please visit [www.vnoai.com](http://www.vnoai.com)