TRAI

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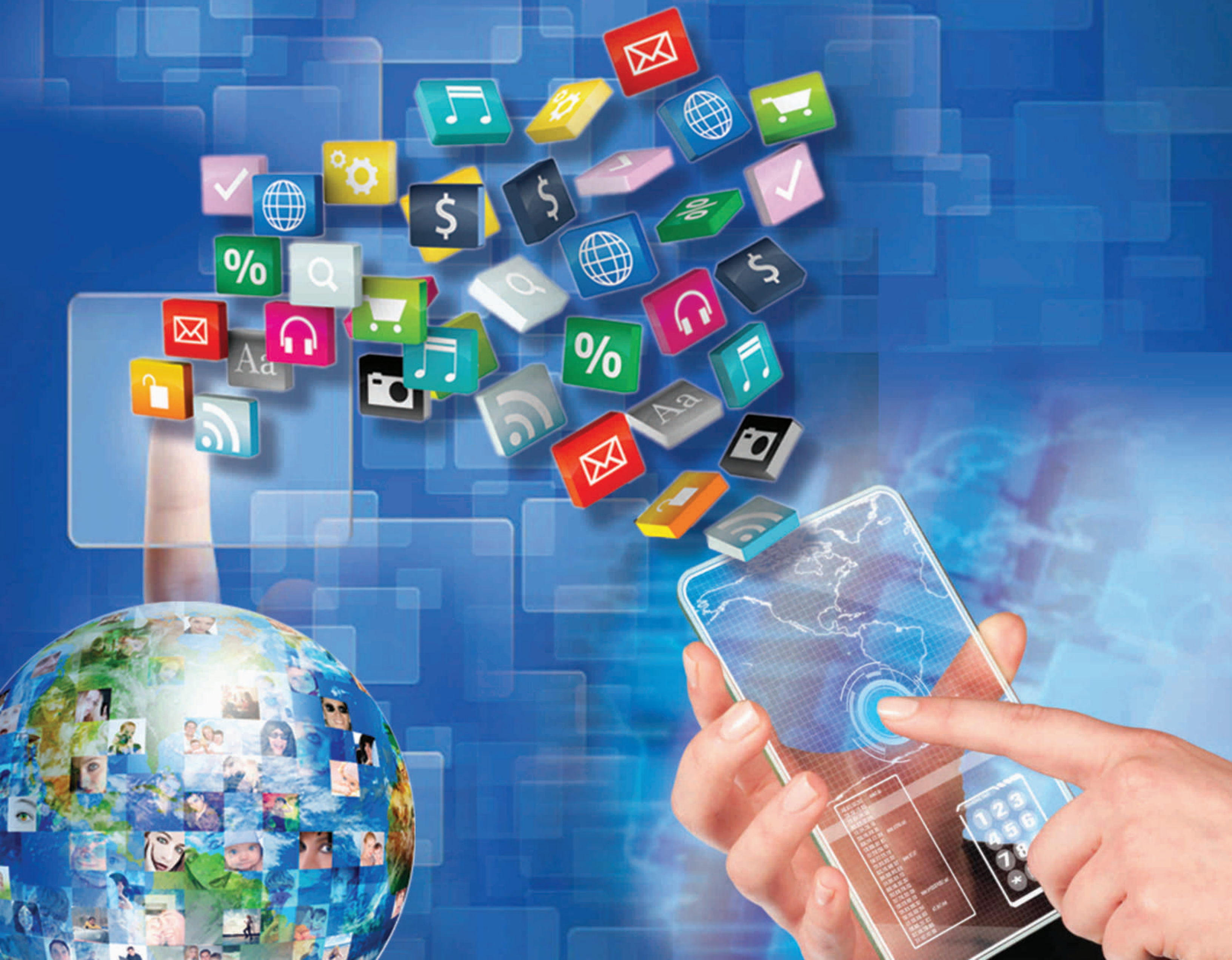
Telecom Regulatory Authority of India

REPORT ON ACTIVITIES

(1st January 2013 to 31st December 2013)



TELECOM REGULATORY AUTHORITY OF INDIA

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New Delhi-110002

INDEX

PREFACE

The Telecom Regulatory Authority of India (TRAI) is a statutory body created by the Telecom Regulatory Authority of India Act, 1997 (as amended in the year 2000) for regulating the telecommunications and broadcasting sectors, protecting the interests of consumers and service providers and promoting and ensuring orderly growth of the sectors. TRAI performs regulatory and tariff setting functions such as ensuring compliance of terms and conditions of licences by service providers, laying down standards of quality of service, fixing terms and conditions of interconnection, regulating interconnection charges and also notifying the rates at which services are to be provided to the users. TRAI also makes recommendations, either suo-motu or on request from the licensor, namely, the Department of Telecommunications in the case telecommunications services or the Ministry of Information & Broadcasting in the case of broadcasting and cable services. These recommendatory powers cover, inter-alia, terms and conditions of licence, measures to facilitate competition and efficient management of spectrum.

In 2013, TRAI undertook several measures for revitalizing growth in these two crucial sectors. In the broadcasting sector, the digitization effort, which aims at empowering the consumer and providing better quality of service and increased choice, proceeded in the face of many challenges. Seeding of Set Top Boxes and activation of Subscriber Management Systems has been completed in most major cities and towns across the country. The need for a policy framework to govern concentration of ownership in media markets also engaged the attention of the TRAI. TRAI has recommended that reasonable restrictions be placed on Multi System Operators and Local Cable Operators to prevent monopoly and market dominance in the cable TV distribution sector. In the TV industry, the power of a channel to attract advertisements and hence, the production and scheduling of content, are significantly influenced by the television ratings system. TRAI has evolved a comprehensive mechanism which sets out eligibility conditions and standards for the rating agencies and the rating system, the methodology for effectively monitoring and enforcing compliance with these parameters through penal provisions, and a time bound plan for implementation. TRAI also focused on improving the quality of service for television viewers by issuing regulations limiting the air time occupied by advertisements on television channels.

In the telecom sector, TRAI addressed the vexatious issue of spectrum pricing. Recommendations were made to the Government on suitable reserve prices for the auction of spectrum in different bands that would restore growth and vitality to the sector. TRAI did not restrict its ambit to merely reserve prices, since auction-related issues are important but have to be viewed in the context of the underlying policy framework in which they are embedded. The policy would not only impact the success of the auction, but a suitably responsive policy regime could well determine the very future of the sector. TRAI therefore gave its recommendations on availability of spectrum, liberalization of usage, spectrum usage charges and spectrum trading. On the tariff front, TRAI continued with the general policy of forbearance in respect of most services. The ceiling tariffs for roaming services were reduced and telecom service providers were given the flexibility to customize tariffs for national roamers through Special Tariff Vouchers and Combo Vouchers. Subscribers can avail of partially free roaming or fully free roaming in lieu of payment of a fixed charge. TRAI has assumed a facilitative role in the endeavour to leverage the mobile phone for financial inclusion. An enabling tariff for Unstructured Supplementary Services Data channels was put in place to enable the use of this versatile communication channel for mobile banking services to promote financial inclusion in the country. Effective measures in consumers' interest were also taken; the year witnessed a reduction in unsolicited commercial calls, expansion of MNP facilities, and establishment of a framework for protection of consumers from provision of Value Added Services (VAS) without consent. TRAI opened, on a pilot basis, a few regional offices in different parts of the country for field level outreach, consumer education and consumer participation.

TRAI also focused on effective implementation of its orders, directions and regulations. Close monitoring of adherence to regulatory requirements, imposition of financial disincentives for non-compliance and institution of prosecution complaints in cases of grave misdemeanour, all resulted in better compliance and regulatory enforcement. TRAI's powers of subordinate legislation (in the context of regulations issued by the Authority) were also affirmed through a significant judgment of the Hon'ble Supreme Court dated 6th December 2013. The Hon'ble Court has ruled that the power of the Authority to make regulations is very wide and that the regulations framed under Section 36 of the TRAI Act can only be challenged by filing appropriate petition before the High Court.

Through this paper, we present a synopsis of the activities of TRAI during the calendar year 2013. This has been placed in the public domain to inform stakeholders of the activities of the Authority in the year gone by. The classification of activities under various functional heads is only intended to aid easier comprehension. All the recommendations, regulations, orders and directions referred to in the paper are available on the TRAI website www.trai.gov.in and can be consulted for detailed reference.

Agrawal

(Rajeev Agrawal)
Secretary

REPORT ON ACTIVITIES

I. CONSUMER INTERESTS

Looking after consumer interests is one of the principal mandates of TRAI. The Authority has taken important measures for setting the regulatory framework in several areas that have helped improve the consumer experience.

Quality of Service

To ensure good consumer experience and value for money, TRAI prescribes quality of service standards for service providers. The following were the areas in which action was taken by TRAI:

1. *Standards of Quality of Service (Duration of Advertisements in Television Channels) Amendment Regulations, 2013 dated 20th March 2013 and Order to broadcasters on details of advertisements dated 7th August 2013:*

   This regulation mandates broadcasters to restrict the duration of advertisements in their channels to a maximum of 12 minutes in any given clock hour as prescribed in the existing rules. Television consumers are presently fed content interlaced with advertisements on their TV channels. Excessive advertisement adversely affects the quality of viewing experience of the consumer. The objective behind the issue of these regulations was to ensure a better quality of experience for the consumer. Restricting the duration of advertisements on TV channels to 12 minutes is common in many parts of the world. Moreover, it is part of the letter and spirit underlying the provisions of the advertisement code laid down in the Cable Television Network Rules 1994. To monitor and ensure compliance of these regulations, broadcasters have been mandated to report to the Authority on a quarterly basis, the duration of advertisements carried in their channels. Subsequently, the broadcasters have been directed to furnish to TRAI the details of advertisements carried in each of their TV channels, on a weekly basis.

2. *Implementation of Standards of Quality of Service for Wireless Data Services Regulation 2012 dated 23rd May 2013:*

   These directions were issued to seek compliance reports on benchmarks in respect of the Quality of Service parameters for wireless data services, from the unified access service providers and cellular mobile service providers.

3. *Direction to all cellular mobile telephone service providers to provide data to the regional offices of the Authority and to the audit agency appointed by the Authority for conducting audit and assessment of Quality of Service dated 18th October 2013:*

To gauge the effectiveness of its quality enforcement mechanism, TRAI undertakes periodic assessments of the quality of service, as well as customer perceptions of the quality of service. TRAI utilises the services of independent agencies for conducting audits, assessing performance of service providers against quality of service benchmarks, and undertaking customer perception surveys. TRAI's regional offices conduct periodic field checks of the implementation of standards laid down through regulations and orders. They also analyse and monitor the reports of the audit and survey agencies and thus play an important role in ensuring maintenance of quality of service standards. In this connection, a direction was issued on 18th October 2013 to all Telecom Service Providers (TSPs) to provide to the regional offices of the Authority and to the audit agencies appointed by the Authority, by the 5th of each succeeding month, data for every month on quality of service performance.

Retail Tariffs

TRAI is mandated to decide the rates at which telecommunications and broadcasting services are offered to the customers. TRAI looks after consumer interests through tariff regulation. Tariff regulation takes the form of ensuring clarity and transparency in tariff offers to consumers and fixing tariff charges where the market is not delivering optimal rates. In view of the intense competition in the telecom sector, TRAI has exercised forbearance vis-à-vis the tariff for several telecom services. The following tariffs were specified during the period:

1. *The Telecommunication (Broadcasting and Cable) Services (Fifth) (Digital Addressable Cable TV Systems) Tariff Order, 2013 dated 27th May 2013 and*

2. *The Telecommunication (Broadcasting and Cable) Services (Sixth) (The Direct to Home Services) Tariff Order 2013 dated 27th May 2013:*

These tariff orders provide standard tariff packages for supply and installation of Set Top Boxes (STBs) to consumers under Digital Addressable Systems (DAS) notified areas, and for supply and installation of Customer Premises Equipment (CPE) to consumers of Direct-to-Home (DTH) service, respectively. The standard tariff packages are provided only for the basic/vanilla STBs/CPEs meant for reception of Standard Definition TV signals (SDTV) confirming to the relevant Indian Standards if any, set by the Bureau of India Standards. In addition to the standard tariff package prescribed by TRAI, operators are free to offer their own schemes for supply of STB/CPE to their subscribers in accordance with their business plan and within the provisions of the existing Regulations/ Tariff Orders. Subscribers have the option to choose from the standard tariff package prescribed by TRAI and the alternative schemes offered by the operators.

3. *The 55th amendment to the Telecom Tariff Order 1999, dated17th June, 2013 revising the tariff for National Roaming Service:*

Through this amendment, TRAI reduced the ceilings for national roaming calls and SMS and instituted a new regime providing flexibility to TSPs to customize tariffs for national roamers through Special Tariff Vouchers (STVs) and Combo Vouchers. The amendment also mandates all TSPs to provide two types of free national roaming plans, viz. Roaming Tariff Plan (RTP) and Roaming Tariff Plan – Free Roaming (RTP-FR), in which subscribers can avail of partially free roaming or fully free roaming in lieu of payment of a fixed charge.

The ceiling tariffs have been reduced from ₹ 1.40 per minute to ₹ 1.00 per minute for outgoing local calls, and from ₹ 2.40 per minute to ₹ 1.50 per minute for outgoing STD calls while on national roaming. Similarly, the ceiling tariffs for incoming calls while on national roaming have been reduced from ₹ 1.75 per minute to ₹ 0.75 per minute. Tariffs for outgoing SMS while on national roaming which were earlier under forbearance have now been capped; outgoing SMS-local at ₹ 1.00 per SMS and outgoing SMS-STD at ₹ 1.50 per SMS. Incoming SMS remains free of charge.

4. *The Mobile Banking (Quality of Service) (Amendment) Regulations 2013 dated 26th November 2013 and*

The 56th Amendment to the Telecommunications Tariff Order 1999, dated 26th November 2013; prescribing the framework for mobile banking services:

The mobile phone is rapidly emerging as a useful instrument for customers to conduct financial transactions. This is especially important for those who do not have easy access to banking services viz. those who are financially excluded. TRAI has assumed a facilitative role in the endeavour to leverage the mobile phone for financial inclusion of India's vast population. TRAI has, over the past year, arranged for banks and TSPs to have detailed consultations for working together on this important national project. Recognising the need for regulatory intervention to set the process in motion, the Mobile Banking (Quality of Service) Regulation has been amended to direct all TSPs to facilitate Integrated Voice Response (IVR), Short Message Service (SMS) and

Unstructured Supplementary Services Data (USSD) based connectivity to banks and their authorised agents for mobile banking services. Further, through the 56th amendment to the Telecom Tariff Order, 1999, a ceiling rate of ₹ 1.50 per USSD based session has been prescribed as the customer (retail) tariff for the use of the USSD based channel for mobile banking by mobile subscribers, so that mobile banking becomes universally available at an affordable tariff. With these steps, it is expected that there will be an impetus to faster development of the market for mobile banking services.

Transparency in Service Provision

Ensuring transparency in service provision is an important dimension of consumer protection. TRAI has undertaken the following specific measures for ensuring such transparency:

1. *Guidelines for deactivation of SIMs due to non-usage issued through 6th amendment to Telecom Consumer Protection Regulations, 2012 dated 21st February, 2013:*

These regulations protect the interests of mobile consumers in the matter of deactivation of SIMs by TSPs on the grounds of non-usage. The regulations, inter-alia, mandate that in cases where a TSP prescribes a condition for deactivation of cellular mobile telephone connections on the ground of non-usage, the following regulatory guidelines are to be complied with:-

(i) The mobile connections of prepaid consumers shall not be deactivated for any period of non-usage less than 90 days;

(ii) For the purpose of usage, a voice call/ video call (incoming or outgoing) or an outgoing SMS or a data usage or usage of Value Added Services, or payment of rental (in case of post-paid connection) etc. shall definitely fall in the scope of activity; the service provider may prescribe any other activity as well;

(iii) There shall be no deactivation if the balance in prepaid consumer account is ₹ 20/- or more;

(iv) An 'Automatic Number Retention Scheme' shall be implemented for prepaid consumers on payment of reasonable charges;

(v) A consumer whose connection is deactivated shall be given a grace period of 15 days within which he can reactivate the same number;

(vi) Consumers shall be transparently communicated the terms and conditions of deactivation of SIMs due to non-usage.

The regulations also mandate implementation of a 'Safe Custody Scheme' for postpaid consumers on payment of a reasonable charge. Such consumers will not be required to pay monthly rental during the period of safe custody.

2. *Quality of Service (Code of Practice for Metering and Billing Accuracy) (Amendment) Regulation 2013 dated 25th March 2013:*

These regulations provide for revised guidelines, checklist and orders for conduct of Metering and Billing Audit that is done for ensuring billing accuracy. Financial disincentives have been prescribed for ensuring compliance by auditors in submission of audit reports and action taken reports, and discouraging submission of incomplete audit and action taken reports and delayed refund of overcharged amounts to affected consumers. Measures for improvement of the quality of audit have also been prescribed in these regulations.

3. *Amendment to Direction dated 4th July 2011 on obtaining explicit consent of consumers for subscribing and renewing of Value Added Services (VAS) dated 10th July 2013:*

This direction seeks to ensure that activation and de-activation of value added service is not done without the explicit consent of the customer. The service providers were directed to implement a uniform VAS activation procedure for all forms of activations– Out-bound Dialing (OBD), IVRS, Wireless Access Protocol (WAP), Mobile Internet, USSD, SMS, Tele-calling or any other mode of activation. After receiving the first consent from the customer, TSPs will need to take a second consent through a neutral third party, before providing the value added service. Deactivation would also be through a common procedure across TSPs, using the toll Free Short Code 155223.

4. *Telecom Consumer Protection (Seventh Amendment) Regulation 2013 dated 3rd December 2013:*

TRAI had been receiving complaints regarding automatic renewal of STVs and Data tariff packs without specific consent of the consumers. Through these regulations, TRAI has mandated that auto renewal of STVs for SMS and Data packs (having validity more than 7 days) by TSPs can only be done after taking a one-time explicit consent of the consumer for such renewals through a prescribed "opt-in" procedure. The regulations also provide for a separate toll-free short code for "opting out" of auto-renewal of STVs at any time through a defined procedure. Further, three days before the expiry of the validity period of STV, TSPs will have to provide, through SMS, information to the consumer regarding the due date of renewal, the charges for renewal, the terms and conditions of renewal, and the toll-free short code for deactivation of the STV.

Mobile Number Portability (MNP)

The mobile number portability arrangements instituted by TRAI and operated under its regulatory watch afford a telecom consumer the freedom to change his service provider if he is dissatisfied with the service provided to him, without having to change his telephone number. MNP is an instrument of consumer empowerment. TRAI takes measures from time to time to strengthen the MNP framework.

Directions issued subsequent to the order of the Supreme Court dated 15th February 2013

The Hon'ble Supreme Court issued orders on 2nd February 2012 quashing 122 licences in different service areas. Subsequently, on 15th February 2013, the Supreme Court inter alia, ordered that licensees who did not bid in the spectrum auction or who remained unsuccessful in obtaining spectrum in the auction would have to forthwith discontinue operations in the concerned licence areas. Subsequent to the order of the Supreme Court dated 15th February 2013, TRAI issued the following directions under the MNP framework:

a. *Direction dated 22nd February 2013 to TSPs to facilitate porting of numbers of consumers of M/s Unitech Wireless:*

   M/s Unitech was one of the TSPs who had to shut down services in 15 licence service areas in which they could not acquire any spectrum in the auction conducted by Department of Telecommunications (DoT). Since there were a large number of subscribers of M/s Unitech in the Mumbai and Kolkata service areas with balances outstanding in their prepaid accounts who were adversely impacted by the sudden closure of the network, a direction was issued to all TSPs and MNP service providers in these two service areas to facilitate porting of the numbers of the Unitech subscribers.

b. *Direction dated 11th March 2013 to TSPs to bar porting transactions of the numbers belonging to licensees who had discontinued their services*

   Pursuant to the order of the Hon'ble Supreme Court, some of the quashed licensees closed their operations in certain service areas. In addition, there were some licensees who had not even commenced their services. The mobile telephone numbers allotted to such licensees were not therefore in use. It was brought to the notice of TRAI that these mobile telephone numbers were being illegally ported (by quoting false Unique Porting Codes) to other existing service providers in the licensed service areas.

To maintain the sanctity and integrity of the MNP process, TRAI directed all TSPs and MNP service providers not to process or entertain porting requests in respect of mobile telephone numbers belonging to service providers that had not commenced services or had already closed operations.

c. *Direction dated 16th May 2013 to return the mobile numbers ported to those TSPs who had closed their operations pursuant to orders of the Hon'ble Supreme Court, to the Number Range Holder:*

MNP Regulations provide that, if, after porting of a mobile number to a recipient operator network there is a disconnection of the mobile number for any reason, the recipient operator shall, after 90 days of such disconnection, inform the MNP service provider about such disconnection and request for reversal of such a mobile number to the Number Range Holder (i.e. the original service provider to whom the number was assigned).

TSPs who closed operations pursuant to the Order of the Hon'ble Supreme Court could not inform the MNP service providers to return numbers that had been ported to them, to the Number Range Holder. Therefore, TRAI directed that such mobile numbers should be returned to the Number Range Holder by the MNP service providers as per the records available with the latter.

Corporate Mobile Number Portability

TRAI issued MNP regulations in September 2009 to facilitate porting of mobile numbers in a service area. Through its direction dated 10th February 2010, TRAI provided a format for the Unique Porting Code (UPC) for porting the mobile number.

After implementation of MNP, TRAI received complaints from the subscribers of corporate mobile numbers that their porting requests had been rejected by the donor operators on grounds of contractual obligations. There was clearly a need to have a distinct porting process for corporate mobile numbers. To facilitate corporate mobile number portability, TRAI issued the following amendments to the Regulations and the Direction:

a. *Telecommunications Mobile Number Portability (Fifth Amendment) Regulations, 2013 dated 22nd July 2013 for corporate mobile numbers:*

The salient features of this amendment are as follows:

i. Up to 50 corporate mobile numbers of a service provider can be ported to another service provider in a single porting request, through a letter of authorization from the authorized signatory for the corporate mobile numbers;

ii. Considering that multiple numbers may have to be processed in single porting request, 48 hours have been allowed for forwarding the porting request by the recipient operator, as against 24 hours allowed for individual porting requests.

iii. 90 days' time was allowed for the amendment to come into effect giving TSPs and MNP service providers time to carry out the required changes in their system.

b. *Second Amendment dated 22nd August 2013 to the Direction dated 10th February, 2010 regarding format of UPC for porting of corporate mobile numbers, and validity of UPC:*

This amendment prescribes a separate format for generation of UPC for corporate mobile numbers, so that they can be distinctly identified.

Further, TRAI noted that the validity period of the UPC specified in the Direction dated the 10th February 2010 was being differently interpreted by the service providers. Clarity on this issue was provided through this amendment.

Full MNP (Pan-India Number Portability) dated 25th September 2013

The National Telecom Policy-2012 speaks of "One Nation- Full Mobile Number Portability". TRAI received a reference from DoT seeking recommendations for implementing full MNP across license service areas. Implementation of full number portability is complicated in India, not only because of the existence of multiple license service areas, but also because the country is divided into two zones, each under a separate MNP service provider. Any scheme for pan India number portability will have to take into account issues of interworking between the different license service areas and between the two MNP service providers.

After consultation with stakeholders, TRAI issued recommendations on 'Full Mobile Number Portability' on 25th September 2013. The salient features of the recommendations are as follows:

i. After Full MNP (inter-service area portability) is implemented, the Recipient Operator will forward the porting request to the MNP service provider of the zone to which original Number Range Holder (i.e. the TSP to whom the number was originally allotted before its first porting) belongs.

ii. Some modifications have been suggested to the MNP service licence, to facilitate inter-service area porting (Full MNP).

iii. TSPs should be given 6 months time for implementation of Full MNP.

Combating Spam

TRAI is actively involved in the protection of telecom consumers from the menace of unsolicited commercial communications (UCC). TRAI has instituted a techno-commercial framework for the prevention of such calls and messages. As in the case of MNP, steps are taken continuously to preserve and strengthen the operation of this framework.

1. *The Telecom Commercial Communications Customer Preference (Eleventh amendment) Regulations, 2013 dated 23rd May 2013:*

This amendment provides for definition of signature words for combating UCC. A termination charge of 5 paise per SMS is also prescribed for transactional SMS. Provision has been made in these regulations to exempt government agencies from the transactional SMS charge.

2. *The Telecom Commercial Communications Customer Preference (TCCCP) (Twelfth amendment) Regulations, 2013 dated 23rd May 2013:*

Through monitoring of complaints in the TCCCP portal, concerted efforts were made to check UCC sent by ordinary subscribers who have not registered with the Authority as telemarketers. The regulations prescribe that in case a valid complaint is received against a subscriber regarding sending of UCC, the originating service provider shall disconnect all the telecom resources allotted to him. The regulations have for the first time prescribed a separate blacklist for subscribers whose telecom resources were disconnected for sending UCC. Once the telecom resources are disconnected, the name and address of such subscriber shall be entered into the blacklist and no telecom resources will be provided to him by any TSP for two years.

3. *The Telecom Commercial Communications Customer Preference (Thirteenth amendment) Regulations, 2013 dated 22nd August 2013:*

These regulations provide for disconnection, (after the 3rd complaint), of all telecom resources of the organizations/ entities on whose behalf the UCC is sent. It is expected that the tangible disincentive flowing from the disconnection of the principal entity's telecom resources – banks, insurance companies and real estate companies - will act as a deterrent and inculcate a greater sense of responsibility in these organizations. In addition, the telephone numbers soliciting such UCC (i.e. the call-back number) will also be disconnected.

4. *The Telecom Commercial Communications Customer Preference (Fourteenth amendment) Regulations, 2013 dated 3rd December 2013:*

A large part of the menace of spam arises on account of the proliferation of unauthorized telemarketing activities. This amendment contains provisions that are intended to incentivize telemarketers to register with the TRAI and carry out their business through authorized channels. It provides for increasing the registration period for telemarketers from three to five years. Existing registered telemarketers can renew their registration by paying a renewal fee of ₹ 5,000/-. The registration fee for telemarketers has been reduced from ₹ 10,000/- (₹ 1,000 Registration Fee + ₹ 9,000 Customer Education Fee) to ₹ 5,000. The initial security deposit with the TSPs has been reduced from ₹ 1,00,000/- to ₹ 50,000/-

Public Welfare Measures

Directions to Access Providers to open the short code 1072 for train accident information dated 16th July 2013:

Ministry of Railways informed TRAI that the short code 1072 allocated for train accident information is not available to customers of any TSP other than BSNL, and even on the BSNL network, it is not available in many places through STD. TRAI issued a direction on 16th July 2013 to all access service providers to open the short code 1072 in their fixed and mobile networks for train accident information.

Consumer Complaint Redressal

It has been the endeavour of TRAI to ensure that consumer complaints are speedily and effectively addressed.

The *Telecom Consumers Complaint Redressal (Second Amendment) Regulations, 2013 dated 11th September 2013* intends to improve the effectiveness of the complaint redressal mechanism of the service providers, by increasing awareness about the mechanism of the Appellate Authority and also facilitating easy filing of appeals.

Consumer Participation

TRAI has instituted a procedure for registration of consumer bodies and organizations. These organisations are expected to co-ordinate and articulate consumer responses to TRAI's activities, and also assist TRAI in consumer education. A revised framework for registration of consumer organisations / NGOs with TRAI was prescribed vides the *Registration of Consumer Organisations Regulation 2013 dated 21st February 2013.*

The role of the consumer organizations has been defined in the regulations. It shall be responsibility of every consumer organization registered with the Authority to work for protection and propagation of the interest of the consumers. So far, 18 Consumer Organizations have been registered with the Authority and the details of these organizations are available on the website of TRAI. The Regional Offices of TRAI have been interacting with these agencies, coordinating their activities, and helping them to sort out consumer related issues with the service providers.

The Regional Offices have also organized 97 consumer outreach programmes throughout the country in cities/ towns like Pondicherry, Chennai, Kolkata, Bangalore, Mumbai, Jaipur, Chandigarh, Jammu, Bhopal, Hyderabad, Trivandrum, Nagpur, Guwahati, Agartala, Shillong etc. As an interface between TRAI Headquarters and consumers and consumer organisations, the Regional Offices have helped provide a better understanding of the quality of service and consumer-related problems. The customers were informed about the various regulations / orders/ directions issued by TRAI for protecting the interests of the customer including the customer grievance Redressal mechanism. Many key issues that arose out of these interactions with customers in these outreach programmes are been addressed. Some of the key issues include billing, deactivation of SIMs, renewal of STVs, strengthening of Appellate authority etc.

II. RECOMMENDATIONS ON SPECTRUM, LICENSING, MARKET STRUCTURES AND DEVELOPMENT POLICY

One of TRAI's crucial functions as mandated under the TRAI Act is to make recommendations to the Government on diverse subjects including market structures and entry of new operators in the sector, the licensing framework, management of scarce resources such as spectrum, telecom development in remote areas and to underserved populations, consumer safety and security. Under this mandate, TRAI took action on the following matters during the year:

Spectrum

1. *'Valuation and Reserve Price of Spectrum' dated 9th September 2013:*

DoT on 10th July, 2013 had sought TRAI's recommendations on applicable reserve price for auction of spectrum in 800 MHz, 900 MHz and 1800 MHz bands. DoT also sought recommendations on permitting trading of spectrum obtained through auction and on the required legal, regulatory and technical framework for spectrum trading.

The Authority carried out a consultation process with stakeholders. An exercise was conducted using different modeling and statistical methods to assess the value of spectrum in different bands for each license service area. Several other aspects of spectrum management and use that have a close bearing on the value of spectrum such as the availability of spectrum in different bands, reservation of spectrum for renewal of licences, roll out obligations and Spectrum Usage Charges (SUC), besides spectrum trading, were also examined. The Authority sent its recommendations on valuation and reserve price of spectrum on 9th September 2013. Reserve prices for 1800 MHz spectrum for 22 Licensed Service Areas (LSAs) and for 900 MHz in 3 Metros were recommended. In addition, the following salient recommendations were made:

- DoT should come out with a clear roadmap indicating the quantum of spectrum which will be available in future along with timelines.
- There should be no reservation of spectrum for the renewal licensees in 900 or 1800 MHz bands.
- Roll-out obligation should be extended to the village level. All villages having population of more than 5000 to be covered within five years and all villages having population of more than 2000 to be covered within seven years of effective date of allocation of spectrum.

- Feasibility of adoption of Extended-GSM (E-GSM) for 800 MHz spectrum should be explored in a time bound manner.

- SUC for all spectrum allocated through auction should henceforth be charged at a flat rate.

- Spectrum trading should be permitted in the country.

On 11th October 2013, DoT sought clarification/ reconsideration on some of the recommendations. After considering the comments given by DoT, the Authority reiterated its earlier recommendations with detailed reasoning on 23rd October 2013.

Licensing

1. *'Terms and Conditions of Unified License (Access Services)' dated 2nd January 2013:*

DoT through its letter dated 21st December 2012 referred the 'Terms and Conditions for Unified License (Access Services)' to TRAI, stating that there was a need to issue fresh licenses to the successful new entrants in the auction of spectrum held in November 2012 and that, as an interim measure, it had been decided that a Service Area Level Unified License (Access Service) should be granted to them.

TRAI gave its recommendations which ,inter-alia, include linking of substantial equity/ cross-holding requirements to spectrum holding, prescription of graded penalties for major/minor violations of licence conditions, inclusion of intra-service area roaming revenues for calculating Adjusted Gross Revenue (AGR), consideration of the revenue from wireless services only towards AGR calculation for levying SUC, permission for sharing of liberalised spectrum etc.

2. *'International Mobile Telecommunication (IMT)–Advanced Mobile Wireless Broadband Services' dated 19th March 2013:*

TRAI had, suo-motu, carried out a consultation on IMT – Advanced Mobile Wireless Broadband Services. In its recommendations of 19th March 2013, TRAI considered the various band plans in the 700 MHz band and observed that many countries, especially in the Asia–Pacific region, have either adopted or are actively considering the adoption of the frequency division duplex (FDD)-based APT 700 band plan. TRAI has recommended that the APT 700 band plan should be adopted for the 700 MHz spectrum band (698-806 MHz) with FDD based 2x45 MHz frequency arrangement, so that India can take advantage of the vast eco system that is likely to emerge in this harmonised band plan.

3. *Consultation on 'Issue /Extension of DTH license' dated 1st October 2013:*

On 3rd September 2013, the Ministry of Information and Broadcasting (MIB), sought recommendations of TRAI on certain terms and conditions for extension of DTH licenses, including an interim arrangement, since the first license was due to expire on 30th September 2013.

A Consultation Paper was issued by TRAI on 1st October 2013. TRAI also conveyed to MIB that, during the interim period, the DTH licensees could be permitted to continue their operations/services on the existing terms and conditions subject to the operator renewing the existing bank guarantee, and furnishing an undertaking to the Government to comply with the policy that is finalized for the interim period as well and to honour any financial obligations arising from change in policy.

4. *Consultation on the issues relating to Migration of FM phase-II operators to FM Phase-III licensing regime:*

On 9th April 2013, the MIB sent a reference seeking TRAI recommendations on the issues pertaining to migration of FM Phase-II operators to FM Phase-III licensing regime. A Consultation Paper has been issued.

Media Markets and Ownership

Media plays an important role in the democratic process of a country. Its ability to reach the masses implies that it has a vital role in building (and influencing) public opinion and creating awareness. Indian media markets are rapidly changing. Major players are looking for expansion of their business interests in the media sector. For non-media players, investments in media could be a way of extending political or business influence. With major conglomerates expanding into print, media and radio, horizontal integration of media entities is a distinct possibility. Also, more and more broadcasting companies are venturing into distribution segments such as cable television and DTH services, leading to vertical integration. At the same time, monopolies are emerging in the distribution segment as well. These developments have been a matter of serious concern for TRAI. To ensure media pluralism and counter the ills of monopolies and market dominance, TRAI has taken several major steps during the year:

1. *Consultation on 'Issues related to Media Ownership' dated 15th February 2013:*

MIB sought recommendations of TRAI on the issue of vertical integration in the broadcasting sector and cross media holdings across print, TV and radio sectors. MIB has requested TRAI to suggest measures to a) address vertical integration in order to ensure fair growth of the broadcasting sector, b) address cross media ownership with the objective of ensuring plurality of news and views and availability of quality services at reasonable prices to the consumers. A Consultation Paper (CP) was issued on 15th February 2013. The key issues discussed in the CP pertain to:

i. Disqualification of certain entities from entry in the media sector

ii. Measurement of ownership/control of an entity over a media outlet

iii. Identification of media segments, channel genres and relevant markets wherein media ownership rules are to be prescribed

iv. Devising media ownership rules within and across media segments, and between broadcasting and distribution entities

v. Devising rules/restrictions in case of mergers and acquisitions in the media sector

vi. Prescribing norms for mandatory disclosures by media entities

2. *Consultation on 'Distribution of TV channels from broadcasters to platform operators' dated 6th August 2013:*

A Consultation Paper has been issued on the subject of regulatory framework for clearly demarcating the role and responsibilities of broadcasters and their authorized agencies that distribute TV channels to various platform operators.

3. *'Guidelines for Television Rating Agencies' dated 11th September 2013:*

In the TV industry, financial decisions of broadcasters and advertisers, production of content and its scheduling are significantly influenced by the television ratings system. Presently, TV ratings are done by a private agency and suffer from a number of limitations. The Authority, through this exercise, has evolved a comprehensive mechanism which clearly defines the parameters for the rating agencies and the rating system, the methodology for effectively monitoring and enforcing compliance to these parameters through penal provisions on a regular basis, and a time- bound plan for implementation. The key features of the guidelines are: -

- Guidelines cover registration, eligibility norms, cross-holding, methodology, complaint redressal, sale and use of ratings, audit, disclosure, reporting requirements and penal provisions.

- The number of panel homes for collecting television viewership data will be a minimum of 20,000, to be set up within 6 months of the guidelines coming into force. Thereafter, the number of panel homes shall be increased by 10,000 every year until the panel size reaches 50,000.

- The panel homes to be selected from a pool of households, selected through an establishment survey which shall be at least 10 times the number of panel homes for audience measurement.

- A voluntary code of conduct should be adopted by the industry for maintaining secrecy and privacy of the panel homes.

- There should be restrictions on 'substantial equity holding of 10% or more' between rating agencies and broadcasters/ advertisers/ advertising agencies.

- Data/reports generated by the rating agency should be made available, on paid basis, to all interested stakeholders in a transparent and equitable manner.

- The rating agency should get its entire methodology /processes audited internally on quarterly basis and through an independent auditor annually. All audit reports should be put on the website of the rating agency.

- There should be penal provisions for non-compliance of guidelines including financial penalty from ₹ 10 lakh to ₹ 1 crore and cancellation of registration.

- Six months' time given to the existing rating agency to comply with the guidelines.

4. *Recommendations on 'Monopoly /Market dominance in cable TV services' dated 26th November 2013:*

MIB requested TRAI to examine whether there is a need to bring in certain reasonable restrictions on Multi System Operators (MSOs) and Local Cable Operators (LCOs) to prevent monopoly/accumulation of interest in the cable TV distribution sector. Further, TRAI has been requested to provide its recommendations on the form, nature and scope of restrictions and suggest amendments required in the Cable TV Networks (Regulations) Act 1995 and Rules. The salient recommendations are:

- The State is defined as the relevant market for assessing monopoly/dominance of MSOs in the TV channel distribution market.

- Market dominance is to be determined on the basis of market share in terms of the number of active subscribers of the MSO.

- Herfindahl Hirschman Index (HHI) is to be used for measuring the level of competition or dominance.

- Definitions of control are provided, covering de jure and de facto control.

- Prior approval of the regulator is to be taken before Mergers and Acquisitions (M&A).

- Rules based on HHI for M&A and acquisition of control among MSOs or between MSOs and LCOs prescribed.

- 12 months' time given to groups to limit control so as to fall within the norms prescribed.

- Disclosure and reporting requirements prescribed.

Universal access to telecom

1. *'Improving Telecom Services in the North Eastern States: An Investment Plan' dated 26th September 2013:*

DoT had requested TRAI to prepare an investment plan, after gap analysis, for providing quality telecom services in the North Eastern States. The intention was to formulate a comprehensive telecom plan for revamping and augmentation of telecom services in the North Eastern Region (NER).

To assess the present status of telecom infrastructure and the gaps in the NER, detailed consultations were held with various stakeholders including State Governments and Public Sector Undertakings entrusted with laying optical fibre cable in the NER. There were three main constituents of TRAI's recommendations (a) A gap analysis; (b) State-wise suggested telecom plans; (c) Estimation of investment required for implementation of the suggested overall plan.

TRAI has, inter-alia, recommended that:

- Keeping in view the future bandwidth requirements for broadband in the NER, the core network should be strengthened to provide connectivity with redundancy/ diversity between all State capitals and State capitals and the District Headquarters.

- 2G mobile coverage should be available in towns and villages having a population of more than 250 persons;

- As the penetration of 3G services is very poor, it is recommended that 3G services should be provided initially in all urban areas in the NER;
- In addition, it has also been recommended that seamless connectivity should be provided along all National Highways in the NER.

The overall investment required for implementing the envisaged plan in the North-Eastern Region (NER) States has been estimated at approximately ₹ 2918 crore. The recommendations also contain certain policy and supporting action that are deemed necessary for successful implementation of this programme. Some of these are:

(i) Discount of 2% of AGR of license fee to TSPs who cover at least 80% of the habitations with a population of 250;

(ii) Subsidy from Universal Service Obligation (USO) Fund for bandwidth charges through satellite connectivity;

(iii) Subsidy for installation of solar power units at telecom towers;

(iv) Lease of dark fibre by PGCIL and BSNL to other TSPs; reduction of bandwidth leasing charges in the NER to levels comparable to prevalent bandwidth leasing charges in other parts of the country;

(v) TSPs in the NER to enter into inter and intra circle roaming agreements amongst themselves within a period of six months for all Base Transceiver Stations (BTSs) along National Highways passing through NER States;

(vi) State Governments to –

  (a) Ensure availability of commercial power for BTSs on priority;

  (b) Ensure availability of land and Government buildings for erection of BTS;

  (c) Rescind the levy of taxes/charges on use of diesel generators (DGs) by TSPs;

  (d) Permit pulling of Optical Fibre Cable on transmission towers/poles of State Electricity Boards;

  (e) Facilitate availability of diesel supply to TSPs particularly during bandhs/strikes;

(f) Permit running on DG sets round-the-clock so that there is uninterrupted telecom connectivity;

(g) Set up a single-window clearance system for all telecom related clearances/ No Objection Certificates (NOCs) including pollution/noise control certificate, environment clearance, site acquisitions, commercial power supply etc.

FDI Policy

1. *'Foreign Direct Investments (FDI) in the Broadcasting Sector in India' dated 22nd August 2013:*

These recommendations broadly pertain to three segments of the broadcasting sector viz. broadcast carriage services, television content services and FM radio services. The FDI limit for the broadcast carriage services has been recommended for enhancement to 100% and that for uplinking of 'News and Current Affairs' TV channels and FM radio services to 49%. In has also been recommended that the Foreign Investment Promotion Board (FIPB) approval process be streamlined and made time-bound.

Emergency Services

1. *Consultation on 'Universal Single Number Based Integrated Emergency Communication and Response System' dated 15th March 2013:*

Most emergencies usually involve direct risk to health, life, property or environment and therefore require urgent intervention. Presently in India, separate emergency communication & response systems are in place for police, ambulance, fire brigade, civil defense, disaster management etc. These systems are accessed through different numbers such as 100(Police), 101(Fire), 102(Ambulance) & 108(Emergency Disaster Management) etc.

In most developed countries an Integrated Emergency Communication & Response system is available that is accessed through a **universal single number** by their citizens. For example in USA, the number '911' is used; in most European countries the number '112' has been provided for emergency response. In view of the various shortcomings in the present system, a need was felt to have a similar system in India too. However, there are challenges in its implementation particularly when there are various government departments/agencies involved in handling different types of emergencies.

TRAI issued a Consultation Paper on "Universal Single Number Based Integrated Emergency Communication and Response System"(IECRS) dated 15th March 2013 for seeking comments of the stakeholders. Some of the issues are types of emergency services that should be available through single emergency number, identification of Universal single emergency number, technical issues involved in identification & transfer of caller's location in real time (particularly for mobile users), funding mechanism, language translation issues etc.

2. *Recommendations on telecom network failures during emergencies/disasters - priority routing of calls of persons engaged in 'response and recovery' dated 26th November 2013:*

During disasters/emergencies, there is a significant rise in telecom traffic that results in network congestion. Such congestion can seriously hamper the emergency responders' ability to communicate and coordinate and can thus seriously impair the official response to the disaster/emergency.

To devise a system that would facilitate communication amongst those responsible for managing such emergencies by giving priority to their calls in case of network congestion, TRAI issued a Consultation Paper on 10th May 2012. Based on comments and inputs received from stakeholders, TRAI has, suo-motu, given its recommendations on "Telecom network failures during Emergencies/Disasters – Priority routing of calls of persons engaged in 'response and recovery'" to DoT on 26th November 2013.

The salient features of the recommendations are:

i. A Priority Call Routing (PCR) scheme should be instituted to ensure that calls of personnel responsible for 'response and recovery' during disasters are routed on priority.

ii. Enhanced Multi-Level Precedence & Pre-emption (eMLPP) based PCR should be implemented in wireless networks in India along with the right to pre-empt ongoing calls, if needed. The use of call pre-emption feature of eMLPP may be reviewed subsequently, based on the performance of the PCR scheme during emergencies.

iii. Government should fund the PCR scheme through budgetary allocation/support and should oversee its implementation. The operational expenses for the PCR scheme should be borne by the National and State Disaster Relief Funds (NDRF/SDRF).

iv. To determine the costs involved in implementation of PCR in India, a pilot project has been suggested. A Steering Committee comprising senior officers from TRAI, Telecom Engineering Centre (TEC), DoT, National Disaster Management Authority (NDMA) and Ministry of Home Affairs (MHA) may steer the pilot and also suggest the service delivery model. TRAI will take a decision on charging for PCR services after getting the data on costs of the service.

v. To ensure that the emergency responders have access to whichever network is available, all service providers offering priority services have to mandatorily enter into intra-circle roaming arrangements. A Standing Committee under the Union Home Secretary, comprising senior officers from DoT, TRAI, NDMA, TEC, and representatives from industry should be formed for overseeing emergency telecommunications policy in India.

III. INTERCONNECTION

Under the TRAI Act, the Authority is mandated to fix the terms and conditions of interconnectivity and to ensure technical compatibility and effective interconnection between service providers. Interconnection lies at the core of the telecom business in a multi-operator environment. The terms and conditions of interconnection need to be regulated to ensure a level playing field among service providers.

The following interconnection charges were prescribed by TRAI:

1. *Regulation on SMS termination charge and transactional SMS charge dated 24th May 2013:*

SMS termination charges are the charges which are payable by the originating access provider to the terminating access provider for each SMS terminated on the network of terminating access provider. Keeping in view the exponential increase in the number of commercial SMS, large imbalance in SMS traffic and the unilateral imposition of SMS termination charges by some dominant service providers, the Authority reviewed the earlier policy of forbearance in SMS termination charges and prescribed a cost-based SMS termination charge of 2 paise per SMS and 5 paise per transactional SMS.

These regulations have become effective from 1st June 2013.

IV. DIGITIZATION OF CABLE TV SERVICES

Digital Addressable Systems (DAS) Implementation

The Central Government after accepting the recommendations of the Authority to implement DAS had notified timelines for the implementation. To ensure smooth implementation of DAS, the Authority put in place the required regulatory framework for tariff, interconnection arrangements between broadcasters and MSOs, and MSOs and LCOs, quality of service norms and consumer complaint redressal systems for all DAS operators. The DAS implementation has been successfully completed in the Metro cities of Delhi, Mumbai and Kolkata and in 38 cities with population greater than 1 million. Some of the actions that TRAI undertook to achieve this are enumerated below:

1. *Directions to MSOs and LCOs dated 25th February 2013 and 26th April 2013:*

In the process of implementation of digitalization, directions were issued to all MSOs and LCOs to ensure that the Subscriber Management System with details of the channels chosen by the subscribers is effectively implemented as prescribed by the regulatory framework of TRAI. The MSO was required to ensure that before providing cable services through DAS, its subscriber management system was operationalised and the signals of TV channels transmitted to only those subscribers whose details such as name, address, choice of channel and bouquets etc. were entered into the subscriber management system. They were also directed to disconnect TV signals of subscribers whose details such as name, address, choice of channel and bouquet etc. were not entered into the subscriber management system.

2. *Directions to all pay broadcasters /aggregators and MSOs dated 6th May 2013:*

Direction was issued to all pay broadcasters / aggregators to ensure that for providing signals of pay channels, they had in place written interconnection agreements with MSOs providing cable TV services through DAS. Similarly, direction was issued to MSOs providing cable TV service through DAS to reduce in writing the terms and conditions of their interconnection agreements with other service providers. Broadcasters/ aggregators and MSOs were also directed to furnish, within seven days, the name of the service providers with whom the interconnection agreements had been concluded along with the service areas covered and the validity period of the agreements.

3. *The Telecommunication (Broadcasting and Cable Services) Interconnection (Digital Addressable Cable Television Systems) (Second Amendment) Regulations, 2013 dated 20th September 2013:*

The amendments in the interconnection regulation omit certain provisions relating to minimum channel carrying capacity of 500 channels for MSOs and prohibition on charging of placement fee by MSOs. It also provides that MSOs cannot seek signals of a particular TV channel invoking the 'must provide' clause and simultaneously demand carriage fee for carrying that channel.

4. *The Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff (Second Amendment) order 2013 dated 20th September 2013:*

The amendment in the tariff order, inter alia, modifies the 'twin conditions' that regulate the a-la-carte rate of channels vis-à-vis bouquet rates. This would ensure that a la carte rate for channels are not disproportionate to the rates for bouquets, so that the a la carte option of choosing TV channels remains a viable option for the consumer. It also clarifies that subscribers of on DAS platforms can either opt for channels on a-la-carte basis or bouquets or a combination of both, as per their choice.

V. REGULATORY ENFORCEMENT

TRAI has been closely monitoring the implementation of its regulations and orders. During the year, prosecution complaints were filed with the Chief Metropolitan Magistrate against 14 LCOs and 1 MSO for non-compliance of the DAS regulations. Similarly, prosecution complaints were also filed against 14 broadcasters for non-compliance of the Quality of Service regulation on duration of advertisements in TV channels.

For better enforcement of various regulations and orders issued by TRAI, the Authority has prescribed financial disincentives for TSPs. Any TSP who fails to comply with the provisions of the regulations or orders is liable to pay an amount by way of financial disincentive. Financial disincentives have been imposed on various TSPs for non-compliance of quality of service benchmarks, guidelines on mobile number portability, and reporting requirements of tariff and separated accounting information.

With strict regulatory enforcement and imposition of financial disincentives by TRAI, improvement in regulatory compliance by TSPs in terms of performance in quality of service parameters, adherence to guidelines for porting of numbers and reporting of tariff and accounting information has been observed. Delays in activating ported mobile numbers and wrongful rejections of porting requests have significantly reduced. As a result of these measures, there are also fewer complaints in respect of UCC.

VI. STUDY PAPERS

1. *Study paper on "Implication of Adoption of International Financial Reporting Standards (Converged IND AS) on Indian Telecom Service Sector Companies" dated 1st February, 2013:*

The study assesses the possible impact of implementation of IND AS on the profit and financial position of the telecom sector companies as depicted in their financial statements, and consequently on the data submitted by them to TRAI and on quantum of licence fee paid to the Government.

2. *Study paper on "Shareholding Pattern, Financing Pattern and Capital Structure of Indian Private Telecom Access Service Providers" dated 20th November, 2013:*

The study provides an overview of the capital structure of twenty-four private telecom access service providers operating in the telecom sector based on the annual accounts and other information provided for 2007-08 to 2011-12. The study assesses the financial health of the sector and the impact of intense competition, entry of new players, and auction of 3G and BWA spectrum on indebtedness, debt coverage ability and profitability of telecom companies in India.

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