

No. MTNL/RA/CO/CP on Mobile Value Added Service/2011  
Dated: 05.09.2011

**To,  
The Advisor (BB&PA)  
TRAI, New Delhi**

**Subject: Comments on TRAI consultation paper on “Mobile Value Added Services”  
dated July 21, 2011.**

Kindly refer to TRAI consultation paper on Mobile Value Added Service dated 25.8.2011. The comments of MTNL on various issues raised in the consultation paper are as below:

**1. Whether the current provisions under various licenses (UASL, CMTS, Basic and ISP) are adequate to grow the MVAS market to the desired level? If not, what are the additional provisions that need to be addressed under the current licensing framework?**

At present, the different licenses have different provisions for value added services. It is suggested to keep the uniform provisions regarding value added services under various access service licenses.

**2. Is there a need to bring the Value Added Service Providers (VASPs) providing Mobile Value Added Services under the licensing regime?**

**3. If yes, do you agree that it should be in the category of the Unified License as recommended by this Authority in May 2010? In case of disagreement, please indicate the type of license along with the rationale thereof.**

VASPs should be brought under licensing regime to make VASPs more responsible towards QoS, content provisioning and customers. This will also bring more transparency in functioning of VASP.

VASPs may be given licenses under OSP (Other service provider) category as being issued to application service providers presently. The license should be with low entry barriers and less restrictive. The license fee initially may be kept at a reasonable level so as not to hamper the growth of VAS and put financial burden on the customers.

However, existing telecom operators may continue to provide value added services by default under their existing telecom licenses for which no further entry fee should be charged.

**4. How do we ensure that the VAS providers get the due revenue share from the Telecom Service providers, so that the development of VAS takes place to its full potential? Is there a need to regulate revenue sharing model or should it be left to commercial negotiations between VAS providers and telecom service providers?**

At present, Indian telecom market is, perhaps, the most competitive & happening. There are 8-12 operators present in each circle leading to stiff competition among operators. The revenue from voice segment is declining rapidly making the telecom operators more dependent on revenue from data & value added services. Since, the tariffs for voice calls are already at rock bottom, the service providers are left with value added services only to attract the customers. Therefore, we are of the opinion that in such a competitive environment, the operators are equally dependent on content providers/aggregators as the vice versa.

The share of revenue between VASP & Telecom Service Provider depends on various factors like subscriber base of telecom operator, target subscribers for a particular service, USP for service in relation to type of subscribers etc. These factors vary for different TSPs and accordingly the revenue sharing arrangement with VASP. Therefore, revenue sharing model should be left to the commercial negotiations between VASP & Telecom Service Provider.

**5. At the same time, how do we also ensure that the revenue share is a function of the innovation and utility involved in the concerned VAS? Should the revenue share be different for different categories of MVAS?**

The share of revenue depends on various factors like type of VAS Content, Creative value of VAS content, innovating service, popularity of service etc, thus, revenue share should be different for different categories of MVAS.

As such, revenue sharing arrangement in case of content based value added services is a very complex matter & will vary from service to service & content to content as the cost of the content varies widely. Hence, we feel that revenue sharing in case of value added services should be left to the commercial negotiations and market dynamics.

**6. Do you agree that the differences come up between the MIS figures of the operator and VAS provider? If yes, what measures are required to ensure reconciliation in MIS in a transparent manner?**

Yes, Some times there are differences between MIS figures of TSPs & VASPs. This is mainly due to the fact that VASPs are sometimes using sub standard telecom systems & practices for billing & recording of MIS.

Commercial agreements signed between telecom service provider and VAS provider should have suitable clause for reconciliation in line with reconciliation procedures available in interconnect agreements signed between service providers.

**7. (i) Does existing framework for allocation of short codes for accessing MVAS require any modifications? Should short codes be allocated to telecom service providers and VAS providers independently? Will it be desirable to allot the short code centrally which is uniform across operators? If yes, suggest the changes required along with justification.**

**(ii) Should there be a fee to be paid for allotment of short code?**

The allocation of short codes for accessing MVAS should be done in the same fashion as the allocation of 'level 1' short code, i.e. the level 1 short codes which are to be opened across the networks of all the telecom operators are allocated by DoT. At the same time DoT has reserved level 125 to level 129 for the use of operators. The operators allocate short codes from level 125 to 129 to different organizations/customers to provide access from that particular operator.

Similarly, VASP may approach DoT to get the short code allocated in case VASP is going to provide Value Added Services to the subscribers of all telecom operators. In case, the service is to be provided to the subscribers of selected operator, VASP may approach that particular operator for the short code. Some levels for the provisioning of short code of VAS by Telecom service Provider may be reserved by DOT. The telecom operator may use the available short code level allocated to them for their own value added service since numbering resources are precious.

DoT and the service provider may decide about the charging of short codes allotted by them independently.

**8. Is there a need to provide open access to subscribers for MVAS of their choice? If yes, then do you agree with the approach provided in para 2.46 to provide open access? What other measures need to be taken to promote open access for MVAS? Suggest a suitable framework with justifications?**

Though almost all Mobile Value Added services are provided by all Telecom operators to their subscribers, open access to subscribers for MVAS may be provided. However, originating operator should be suitably compensated as originating telecom operator has to attend all subscriber complaints related to value added services and refund for wrong billing cases.

**9. What measures are required to boost the growth of utility MVAS like m-commerce, m-health, m-education & m-governance etc. in India? Should the tariff for utility services provided by government agencies through MVAS platform be regulated?**

The subscriber requirement & choices are driving all TSPs to offer all kinds of utility MVAS like m-Commerce, M-Health, M-Education & M-Governance. Since, the provision of these services is at very primitive stage, there is no need of any tariff regulation for providing Utility MVAS services including services provided by Govt. Agencies.

(Mukta Goel)  
DGM (Regulation)