

## INDUSTRY INITIATIVES AND ACHIEVEMENTS

During the year, COAI dealt with various issues of importance to the industry.

1. **Spectrum Issues**: Last year saw much focus and attention on spectrum issues, which continued from the previous year. COAI made submissions to TRAI on its Papers on the valuation and reserve price of 800, 900 and 1800 MHz bands. COAI made representations to the Government seeking reduction in spectrum valuation, low reserve price to spectrum valuation ratio, flat spectrum usage, spectrum trading and adoption of e-GSM band. It was also pointed out that the Government has been following the policy of “technology neutrality” since 1999 and the assumption that the spectrum held by the telecom service providers is not liberalized is flawed. After two rounds of “failed” auctions, the Government was successful in its auction of 900 and 1800 MHz spectrum after TRAI recommendation to lower Reserve Prices.

COAI at various forums stated that the guiding principles governing the Spectrum Usage Charge must ensure that the total cost of spectrum is equitable for all TSPs across the entire period of the license. The current SUC regime leads to anomalous results; creates a non-level playing field; penalizes larger operators; discourages mergers and represents a significant burden on the industry. In addition to these disadvantages we believe that the current policy of escalating charges, which is unique to India, discourages the purchase of spectrum; perpetuates the inefficient use of spectrum; distorts spectrum auctions; skews technology choices and, ultimately, may result in lower revenues for the government. A flat SUC as opposed to an escalating charge will also ensure a level playing field as well as long term benefits to the exchequer.

2. **EMF and Tower Related Issues**: This year saw heightened activity from certain vested interests around misleading claims on EMF. This resulted in increasing fear and concern among citizens. To counter this, COAI and DoT worked to address these factual inaccuracies on EMF. In August 2013, the DoT had issued Advisory Guidelines for State Governments on clearance for installation of mobile towers. The DoT was in discussions with the industry and the State Governments for finalization of these guidelines. The previous drafts had certain adverse clauses; however, the final Advisory issued by DoT has incorporated the significant points from the industry. The document advises all the State Governments to follow these norms so that there is a uniform approach on the issue, and which should be adopted by all the State Government across the country. This will facilitate quicker proliferation of mobile services through the entire country.

The matter of what the industry perceived as “erroneous and inappropriately high level of penalties” imposed by the TERM Cells for what they interpreted as non-compliance to the DoT/ EMF norms, was taken up with Hon’ble MoC. As a result of several substantiated representations by the industry, the DoT issued a new penalty regime for EMF. It is a comprehensive document with clear in-use case scenarios for penalties and has incorporated

almost all the industry recommendations. This circular of DoT has brought much desired clarity in terms of the various dates for compliance and on many of the filed issues. These norms are applicable on a prospective basis and hence, should help resolve this issue for prospective submission of self-certificates. COAI believes the rationale for prospective application of the norms for penalties should also be applied retrospectively, as there is no rationale for treating the same compliance issues differently prospectively or retrospectively.

The alleged health hazard from EMF emission has been taken cognizance by some of the premier institutes of India. In a submission to the DoT, 25 leading academicians from the prestigious IITs and IISc in India have urged the Government to exercise caution to avoid ad-hoc decisions regarding restrictions of mobile tower locations and avoid unnecessary panic and fear among citizens. The academicians have laid emphasis on the fact that the World Health Organization (WHO) itself has stated that considering the very low exposure levels and research results collected; there is no convincing scientific evidence which shows weak EMF emissions from mobile phone towers cause any health effect.

The legal fraternity is also now recognizing that there are no health hazards from mobile towers. This is visible from the Kerala High Court bench, which has observed on July 11 that there was no proof whether the telecommunication towers affect the health of the people or not. The Hon'ble High Court, Allahabad, Lucknow Bench constituted a Committee to evaluate the issue and provide a Report. The Committee stated that the present prescribed precautionary (1/10th of ICNIRP) EMF safe exposure limits are adequate and need no further change at this stage and DoT is taking adequate steps to ensure safety of the citizens of the country.

The EMF matter is now before the Hon'ble Supreme Court and the matter is expected to be adjudicated shortly.

3. **Unified License:** Guidelines for grant of Unified License and License Agreement for Unified Licensing was issued by the DoT on August 19, 2013. The initial Unified license (new regime) mandated operators to migrate all their telecom licenses to the new regime on expiry of even one licence in any of the circles. COAI, vide its submissions to the Government, stated that migration should be optional at the choice of the licensee and not coercive based on extraneous events. Consequently, the DoT amended its guidelines to include that operators will not be mandated to migrate their entire license in case of expiry of one of their licenses in a particular circle. Various other submissions have also been made to the Government on other clauses of the UL. We are still coordinating with DoT to get more clarity on these issues.
4. **Preferential Market Access for Domestic Manufacturing:** In July 2013, the Prime Minister's Office stated that the PMA policy covering private sector needs to be reviewed and presented to the Cabinet. Since the time the initial Gazette Notification was issued in February 2012 on PMA, the COAI has been on record that we support the encouragement of Domestic manufacturing as a National priority in the country, however, not in the manner proposed by the Government. COAI also wrote to the PMO stating that it was heartening to see that the

PMO noticed and raised appropriate concerns in the draft PMA policy. COAI had been raising these concerns with various Ministries and also strongly believed that there is no co-relation between mandating Preferential Market Access (PMA) and security of telecom networks and services. COAI believed that the attempt to link the local manufacturing to security consideration is inappropriate as security cannot be guaranteed simply by requiring equipment to be manufactured in India through a mandate of PMA. Indeed, it is not where but how a product is manufactured that matters. COAI has encouraged the Government to adopt an incentivized and non-discriminatory approach to PMA instead of the mandatory quota oriented approach with its stipulated penalty provisions.

5. **Telecom Commercial Communications Customer Preference (TCCCPR)**: As per the TCCCPR thirteenth amendment, the financial disincentives on each complaint against a service provider was very high. COAI requested TRAI to relax the financial disincentive provision and proposed the adoption of a common Standard Operating Procedure (SOP) for the SMS signature verification solution across all the operators and stated that the SOP when adopted by the industry will improve the efficacy of the signature verification solution. As a result of the adoption of the above, the number of complaints on a weekly basis was significantly reduced from 12,848 for the week ending – August 22, 2013, to only 4,046 for the week ending 17<sup>th</sup> November 2013. In light of the same, the Authority decided to reduce the level of penalties to implement a graded financial disincentive framework with effect from September 16, 2013.
6. **Telecom Consumers Protection**: TRAI vide its letter dated September 9, 2013, asked all the operators not to auto renew the STV's (Special Tariff Vouchers) after expiry of their validity. COAI submitted that there is a substantial advantage under the STVs and therefore, the non-renewal of the STV on an automatic basis would lead to customers being deprived of tariff benefits. This, in turn, would lead to a large number of complaints. COAI requested TRAI to allow auto renewal for all SMS and Data packs having validity of more than 5 days. In light of the same, TRAI accepted COAI submissions to allow renewal of STV's for the SMS and Data packs (having validity more than 7 days) through Opt-in facility (by taking one time explicit consent of the consumer for such renewals through a prescribed procedure).
7. **USSD Based Mobile Banking Services**: COAI submitted its response to the TRAI Consultation Paper on 'USSD-based Mobile Banking Services for Financial Inclusion'. On November 26, 2013, TRAI released the Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013 prescribing a ceiling tariff for the use of USSD for USSD-based mobile banking services and the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013. Operators and NPCI started working towards drafting a common agreement. Meetings are being held between member operators, COAI, AUSPI, NPCI, IBA, TRAI and Department of financial Services (DoFS) to arrive at a common agreement. Most of our member operators have signed agreement with NPCI.
8. **Full Mobile Number Portability**: TRAI issued its recommendations on the Full Mobile Number Portability, i.e. PAN India Number Portability. It was heartening to see that TRAI

agreed to all the suggestions provided by COAI and its members. The TRAI has stated that the TSPs will be given 6 months' time for implementation of Full MNP. After the Full MNP (inter service area portability) is implemented, the Recipient operator will forward the porting request to the MNPSP of the zone to which the original number range holder (the TSP to which the number originally belonged before its porting) belongs. Some modifications have been suggested in the MNP service license to facilitate inter-service area porting (Full MNP). The testing fee for testing the various scenarios in Full MNP was recommended to be reduced to 25% of the current prescribed Fee for TSPs and MNPSPs. This matter is presently under review by DoT.

- 9. Telecom Consumers Complaint Redressal:** TRAI is in the process of introducing a Regulation to address the issue of consumer complaint redressal. COAI made the submissions to TRAI to make the process more accessible for the consumers. We requested for making available multiple channels for subscribers to express his/her grievance such as Call Centre number, Walk in complaint centres, Walk in to any Store, Letter (through post/courier/personal visit), E-mail as opposed to only SMS. TRAI was also requested to allow ONLY the written communication (email, letter, fax) to be accepted as a model for making an appeal to the Appellate Authority.
  
- 10. Regional Workshops:** COAI along with AUSPI had been organizing regional level workshops with DoT on security related issues as well as EMF and tower issues. In the chain of Regional workshops, the ACT/EMF workshop for the Northern Region was held at Jaipur on July 4-5, 2013 and for the Western Region was held on February 6-7, 2014 at Goa. There was good representation from DoT/TERM/LEAs/State Government officials and the industry. Many operational issues were discussed, which were sought by DoT as written representation, enabling them to take necessary action in the matters highlighted. The two favorable outcomes of these workshops were the new EMF penalty regime and resolution of the issue of Greyscale photographs.
  
- 11. Legal Issues:** On one side, the industry got a landmark judgment from the Hon'ble TDSAT allowing the 3G ICR arrangements. The TDSAT has recognized the stand of the telecom operators on the basis of which they made aggressive bids for 3G spectrum stating that such arrangements are governed by the license conditions of the service providers and not the band of spectrum that they possess. The judgment is in favour of the customers as it will benefit them in terms of having more choices. Besides this, the operators can also now freely invest in network coverage.

In a setback for the industry, the Hon'ble Supreme Court ruled that the Comptroller and Auditor General (CAG) of India has the right to audit the receipts of telecom operators that share revenue with the government for use of spectrum. This ruling has the potential to significantly impact the telecom sector in India. Though the SC has also upheld the limitation on the audit imposed by the Delhi HC order, i.e., CAG has limited scope to audit only that revenue on which government fees is computed, however, we believe that the order is far-reaching and will slow down the working of the sector. The concern is regarding the multiple audits by

multiple agencies (DoT, TRAI, SEBI and now CAG), increasing the costs and time to operators and also increasing the scope of CAG to private entities. By the logic of the court, every tax payer should also be subject to audit by the CAG, in addition to the IT Dept. This ruling will become a larger issue for Corporate India and not just for mobile operators. We hope that the CAG will undertake its audits in the light of these concerns.

**12. Finance Issues:** COAI has made detailed representation to the Finance Ministry vide its Pre Budget recommendations on both direct and indirect taxes. Recommendations on direct taxes included issues like, amendment in the definition of 'Royalty' in Income Tax Act, 1961 as introduced in Finance Bill 2012, applicability of TDS on margins of market intermediaries in the telecom sector and tax treatment of Periodic Revenue Share License Fee paid to Govt. of India by Telecom Companies. Recommendations on indirect taxes included issues like, Cenvat Credit on business related expenses and CSR related spends, refund of unutilized Cenvat credit Services, etc. COAI is also engaging with the Government on the matter of Goods & Service Tax. Various representations have been made to facilitate the Government to come with the GST model which will be industry friendly and will benefit all the stakeholders. COAI has also been representing the issue of high levies and duties on the sector with the DoT, Ministry of Finance and various trade associations and chambers.

**13. Telecommunications Standards Development Society, India (TSDSI) initiative:** In order to ensure that India developed and registered IPR are properly monetized and included in global standards, COAI spearheaded an industry initiative to set up an Indian Standards body to represent India interests in various international standards bodies such as ITU, 3GPP, IEEE, ETSI, etc. COAI led the Standards Initiatives along with TCOEs, 23 Indian Industries, 20 MNCs, 3 Industry Associations, 10 premier Academic Institutes and R&D organizations that are actively working towards the telecom standardization activities. A total of 8 Working Groups have been formed to cover Radio Access, Backhaul, Core Network, Machine To Machine (M2M) communication, Devices, Green Telecom, Services, Applications, Systems and Architectures (SASA) and Special Interest Group (SIG). Approximately 15 work items are being addressed by these WGs.

**Telecom Sector Skills Council of India (TSSCI):** In order to meet the increasing need of well qualified and trained candidates for the industry, COAI, as the lead promoter along with TCOEs and ICA set up the TSSCI under the aegis of National Skills Development Council (NSDC). In the last one year since its inception, TSSC has developed 26 Qualification Packs with maximum coverage in Telecom Sector and has started training youths in India through its 83 Affiliated Training Partners. 17<sup>th</sup> Aug 2013 marked the inauguration of the first batch of candidates to start training on standards prepared by TSSC. As on 31<sup>st</sup> Mar 2014, TSSC had enrolled 29,470 candidates in 9 job roles covering 22 states/UTs. In addition, TSSC also signed MoUs with 120 industry partners which included all major telecom companies, thus ensuring their participation in skill building activities and acceptance of TSSC certified manpower for employment.