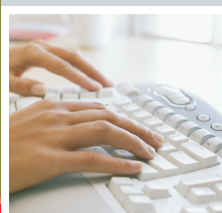




सत्यमेव जयते

Telecom Regulatory Authority of India

(ISO 9001 : 2000 Certified Organisation)



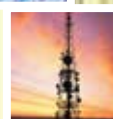
Annual Report

2008-2009

Telecom Regulatory Authority of India

(ISO 9001:2000 Certified Organisation)

Annual Report 2008-09



Telecom Regulatory Authority of India

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Letter of Transmittal

To the Central Government through Hon'ble Minister of Communications and Information Technology

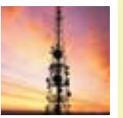
It is my privilege to forward the 12th Annual Report of the Telecom Regulatory Authority of India to be laid before each House of Parliament. The report is for the year 2008-09. Included in this report is the information required to be forwarded to the Central Government under the provisions of the Telecom Regulatory Authority of India Act, 1997, as amended by TRAI (Amendment) Act, 2000.

The report contains an overview of the Telecom Sector and a summary of the key initiatives of TRAI on the regulatory issues with specific reference to the functions mandated to it under the Act. The Audited Annual Statement of Accounts of TRAI has also been included in the report.



(Dr. J.S. Sarma)
Chairperson

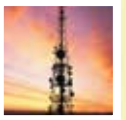
Dated : 4th November 2009





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A.

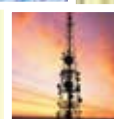
MISSION, AIMS AND OBJECTIVES

A.1 Preamble

1. The Telecom Regulatory Authority of India (TRAI) has always endeavoured to encourage greater competition in the telecom sector together with better quality and affordable prices in order to meet the objectives of New Telecom Policy, 1999. Vide a Notification dated 9th January, 2004 of the Government; Broadcasting and Cable Services also have been brought within the definition of 'telecommunication service' in terms of section 2(k) of the Telecom Regulatory Authority of India Act, 1997 as amended by the TRAI (Amendment) Act, 2000. A number of policy initiatives were taken to transform the telecom sector including the broadcasting and cable services to extend the scope, availability and reach of these services in India.
2. The Telecom Sector in India has shown remarkable growth during the last decade propelled largely by unprecedented demand of mobile telephony. India has become second largest telecom network in the world after China. Current growth of around 15 million connections per month, puts us on the strong footing to achieve the target of 500 million lines by the time of printing of this report,

much ahead of the targeted date in the year 2010. The total number of broadband subscribers as on 31st March 2009 was 6.22 million and in addition there were 11.09 million Internet subscribers. In Broadcasting and Cable Sector there are more than 82 million Cable TV subscribers with more than 60,000 Cable TV Operators across the country.

3. Significant policy and regulatory initiatives have led to the Indian Telecommunications Sector undergo a major process of transformation. TRAI through its growth oriented and consumer driven regimes has helped Indian Telecommunications to become the show piece of economic reforms. Commendably maintaining the fine balance that the regulatory activity calls for, TRAI has focused on optimized network build-up and efficiency of operations. With the help of well-timed interventions and forbearances, TRAI has led the telecom sector from a monopolistic to an open mature market. This is driven by growth and competitive forces, to the admiration and benefit of the Indian Consumers who are consequently enjoying a wide choice of services with the lowest tariffs in the world. Thus, with calculated steps in the right directions, India has become not only



the second largest but also the fastest growing telecommunications market globally.

A.2 Mission of TRAI

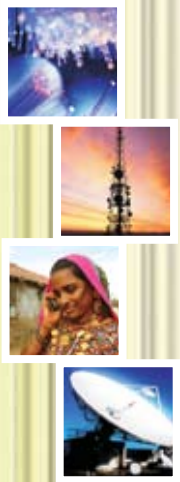
4. TRAI's mission is to create and nurture conditions for the growth of telecommunications including broadcasting and cable services in the country in a manner and at a pace which will enable India to play a leading role in the emerging global information society.

A.3 Aims and Objectives of TRAI

5. The goals and objectives of TRAI are focused towards providing a regulatory regime that facilitates achievement of the objectives of the New Telecom Policy (NTP) 1999. As shown by the various initiatives mentioned later in this Report, the goals and objectives of TRAI are as follows:

- ❖ Increasing tele-density and access to telecommunications in the country at affordable prices,
- ❖ Making available telecommunication services which in terms of range, price and quality are comparable to the best in the world,
- ❖ Providing a fair and transparent policy environment which promotes a level playing field and facilitates fair competition,

- ❖ Establishing an interconnection regime that allows fair, transparent, prompt and equitable interconnection,
- ❖ Re-balancing tariffs so that the objectives of affordability and operator viability are met in a consistent manner,
- ❖ Protecting the interest of consumers and addressing general consumer concerns relating to availability, pricing and quality of service and other matters,
- ❖ Monitoring the quality of service provided by the various operators,
- ❖ Providing a mechanism for funding of net cost areas/ public telephones so that Universal Service Obligations are discharged by telecom operators for spread of telecom facilities in remote and rural areas,
- ❖ Preparing the grounds for smooth transition to an era of convergence of services and technologies,
- ❖ Promoting the growth of coverage of radio in India through commercial and non-commercial channels,
- ❖ Increasing consumer choice in reception of TV channels and choosing the operator who would provide television and other related services.



B. COMPOSITION OF AUTHORITY

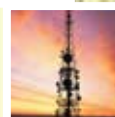
The Telecom Regulatory Authority of India Act, 1997, as amended vide the Telecom Regulatory Authority of India (Amendment) Act, 2000, specifies that the Authority shall consist of a Chairperson and not more than two whole-time Members and not more than two part-time Members.

During the Financial Year 2008-09, the constitution of the Authority was as below:

Name	Designation	Date since holding the post
Shri Nripendra Misra	Chairperson	22.03.2006
Shri A.K. Sawhney	Member	29.06.2006
Shri R.N. Prabhakar	Member	27.02.2007
Prof. N. Balakrishnan	Part-Time Member	26.09.2006
Dr. Rajiv Kumar	Part-Time Member	23.01.2007

The Chairperson and other members shall hold office for a term not exceeding three years, as the Central Government may notify in this behalf, from the date on which they enter upon their offices or until they attain the age of sixty five years, whichever is earlier.

Shri Nripendra Misra, on completion of the three years tenure, demitted his office on 21st March 2009.



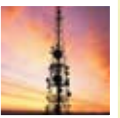
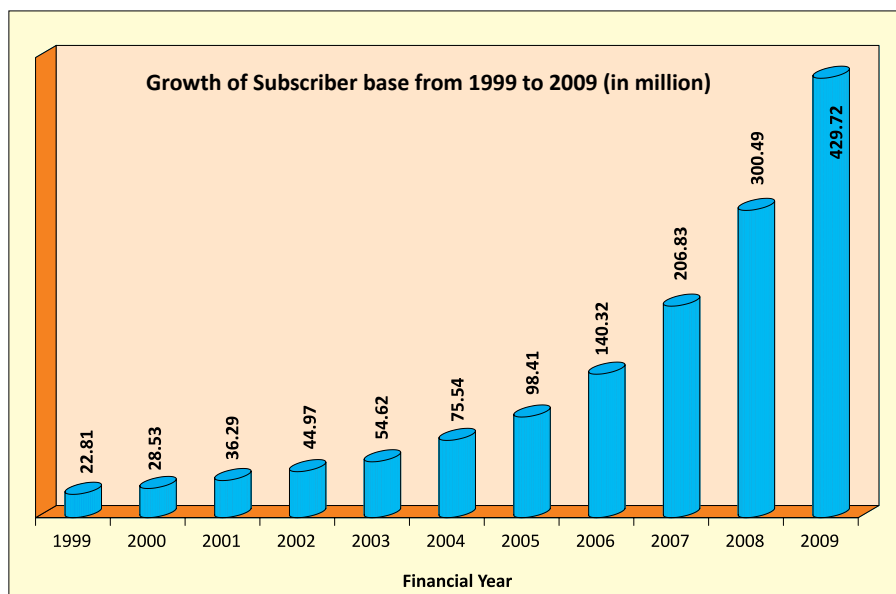


C. OVERVIEW

TRAI during the financial year 2008-09, continued its work of regulating the telecom sector, as a forward looking regulator, and took number of initiatives which facilitated development of telecom sector including broadcasting and cable services in terms of growth of subscriber base, growth of telecom network and greater emphasis on protecting the interest of consumers. In this part of the report, an overview of the initiatives taken by TRAI in Telecom and Broadcasting Sectors; Developments in Tariff Regulation; Measures to protect the interests of Consumers; and Monitoring of Quality of Service have been discussed briefly. The details on these aspects have been enumerated in Part I, Part II and Part III of this report.

TELECOM SECTOR

2. An overview of the important activities in the telecom sector undertaken by TRAI during the year are enumerated in the following paragraphs.
3. The total subscriber base (both wireless and wireline) of telecom sector in India during the financial year 2008-09 crossed 400 million mark with 429.72 million subscriber as on 31st March 2009. The growth of subscriber base during 1999-2009 is indicated below:



Box 1: Major achievements during the Financial Year 2008-09 in Telecom sector

- ❖ The total wireless subscriber base {GSM, CDMA and WLL (F)} stood at 391.76 million at the end of financial year.
- ❖ The number of wireline subscribers on 31st March 2009 was 37.96 million.
- ❖ On an average, more than 10 million subscribers were added every month during the financial year.
- ❖ The total number of PCOs in the country as on 31st March 2009 was 6.20 million and the number of VPTs was 5.61 million.
- ❖ The overall teledensity at the end of March 2009 was 36.98% as compared to 26.22% ending March 2008.
- ❖ The rural teledensity at the end of March 2009 was 15.20% as compared to 9.20% ending March 2008
- ❖ There were 13.54 million internet subscribers on 31st March 2009 as compared to 11.09 million on 31st March 2008.
- ❖ Besides the internet subscribers mentioned above, there are 117.82 million wireless data subscribers who are accessing internet through wireless (GSM and CDMA) networks.
- ❖ The number of broad-band connections on 31st March 2009 was 6.22 million compared to 3.87 million for the same period during previous year.



(a) Recommendations on “Terms and Conditions for Publication of Integrated Telephone Directory for Fixed Line Telephones”

4. TRAI on 24th April 2008 sent its recommendations on terms and conditions for publication of integrated telephone directory for fixed line telephones to DoT. The salient features of the recommendations are as under:

- ❖ Printing through authorization of selected agency on license service area basis.
- ❖ Directory of fixed line telephone to be printed on a triennial basis. Main Directory in the first year

and Supplementaries at one year interval.

- ❖ Only one authorized agency for the first six years.
- ❖ Selection through an open bid from amongst the experienced printers of telephone directories.
- ❖ ‘Opt-out’ approach to be followed by telephone subscribers. For new customers provision for option in the enrolment form to be made by operators.
- ❖ Telephone Directory to be priced in accordance with selection criteria.
- ❖ TRAI to issue determination/ guidelines for publishing the

Telephone Directory on website by service providers.

5. TRAI has accordingly, formulated guidelines for printing of integrated telephone directory SSA-wise for fixed line telephones. The details of these guidelines and other related issues of this recommendation have been discussed in Part-III of this report.

(b) Recommendations on Permitting New Entity for allocation of 3G Spectrum.

6. In response to the Recommendations of TRAI on "Allocation & Pricing of Spectrum for 3G and BWA Service" dated 27th September 2006, the DoT had sought Authority's view on the participation of other Indian / foreign prospective operators for the 3G spectrum. The Authority revisited its earlier recommendations on the DoT reference and after due deliberations the Authority gave its recommendations as below:

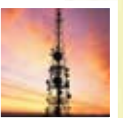
- ❖ The auction for 3G licensees should be restricted to existing UAS / CMTS licensees.
- ❖ The spectrum module for auction should be 2 X 5 MHz.
- ❖ The auction mode as recommended earlier may be accepted.
- ❖ The total availability of spectrum should be made public at the stage of the auction so that the bidders are fully aware regarding the first and subsequent phase of allocation on the price determined by the auction.
- ❖ It is conceivable that the total quantum of spectrum required

for the existing licensees may not be available in one lot. It was in this context that the Authority had recommended that those who do not get accommodated in the first phase will be placed in the queue and will be allotted spectrum as and when available on the same terms and conditions as granted to the licensees in the first phase.

- ❖ In view of the future expected technological advancements, the Authority recommended a review after three years.

(c) Recommendations on "Terms and Conditions of Licence for the National Integrated Directory Enquiry Service (NIDQS)

7. TRAI sent its recommendations on the terms and conditions of licence for the National Integrated Directory Enquiry Service (NIDQS) for fixed and mobile telephones to DoT on 19th June 2008. Following the earlier recommendations of TRAI dated 5th May, 2005, the Department of Telecommunications (DOT) had sought the terms and conditions of licence for the National Integrated Directory Enquiry Service (NIDQS). TRAI had followed consultation process on various issues involved in the provision of National Integrated Directory Enquiry Service (NIDQS) by issuing a consultation paper. Taking into account the comments received from stakeholders during public consultations, TRAI formulated its recommendations on the terms and conditions for the proposed new licence for the National Integrated Directory Enquiry Service (NIDQS)



Box 2: Major Recommendations made during the year 2008-09:

- ❖ Recommendations on Terms and Conditions for Publication of an Integrated Telephone Directory for Fixed Line Telephones
- ❖ Recommendations on permitting New Entity for Allocation of 3G Spectrum
- ❖ Recommendation on Foreign Investment Limits for Broadcasting Sector
- ❖ Recommendations on Terms and Conditions for National Integrated Directory Enquiry Service (NIDQS) for Fixed and Mobile Telephones
- ❖ Recommendations on Allocation and Pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands
- ❖ Recommendations on the modifications proposed by DoT on Reserve Price and Auction process for 3G services
- ❖ Recommendations on the modifications proposed by DoT on spectrum Usage Charges and One Time Spectrum Enhancement Charges
- ❖ Recommendations on Restructuring of Cable TV Services
- ❖ Recommendations on Mobile Virtual Network Operator (MVNO)
- ❖ Recommendations on Issues related to Internet Telephony
- ❖ Recommendations on the Policy Guidelines and operational Issues for Television Audience Measurement / Television Rating Points (TRPs)
- ❖ Recommendations on Provision of Calling Cards by Long Distance Operators
- ❖ Recommendations on issues related to entry of certain entities into Broadcasting and Distribution activities
- ❖ Recommendations on Modifications proposed by DoT on the spectrum usage charges for 3 G Services.
- ❖ Recommendations on Growth of Value Added Services and Regulatory Issues
- ❖ Recommendations on Media Ownership
- ❖ Recommendations on Lock-in period for Promoter's Equity and other related issues for Unified Access Service Licensees (UASL)
- ❖ Recommendations on An Approach to Rural Telephony – Suggested Measures for an Accelerated Growth

for fixed line and cellular mobile telephones. The recommendations deliberated on issues like scope of licence; market structure; eligibility criteria; entry fee; licence fee; performance obligations; bank guarantee; duration of licence; data sharing and data security; listing in NIDQS for directory enquiry service; interconnection; revenue

share; tariff etc. The details of the recommendations have been discussed in Part-III of this report.

(d) Recommendations on 'Allocation and Pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands'

8. TRAI on 11th July 2008 made its recommendations on 'Allocation



and Pricing for 2.3–2.4 GHz, 2.5–2.69 GHz bands, & 3.3–3.6 GHz bands.’ The Authority had sent its recommendations to the Government on “Allocation and pricing of spectrum for 3G and broadband wireless access (BWA) services” on 27th September, 2006. When the Authority had given its recommendations, the spectrum in the 2.3–2.4 GHz and 2.5–2.69 GHz bands were not available for allocation and therefore, the Authority had then recommended that allocation and pricing methodology of spectrum in these bands would be decided as and when these are made available. After World Radio Congress-07 (WRC-07), these bands have been identified as International Mobile Telecommunications (IMT) bands and that spectrum in these bands is now available for allocation for the BWA services. Accordingly, the Authority has given these recommendations. Based on technological advancement; availability of spectrum for allocation; and after analysis of comments received from the stakeholders through the consultation process the Authority formulated its recommendations on this subject. The details of the recommendations have been discussed in Part-III of this report.

(e) Recommendation on Mobile Virtual Network Operator (MVNO)

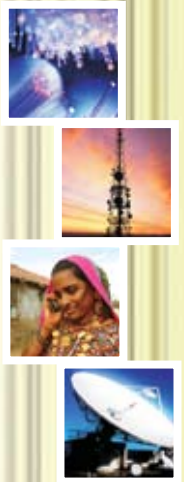
9. TRAI released its recommendations on ‘Mobile Virtual Network Operator (MVNO)’ on 6th August 2008 enabling the introduction of MVNOs in the Indian Telecom network. Department of Telecommunications

(DoT) had sought TRAI’s recommendations on the need and timing for introduction of MVNO as well as terms and conditions of the license to be granted to such operators. After going through the consultation process on the various issues involved in introduction of MVNO in India, TRAI formulated its recommendations on the need and timing for introduction of MVNO as well as terms and conditions of the license to be granted to such operators.

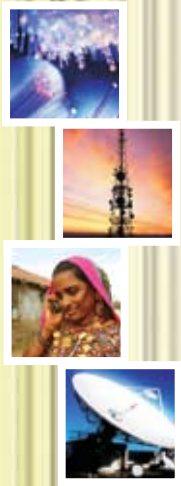
10. The Authority recommended definition of a MVNO as “MVNO is a licensee in any service area that does not have spectrum of its own for access service, but can provide wireless (mobile) access services to its own customers through an agreement with the licensed access provider, UAS/CMTS Licensee”. MVNO cannot participate in spectrum auction for Access Services in their service area, as they cannot have their own spectrum. Similarly, ISPs can become MVNOs if it does not have BWA spectrum. The details of recommendations have been discussed in Part-III of this report.

(f) Recommendation on Issues Related to Internet Telephony

11. Telecom Regulatory Authority of India (TRAI) issued recommendations on “Issues Related to Internet Telephony” on 18th August 2008. The Authority suo-motu initiated a consultation process on “Issues Related to Internet Telephony”. The Authority considered regulatory framework which is technologically neutral, enables developments,



innovations and growth of the telecom sector for benefit of common masses while ensuring that business models of access telecom service providers are not adversely impacted. Due importance was given to level playing field among various service providers, Interconnection mechanism, Inter-connect usage charges (IUC), Numbering, Lawful interception, Emergency number dialing, Interoperability, Quality of Service etc. Overall licensing framework has been protected while permitting unrestricted Internet telephony to ISPs. After following the consultation process, the Authority made recommendations to the Government.



12. These recommendations are a step forward towards developing supportive regulatory environment, encouraging technological advancements, enabling convergence, making unrestricted Internet telephony available and boosting of broadband penetration. These enabling recommendations will put Indian telecom sector in tune with global trends. The grey market tendencies shall be curtailed. It is envisaged that the customers will ultimately benefit from cost effective and innovative Internet Telephony service. The business model of ISPs will improve without impacting access providers due to increase in the telephony call volumes.

(g) Recommendation on “Provision of Calling Cards by National and International Long Distance Operators.”

13. TRAI sent its recommendations on “Provision of Calling Cards by

National and International Long Distance Operators” on 20th August 2008. These recommendations are a result of extensive review of mechanisms of providing choice of long distance carrier to the Indian consumer. To make it possible for the subscribers with the means of selecting Long Distance Carrier, the Authority has recommended to the Government that National and International Long Distance operators be permitted to offer national and international long distance voice calls, respectively, through calling cards. These recommendations would lead to the following benefits:

- ❖ Consumer would be able to exercise choice of long distance operator for the national and international calls through calling cards.
- ❖ Competition would be encouraged and affordable innovative tariff plans would become available.
- ❖ Consumer can subscribe to any access provider and still not be dependent on the access provider for long distance calls.
- ❖ Through long distance calling cards customer can make long distance calls from telephone of any access provider.

(h) The Telecommunication Tariff (Forty Eighth Amendment) Order 2008

14. TRAI issued The Telecommunication Tariff (Forty Eighth Amendment) Order 2008 on 1st September 2008.

Through this Tariff amendment order and by Direction dated 1st September 2008, the Authority mandated several regulatory measures to improve transparency in tariff offers in access service and other consumer protection measures. The Authority in the past had issued several other regulatory mandates in the interest of consumers. The Authority noted that despite several such measures there is a feeling among consumers that various offers being made by access service providers are not transparent and consumer friendly. The Authority had been receiving complaints from consumers and consumer organizations which, inter-alia, highlighted transparency issues. The Authority, therefore, decided to have a re-look at the regulatory framework relating to transparency in the matter of tariff offers through the well established process of public consultation. The highlights of the Tariff Order are as under:

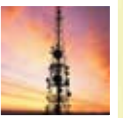
- ❖ Subscribers to get full talk time on talk time recharges, barring an administrative fee not exceeding Rs.2 per recharge and applicable taxes.
- ❖ Subscribers to automatically get the benefit of straight tariff reductions without any preconditions of any explicit action by the subscriber, for example, sending SMS etc.
- ❖ Customers in existing lifetime plans can migrate to new lifetime plans with lower entry fee without having to make additional payment or recharges.

- ❖ Lifetime customers need not recharge more than once in 6 months for remaining connected
- ❖ Customers to get key tariff information in vernacular language also at all the retail outlets of the service providers and their franchisees
- ❖ No change in mobile number when subscriber change tariff plans or move from prepaid to postpaid or vice versa.
- ❖ Blackout days (customary/festival days on which free/concessional calls/SMS are not available) limited to a maximum of 5 days in a calendar year. Such days to be pre-specified and no subsequent alteration or addition permitted.

15. The Direction issued by the Authority alongwith this tariff order covered various issue like; Disclosure of information, Provisions for smooth migration between plans and billing platforms, Streamlining Promotional offers, Differential Voice/SMS tariffs on festival/customary days etc.

(i) **Telecom Unsolicited Commercial Communications (Second Amendment) Regulations, 2008**

16. Telecom Regulatory Authority of India (TRAI) notified the “Telecom Unsolicited Commercial Communications (UCC) (Second Amendment) Regulations, 2008” on 21st October 2008. This is yet another step of the Authority to strengthen the regulatory framework towards curbing Unsolicited Commercial Communications. In order to curb the Unsolicited Commercial



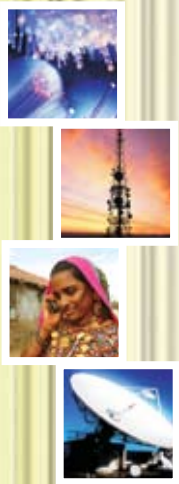
Communication (UCC), TRAI had formulated Telecom Unsolicited Commercial Communications Regulations, 2007 (4 of 2007) dated 5th June 2007. Further, the regulation was amended in March 2008 to improve the effectiveness. The highlights of the Amendment Regulations are:

- ❖ provisions mandating that even in case of complaints forwarded after the expiry of the period of seven days as specified, the Originating Access Provider shall take action in terms of the provisions of sub-regulations (3) and (4) of regulation 16 so as to ensure that no complaint which has been made to a service provider in accordance with sub-regulation (1) goes unredressed.
- ❖ provisions have been incorporated in the second amendment to the principal regulations providing for time limits to be specified by the Authority under a direction under section 13 of the TRAI Act, 1997. The Authority has directed all Access Providers to adhere to the limits of 28 days in case of complaints against their own telemarketers and 35 days in case of complaints against telemarketers belonging to other telecom service providers.
- ❖ Whenever a subscriber makes a complaint of unsolicited commercial communication by SMS with sender identification other than the normal ten digit mobile or fixed number, (Viz., alphanumeric names like SBI life

or HSBC etc., numeric codes like 58888 or 56262 etc.), it becomes very difficult and time consuming for the service providers to identify the service provider from whose network such unsolicited commercial communication originated. Therefore, the Authority directed the service providers that the alpha-numeric identifier of all commercial SMSs which are sent with only sender identification and without the normal ten digit mobile number shall be prefixed by the code of the service provider and the code of the service area as specified by the Authority (for example in form of XY-HSBC, where X stands for the code allotted to the service provider and Y stands for the service area) and this has been implemented from 1st Feb.2009.

(j) Recommendations on Growth of Value Added Services and Regulatory Issues

17. Recommendations on Growth of Value Added Services and Regulatory Issues were issued on 13th February 2009. The value added service (VAS) market in India has a great potential for growth and revenue from this growth potential is expected to reach above INR 250 billion by the year 2009-10 and more than 30% of the revenue of the telecom access service providers in the next 5-7 years. TRAI recognised the need to address the various issues involved in the growth of value added services in a transparent and coordinated manner so that these services achieve the



potential growth. After going through the extensive consultation process and in house analysis on the issues involved, the Authority forwarded its suo moto recommendations to the Government on growth of value added services and regulatory issues. These recommendations will pave the way for orderly growth of value added services and consumers will also be benefited with new and enhanced services/value added services at competitive rates. The details of the recommendations have been discussed in Part III of this report.

(k) Guidelines for better Internet / broadband service

18. The Authority issued guidelines to all service providers (ISPs, UASLs, CMSPs, BSOs) providing Internet/broadband to ensure better services to their subscribers. There have been complaints from the subscribers regarding inadequate broadband speed being provided by the Internet Service Providers. Most of the complaints alleged that the available broadband speed is lower than the subscribed speed. Non-availability of subscribed speed at the Subscriber's end deteriorates the performance of applications run by users and in turn restricts the utility of broadband connection. Authority initiated a Consultation Process on the subject and based on the outcome of the consultation process, TRAI issued guidelines. The salient features of the guidelines are:

- ❖ Provide adequate information to subscribers regarding Internet/

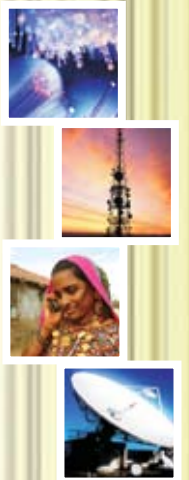
broadband services being offered and marketed as a good business practice.

- ❖ Provide information regarding contention ratios adopted for different services by service providers in their tariff plans submitted to TRAI, manual of practice, call centers and on their websites.
- ❖ Publish contention ratio for different Internet/broadband services on their website quarterly to facilitate subscribers to take informed decision.
- ❖ Ensure availability of minimum required bandwidth in their network according to maximum contention ratio suggested by TRAI for different services based on number of subscribers.

(l) Telecommunications Inter-connection Usage Charges (Tenth Amendment) Regulations

19. The Telecommunications Inter-connection Usage Charges (Tenth Amendment) Regulations 2009 was issued on 9th March 2009. The key features of the Regulations are:

- ❖ Termination charge for all types of domestic calls viz fixed to fixed, fixed to mobile, mobile to fixed and mobile to mobile has been reduced to 20 paise per minute from 30 paise per minute.
- ❖ Termination charge for incoming international calls would be 40 paise per minute against the existing charge of 30 paise per minute.



- ❖ Ceiling on carriage of domestic long distance calls retained at 65 paise per minute. Non-reduction of this ceiling would encourage national long distance operators to expand into rural areas.
- ❖ Origination charge has not been specified as it would be residual from tariff after payment of other charges.
- ❖ Transit/Carriage charge from Level-II Trunk Automatic Exchange to Short Distance Charging Area(SDCA) to be 15 paise per minute as against existing charge of 20 paise per minute
- ❖ Intra SDCA transit charge to be less than 15 paise per minute down from less than 20 paise per minute
- ❖ Termination charge for 3G voice calls shall be same as 2G voice calls
- ❖ The new charges to be effective from 1st April 2009.

20. It is expected that this framework will promote growth of the network.

(m) Recommendation on Lock-in period for Promoter's Equity and other related issues for Unified Access Service Licensees (UASL)

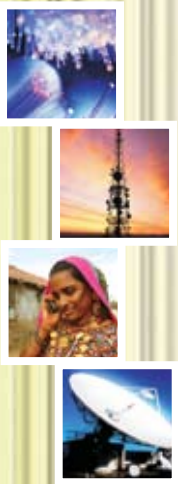
21. Department of Telecommunications sought recommendations of the Authority on the considered views of the Telecom Commission on the restrictions relating to the issue of lock-in period for promoter's equity

for Unified Access Service Licenses (UASL), declaration of special dividend in case of additional equity etc. After following the due consultation process, the Authority made its recommendation to the DoT on 12th March 2009. The recommendations covered issues like Lock-in period for Promoter's Equity; Definition of Promoters; details of equity and networth of licensee company; Reporting & Certificate requirement; Additional Share Capital; Dividend / Special Dividend; Pledging of Shares etc.

(n) Recommendations on "An approach to Rural Telephony – Suggested measures for an accelerated growth."

22. The Authority made its suo motu recommendations on "An approach to Rural Telephony – suggested measures for an accelerated growth" on 19th March 2009. These recommendations include concrete measures to overcome the various constraints coming in the way of increasing rural telecom penetration. The salient points of the recommendations are:

- ❖ Effective empowerment of the USOF Administrator.
- ❖ Separation of USOF from Department of Telecom and establishment of a framework on the lines of National Highway Authority should be considered.
- ❖ USO Fund Act / Rule should be so amended that the funds accruing to USOF through levy is directly managed by the organization and is not routed through the



budgetary process of the Union Government.

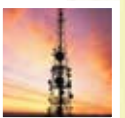
- ❖ The USOF should follow the bidding process only where it is necessary and it should concentrate primarily on planning and monitoring of the implementation of the scheme.
- ❖ The USOF should determine the subsidy support for setting up mobile towers in different regions and any IP-I/CMTS/UASL operator, who sets up the tower in the designated SDCAs and share it, should be paid subsidy depending on the number of operators sharing the tower.
- ❖ The USOF may devise a scheme to call expression of Interest from IP-I/NLD/UAS licensees to provide optical fibre from the USOF subsidized towers to nearest blockheadquarter. USOF shall give subsidy at the rate of maximum one lakh per KM per sharing (to be distributed over a period of three years) provided it shares it with at least one access service provider.
- ❖ USOF may devise a scheme / agreement with state governments in which broadband connection are facilitated by USOF while state Government would assure fixed number of broadband connections for Government offices/ public

places such as hospitals /schools etc.

- ❖ Amendment in section 10 of the Indian Telegraph Act, 1885 to curtail delay in obtaining right of way permission.
- ❖ The USOF should negotiate with the Department of Post so as to facilitate the following activities:
 - ➔ Working as sales outlet of telecom service providers
 - ➔ Bill Collection centers based on mutually agreed commission
 - ➔ subscriber verification
 - ➔ Telecom service providers can offer some commission for bringing in new subscribers
 - ➔ A pilot scheme for a duration of 3-6 months in each state for gaining experience.

(o) **Regulation on the standards of Quality of Service of Basic Telephone Service (wireline) and Cellular Mobile Telephone Service**

23. TRAI released Regulations on the standards of Quality of Service of Basic Telephone Service (wireline) and Cellular Mobile Telephone Service, on 20th March 2009. The detailed background of the Regulations have been discussed in Part III of this report.



BROADCASTING & CABLE SECTOR

24. An overview of the important activities in the broadcasting sector undertaken by TRAI during the year are enumerated in the following paragraphs

(a) Recommendations on Foreign Investment limits for Broadcasting Sector

25. TRAI made its recommendations on Foreign investment limits for broadcasting sector on 26th April 2008. The Ministry of Information and Broadcasting had sought recommendations of the Authority on Foreign Investment limits for various segments of Broadcasting Sector. In line with its consultative approach, the Authority issued a Consultation Paper on the subject for comments from the stakeholders before giving its recommendations to the Government on Foreign Investment limits for various segments of Broadcasting Sector.

26. The present status of foreign investment limits for different segments of Broadcasting sector along with the recommendations of the Authority are tabulated as shown at the bottom of the page.

27. The recommendations also cover the procedure for approval and methodology for calculation of foreign investments in different segments of broadcasting.

(b) Recommendations on Restructuring of Cable TV Services

28. TRAI sent its Recommendations on “Restructuring of Cable TV Services” to Ministry of Information and Broadcasting on 25th July 2008. These recommendations are a step forward to restructure Cable TV Networks to ensure effective licensing compliance, attract investment, facilitate new value added services and encourage digitization. The Recommendations,

S. No.	Segment	Existing Limit	Recommendations
1.	Teleport (Hub)	49% (FDI+FII)	74% (FDI+FII)
2.	DTH	49% (FDI+FII) FDI component not to exceed 20%	74% (FDI+FII)
3.	Satellite Radio	No policy as on date*	Being sent separately
4.	HITS	No policy as on date**	74% (FDI+FII)
5.	Cable Network	49% (FDI+FII)	74% (FDI+FII)
6.	FM Radio	20% (FDI+FII)	49% (FDI+FII)
7.	Downlinking of TV Channels	100%	Status Quo
8.	Uplinking of TV News Channels	26% (FDI+FII)	49% (FDI+FII)
9.	Uplinking of Non News TV Channels	100%	Status Quo
10.	Mobile Television	No policy as on date	74% (FDI+FII)

* Approval to one foreign Satellite Radio operator given through FIPB route.

** Permission for HITS operation given two Teleport licensees (49% foreign investment limit)



Box 3: The major highlights during the Financial Year 2008-09 in Broadcasting & Cable TV Sector

- ❖ As on 31st March 2009, the maximum number of Free-to-Air (FTA) Channels and Pay Channels being carried in the Cable Networks were 168 and 130 respectively.
- ❖ The total number of Set-Top Boxes (STB) installed in CAS notified areas of Delhi, Kolkata, Mumbai and Chennai at the end of March 2009 were 7,70,053.
- ❖ As on 31st March 2009 there were 6 private DTH licensees apart from free-to air DTH service of Doordarshan
- ❖ Subscriber base of DTH Operators as on 31st March 2009 was 13.09 Million
- ❖ Apart from All India Radio, there were 245 FM Radio stations in operation as on 31st March, 2009
- ❖ As on 31st March 2009, there were 67 Licensed Community Radio Station and out of these 41 stations were in operation.

inter-alia, covers issue like licensing framework for LCOs / MSOs; eligibility criteria; entry fee for LCOs / MSOs; well defined structure of licensing and Appellate Authority; well defined complaint redressal mechanism; QoS norms for LCOs / MSOs; penalty provision for non-compliance of license terms & conditions etc.

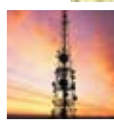
(c) Recommendations on the “Policy Guidelines and Operational issues for Television Audience Measurement/ Television Rating Points (TRPs)”

29. The Ministry of Information & Broadcasting had sought recommendations of TRAI on the system and framework of Television Ratings and the policy guidelines to be adopted for rating agencies. The Authority made its Recommendations on the ‘Policy Guidelines and Operatinal issues for Television Audience Measurement / Television Rating Points (TRP)’ on 19th August 2008.

30. The Authority is of the view that Governmental intervention in the form of an enactment is not desirable at this stage. Therefore, self-regulation through the Industry led, not-for-profit body BARC, has been recommended with Government Guidelines covering, BARC’s Organizational Structure, Functioning and Methodology. The recommended measures covered issues like Framework for the Industry led body; Suggested conditions for Rating agencies; Sample Size; Technology; Cross-holding; Mandatory Audit; Competition in rating services etc.

(d) Recommendations on “Issues relating to entry of certain entities into Broadcasting and Distribution activities”.

31. TRAI made its Recommendations on “Issues relating to entry of certain entities into Broadcasting and Distribution activities” on 12th November 2008. The Ministry of Information & Broadcasting had



requested TRAI, to examine the matter of allowing certain entities including State Governments, urban and local bodies, 3-tier Panchayati Raj bodies, publicly funded bodies, political bodies and religious bodies to enter into Broadcasting activities which may include starting of broadcast channels or entering into distribution platforms such as cable services, DTH etc.

32. After carefully examining several Constitutional and legal issues, relevant Constitutional provisions, the Constituent Assembly debates, the recommendations of the Sarkaria Commission and the judgments of Hon'ble Supreme Court, and also going through the consultation process and its own analysis the Authority has recommended that the present position as regards the entry of these entities may be allowed to continue. TRAI has recommended that the aspirations of the State Governments, as regards broadcasting, should be adequately met by Prasar Bharati and by imposing certain public service broadcasting obligations on private broadcasters as indicated below:

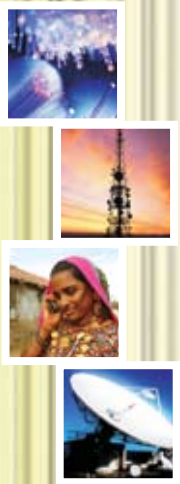
- ❖ The preparation of content for public service broadcasting may be done by individuals including private broadcasters, NGOs, social action groups, etc., in addition to Prasar Bharati, DAVP, State Governments and their organs.
- ❖ The Government of India (Ministry of Information and

Broadcasting) may set up a regular body to approve and certify programmes as being fit for broadcast as part of the public service broadcasting (PSB) obligation.

- ❖ As a beginning in this direction, every private broadcaster may be mandated to carry such approved programmes at least for a total duration of thirty minutes in a week.
33. In order to provide funds for such public service broadcasting programmes, TRAI has further recommended to establish a Fund, to be known as the Public Service Broadcasting Obligation Fund, on lines similar to the Universal Service Obligation (USO) Fund in the telecom sector, and imposing an annual Public Service Broadcasting Obligation levy on the private broadcasters in the country and a predetermined share from the percentage of gross revenue being paid by the identified stakeholders in the broadcasting sector.
34. Other detailed recommendations regarding entry of Political parties, religious bodies, state Govt, into broadcasting activities have been discussed in **Part III** of this report.

(e) Recommendations on 3rd Phase of Private FM Radio Broadcasting – response to observations made by Government

35. TRAI had sent its recommendations on 3rd Phase of Private FM Radio Broadcasting on 22nd February,



2008. Subsequently, the Ministry of Information & Broadcasting had requested for TRAI's response on certain issues relating to TRAI's recommendations in terms of the provisions of Section 11 of TRAI Act. The main issues on which response was sought from TRAI are as follows:

- ❖ Geographical basis for licensing – City vis-à-vis District
- ❖ Restriction on ownership of multiple channels
- ❖ Change in ownership of permission holder company
- ❖ News and Current Affairs
- ❖ Floor price of the bids
- ❖ Automatic renewal of permission

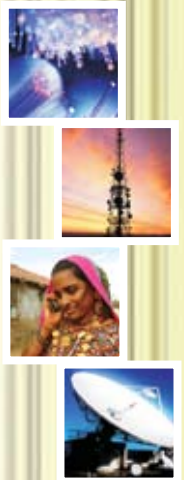
36. These issues were considered by the Authority and a response was sent to the Ministry of Information & Broadcasting on 28th November 2008. The highlights of the response sent by the Authority are:-

- ❖ Continuation of city level licensing in the larger interest of expediting the process.
- ❖ The Authority strongly reiterated its earlier recommendation for removal of ceiling limit of ownership of 15% of total permitted FM radio stations in the country by any permission holder.
- ❖ While accepting the Government's views on allowing restructuring before start of FM radio broadcasting, the Authority reiterated its views on restrictions on change in ownership after start of FM radio broadcasting.

- ❖ The Authority accepted the views of the Government on limiting the sources of News and Current Affairs for FM Radio and has recommended that a review for expansion of sources may be considered after three years
- ❖ The categorization of content to be treated as non-news and current affairs broadcast is acceptable. The scope of such content may be enlarged after a period of three years after reviewing the experience.
- ❖ The Authority has accepted the views of the Government for continuing with the current level of floor price of the bids.
- ❖ Automatic renewal of permission with higher of the "future value" of the One Time Entry Fee paid by a bidder or the latest One Time Entry Fee paid by any bidder for a similar category city in the same state has been recommended with the existing permission holder having the first right of refusal.

(f) **The Telecommunication (Broadcasting and Cable) Services (Third) (CAS Areas) Tariff (Third Amendment) Order, 2008**

37. The Telecommunication (Broadcasting and Cable) Services (Third) (CAS Areas) Tariff (Third Amendment) Order, 2008 was issued on 26th December 2008. These tariff amendment orders reflect the market development in Set top box prices and accordingly provide



reduction in the rentals of standard tariff package for set top boxes for cable TV services in CAS areas.

38. The CAS Tariff Order dated 31st August, 2006 provided ceilings of Rs.5 (excluding taxes) per pay channel per month and Rs.77 (excluding taxes) per month for basic service tier consisting of minimum 30 free to air channels, at subscriber level in CAS notified areas. After permitting 7% increase, the ceiling for pay channel has been increased to Rs. 5.35/- per pay channel per month at subscriber end (excluding taxes), and basic service tier may cost upto Rs. 82/- per month to the consumer (excluding taxes).

39. The tariff amendment order for CAS areas provides for reduction in the security deposit and monthly rental for set top box. This reduction has become necessary with fall in the current prices of the set top boxes. Earlier, the tariff order for cable TV services in CAS areas provided two mandatory schemes to the consumers in which the security deposits and monthly rentals were specified based on the then prevailing prices of the set top boxes. Since prices of set top boxes have come down during last two years of the implementation of CAS tariff order, it was necessary to revisit the same and to reflect it in the tariff order in order to pass on the benefits to the consumers. The security deposit and rentals of set top boxes have accordingly been revised, and now service providers are required to offer two schemes, one with Security deposit of Rs. 200/- instead of Rs. 250/- with a monthly

rental of Rs. 34/- instead of Rs. 45/-, and another with Security deposit of Rs. 750/- instead of Rs. 999/- with a monthly rental of just Rs. 22/- instead of Rs. 30/-.

40. These tariff amendment orders have been made applicable from 1st January, 2009.

(g) The Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Ninth Amendment) Order, 2008

41. TRAI issued the Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Ninth Amendment) Order, 2008, on 26th December 2008. This order is aimed at providing inflation linked adjustments in the tariff ceilings for cable TV services in non-CAS areas. Earlier, the non-CAS Tariff order as amended on 4th October 2007, made the cable charges being paid at different levels of the distribution chain as on 01.12.2007 as a ceiling, while making provisions for increases on account of new pay channels. In addition, the existing tariff order also provides for specific ceilings at the subscriber level based on the number of channels and the city in which a subscriber is getting the cable TV services. Since one year has already passed, it was felt necessary to revisit the ceilings for the optimal growth of the cable TV sector. It was felt necessary to provide for inflation-linked increase in the ceiling for different players of delivery chain of cable TV services, and accordingly 7% increase has been provided based on whole sale price index movement



for cable services in non-CAS areas. Similarly, the ceilings at subscribers end based on the number of pay channels in different parts of the country have also been revised to reflect this permitted increase.

42. These tariff amendment orders have been made applicable from 1st January, 2009.

(h) The Standard of Quality of Service (Broadcasting and Cable Services) (Cable Television – Non-CAS Areas) Regulations 2009

43. The Standards of Quality of Service (Broadcasting and Cable Services) (Cable Television – Non-CAS Areas) Regulations, 2009 was issued on 24th February 2009. These regulations will empower the consumers for receiving quality service from the cable TV service providers in non-CAS areas. These regulations have been made effective from April 1st, 2009. After issuing QoS Regulations for cable TV services in CAS notified areas and for DTH service, the Authority went for the consultation process on issue of Quality of Service in Non-CAS Areas. Based on the inputs of the consultation process and internal analysis the Authority issued QoS regulations for highly fragmented non-CAS cable TV networks across the country. The Authority, while framing these regulations, appreciated the voluntary digitalization and adoption of addressability by some of the service providers in non-CAS areas, and accordingly provisions have been made for seamless

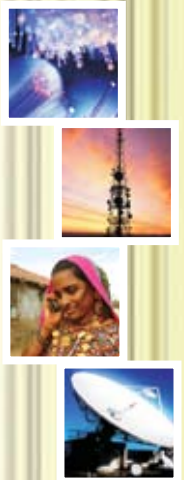
migration on QoS front whenever CAS is extended by the Ministry of Information & Broadcasting in their areas of operation in future. The main features of the Regulations are as follows-

- ❖ Procedure for connection, disconnection and reconnection of cable services within seven days,
- ❖ Making it compulsory for cable operators to issue bills and receipts to cable TV subscribers,
- ❖ Complaint handling and its redressal, including maintaining helpdesk from 8.00 am to 8.00 pm everyday,
- ❖ Standards for provisioning of Digital Decoders and Set Top Boxes for voluntary CAS,
- ❖ Compulsory technical standards to be observed by the cable operators, including a good quality, measurable signal strength at subscriber's end, maintaining six-hour power backup etc.,

44. The Authority believes that these QoS Regulations would go a long way in protecting the interests of the cable TV consumers at large.

(i) Recommendations on Media Ownership

45. TRAI released its Recommendations on Media Ownership on 25th February 2009 to Ministry of Information & Broadcasting. Ministry of Information and Broadcasting had sought TRAI's recommendations



on the need for cross media and ownership restrictions in India for radio, broadcasting and print medias. After going through the consultation process on the various issues relating to Media Ownership in India, the international practice and on the basis of its own analysis, the Authority formulated its recommendation on the issue. The Recommendations covers issue like cross media control/ ownership (Horizontal Integration); vertical Integration; limits on number of licensor by single entity; concentration of Control / Ownership across media; cross Control / Ownership across telecom and media companies etc. The details of the recommendations have been discussed in Part III of this report.

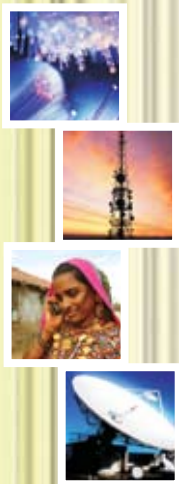
(j) **The Direct to Home Broadcasting Services (Standard of Quality of Service and Redressal of Grievances) (Amendment) Regulations, 2009**

46. The amended Regulation was issued on 12th March 2009. The main amendments made in the Quality of Service and Redressal of Grievances regulations for DTH Services are as under :

- ❖ The DTH operators have been prohibited from charging any fee towards visiting charges or repair and maintenance charges of DTH Consumer Premises Equipment during the period of warranty for such DTH Consumer Premises Equipment acquired on outright purchase basis.
- ❖ The DTH operators have been prohibited from changing

the composition of their subscription packages during first six months of enrolment to the subscription package or during the period of validity of a prepaid subscription package, whichever is longer.

- ❖ The DTH operators have been mandated to proportionately reduce the subscription charges for a package from which any channel is removed for first six months of enrolment or during the period of validity of a prepaid subscription package, whichever is longer or to replace the channel with a channel of same genre and language.
- ❖ Option to select the channel of the same genre and language in a subscription package to replace a channel which has become unavailable on the DTH platform, has been given to the DTH operator.
- ❖ The option of choosing the package with reduced charges or the package with replaced channel has been given to the subscriber.
- ❖ Prior notice of fifteen days to be given by the DTH operator before changing the composition of any subscription package.
- ❖ DTH operators have been mandated to entertain requests of DTH subscribers for suspension of services if requested period of suspension does not exceed three calendar months and does not comprise part of a calendar month



(k) Telecommunication (Broadcasting and Cable Services) Interconnection (Fifth Amendment) Regulations, 2009

47. The Authority issued the Telecommunication (Broadcasting and Cable Services) Interconnection (Fifth Amendment) Regulations, 2009, on 17th March 2009. This amendment essentially covers regulatory provisions on non-discriminatory access to content, issues relating to interconnection for addressable platforms and issues relating to registration of interconnection agreements. The main amendments made in the Interconnection Regulations are as under:

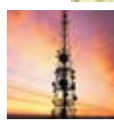
- ❖ The distributor of TV channels is barred from seeking signals in terms of “must provide” clause of the Interconnect Regulation from a broadcaster for those channels in respect of which carriage fee is being demanded by the distributor of TV channels.
- ❖ The distributor of TV channels may however charge a fee for placement of the channel of a broadcaster vis-à-vis channels of other broadcasters on its distribution platform.
- ❖ Introduction and roll out of voluntary CAS has been facilitated by making it mandatory for all Broadcasters to have Reference Interconnect Offers for all addressable systems. Further, minimum technical specifications for addressable systems have been specified.

- ❖ Terms and conditions which should compulsorily form part of a Reference Interconnect Offer for DTH or any other addressable system, such as Voluntary CAS, IPTV, HITS etc., have been prescribed.
- ❖ The distributors of TV channels employing addressable systems have been enabled to provide their services to commercial subscribers.
- ❖ It has been made mandatory for all interconnect agreements to be reduced to writing.

48. It is expected that these amendments to the existing Interconnection Regulations will go a long way in facilitating access to content on non-discriminatory terms for distributors of TV channels deploying addressable platforms, which will in turn lead to greater competition between various pay TV delivery platforms, bringing considerable benefit to the consumers.

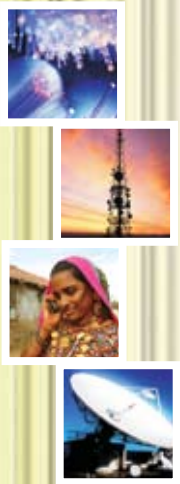
(l) The Register of Interconnect Agreement (Broadcasting and Cable Services) (Fourth Amendment) Regulation, 2009

49. The Authority issued the Register of Interconnect Agreement (Broadcasting and Cable Services) (Fourth Amendment) Regulation, 2009 on 18th March 2009. TRAI had issued regulations on 31st December, 2004 for filing and registration of interconnect agreements entered into by broadcasters with service



providers of different platforms. The details of interconnect agreements prior to amendment were being filed quarterly with TRAI by the broadcasters and DTH operators. However, the Authority noted that the industry practice is largely to sign Interconnection Agreements on annual basis, mainly for a calendar year or for the financial year. To harmonize the regulation with the industry practice the Authority has amended the regulation with provisions for annual filing of interconnection agreements instead of quarterly filing with the Authority by these service providers.

50. For better monitoring, newly emerging service providers such as HITS operators and IPTV service providers are also required to file interconnect agreements entered into by them with the Broadcasters annually with the Authority. The Authority has also decided that all the interconnection agreements should be in written form by the broadcasters and MSOs. It is the responsibility of the broadcasters and MSOs to hand over such written agreements after execution to the distributor of TV channels. A provision for submitting a certificate in this regard has also been incorporated in the present regulation. The Authority has decided that the interconnection filings may be kept by the Authority for a period of three years from the date of their filing or till the expiry of the validity period of the agreement, whichever is later and accordingly the regulations have been suitably amended for this purpose.



DEVELOPMENTS IN TARIFF REGULATION

51. TRAI has been given the mandate to regulate tariffs for telecommunication services in the country. Availability of affordable and effective communications is at the core of the vision and goal of the New Telecom Policy (NTP, 1999). This function is discharged through Telecommunication Tariff Orders issued by TRAI from time to time. In the recent past, the Telecommunication Sector in India has witnessed the highest growth rates in the world, propelled largely by the unprecedented growth in mobile telephone and expects achieving more in the coming years. Telecommunications is amongst the sectors in India that are doing comparatively well amidst the economic downturn. A lot of hope is pinned on the sector creating new opportunities that will drive future growth. India's telecom journey has seen the sector leapfrog from a monopoly to a highly competitive market with one of the lowest tariffs in the World. Reforms in the sector brought in private players, leading to greater competition, lower tariffs, and a significant increase in subscriber numbers.

52. In the Broadcasting Sector two tariff orders namely; The Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Ninth Amendment) Order, 2008, and the Telecommunication (Broadcasting and Cable) Services (Third) (CAS Areas) Tariff (Third Amendment) Order, 2008 were issued during the

financial year. These tariff orders are aimed at providing inflation linked adjustments in the tariff ceilings for cable TV services in CAS and non-CAS areas. These tariff amendment orders also reflect the market development in Set top box prices and accordingly provide reduction in the rentals of standard tariff package for set top boxes for cable TV services in CAS areas. Also the Telecommunication Tariff (Forty Eight Amendment) Order, 2008 was issued during the financial year providing measures to improve transparency in tariff offers in access service and other consumer protection measures.

MEASURES TO PROTECT THE INTEREST OF CONSUMERS

53. The Authority had been issuing Orders / directions to the service providers to enhance consumer transparency in the matters of service provision. The following consumer protection measures were taken during the year.

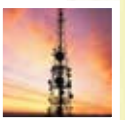
- ❖ The Authority Issued a Direction to the service providers on 1st September, 2008 inter alia mandating provision of tariff information on each tariff plan offered by them to telecom consumers with a view to ensure transparency in the tariff plans.
- ❖ The 48th Amendment to the Telecommunications Tariff Order was issued with a view to enhance consumer transparency and protection.
- ❖ Nine Consumer Education Workshops (5 organized by

TRAI and 4 other organized by the CAGs registered with TRAI on outsourced model) were organized during the year 2008-09

- ❖ Two day orientation program with CAGs and NGOs registered with TRAI was organized on 22nd & 23rd October, 2008 for the benefit of the newly registered CAGs.
- ❖ A meeting with all the CAGs and NGOs registered with TRAI was held on 24th October, 2008 for better understanding of the problems of the Consumers across the Country.
- ❖ Formation of new Committee on Telecommunication Consumers Education and Protection Fund (CUTCEF) on 15th September, 2008 after expiry one year term of the old Committee.
- ❖ Issue of Guidelines on 2nd March 2009 to all Service Providers providing Internet / Broadband Services to ensure better connectivity and improved Quality of Service.

MONITORING OF QUALITY OF SERVICE (QoS)

54. TRAI is mandated to lay down the parameters of quality of service to be provided by the various service providers and to ensure the quality of service. Accordingly, TRAI had issued Regulation on Quality of Service for Basic and Cellular Mobile Services, prescribing QoS benchmarks. On 20th March, 2009, TRAI issued



The Standards of Quality of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 reviewing the earlier regulation issued on the subject in the year, 2005.

55. To regulate the Quality of Service to be observed by the MSOs/ Cable Operators in CAS notified areas of Delhi, Chennai, Mumbai and Kolkata, TRAI had issued the Standards of Quality of Service (Broadcasting and Cable Services) (Cable Television – CAS) Regulation, 2006 in the year 2006. On 31st August, 2007 Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulation 2007 was issued prescribing Standards of Quality of Service benchmarks for Direct to Home (DTH) Broadcasting Services. In the financial year, 2008-09, Standards of Quality of Service (Broadcasting & Cable Services) (Cable Television – Non CAS areas) Regulation, 2009 was issued prescribing the parameters for Cable TV services in Non CAS areas. Also Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) (Amendment) Regulations 2009 was issued on 12th March, 2009 to make certain amendments in the principal regulations dated 31st August, 2007 mentioned above.
56. Performance of Basic and Cellular Mobile service are monitored against the benchmarks prescribed by TRAI vide Regulation on Quality of Service for Basic & Cellular Mobile Services

through quarterly Performance Monitoring Report (PMR) received from service provider. TRAI also monitors Point of Interconnection (POI) congestion through monthly reports received from Cellular Mobile Service Providers (CMSPs). Follow up meeting with the service providers were held for improving their performance with regard to quality of service. TRAI also monitors the level of congestion at the POI between various Service Providers on Monthly basis. This parameter signifies the ease by which a customer of one network is able to communicate with a customer of another network. This parameter also reflects as to how effective is the interconnection between two networks. The benchmark notified by the TRAI in the QOS Regulations of July 2005 for this parameter is <0.5%.

57. The POI Congestion Report analysis for the period ending March 2009 shows that the performance of the CMSPs with the respect to the congestion on POIs has deteriorated in the report of March 2009 as compared with the performance of December 2008. During the period Cellular Mobile Telephone Subscriber base has increased from 346.89 million in December 2008 to 391.76 million in March 2009. The number of POIs having congestion has increased from 66 in December, 2008 to 76 in March 2009. These congestion reports were analysed and findings of the analysis are brought to the notice of general public. The findings of the analysis were placed on the website of TRAI



for information of all stakeholders/
public.

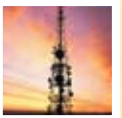
58. With a view to check the authenticity of information reported by the Basic, Cellular Mobile Telephone and Broadband Service Providers and to ascertain customer perception of quality of service, TRAI engaged independent agencies namely M/s IMRB International, M/s VOICE, M/s TCIL and M/s Market Pulse for conducting (1) an objective assessment of the quality of Service provided by Basic, Cellular Mobile

Telephone Service and Broadband Service Providers and (2) Subjective customer satisfaction surveys for assessing the customers perception of the service and also to assess the implementation and effectiveness of Telecom Consumers Protection and Redressal of Grievances Regulations, 2007 on zonal basis. The reports for the first and second half yearly period were received, analysed, service area wise and Press Releases issued, besides launching them on TRAI Website for information of stakeholders.

BOX 4: AGENDA FOR ACTION

The following are the objectives for Agenda for Action for the future:

- ❖ Getting the country to be technology ready
- ❖ Sustaining and promoting the growth of telecom
- ❖ Improving the rural coverage
- ❖ Giving a fillip to broadband
- ❖ Ensuring that customer satisfaction / protection is promoted
- ❖ Issues in TV broadcasting
- ❖ Issues in radio broadcasting
- ❖ Working towards convergence
- ❖ Ensuring effective regulation

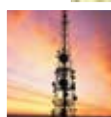




PART – I

POLICIES AND PROGRAMMES

- 1.1. Review of General Environment in the Telecom Sector
- 1.2. Review of Policies and Programmes





Hon'ble Minister for Communication & Information Technology Shri A. Raja lighting a Lamp to inaugurate the 10th SATRC Meeting in New Delhi



Hon'ble Minister of State for Communication and Information Technology Shri Jyotiraditya M. Scindia delivering the Key Note Address during the 10th Meeting of the SATRC in New Delhi

1.1

Review of General Environment in the Telecom Sector

In continuation with the growth pattern of previous years, year 2008-09 also witnessed a phenomenal growth in the subscriber base in the telecom sector and like 2007-08, the year reached another landmark of crossing 400 million subscriber with the mobile subscribers alone surpassing the figure of 300 million mark. The growth trend in subscriber base experienced since mid-1990s continued to be on the upward swing. The status of development of the various services of the telecom sector is being outlined here.

Wire line

- The subscriber base of Wireline subscribers as on 31st March 2009 was 37.96 million as compared to 39.42 million subscribers on 31st March, 2008 registering a decrease of 1.46 million subscribers during the year 2008-09. Out of the 37.96 million wire line subscribers, 27.38 million are Urban wire line subscribers and 10.58 million Rural Subscribers. The status of the wire line subscribers during the last six years are depicted in **Figure 1.1**.

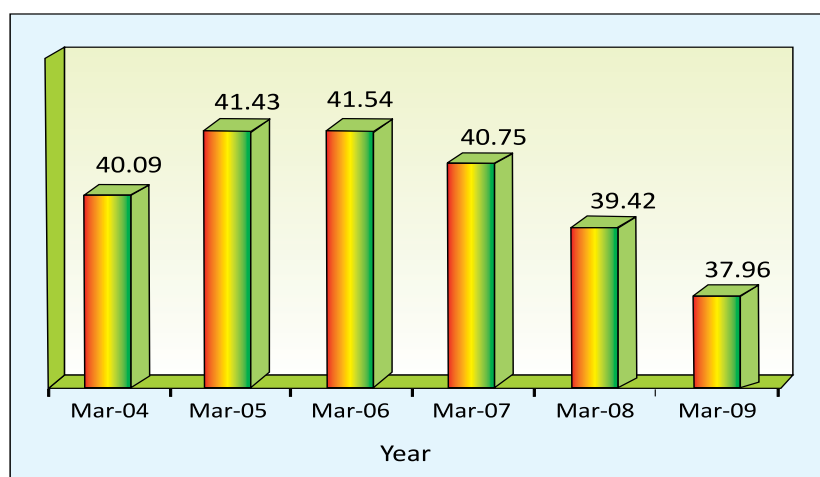
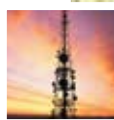


Figure 1.1 : Wireline Subscriber in Million



Wireless

- The wireless subscriber base was 391.76 million subscribers at the end of the financial year in comparison to the subscriber base of 261.07 million at the end of March, 2008. It added 130.69 million subscribers in the financial year 2008-09 registering an annual growth rate of about 50.06 %. The total subscriber base of wireless services has grown from 33.69 million in March, 04 to 391.76 million in March, 09 as depicted in **Figure 1.2**.

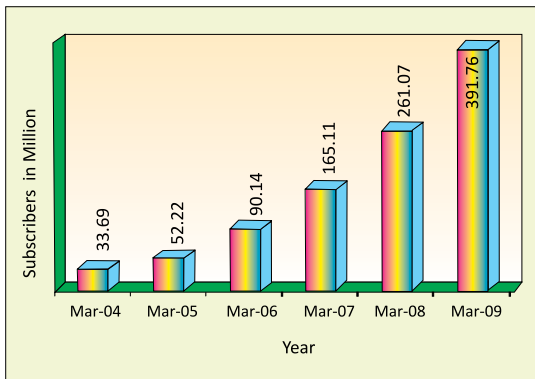


Figure 1.2 : Wireless Subscriber

base for the last six years is depicted in **Figure 1.3**.

Broadband Subscribers

- The total Broadband subscriber base has reached 6.22 million by the end of March, 2009 as compared to 3.87 million by the end of March 2008 thereby registering a net addition of 2.35 million broadband subscribers during the financial year 2008-09 with growth rate of 60.72%. Broadband Subscriber base for the last five years is depicted in **Figure 1.4**.

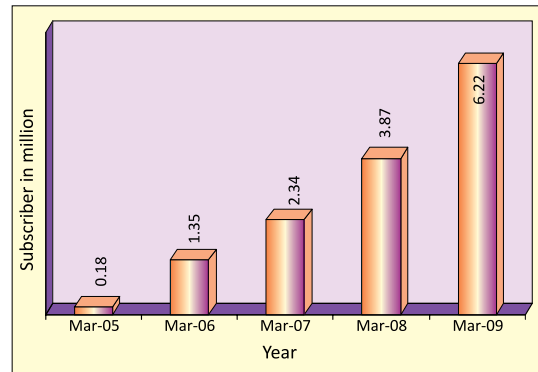


Figure 1.4 : Broadband Subscribers

Internet Subscribers

- The Internet subscriber base in the country as of 31st March 2009 stood at 13.54 million as compared to 11.09 million during the previous year, registering an annual growth rate of about 22.09%. Internet Subscriber

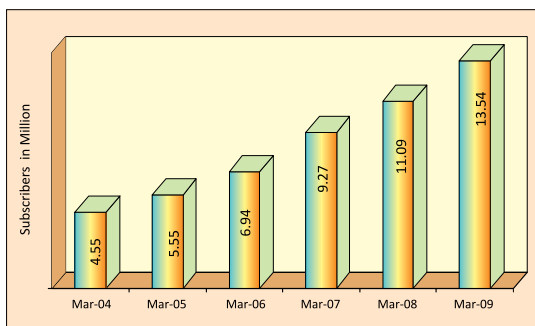


Figure 1.3 : Internet Subscribers

Teledensity

- The tele-density at the end of March, 2009 reached the mark of 36.98% as compared to 26.22% at the end of previous year recording an increase of nearly 10.76%. The trend of growth

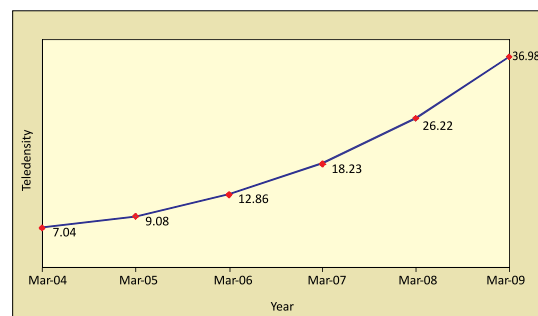
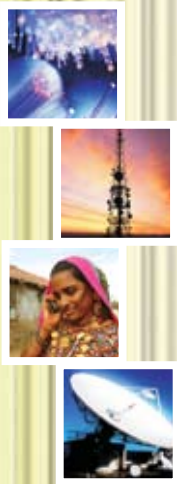


Figure 1.5 : Growth of Teledensity



of teledensity since March 2004 is depicted in **Figure 1.5**.

7. The Indian consumer has immensely benefited from low tariffs, which has also been a major factor for explosive growth in the sector. Considering the intense competition in the sector and continuing reduction in the tariff, TRAI has moved from a regime where tariffs were strictly regulated to one where tariffs are by and large allowed to be decided by market forces. Currently, TRAI is following 'hands off' approach in deciding tariffs except in areas where competition is perceived to be insufficient. Thus, tariffs for some key areas like rural telephony, roaming services and leased lines continue to be fixed by TRAI, while all other tariffs are under forbearance.
8. Competition driven by regulatory initiatives, technological advancements and policy initiatives continue to push the growth to newer levels. This trend was more visible in mobile and long distance services. The competitive pressures also made

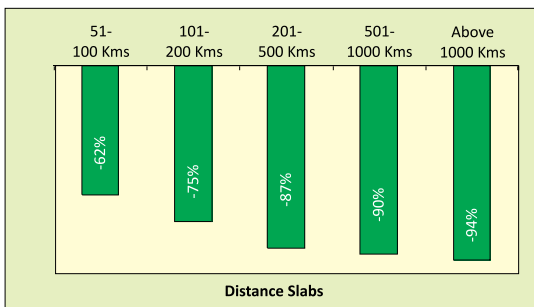


Figure 1.6 : National Long Distance service-Percentage decline in tariffs as compared to period prior to 1 May 1999 and that as on 31 March 2009

Note: The Percentage decline shown above takes into account the current STD rate of Rs. 1.20 for 2 minutes in BSNL's General Plan. The decline would be even more if the comparison is made with India One Plan where the STD rate is Re. 1/- for 2 minutes irrespective of the distance slab.

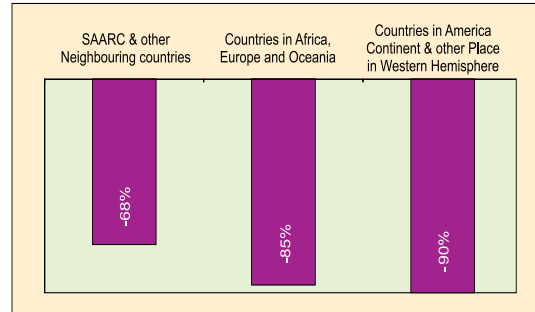
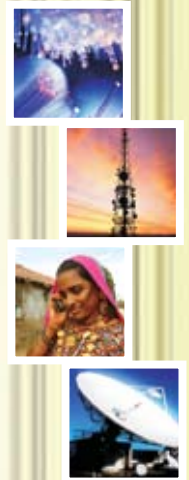


Figure 1.7: International Long Distance service - Percentage decline in tariffs as compared to period prior to 1 May 1999 and that as on 31 March 2009

Note: The Percentage decline would be even more if the comparison is made with India One Plan where the ILD charges are Rs. 6/Rs. 8/Rs. 10 instead of Rs. 7.2, Rs. 9.6/Rs. 12 respectively.

the service providers to be more innovative in their tariff offerings.

9. The reduction in tariff for Long Distance Services and International Long Distance Services can be seen in the **Figure 1.6 and Figure 1.7** respectively.
10. The total number of licenses issued for the different services in various circles and the actual services started by 31st March 2009 (other than BSNL and MTNL) has been indicated in **Table 1.1** in Annexure at the end of this Part of the Report. The licensing regime in India is Circle Based with the country divided into 23 Circles, namely, Delhi, Mumbai, Chennai, Kolkatta, Maharashtra, Gujarat, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Punjab, Haryana, Uttar Pradesh (West), Uttar Pradesh (East), Rajasthan, Madhya Pradesh, West Bengal and Andaman & Nicobar Islands, Himachal Pradesh, Bihar, Orissa, Assam, North East and Jammu & Kashmir.



1.1.1 REVIEW OF BASIC SERVICES

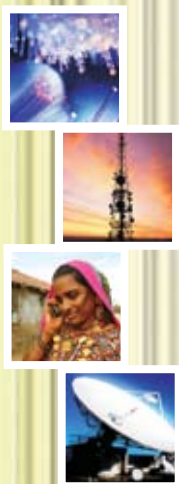
11. As on 31st March 2009, wireline connections are being provided by 5 licensed private operators in addition to the incumbent BSNL and MTNL. The list of Service Providers providing wireline services along with their area of operation is shown in a tabular form below.

All the 5 Private Operators i.e. Basic Service Providers (Wireline) have migrated to Unified Access Service Regime in the year 2003-04.

12. In 2008-2009, the subscriber base of basic services (Wireline) recorded a marginal decrease in annual growth rate by 3.68% over the previous year. The Service Area wise and Operator-wise details of subscriber base as on 31st March, 2009 is furnished in the **Table 1.2** in Annexure at the end of this Part of the Report. The

Table 1.2 shows that the subscriber base of Basic Service recorded a decrease of 3.68% in 2008-09 over the previous year. In comparison, the private BSOs, recorded an annual increase of 8.60% in the subscriber base during the year 2008-09. As on 31st March 2009, the incumbents BSNL and MTNL had 77.30% and 9.41% market share respectively in the subscriber base, while all the five private BSOs had only 13.29% of the total subscriber base. During the previous year, at the end of March 2008, the market share of the BSNL and MTNL was 80% and 9% respectively, while the share of all the private operators taken together was 11%. Thus the market share in terms of subscriber base of the incumbents BSNL and MTNL has slightly decreased, whereas the market share of private BSOs has increased by 2.29%.

BSNL	21 Circles (Except Delhi & Mumbai)
MTNL	2 Circles (Delhi & Mumbai Circles only)
Reliance Communications Ltd.	21 circles (Andhra Pradesh, Bihar, Chennai, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, Orissa, Punjab, Rajasthan, Tamil Nadu, UP (E), UP (W) and West Bengal).
Tata Teleservices Ltd.	20 Circles (Assam, Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, Orissa, Punjab, Rajasthan, Tamil Nadu (including Chennai), UP(E), UP(W) including Uttaranchal and West Bengal)
Bharti Airtel Ltd.	17 Circles (Andhra Pradesh, Chennai, Delhi, Gujarat, Haryana, Karnataka, Kerala, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, Punjab, Rajasthan, Tamil Nadu, UP(E),UP(W) including Uttaranchal and West Bengal).
Shyam Telelink Ltd.	Rajasthan Circle
HFCL Infotel Ltd.	Punjab Circle



13. The 5 private BSOs have added 8.60 lakhs new DELs. BSNL has registered a reduction of 22.06 lakhs DELs and MTNL has registered an annual decline of 1.05 Lakhs DELs. However, Private operators have contributed to provide most of the new additions in DELs. The total subscriber base, however, has recorded an annual decline of 14.51 lakhs DELs in comparison to previous year. Operator-wise details of total DELs installed and waiting list as on 31st March, 2009 is given in the **Table 1.3** in Annexure at the end of this Part of the Report.

Equipped Switching Capacity

14. As on 31st March 2009 the total equipped switching capacity was 92.2 million as compared to 78.1 million as on 31st March 2008. Thus an increase of 14.1 million has been registered in the equipped switching capacity over the previous year. **Table 1.4** in Annexure at the end of this Part of the Report gives the details of equipped switching capacity, net capacity addition etc. in respect of Basic Service Providers.

Public Call Office (PCO)

15. The number of public call offices (PCOs) in the country as on 31st March, 2009 stood at a little over 6.20 million. During the year, 15,537 PCOs were added, recording an annual growth rate of 0.25%. The data relating to Circle-wise and Operator-wise details of Public Call Offices as on 31st March 2009 vis-à-vis 31st March 2008 is given in **Table**

1.5 in Annexure at the end of this Part of the Report.

Village Public Telephone (VPT)

16. An increase of 1036 VPTs has been observed at the end of year 2008-09 as shown in the **Table 1.6** in Annexure at the end of this Part of the Report. Out of 5,93,485¹ villages in the country, there are VPTs in 5,60,539 villages as on 31st March 2009. The total number of villages left uncovered, as on 31st March 2009 are 32,946. The private operators' share in these VPTs is very negligible and almost the entire VPTs were installed by BSNL. At the end of March 2009, BSNL alone added 21,109 VPTs. The total number of VPTs of BSNL were recorded at 5,49,294 in March 2009 and the number of VPTs of private operators stood at 11,245 in March 2009. In percentage terms, BSNL's contribution was 92.55%, private BSO's contribution was 1.89% and 5.56% of villages are left uncovered. The Status of VPTs during the last six years are displayed in **Figure 1.8**.

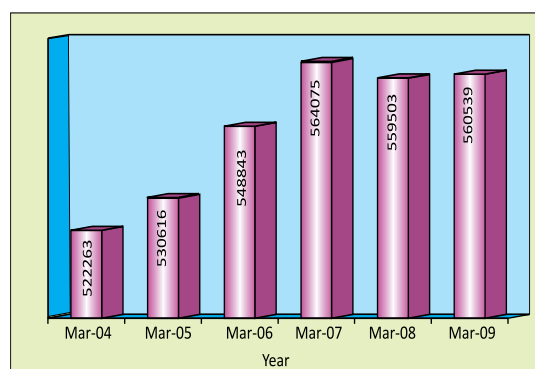


Figure 1.8 : Status of VPTs during the last six years

¹ Note: The total number of villages in India has been shown as per census 2001.

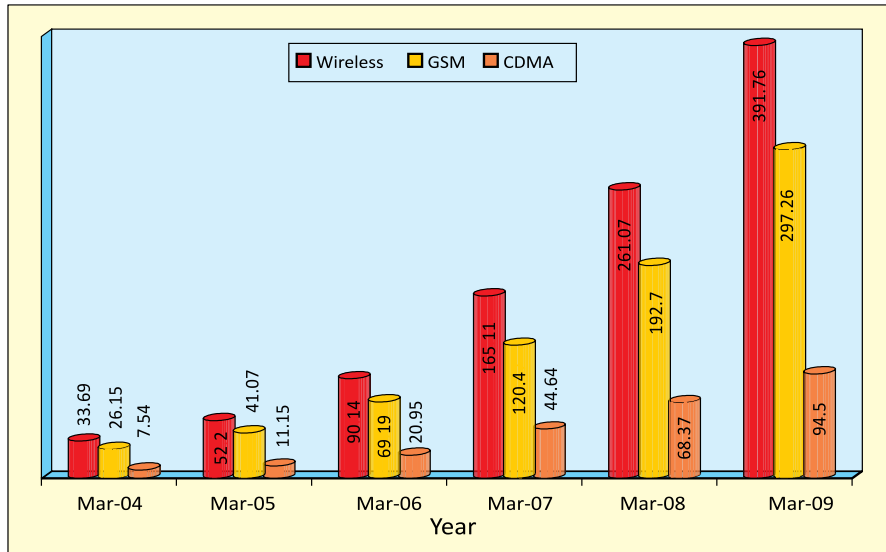


Figure 1.9 : Subscriber Growth of Wireless Services (GSM & CDMA) (figures in million)

1.1.2 REVIEW OF WIRELESS (GSM AND CDMA) SERVICES

17. The Wireless Industry crossed 391 million subscribers mark at the end of the financial year 2008-09. The total subscriber base of 391.76 million comprise of 297.26 (75.88%) million GSM and 94.50 (24.12%) million of CDMA subscribers. During the

financial year 2008-09 around 130.69 million subscribers were added registering a growth rate of 50.06% as compared to 58.12% during the year 2007-08. The subscriber growth of Wireless Operators (GSM and CDMA) from March 2004 to March 2009 is depicted in the **Figure 1.9**.

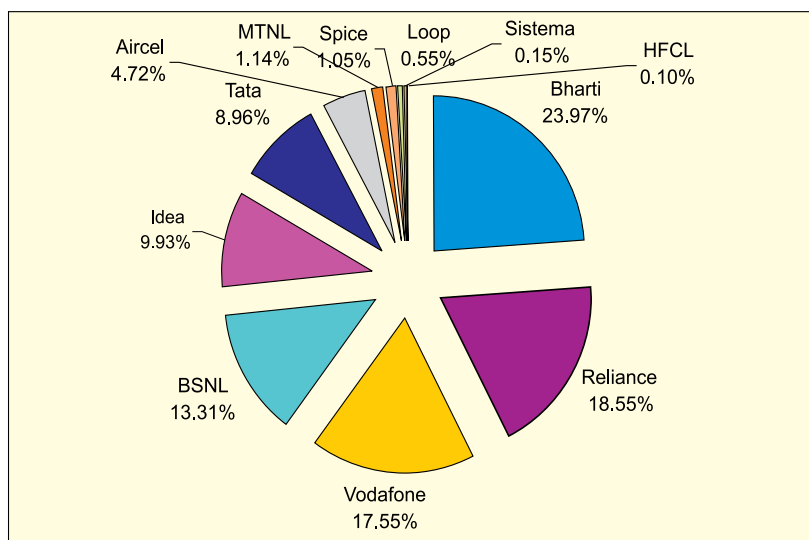
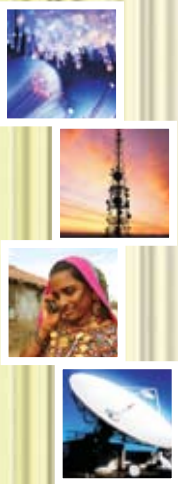


Figure 1.10: Market share of Wireless Operators (in %) as on 31st March 2009



18. The Subscriber base of Wireless Service providers (GSM and CDMA) from March 2005 to March, 2009 along with their percentage growth over the financial year 2007-08 is given in **Table 1.7** in Annexure at the end of this Part of the Report. The market share of different mobile operators as on 31st March 2009 is displayed in **Figure 1.10**. The list of licensed wireless service providers in various service areas is given in **Table 1.8** in the Annexure at the end of this Part of the Report.
19. In the wireless segment, GSM services has reached the 297.26 million subscriber mark at the end of financial year 2008-09, as compared to 192.70 million during the previous year. It added around 104.56 million subscribers during

the year, registering an annual growth of 54.27%.

20. In terms of subscriber base and market share of GSM services, M/s Bharti with 93.92 million subscriber base remains the largest GSM operator followed by M/s Vodafone, M/s BSNL, and M/s Idea with subscriber base of 68.77 million, 46.71 million and 38.89 million respectively. The subscriber base and market share of different GSM operators as on 31st March 2009 is displayed in **Figure 1.11**.
21. In Cellular CDMA Services, in terms of subscriber base and market share, M/s Reliance with 52.65 million subscriber base remains the largest CDMA operator followed by M/s Tata and M/s BSNL with subscriber base of 35.12 million and 5.44 million

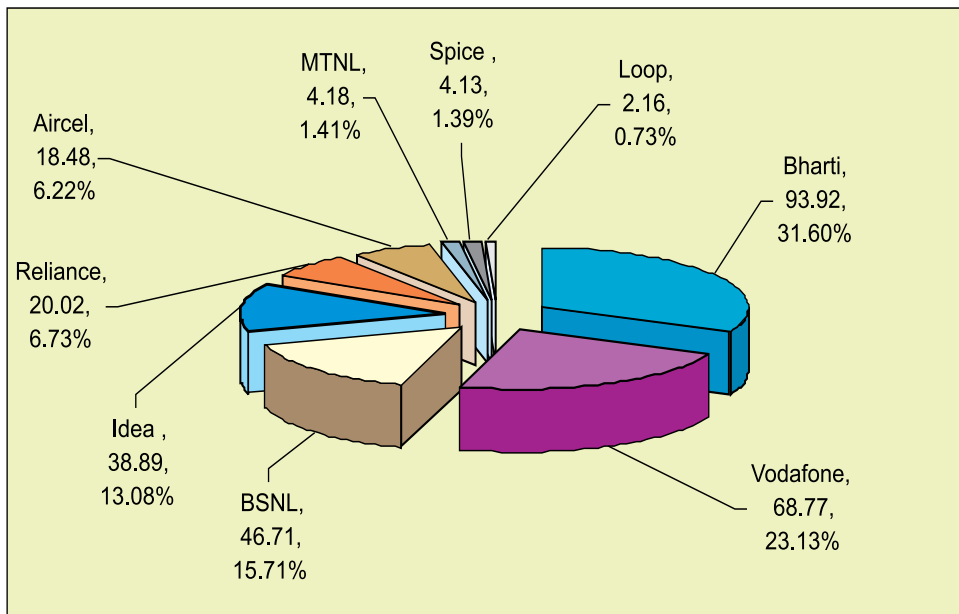
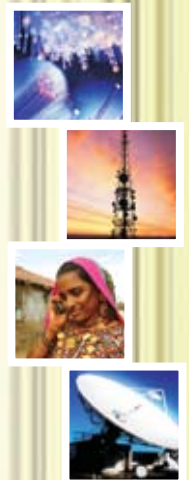


Figure 1.11: Subscriber base (in million) and market share (%) of GSM operators as on 31st March 09

Source: Service Provider



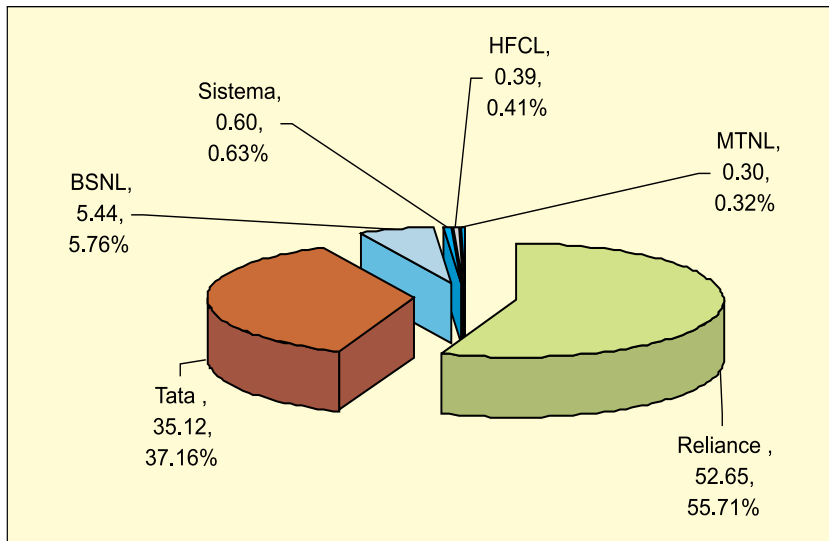


Figure 1.12: subscriber base (in Million) and market share (%) of different CDMA Operators as on 31st March 2009.

respectively. The subscriber base and market share of different CDMA operators as on 31st March 2009 is displayed in **Figure 1.12**.

22. The number of licensees (Cellular and Unified) and their subscriber base for Wireless services at the end of March, 2009 is shown in a

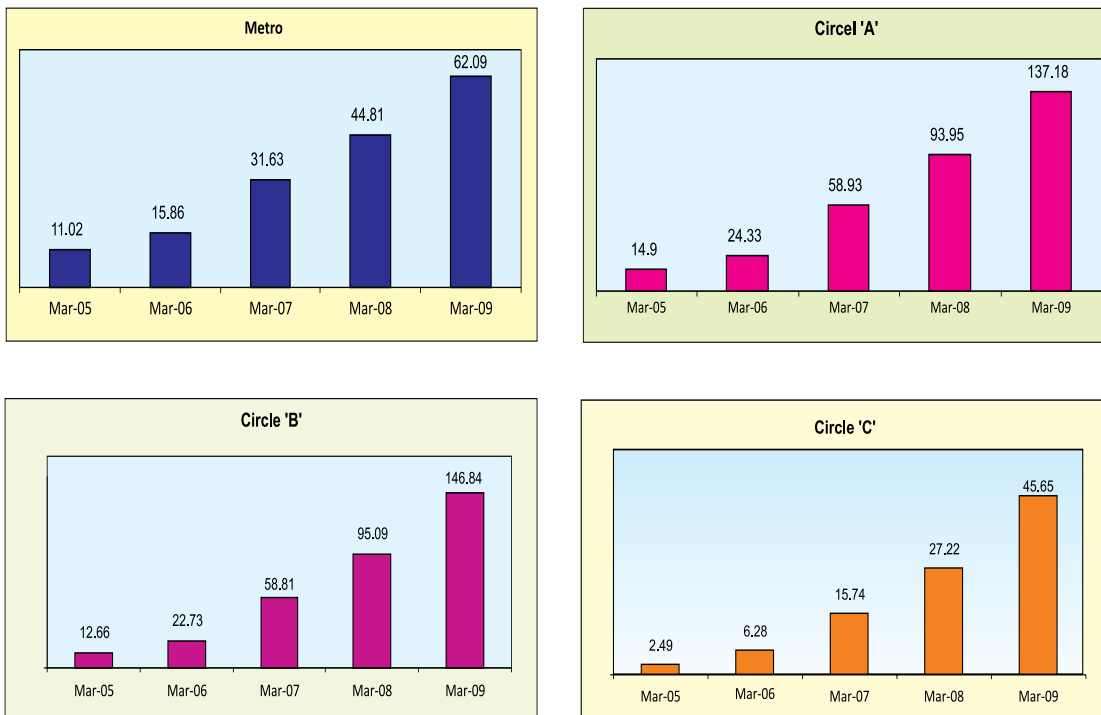
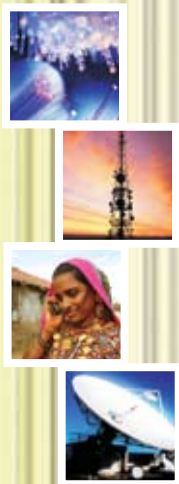


Figure 1.13: Subscriber Base for Wireless Services in Metros and Circles from March, 2005 to March, 2009 (figures in million)

Number of Service Areas	23/22
Number of private access services licensees	256
Total Number of subscribers	391.76 million
-Metros (including MTNL)	62.09 million
- Circles	329.67 million

Source: DoT & Service Providers

tabular form above. The subscriber base for Cellular Wireless services in different categories of service areas for the period March, 2005 to March, 2009 is indicated graphically in **Figure 1.13**.

23. The addition of GSM Wireless mobile subscribers and annual growth rates for different categories of service areas during the years, 2006-07, 2007-08 and 2008-09 is indicated in the **Table 1.9** in Annexure at the end of this Part of the Report. The all India subscriber base for GSM cellular services has registered an annual growth of 54.26% with the maximum growth of 70.86% observed in 'C' Circle during 2008-09.

1.1.3 PUBLIC AND PRIVATE SECTOR CONTRIBUTION IN THE GROWTH OF FIXED AND MOBILE SERVICES

24. Before opening up of the Telecom Sector for the private players, growth in telecom services was primarily driven by public sector, showing very marginal growth, as the incremental tele-density between 1948 and 1998, a 50 year period, was only 1.92%. Telecommunication development in the initial stage of the reforms process beginning with NTP'94 started at a slow pace, but

accelerated later on under NTP'99, which provided for migration from fixed license fee to revenue share regime. Cost-oriented Telecom tariffs were also introduced by TRAI in 1999. From 2003 onwards, as a result of certain pragmatic decisions by the Government and the Regulator, viz., introduction of Calling Party Pay (CPP) regime, Unified Access licensing regime, lowering of access deficit coupled with introduction of revenue share regime in ADC triggered further growth.

25. The policy and regulatory regime established by the Government and the Regulator has led to speedy growth of subscriber base of the incumbent Public Sector Undertakings as well as that of the private sector operators. During the period 1998-2009, the absolute growth in subscriber base of PSU operators was 71.73 million comprising of 17.18 million fixed subscribers and 54.51 million mobile subscribers. The PSU Operators have shown remarkable growth in the competitive environment, while in the pre-reform non-competitive environment, their performance was slow. **Figure 1.14** shows growth in subscriber base of PSU Operators.



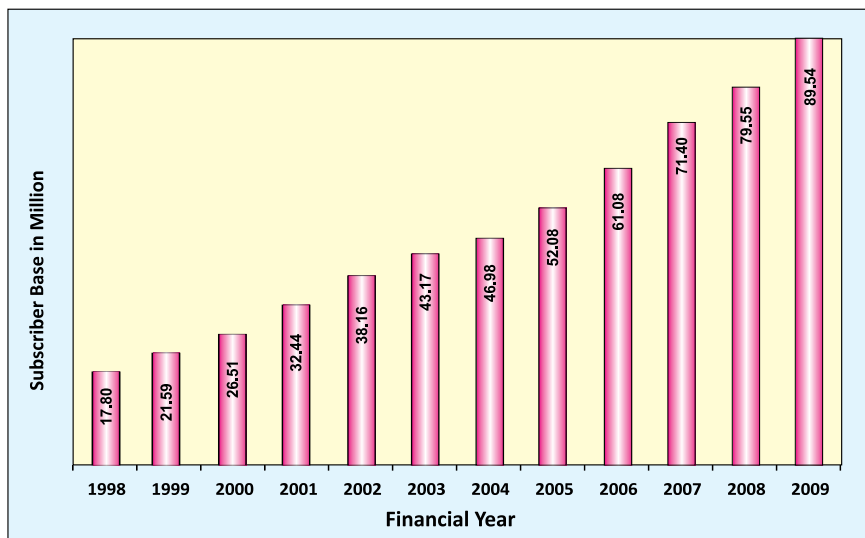


Figure 1.14: Subscriber Base (1998-2009) of PSU Operators

26. Private operators have also shown remarkable growth in a highly competitive environment. The overall growth in the subscriber base of private operators during 1998-2009 was 339.84 million comprising of 10.67 million fixed subscribers and 329.17 million mobile subscribers. Private operators have contributed very largely to post 1998 growth primarily in mobile services due to

the obvious cost and fast deployment advantages. The **Figure 1.15** shows the growth in subscriber base of private operator.

1.1.4 VERY SMALL APERTURE TERMINALS (VSATS)

27. At present VSAT Service are being provided by 9 VSAT Service Providers. VSAT industry added 20,845 VSAT connections during

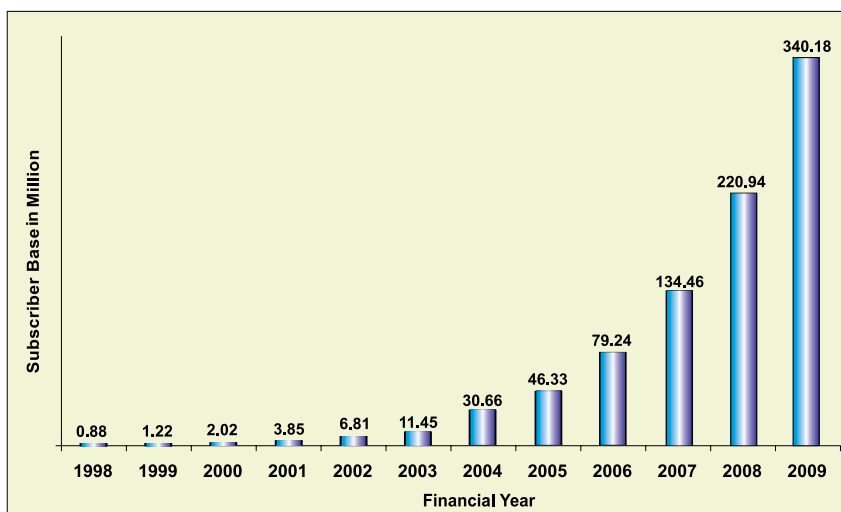


Figure 1.15 : Subscriber base of private operator



the year 2008-09. The total number of VSAT connections increased from 81,395 in March 2008 to 1,02,240 in March 2009, registering a growth of 25% as compared to growth rate of 33.84% in 2007-08. The number of subscribers of each service provider from period ending March 2008 & March 2009 is given in **Table 1.10** in Annexure at the end of this Part of the Report. M/s Hughes Communication Limited is the market leader with subscriber base of 30011 followed by M/s Bharti Airtel Ltd. with 26463 and M/s HCL Comnet with 25914 VSAT subscribers respectively.

1.1.5 PUBLIC MOBILE RADIO TRUNKED SERVICES

28. Public Mobile Radio Trunked Service (PMRTS) was opened for private sector in the year 1995. As on 31st March 2009, PMRTS is being provided by 12 operators. Its subscriber base decreased from 36,240 at the end of March 2008 to 31,603 at the end of March 2009. Number of PMRTS customers as on 31st March, 2009 is given in **Table 1.11** in Annexure at the end of this Part of the Report.

1.1.6 RADIO PAGING SERVICES

29. In India, Radio paging Service was opened up in 1992 and the Service was commercially launched in the year 1995. The licenses were awarded on Circle basis and City basis. The growth in the initial years was encouraging but of late the industry has been facing fierce competition from cellular sector resulting in rather

dismal performance. After December 2004, the performance reports of radio paging service providers have not been received from the operators. As such, it appears that the Radio Paging Service Providers have either closed their services or their licenses have expired.

1.1.7 INTERNET SERVICES

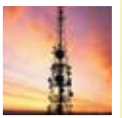
INTERNET SUBSCRIBER

30. The Internet subscriber base in the country as of 31st March 2009 stood at 13.54 million as compared to 11.09 million during the previous year, registering an annual growth rate of about 22.09%.

BROADBAND SUBSCRIBER

31. The total Broadband subscriber base has reached 6.22 million by the end of March 2009 as compared to 3.87 million by the end of March 2008 thereby registering a net addition of 2.35 million broadband subscribers during the financial year 2008-09 registering a growth rate of 60.72%.

32. TRAI is constantly monitoring the growth of the Internet and Broadband services in the country by analyzing Performance Monitoring Reports (PMR) being submitted by Internet Service Providers (ISPs). Issues raised by ISPs from time to time were successfully resolved by TRAI to create conducive environment and to encourage the growth of the services during the financial year. As per the data available on Department of Telecom (DoT)



website there were 365 licenses for Internet services as on 31st January 2009. As per the reports submitted to TRAI by 167 ISPs, as on 31st March, 2009 the Internet subscriber base in the country stood at 13.54 million as compared to 11.09 million on 31st March, 2008 registering annual growth of 22.09%. A table indicating the subscriber base and other details of ISPs who are providing Internet service as on 31st March, 2009 is furnished at **Table 1.12** at Annexure at the end of this Part of the report. In addition, there were 117.82 million subscribers at the end of March 2009 who access data services including Internet using their mobile phones (GSM/CDMA).

33. The distribution of Internet subscribers among PSU owned ISPs & Private ISPs as on 31st March, 2009 is as below.

Public Sector ISPs	9,380,929
Private Sector ISPs	4,155,140
Total	13,536,069

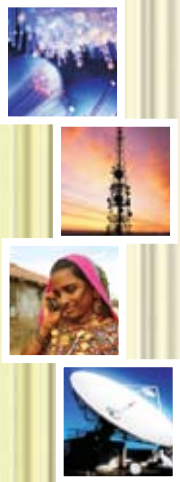
The market share of top ten Internet Service Providers (ISPs) in terms of subscriber base as on 31st March, 2009 is indicated in Table at the bottom of the page.

34. Among PSU owned ISPs, M/s BSNL and M/s MTNL have reported subscriber base of 7.25 million and 2.12 million respectively, while M/s Bharti Airtel Ltd, M/s Reliance Communications Infrastructure Ltd and M/s Sify Technologies Ltd have reported 1.08 million, 0.93 million and 0.40 million respectively.

1.1.8 BROADBAND

35. The number of Broadband subscribers (with a download speed of 256 kbps or more) was 6.22 Million as on 31st March 2009 as compared to 3.87 Million subscribers on 31st March 2008 registering an annual growth of 60.72%. The distribution of Broadband subscribers among Government ISPs and Private ISPs as on 31st March 2009 is as shown in the next page.

S. No.	Name of ISP	Market Share %
1	Bharat Sanchar Nigam Ltd.	53.61
2	Mahanagar Telephone Nigam Ltd.	15.69
3	Bharti Airtel Ltd.	8.01
4	Reliance Communications Infrastructure Ltd.	6.91
5	Sify Technologies Ltd.	2.99
6	Tata Communications Internet Services Ltd	2.72
7	Hathway Cable & Datacom Pvt. Ltd.	2.50
8	Data Infosys Ltd.	1.83
9	You Telecom India Pvt. Ltd.	1.47
10	Asianet Satellite Communications Ltd.	0.54



Public Sector ISPs	4.25 Million
Private Sector ISPs	1.97 Million
Total	6.22 Million

1.1.9 INTERNET TELEPHONY

36. On the recommendations of TRAI dated 10th May 2007, Government issued the guidelines on 24th August 2007 for further opening of Internet Telephony by permitting all ISPs signing new ISP License to provide Internet Telephony. The restrictions on devices being used for Internet Telephony have also been removed. As on 31st January 2009, DoT has given permission to 169 ISP licensees (Category `A'-71; Category `B'-74 and Category `C'-24) to offer Internet Telephony services. At the end of 31st March 2009, 34 ISPs have reported the provisioning of Internet Telephony Services. The total minutes of usage of Internet telephony were 131.63 million at the end of 31st March 2009. The ISPs providing Internet Telephony are listed at **Table 1.13** in Annexure at the end of this Part of the Report.

1.1.10 BROADCASTING AND CABLE TV SERVICES

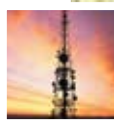
37. In order to regulate the 'carriage' of Broadcasting and Cable Services, the Government of India issued a Notification dated 9th January, 2004 by which broadcasting and cable services have been brought within the purview of TRAI in terms of section 2(k) of the Telecom Regulatory Authority of India Act, 1997. The Government also issued an order dated 9th January,

2004 under section 11(d) of the TRAI Act, which mandated TRAI to make recommendations regarding terms and conditions on which the "Addressable Systems" shall be provided to the customers and the parameters for regulating maximum time for advertisements in pay channels as well as other channels. The order also entrusted to TRAI, the function of specifying the standard norms for, and periodicity of revision of rates of pay channels, including interim measures.

1.1.11 CABLE TV SERVICE

38. At present, as per latest estimates there are 127 million households in India having television sets. Out of this, there are 82 million household subscribers of cable television services. The maximum number of Free-to-Air (FTA) Channels, pay channels and local channels being carried by MSOs in their networks across the country as on 31st March 2009 was 168, 118 and 8 respectively. These figures are based on the reports received from some of the major service providers regarding the number of channels being carried by them in their Networks, analog and / or in digital form. These channels have been reported across different networks of the service providers having different combinations of pay, FTA and local channels.

39. As on 31st March 2009, the total number of set-top box installed in the CAS notified areas of Delhi, Mumbai, Kolkata and Chennai was 7,70,053. A break-up of the set top



boxes in the four metropolitan cities has been depicted in the **Figure 1.16**.

6. Bharat Business Channel Limited

1.1.12 DTH SERVICES

40. Apart from Free-to-Air DTH service of Doordarshan, there were six private DTH licensees and out of these six licensees, only five licensees are offering paid DTH Service to customers as on 31st March 2009. The subscriber base of these DTH operators as on 31st March 2009 is 13.09 Million. The following are the six private DTH licensees:

1. Dish TV
2. Tata Sky Limited
3. Sun Direct TV Private Limited
4. Reliance Blue Magic Limited
5. Bharati Telemedia Limited

1.1.13 FM RADIO / COMMUNITY RADIO SERVICE

41. Apart from FM Radio Stations of All India Radio (AIR), there are 245 private FM Radio Stations in operation across the country as on 31st March 2009. For the period ending March 2009 out of 67 licensees of Community Radio Stations, 41 Stations are in operation.

1.1.14 SATELLITE TV CHANNEL

42. At the end of March 2009, there are reportedly 130 pay channels in existence and these channels are being broadcasted / distributed by 19 broadcasters or their distributors.

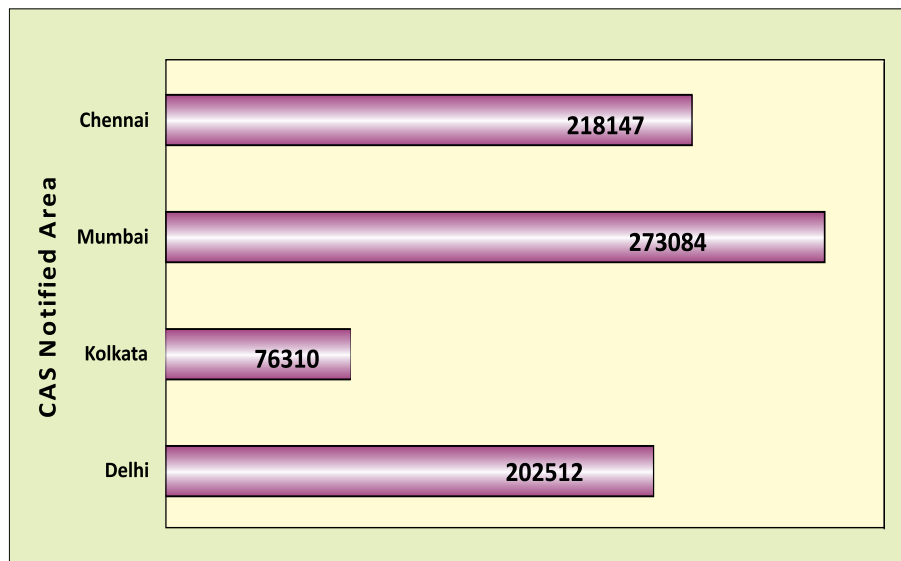
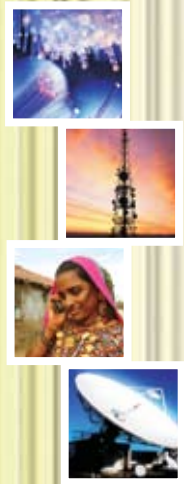


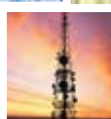
Figure 1.16: Set Top Boxes in CAS notified areas

1.2

Review of Policies and Programmes

The main guiding policy for the telecom sector is the New Telecom Policy (“NTP”) 1999. The objectives of the policy are as follows:-

- ❖ Access to telecommunications is of utmost importance for achievement of the country’s social and economic goals. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the telecom policy.
- ❖ Strive to provide a balance between the provision of universal service to all uncovered areas, including the rural areas, and the provision of high-level services capable of meeting the needs of the country’s economy,
- ❖ Encourage development of telecommunication facilities in remote, hilly and tribal areas of the country,
- ❖ Create a modern and efficient telecommunications infrastructure taking into account the convergence of IT, media, telecom and consumer electronics and assist emergence of India as an IT superpower,
- ❖ Convert PCOs, wherever justified, into Public Tele-info Centres having multimedia capability like ISDN services, remote database access, and assist emergence of community information systems etc.,
- ❖ Transform the telecommunications sector in a time bound manner to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players,
- ❖ Strengthen research and development efforts in the country and provide an impetus to build world-class manufacturing capabilities,
- ❖ Achieve efficiency and transparency in spectrum management,
- ❖ Protect defence and security interests of the country,
- ❖ Enable Indian Telecom Companies to become truly global players.



44. The specific targets mentioned in the NTP 1999 are:

- ❖ Make telephone available on demand by the year 2002 and sustain the position thereafter so as to achieve a tele-density of 7 by the year 2005 and 15 by the year 2010,
- ❖ Encourage development of telecom in rural areas making it more affordable by modifying the tariff structure suitably and making rural communication obligatory for all fixed service providers,
- ❖ Increase rural tele-density from the current level of 0.4 to 4 by the year 2010 and provide reliable transmission media in all rural areas,
- ❖ Achieve telecom coverage of all villages in the country and provide reliable media to all exchanges by the year 2002,
- ❖ Provide internet access to all district headquarters by the year 2000,
- ❖ Provide high speed data and multimedia capability using technologies including ISDN to all towns with a population greater than 2 lakh by the year 2002.

1.2.1 RURAL TELEPHONE NETWORK

45. The objectives and targets of NTP 1999 for rural telephone network are as follows:

- ❖ Encourage development of telecom in rural areas by making

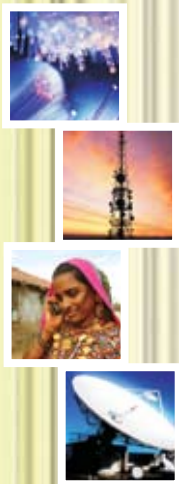
it more affordable through tariff restructure and making rural communication obligatory for all fixed service providers,

- ❖ Rural tele-density to be raised to 4 per hundred by the year 2010,
- ❖ Achieve 100% telecom coverage of villages by the year 2002 and provide reliable transmission media in all rural areas.

46. Out of the 5,93,485 villages in the country, 5,60,539 villages have been provided with Village Public Telephone (VPT). 32,946 villages are yet to be connected with a VPT. In percentage terms 94.44% villages have been covered by VPTs and 5.56% villages are yet to be covered. There was an increase of 1,036 VPTs during the financial year. The private operators share in these VPTs is very negligible and almost the entire VPTs have been installed by BSNL. The total number of VPTs of BSNL was recorded at 5,49,294 in March 2009 as compared to 11,245 VPTs of private operators during the same period. As on 31st March 2009, out of the total 429.72 million subscribers, the rural subscriber contribute 120.29 million, comprising of 10.58 million wireline and 111.63 million wireless. The Rural tele-density as on 31st March 2009 was 15.02% as compared to 9.20% during the previous year.

1.2.2 EXPANSION OF TELEPHONE NETWORK

47. The main objectives and targets of NTP 1999 with respect to expansion of telephone network, other than rural



network, which has been discussed above, are as follows:

- ❖ make telephone available on demand by year 2002 and achieve tele-density of 7 percent by the year 2005 and 15 percent by the year 2010,
- ❖ Provide internet access to all Districts Headquarters by the year 2000,
- ❖ Provide high speed data and multimedia capability using technologies including ISDN to all towns with population greater than 2 lakhs by the year 2002,
- ❖ Conversion of PCOs wherever justified, into Public Tele-Information Centres having multimedia capabilities like ISDN services, remote database access and information systems etc.

48. The subscriber base of basic services (Wireline) recorded marginal decrease of 1.46 million subscribers (about 3.75%) in 2008-09 over the previous year. The mobile industry has witnessed an addition of 130.69 million subscribers recording a growth of 50.06%. The growth in absolute numbers in mobile subscribers during 2008-09 was 130.69 million as compared to 95.96 million in 2007-08. The total number of mobile subscriber was 391.76 Million as at the end of financial year 2008-09. The total mobile subscribers comprises of 297.26 million GSM and 94.50 million CDMA subscribers. Another service within the telecom sector, which recorded substantial

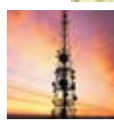
growth, was Internet and Broadband services. While the total number of subscribers of Internet services increased from 11.09 million in March 2008 to 13.54 million at the end of March 2009 recording a growth rate of about 22.09%, the subscriber base of Broadband increased from 3.87 million in March 2008 to 6.22 million at the end of March, 2009 recording a growth rate of 60.72%. There has been significant expansion of the telecom network in the country as may be seen from the growth of various kinds of services mentioned above. The overall tele-density during the year rose to 36.98% as compared to 26.22% during the previous year.

1.2.3 ENTRY OF PRIVATE SECTOR IN BOTH BASIC AND VALUE ADDED SERVICE

(a) Basic Service

49. After the announcement of the NTP-94, in September, 1994, the Department of Telecommunications issued Guidelines for private sector entry into basic telecom service. In early 1995, bids were called for basic service and were received in August, 1995. By March, 1996, the successful bidders were short-listed for providing basic services and in 1997, license agreements with private basic service operators were signed for six circles. However, unlike other services, the Basic Service did not take off soon after the licenses were awarded.

50. Subsequent to the announcement of the NTP 1999, TRAI's recommendations were sought for grant



of fresh licenses for basic telecom service in the 15 vacant telecom Circles and for additional licenses in six Circles where licenses had already been issued. TRAI had given its Recommendations to the Government on 31st August 2000.

51. In line with the TRAI's Recommendations, the Government issued the Guidelines for issue of Licence for Basic Service on 25th January, 2001. These Guidelines provided for opening the Basic Telephone Service without any restriction on the number of operators.

52. By the end of March 2009, 5 private BSOs namely, M/s Reliance Infocom Ltd. (21 circles), M/s Tata Teleservices Ltd. (20 circles), M/s Bharti Airtel Ltd. (17 circles), M/s Shyam Telelink Ltd. (Rajasthan circle) and M/s HFCL Infotel Ltd. (Punjab circle) have been awarded licenses. All the five private operators had migrated to Unified Access Service Regime during 2003-04.

(b) Value Added Services

53. Telecommunications had traditionally been a voice communication service. The services today have moved beyond their fundamental role of voice communications to a spectrum of non-core services, which in telecommunication parlance is called Value Added Service (VAS).

54. VAS are provided either directly by the telecom operators themselves or by a third party Value Added Service Provider (VASP). VASP

connects to the core equipment of telecom operators through inter-working units using protocols like Short Message Peer-to-Peer Protocol (SMPP), connecting either directly to the Short Message Service Centre (SMSC) or to a messaging gateway that allows the telecom operators to have control of the content.

55. Unlike the core or basic services, the VAS have unique characteristics and they relate to other services in different ways. They also provide benefits which the core services cannot provide. Basically, there are two types of Value Added Services – (i) Value Added Services that stand alone from operational perspective and (ii) Value Added Services provided as an optional service along with voice service. Non-Voice services like SMS are examples of stand alone value added services. The Value Added Services presently being provided by the telecom operators are shown in the table at the next page.

1.2.4 TECHNICAL COMPATIBILITY AND EFFECTIVE INTERCONNECTION BETWEEN SERVICE PROVIDERS

(a) Background

56. In a Multi-Operator environment, it is important to specify an Interconnection Usage Charges (IUC) regime to give greater certainty to the inter-operator settlements and facilitate interconnection agreements. TRAI notified the



Sl. No.	Type of Value Added Service	Description
1.	News	National, International, Business, Entertainment, Sport News
2.	Finance	Stocks (NSE, BSE, NASDAQ), Forex
3.	Entertainment	Games, Mobile TV and Jokes
4.	Travel	Railways, Airlines
5.	Downloads	Logos, Ringtones, Caller tones etc.
6.	Astrology service	Personal Horoscope / Personalized prediction
7.	Cricket	Cricket scores, Match clippings, cricket commentary
8.	Missed call alerts	Subscriber to get a SMS alert of incoming calls when the subscriber's mobile phone is switched off / not reachable and busy
9.	E-mail	E-mail through SMS
10.	Music on demand	Dial a song
11.	Contest	Reality shows
12.	GPRS / WAP	Mobile Internet, Mobile Chat, Mobile TV
13.	MMS	Picture messages, picture clippings
14.	Health	Health tips, Beauty tips
15.	M-commerce	Transactions based services with multiple payment modes and support in multiple domains like WAP, GPRS, SMS, IVR and Web
16.	Miscellaneous	Devotional, Movies & Music, Fun, Navigation etc.

Interconnection Usage Charges (IUC) Regulation on 24th January, 2003, which contained inter-alia the charges for origination, carriage and termination of calls in a Multi-Operator environment as well as the Access Deficit Charges (ADC) to cover the access deficit for BSOs on account of below cost access tariff. As per this Regulation, IUC were determined based on minutes of usage for various Unbundled Network Elements and the cost of these elements. The IUCs for Origination, Transit and Termination were based on the principles of

element based charging, i.e., one operator charging the other for the resources consumed for carriage of its calls in terms of minutes of use. The IUC regime has been reviewed from time to time, mainly to gradually reduce the ADC Charges and to review the beneficiaries of ADC regime. In the year 2006, the IUC Regulation issued on 23rd February 2006 marked a shift in the ADC regime from the earlier minute based charges to revenue share concept. As part of Annual Review TRAI issued on 27th March, 2008 the Telecommunication Interconnection



Usage Charges (Ninth Amendment) Regulations, 2008 which stipulated, among other things, the Access Deficit Charge (ADC) payable by private service providers to BSNL. This process of review and consequent amendment led to simultaneous issue of a set of recommendations to DOT for continuation of support to BSNL's rural wireline network through Universal Service Obligation Fund (USOF). The issue of the regulation and the recommendations mentioned above marked phasing out of ADC regime. The details of initiatives taken by TRAI in the matter relating to Inter-connection have been discussed in **Part II and Part III** of this Report.

1.2.5 TELECOMMUNICATION TECHNOLOGY

57. TRAI follows technology neutral approach in its policies.

(a) Basic Service

58. Competition generated in basic telephony has forced BSOs to adopt efficient and modern technology to upgrade their existing networks so as to offer new features and value added/ supplementary services to the consumers. Billing is a major area where technological innovations are taking place to accommodate on the one hand the various new features and value added/supplementary services and on the other hand the inter-operator charging in the new multi-operator environment. The multi-operator scenario has forced the operators to go for new billing system to handle inter-operator settlements.

(b) Cellular Mobile Services

59. Cellular Mobile service provider in the country are at present primarily providing voice services along with various value added services and supplementary services such as Short Message (SMS), mobile Internet Service, E-mail services, Chatting services, Conferencing, etc. Most of the operators are also providing data services through General Packet Radio Service (GPRS), Enhance Data for GSM Evolution (EDGE) or EVDO technologies. PSU operators are deploying their 3G network, where as private operators are expected to start their roll out after the auction of 3G spectrum by Department of Telecommunications.

(c) Broadband

60. As per Broadband Policy 2004, Broadband is defined as an "always on" data connection that is able to support interactive services including Internet access and has the capability of the minimum download speed of 256 Kbps to an individual subscriber from the Point of Presence (POP) of the service provider intending to provide Broadband service where such individual Broadband connections are aggregated and the subscriber is able to access these interactive services including the Internet through this POP. There are various technologies available to provide Broadband services. The Digital Subscribers Line (DSL) is the most preferred technology by the service providers to offer Broadband services in the



country. Other technologies used for providing Broadband services are Cable modem, Ethernet LAN, Fibre, Wireless, Leased line etc.

(d) Next Generation Network (NGN)

61. The development of new applications, contents and converging technologies have created an environment where it has become necessary to deliberate on the type of future telecom, both in terms of technology and applications. Though at present networks are virtually separated and provide fixed services, mobile services and internet services, the future convergence will happen on a common platform known as Next Generation Networks (NGN). Using NGN, it will be possible to provide various services on single IP backbone. In order to facilitate migration to NGN, certain licensing issues are to be resolved. To address all the relevant issues, TRAI initiated a consultation process on “Licensing issues relating to Next Generation Network”.

(e) Internet Protocol Television (IPTV)

62. Internet Protocol TV (IPTV) is a new method of delivering and viewing television programs using an IP network and high speed broadband technology. It is fast becoming a popular value added service in many countries. The fast development in telecom technologies, enormous capabilities of IP platform and

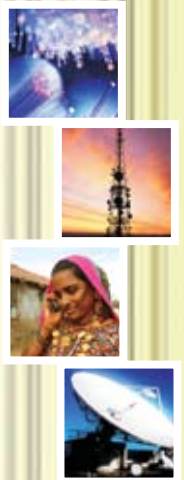
increasing digitalization in broadcasting sector is driving services like IPTV. Subsequent to the recommendations of TRAI on “Provisioning of IPTV services” dated 4th January, 2008, new policy guidelines and amendments in terms & conditions of license agreement have been issued by Ministry of Information & Broadcasting and Department of Telecom respectively.

(f) Internet Services

63. Internet services were launched in the country on 15th August, 1995. In November, 1998 the Government opened up the sector for providing Internet services by private operators. A liberal licensing regime was put in place with a view to increase Internet penetration across the country. Though large numbers of ISPs have been licensed to provide Internet services, top 20 ISPs provide Internet service to 98% subscribers. The growth of Internet and Broadband is still slow in the country and far below the government’s target of 40 million & 20 million subscribers of Internet & Broadband respectively. New services like IPTV, Internet Telephony, Video on Demand (VoD) are becoming popular.

1.2.6 IMPLEMENTATION OF NEW TELECOM POLICY

64. The New Telecom Policy 1999 (NTP’99) aims at opening up the telecom sector paving the way for rapid development of the telecom industry. It also envisages that conditions must be created for the



telecom industry to adopt new and efficient technologies, provide a wide variety of affordable services, manage transition to converged environment, efficient allocation of frequency spectrum and strengthening of R&D efforts. For achieving these objectives, NTP '99 requires the Government to seek TRAI's views and recommendations. Several such requests were received by TRAI in respect of a number of telecom services. The details of the TRAI's decisions relating to the implementation of the New Telecom Policy are enumerated in **Part II** and **Part III** of this report.

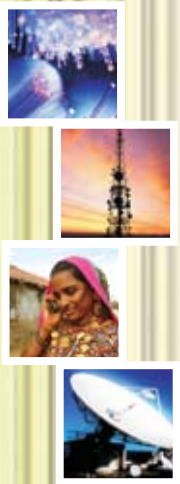
1.2.7 UNIVERSAL SERVICE OBLIGATION (USO)

65. The Government of India has established Universal Service Obligation Fund (USOF) headed by an Administrator, based on recommendation of TRAI on USO to Government on 3.10.2001. TRAI in its recommendations on "Growth of Telecom Services in Rural India" dated 27th October, 2005 suggested that present policy should shift from its focus on subsidy based on individual connections (DELS, VPTs, etc.) to network infrastructure expansion approach. TRAI recommended that mobile services should be brought under the ambit of USO Fund and sharing of infrastructure may receive support from USO. Subsequently, the Indian Telegraphic (Amendment) Act, 2006 was passed on 29th December 2006 to bring inter alia mobile services and Broadband

connectivity within the ambit of Universal Services. Department of Telecommunication (DoT) has launched a scheme for extending financial support from USOF for setting up of Infrastructure for mobile services in rural and remote areas of the Country. TRAI forwarded its views on areas of concern, which need to be addressed for successful implementation of this scheme. During the year, TRAI has issued recommendations on "An approach to rural telephony - Suggested measures for an accelerated growth" on 19th March, 2009. In this recommendations certain measures have been recommended inter alia regarding funding from Universal Service Obligation Fund. The details of these measures have been discussed in **Part II** & **Part III** of this report.

1.2.8 QUALITY OF SERVICE

66. Section 11 (b) (v) of TRAI Act stipulates that TRAI has to lay down the standards of quality of service to be provided by the service providers and has to ensure the quality of service and conduct the periodical survey of such service provided by the Service Providers so as to protect interest of the consumers of telecommunication service. TRAI had issued Regulation on Quality of Service for Basic and Cellular Mobile Services, Dial-up and Leased Line Internet Access Services, Broadband Services, prescribing QoS benchmarks. On 20th March, 2009, TRAI issued The Standards of Quality of Basic Telephone Service (Wireline)



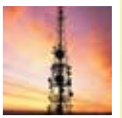
and Cellular Mobile Telephone Service Regulations, 2009 reviewing the earlier regulation issued on the subject in the year, 2005.

67. To regulate the Quality of Service to be observed by the MSOs/Cable Operators in CAS notified areas of Delhi, Chennai, Mumbai and Kolkata, TRAI has issued the Standards of Quality of Service (Broadcasting and Cable Services) (Cable Television – CAS) Regulation, 2006 in the year 2006. On 31st August, 2007 Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulation 2007 was issued prescribing Standards of Quality of Service benchmarks for Direct to Home (DTH) Broadcasting Services. In the financial year, 2008-09, Standards of Quality of Service (Broadcasting & Cable Services) (Cable Television – Non CAS areas) Regulation, 2009 was issued prescribing the parameters for Cable TV services in Non CAS areas. Also Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) (Amendment) Regulations 2009 was issued on 12th March, 2009 to make certain amendments in the principal regulations dated 31st August, 2007 mentioned above.

68. Performance of Basic and Cellular Mobile service are monitored against the benchmarks prescribed by TRAI vide Regulation on Quality of Service for Basic & Cellular Mobile Services through quarterly performance monitoring report (PMR) received

from service provider. TRAI also monitors Point of Interconnection (POI) congestion through monthly reports received from cellular mobile service provider (CMSP). Follow up meeting with the service providers were held for improving their performance with regard to quality of service. TRAI also monitors the level of congestion at the POI between various Service Providers on Monthly basis. This parameter signifies the ease by which a customer of one network is able to communicate with a customer of another network. This parameter also reflects as to how effective is the interconnection between two networks. The benchmark notified by the TRAI in the QOS Regulations of July 2005 for this parameter is <0.5%.

69. The POI Congestion Report analysis for the period ending March 2009 shows that the performance of the CMSPs with the respect to the congestion on POIs has deteriorated in the month of March 2009 as compared with the performance of December 2008. During the period Cellular Mobile Telephone Subscriber base has increased from 346.89 million in December 2008 to 391.76 million in March 2009. The number of POIs having congestion has increased from 66 in December, 2008 to 76 in March 2009. These congestion reports were analysed and findings of the analysis are brought to the notice of general public. The findings of the analysis were placed on the website of TRAI for information of all stakeholders/ public.



70. With a view to check the authenticity of information reported by the Basic, Cellular Mobile Telephone and Broadband Service Providers and to ascertain customer perception of quality of service, TRAI engaged independent agencies namely M/s IMRB International, M/s VOICE, M/s TCIL and M/s Market Pulse for conducting (1) an objective assessment of the quality of Service provided by Basic, Cellular Mobile Telephone Service and Broadband

Service Providers and (2) Subjective customer satisfaction surveys for assessing the customers perception of the service and also to assess the implementation and effectiveness of Telecom Consumers Protection and Redressal of Grievances Regulations, 2007 on zonal basis. The reports for the first and second half yearly period were received, analysed, service area wise and Press Releases issued, besides uploading them on TRAI Website for information of stakeholders.



ANNEXURES

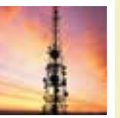




TABLE 1.1
Total Number of Licenses issued for Service Areas and Number of Licensees offering services as on 31st March 2009 (other than BSNL and MTNL)

Sl. No.	Name of service	Private Sector Licensees	Offering Services as on March 2009
1.	UASLs	241	115
2.	NLD Service	16	5
3.	ILD Service	13	4
4.	Cellular	15	15
5.	Very Small Aperture Terminal (VSAT) Service	9	9
6.	Public Mobile Radio Trunked Services (PMRTS)	12	12
7.	Radio Paging	-	-
8.	Global Mobile Personal Communication System (GMPCS)	-	-
9.	ISP Licence	365	167

Source: DOT / Service Providers



Table 1.2

**Service-Area wise and Operator-wise details of subscriber base of Basic Services
(wireline) as on 31st March, 2009**

S. No.	Name of the Circle/Service Area	Service Provider	No. of DELs as on 31 st March 2008		Total DELs as on 31 st March 2008	No. of DELs as on 31 st March 2009		Total DELs as on 31 st March 2009	Annual Growth Rate %
			Urban	Rural		Urban	Rural		
			Wireline			Wireline			
1	Andaman & Nicobar	BSNL	12043	12813	24856	10146	9209	19355	-22.13
2	Andhra Pradesh	BSNL	1451412	1007823	2459235	1357831	868247	2226078	-9.48
		TATA	122452	1	122453	132297	7	132304	8.04
		Reliance	68012	3	68015	85858	33	85891	26.28
		Bharti	61173	0	61173	103463	0	103463	69.13
3	Assam	BSNL	307306	123004	430310	250163	100859	351022	-18.43
		TATA	0	0	0	8	0	8	-
4	Bihar (including Jharkand)	BSNL	914699	504385	1419084	885228	494616	1379844	-2.77
		Reliance	1348	0	1348	2226	0	2226	65.13
		TATA	4369	0	4369	2774	0	2774	-36.51
5	Delhi	Bharti	716755	0	716755	821061	0	821061	14.55
		MTNL	1576918	0	1576918	1525981	0	1525981	-3.23
		TATA	23313	0	23313	27190	0	27190	16.63
		Reliance	106156	0	106156	147077	0	147077	38.55
6	Gujarat	BSNL	1490183	638036	2128219	1389867	538410	1928277	-9.39
		Reliance	90203	0	90203	107586	0	107586	19.27
		Bharti	23055	0	23055	35394	0	35394	53.52
		TATA	35279	0	35279	40934	1984	42918	21.65
7	Haryana	BSNL	545814	377624	923438	499359	340457	839816	-9.06
		Bharti	20961	0	20961	21359	0	21359	1.90
		Reliance	7844	31	7875	8640	43	8683	10.26
		TATA	1992	0	1992	5348	0	5348	168.47
8	Himachal Pradesh	BSNL	81341	332567	413908	72826	302997	375823	-9.20
		Reliance	3217	0	3217	3384	0	3384	5.19
		TATA	390	0	390	646	1	647	0.00
9	Jammu & Kashmir	BSNL	211087	48397	259484	196921	42874	239795	-7.59
		Reliance	1	0	1	1	0	1	0.00
10	Karnataka	BSNL	1609802	704779	2314581	1544996	628397	2173393	-6.10
		Bharti	365957	0	365957	419307	0	419307	14.58
		TATA	81628	0	81628	89549	11	89560	9.72
		Reliance	81617	0	81617	100556	0	100556	23.20
11	Kerala	BSNL	1069063	2517056	3586119	1028503	2435125	3463628	-3.42
		Reliance	43855	151	44006	55362	163	55525	26.18
		TATA	3656	0	3656	6443	0	6443	76.23
		Bharti	38917	0	38917	50774	0	50774	30.47
12	Madhya Pradesh (Including Chattisgarh)	BSNL	1109055	358172	1467227	1011789	328406	1340195	-8.66
		Bharti	298396	0	298396	300772	0	300772	0.80
		Reliance	25441	0	25441	32666	1	32667	28.40
		TATA	1119	0	1119	2244	0	2244	100.54



S. No.	Name of the Circle/Service Area	Service Provider	No. of DELs as on 31 st March 2008		Total DELs as on 31 st March 2008	No. of DELs as on 31 st March 2009		Total DELs as on 31 st March 2009	Annual Growth Rate %
			Urban	Rural		Urban	Rural		
			Wireline		Wireline				
13	Maharashtra (including Mumbai)	BSNL & MTNL	4256791	1308805	5565596	4004525	1058049	5062574	-9.04
		Reliance	179242	338	179580	233845	611	234456	30.56
		Bharti	181791	0	181791	317589	0	317589	74.70
		TATA	389322	11461	400783	512153	24917	537070	34.01
	Mumbai	MTNL	2101452	0	2101452	2047225	0	2047225	-2.58
		Reliance	124095	0	124095	161570	0	161570	30.20
		Bharti	150692	0	150692	264901	0	264901	75.79
	Maharashtra (excluding Mumbai)	TATA	308870	0	308870	407705	0	407705	32.00
		BSNL	2155339	1308805	3464144	1957300	1058049	3015349	-12.96
		Reliance	55147	338	55485	72275	611	72886	31.36
		Bharti	31099	0	31099	52688	0	52688	69.42
		TATA	80452	11461	91913	104448	24917	129365	40.75
14	North East	BSNL	245228	97046	342274	246614	88806	335420	-2.00
15	Orissa	BSNL	472865	295378	768243	394971	246818	641789	-16.46
		Reliance	3722	0	3722	2861	0	2861	-23.13
		TATA	1192	0	1192	2810	0	2810	0.00
16	Punjab	BSNL	789416	635890	1425306	763549	581362	1344911	-5.64
		HFCL	147595	0	147595	162217	0	162217	9.91
		Reliance	43480	0	43480	46025	0	46025	5.85
		Bharti	26171	0	26171	87210	0	87210	233.23
		TATA	4512	0	4512	7965	334	8299	83.93
17	Rajasthan	BSNL	980736	582855	1563591	936424	544465	1480889	-5.29
		Bharti	22186	0	22186	33171	0	33171	49.51
		Shyam	143262	14194	157456	120736	8538	129274	-17.90
		Reliance	14609	0	14609	20621	1	20622	41.16
		TATA	615	0	615	1857	0	1857	0.00
18	Tamil Nadu (including Chennai)	BSNL	2499527	847379	3346906	2320292	772542	3092834	-7.59
		TATA	26212	0	26212	33753	54	33807	28.98
		Bharti	84202	0	84202	414723	0	414723	392.53
	Chennai	Reliance	99897	0	99897	122815	0	122815	22.94
		BSNL	959676	50383	1010059	961598	49982	1011580	0.15
		Reliance	70965	0	70965	85937	0	85937	21.10
	Tamil Nadu (excluding Chennai)	TATA*	23894	0	23894	-	-	-	-
		Bharti	20766	0	20766	276828	0	276828	1233.08
		BSNL	1539851	796996	2336847	1358694	722560	2081254	-10.94
		TATA*	2318	0	2318	33753	54	33807	-
		Bharti	63436	0	63436	137895	0	137895	117.38
		Reliance	28932	0	28932	36878	0	36878	27.46
19	Uttar Pradesh (East)	BSNL	1050425	403890	1454315	1043606	401423	1445029	-0.64
		Reliance	30638	3	30641	36100	0	36100	17.82
		TATA	1295	0	1295	5808	0	5808	0.00
		Bharti	134060	0	134060	38100	0	38100	-71.58



S. No.	Name of the Circle/Service Area	Service Provider	No. of DELs as on 31 st March 2008		Total DELs as on 31 st March 2008	No. of DELs as on 31 st March 2009		Total DELs as on 31 st March 2009	Annual Growth Rate %
			Urban	Rural		Urban	Rural		
			Wireline			Wireline			
20	Uttar Pradesh (West) (including Uttranchal)	BSNL	1026110	242880	1268990	1011498	238522	1250020	-1.49
		Reliance	7344	0	7344	10318	0	10318	40.50
		Bharti	270631	0	270631	22403	0	22403	-91.72
		TATA	1444	0	1444	2895	40	2935	0.00
21	West Bengal (including Kolkata)	BSNL	1918188	573878	2492066	1878616	524348	2402964	-3.58
		Reliance	66816	1	66817	91769	2	91771	37.35
		Bharti	39071	0	39071	60914	0	60914	55.91
		TATA	12699	0	12699	16658	0	16658	31.18
	Kolkata	BSNL	1374363	0	1374363	1374422	0	1374422	0.00
		Reliance	62212	0	62212	86861	0	86861	39.62
		Bharti	39071	0	39071	60914	0	60914	55.91
		TATA	12470	0	12470	15738	0	15738	26.21
	West Bengal (excluding Kolkata)	BSNL	543825	573878	1117703	504194	524348	1028542	-7.98
		Reliance	4604	1	4605	4908	2	4910	6.62
		TATA	229	0	229	920	0	920	301.75
Total			2,77,77,123	1,16,38,840	3,94,15,963	2,73,81,940	1,05,82,672	3,79,64,612	-3.68

* M/s Tata has included Chennai figure in Tamil Nadu Circle figure for March 2009.



Table 1.3

The total DELs installed by Basic Service Operators and the total Waiting List as on 31st March, 2009

Sl. No.	Basic Service Providers (Wireline)	Area of Operation	DELs Installed	Telephone Waiting List
1	BSNL	All India	29346431	222815
2	MTNL	Delhi & Mumbai	3573206	655
3	Bharti Airtel Ltd	Andhra Pradesh, Delhi, Gujarat, Haryana, Karnataka, Kerala, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, Punjab, Rajasthan, Tamilnadu (included Chennai circle), Uttar Pradesh (East), Uttar Pradesh (West) (including Uttaranchal) and West Bengal.	2726240	0
4	Tata Teleservices (Maharashtra) Ltd.	Maharastra & Mumbai	537070	0
5	Tata Teleservices Ltd	Andhra Pradesh, Assam, Tamil Nadu (including Chennai) Karnataka, Gujarat, Delhi, Bihar, Orissa, Rajasthan, Punjab, Haryana, Himachal Pradesh, Kerala, Madhya Pradesh, Uttar Pradesh (E), Uttar Pradesh (W) including Uttaranchal, West Bengal and Kolkata	381610	0
6	HFCL Infotel Ltd	Punjab	162217	0
7	Shyam Telelink Ltd	Rajasthan	129274	0
8	Reliance Communication Ltd	Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Mumbai, Orissa, Punjab, Rajasthan, Tamil Nadu, Chennai, Uttar Pradesh (E), Uttar Pradesh (W), West Bengal, Kolkata	1108564	0
Grand Total			3,79,64,612	2,23,470

Source : BSNL/MTNL & Private Service Operators.

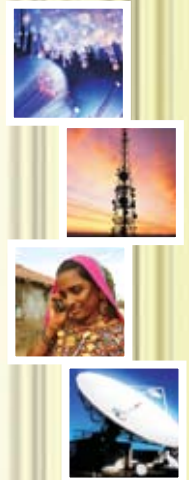
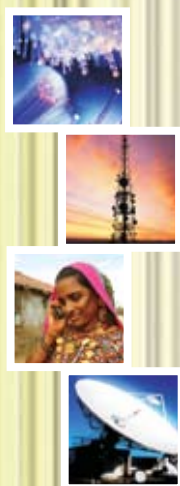


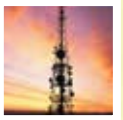
Table 1.4

Details of Equipped Switching Capacity, Net Capacity addition, etc. in respect of Basic Service Providers as on 31st March, 2009, vis-a-vis 31st March, 2008

Name of the Circle/ Service Area	Service Provider	Equipped Capacity as on		Capacity added in the year
		31 st March'08	31 st March'09	
Andaman & Nicobar	BSNL	60096	58378	-1718
Andhra Pradesh	BSNL	3890327	3829527	-60800
	TATA	4150	5000000	4995850
	*Reliance	0	0	0
	Bharti	74856	171762	96906
Assam	BSNL	714684	707500	-7184
Bihar (including Jharkand)	BSNL	1337532	1992589	655057
	*Reliance	0	0	0
	TATA	1315000	3048750	1733750
Delhi	Bharti	808976	282036	-526940
	MTNL	2810129	2810129	0
	TATA	3330000	3836000	506000
	*Reliance	0	0	0
Gujarat	BSNL	3614182	3609314	-4868
	*Reliance	0	0	0
	Bharti	240000	240000	0
	TATA	45180	81164	35984
Haryana	BSNL	1515388	1425028	-90360
	Bharti	23672	3600	-20072
	*Reliance	0	0	0
	TATA	978267	974667	-3600
Himachal Pradesh	BSNL	642514	641306	-1208
	*Reliance	0	0	0
	TATA	420000	10500	-409500
Jammu & Kashmir	BSNL	417104	405664	-11440
	*Reliance	0	0	0
Karnataka	BSNL	3372201	3364177	-8024
	Bharti	503800	786116	282316
	TATA	77864	13175	-64689
	*Reliance	0	0	0



Name of the Circle/ Service Area	Service Provider	Equipped Capacity as on		Capacity added in the year
		31 st March'08	31 st March'09	
Kerala	BSNL	4269131	4235745	-33386
	*Reliance	0	0	0
	TATA	50000	784000	734000
	Bharti	93248	43410	-49838
Madhya Pradesh (Including Chattisgarh)	BSNL	1652244	2059235	406991
	Bharti	407640	62352	-345288
	*Reliance	0	0	0
	TATA	0	1650000	1650000
Mumbai	MTNL	4734081	4734081	0
	*Reliance	0	0	0
	Bharti	145470	249984	104514
	TATA	2509166	2673000	163834
Maharashtra (excluding Mumbai)	BSNL	5123506	5100260	-23246
	*Reliance	0	0	0
	Bharti	29520	48660	19140
	TATA	3835750	5435000	1599250
North East -I	BSNL	284800	285216	416
North East -II	BSNL	218668	211008	-7660
Orissa	BSNL	968004	968820	816
	*Reliance	0	0	0
	TATA	620000	1900000	1280000
Punjab	BSNL	2707853	2615569	-92284
	HFCL	328835	778835	450000
	*Reliance	0	0	0
	Bharti	76624	16140	-60484
	TATA	60782	67782	7000
Rajasthan	BSNL	2258942	2238234	-20708
	Bharti	25248	9864	-15384
	STL	350000	450000	100000
	*Reliance	0	0	0
	TATA	1808097	2680743	872646



Name of the Circle/ Service Area	Service Provider	Equipped Capacity as on		Capacity added in the year
		31 st March'08	31 st March'09	
Chennai	BSNL	1303427	1293627	-9800
	*Reliance	0	0	0
	TATA	443368	443368	0
	Bharti	357882	357882	0
Tamil Nadu (excluding Chennai)	BSNL	3499296	3384444	-114852
	TATA	4096	855656	851560
	Bharti	589728	660140	70412
	*Reliance	0	0	0
Uttar Pradesh (East)	BSNL	2312348	2308356	-3992
	*Reliance	0	0	0
	TATA	2135675	2346023	210348
	Bharti	29538	6396	-23142
Uttar Pradesh (West) (including Uttranchal)	BSNL	1718322	2172710	454388
	*Reliance	0	0	0
	Bharti	24038	4608	-19430
	TATA	1671908	2290887	618979
Kolkata	BSNL	1602113	1575487	-26626
	*Reliance	0	0	0
	Bharti	44490	21252	-23238
	TATA	1722000	80000	-1642000
West Bengal (excluding Kolkata)	BSNL	1705447	1712223	6776
	*Reliance	0	0	0
	TATA	143000	50000	-93000
TOTAL		7,80,60,207	9,21,52,379	1,40,92,172

• Figure not submitted by the operator

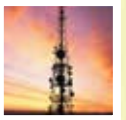
Source: BSNL/MTNL /Private Service Operators



Table 1.5

**Circle-wise and Operator-wise details of Public Call Offices as on 31st March, 2009
vis-à-vis 31st March 2008**

1	2	3	4	5	6	7
S. No.	Name of the Circle/Service Area	Service Provider	31 st March 2008	31 st March 2009	Net PCO added during the year	Percentage Growth
1	Andaman & Nicobar	BSNL	963	702	-261	-27.10
2	Andhra Pradesh	BSNL	241212	200291	-40921	-16.96
		TATA	45842	180217	134375	293.13
		Reliance	364385	389106	24721	6.78
		Bharti	3964	3308	-656	-16.55
3	Assam	BSNL	34518	33862	-656	-1.90
4	Bihar (including Jharkhand)	BSNL	87499	86114	-1385	-1.58
		Reliance	74844	89081	14237	19.02
		TATA	52563	95,611	43048	81.90
5	Delhi	Bharti	27497	19784	-7713	-28.05
		MTNL	82692	75493	-7199	-8.71
		TATA	25809	48533	22724	88.05
		Reliance	66225	54165	-12060	-18.21
6	Gujarat	BSNL	106021	89587	-16434	-15.50
		Reliance	99295	97792	-1503	-1.51
		TATA	5846	112908	107062	1831.37
		Bharti	574	302	-272	-47.39
7	Haryana	BSNL	28218	26273	-1945	-6.89
		Bharti	2760	1754	-1006	-36.45
		Reliance	24177	20102	-4075	-16.85
		TATA	48998	25303	-23695	-48.36
8	Himachal Pradesh	BSNL	12020	11416	-604	-5.02
		Reliance	5579	5459	-120	-2.15
		TATA	133591	5983	-127608	-95.52
9	Jammu & Kashmir	BSNL	14395	12693	-1702	-11.82
10	Karnataka	BSNL	256305	242020	-14285	-5.57
		Bharti	46262	44877	-1385	-2.99
		TATA	105321	142099	36778	34.92
		Reliance	191183	214778	23595	12.34
11	Kerala	BSNL	129135	123469	-5666	-4.39
		Reliance	103562	104985	1423	1.37
		Bharti	8120	8864	744	9.16
		TATA	69730	44739	-24991	-35.84



1	2	3	4	5	6	7
12	Madhya Pradesh (Including Chattisgarh)	BSNL	65688	65622	-66	-0.10
		Bharti	40888	32227	-8661	-21.18
		Reliance	63741	76207	12466	19.56
		TATA	46508	49118	2610	5.61
13	Maharashtra (including Mumbai)	BSNL&MTNL	470423	400206	-70217	-14.93
		TATA	251311	545297	293986	116.98
		Bharti	1311	508	-803	-61.25
		Reliance	320281	322518	2237	0.70
	Mumbai	MTNL	156643	137409	-19234	-12.28
		TATA	65000	131,080	66080	101.66
		Bharti	812	365	-447	-55.05
		Reliance	119057	128018	8961	7.53
	Maharashtra excluding Mumbai	BSNL	313780	262797	-50983	-16.25
		Tata	186311	414217	227906	122.33
		Bharti	499	143	-356	-71.34
		Reliance	201224	194500	-6724	-3.34
14	North East	BSNL	17967	18159	192	1.07
15	Orissa	BSNL	28848	24796	-4052	-14.05
		Reliance	30975	35652	4677	15.10
		TATA	40082	63536	23454	58.52
16	Punjab	BSNL	27837	23897	-3940	-14.15
		HFCL	36794	27924	-8870	-24.11
		Reliance	32234	24618	-7616	-23.63
		Bharti	3970	2926	-1044	-26.30
		TATA	251403	37665	-213738	-85.02
17	Rajasthan	BSNL	63132	55445	-7687	-12.18
		Bharti	1543	1613	70	4.54
		STL	41700	35592	-6108	-14.65
		Reliance	81346	82324	978	1.20
		TATA	157995	47745	-110250	-69.78
18	Tamil Nadu (including Chennai)	BSNL	319128	296068	-23060	-7.23
		TATA	74550	124476	49926	66.97
		Bharti	58550	51171	-7379	-12.60
		Reliance	305734	331262	25528	8.35
	Chennai	BSNL	82711	79513	-3198	-3.87
		TATA	46853	46853	0	0.00
		Reliance	59074	70293	11219	18.99
	Tamil nadu (excluding Chennai)	BSNL	236417	216555	-19862	-8.40
		TATA	27697	124476	96779	349.42
		Bharti	58550	51171	-7379	-12.60
		Reliance	246660	260969	14309	5.80



1	2	3	4	5	6	7
19	Uttar Pradesh (East)	BSNL	122849	124809	1960	1.60
		Reliance	85553	111924	26371	30.82
		Bharti	2848	2488	-360	-12.64
		TATA	44842	67478	22636	50.48
20	Uttar Pradesh (West) (including Uttranchal)	BSNL	56294	55168	-1126	-2.00
		Reliance	91511	93892	2381	2.60
		Bharti	2679	2072	-607	-22.66
		TATA	133291	55243	-78048	-58.55
21	West Bengal (including Kolkata)	BSNL	125709	124264	-1445	-1.15
		Reliance	104875	82038	-22837	-21.78
		Bharti	1484	1433	-51	-3.44
		TATA	80925	92390	11465	14.17
	Kolkata	BSNL	60024	64083	4059	6.76
		Reliance	27419	25747	-1672	-6.10
		Bharti	1484	1433	-51	-3.44
		TATA	43677	40287	-3390	-7.76
	West Bengal (excluding Kolkata)	BSNL	65685	60181	-5504	-8.38
		Reliance	77456	56291	-21165	-27.33
		TATA	37248	52103	14855	39.88
		TOTAL		6185904	6201441	15537

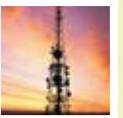


Table 1.6
Circle-wise and Operator-wise status of VPTs as on 31st March 2009

S. No.	Name of the Circle/ Service Area	Service Provider	31 st March 2008	31 st March 2009	Achievement during the year	Percentage Growth during the year
1	Andaman & Nicobar	BSNL	179	271	92	51.40
2	Andhra Pradesh	BSNL	20396	21600	1204	5.90
		TATA	1358	1358	0	0.00
		Bharti		0	0	0.00
		Reliance	0	0	0	0.00
3	Assam	BSNL	22407	23369	962	4.29
4	Bihar(including Jharkhand)	BSNL	63154	65040	1886	2.99
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
5	Delhi	Bharti	0	0	0	0.00
		MTNL	0	0	0	0.00
		TATA	0	0	0	0.00
		Reliance	0	0	0	0.00
6	Gujarat	BSNL	14978	16504	1526	10.19
		Bharti		0	0	0.00
		Reliance	4115	4115	0	0.00
		TATA	0	0	0	0.00
7	Haryana	BSNL	6369	6600	231	3.63
		Bharti	0	0	0	0.00
		Reliance	0	0	0	0.00
		TATA	27883	0	-27883	-100.00
8	Himachal Pradesh	BSNL	15945	17045	1100	6.90
		Reliance	0	0	0	0.00
		TATA	680	0	-680	-100.00
9	Jammu & Kashmir	BSNL	5642	5795	153	2.71
10	Karnataka	BSNL	26425	27254	829	3.14
		Bharti	0	0	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
11	Kerala	BSNL	1372	1372	0	0.00
		Bharti		0	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00



S. No.	Name of the Circle/ Service Area	Service Provider	31 st March 2008	31 st March 2009	Achievement during the year	Percentage Growth during the year
12	Madhya Pradesh (Including Chattisgarh)	BSNL	66821	69373	2552	3.82
		Bharti	0	0	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
13	Maharashtra (including Mumbai)	BSNL& MTNL	35245	38437	3192	9.06
		Bharti		0	0	0.00
		TATA	2542	2542	0	0.00
		Reliance	0	0	0	0.00
	Mumbai	MTNL	0	0	0	0.00
		Bharti		0	0	0.00
		Reliance		0	0	0.00
		TATA	126	126	0	0.00
	Maharashtra (Excluding Mumbai)	BSNL	35245	38437	3192	9.06
		Bharti		0	0	0.00
		Reliance		0	0	0.00
		TATA	2416	2416	0	0.00
14	North East	BSNL	7917	8340	423	5.34
15	Orissa	BSNL	38835	40783	1948	5.02
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
16	Punjab	BSNL	12000	12008	8	0.07
		HFCL	299	220	-79	-26.42
		Bharti		0	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
17	Rajasthan	BSNL	33998	38560	4562	13.42
		Bharti		0	0	0.00
		Shyam	3010	3010	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
18	Tamil Nadu (including Chennai)	BSNL	14810	15292	482	3.25
		Bharti		0	0	0.00
		TATA	0	0	0	0.00
		Reliance	0	0	0	0.00
	Chennai	BSNL	1459	1498	39	2.67
		Reliance	0	0	0	0.00
	Tamil Nadu (excluding Chennai)	BSNL	13351	13794	443	3.32
		TATA	0	0	0	0.00
		Reliance	0	0	0	0.00
		Bharti	0	0	0	0.00



S. No.	Name of the Circle/ Service Area	Service Provider	31 st March 2008	31 st March 2009	Achievement during the year	Percentage Growth during the year
19	U P (East)	BSNL	70457	76485	6028	8.56
		Bharti		0	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
20	UP (West) (incl. Uttaranchal)	BSNL	31989	33066	1077	3.37
		Reliance	0	0	0	0.00
		Bharti	0	0	0	0.00
		TATA	0	0	0	0.00
21	West Bengal (including Kolkata)	BSNL	30677	32100	1423	4.64
		Bharti		0	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
	Kolkata	BSNL	567	567	0	0.00
		Bharti		0	0	0.00
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
	West Bengal (excluding Kolkata)	BSNL	30110	31533	1423	4.73
		Reliance	0	0	0	0.00
		TATA	0	0	0	0.00
Total			5,59,503	5,60,539	1,036	0.19

Source : BSNL/MTNL & Private Service Operators.



Table 1.7
Subscriber Base of Mobile (GSM and CDMA) Services from
March, 2005 to March, 2009

Service Providers	Financial Year 2005	Financial Year 2006	Financial Year 2007*	Financial Year 2008*	Financial Year 2009*	%age growth over Financial Year 2008
Bharti	10.98	19.58	37.14	61.98	93.92	51.53%
BSNL	9.9	17.65	30.99	40.79	52.15	58.70%
Reliance	10.45	17.31	28.01	45.79	72.67	55.84%
Vodafone	7.8	15.36	26.44	44.13	68.77	27.85%
Tata	1.09	4.85	16.02	24.33	35.12	44.35%
Idea	5.07	7.37	14.01	24.00	38.89	62.03%
Escotel						
Aircel	1.76	2.61	5.51	10.61	18.48	74.18%
MTNL	1.08	2.05	2.94	3.53	4.48	26.91%
Spice	1.44	1.93	2.73	4.21	4.13	-1.90%
BPL	2.58	1.34	1.07	1.29	2.16	67.44%
HFCL	0.05	0.06	0.15	0.30	0.60	30.00%
Sistema	0.03	0.03	0.10	0.11	0.39	445.45%
Total	52.23	90.14	165.11	261.07	391.76	50.06%

Source: Service Provider

* Data includes WLL (F) subscribers.

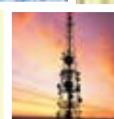
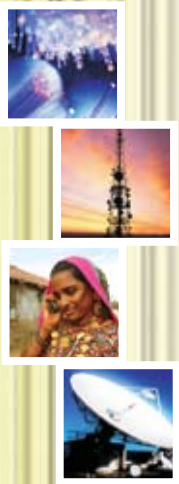


Table 1.8

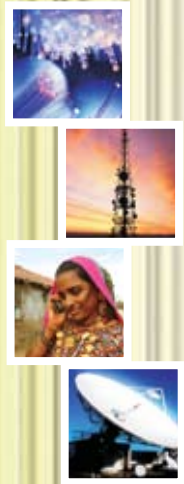
List of Wireless Service Providers Service Area wise as on 31st March, 2009

SL.NO	Circle	Access Service Provider
Service Area – Metros		
1	Delhi	Bharti Vodafone MTNL Idea Cellular Ltd Aircel Ltd Etisalat DB Telecom Pvt. Ltd* Datacom Solutions Pvt. Ltd* Unitech Wireless (Delhi) Ltd* Spice Communications Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
2	Mumbai	Loop Telecom Pvt. Ltd Vodafone MTNL Bharti Aircel Ltd* Idea Cellular Ltd Etisalat DB Telecom Pvt. Ltd* Datacom Solutions Pvt. Ltd* Unitech Wireless (Mumbai) Pvt. Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
3	Chennai	Aircel Cellular Ltd BSNL Vodafone Reliance Infocomm# Tata Teleservices Bharti# Datacom Solutions Pvt. Ltd*# Idea Cellular Ltd*# Unitech Wireless (Tamil Nadu) Pvt. Ltd*# Etisalat DB Telecom Pvt. Ltd*# Loop Telecom Private Ltd*# Sistema Shyam Teleservices Ltd*#



SL.NO	Circle	Access Service Provider
4	Kolkata	Bharti Vodafone BSNL Reliance Telecom Dishnet Wireless Ltd Datacom Solutions Pvt. Ltd* Idea Cellular Ltd* Unitech Wireless (Kolkata) Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
Service Area – 'A' Circle		
5	Maharashtra	Vodafone Idea Cellular Ltd BSNL Bharti Aircel Ltd* Datacom Solutions Pvt. Ltd* Unitech Wireless (West) Pvt. Ltd* Spice Communications Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
6	Gujarat	Vodafone Idea Cellular Ltd BSNL Bharti Aircel Ltd* Datacom Solutions Pvt. Ltd* Unitech Wireless (West) Pvt. Ltd* Swan Telecom Pvt. Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
7	Andhra Pradesh	Idea Cellular Ltd Bharti BSNL Vodafone Aircel Ltd Datacom Solutions Pvt Ltd*

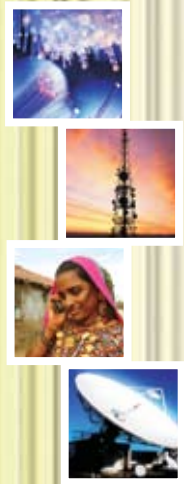




SL.NO	Circle	Access Service Provider
		Unitech Wireless (South) Ltd* Spice Communications Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
8	Karnataka	Bharti Spice BSNL Vodafone Aircel Ltd Datacom Solutions Pvt Ltd* Idea Cellular Ltd* Unitech Wireless (South) Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Pvt Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
9	Tamil Nadu	Vodafone Aircel Ltd BSNL Reliance Infocomm# Tata Teleservices# Bharti# Datacom Solutions Pvt. Ltd*# Idea Cellular Ltd*# Unitech Wireless (Tamil Nadu) Pvt. Ltd*# Etisalat DB Telecom Pvt. Ltd*# Loop Telecom Private Ltd*# Sistema Shyam Teleservices Ltd*#
Service Area – 'B' Circle		
10	Kerala	Idea Cellulat Ltd Vodafone BSNL Bharti Dishnet Wireless Ltd Datacom Solutions Pvt. Ltd* Unitech Wireless (South) Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Pvt. Ptd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices

SL.NO	Circle	Access Service Provider
11	Punjab	Spice Bharti BSNL Vodafone Dishnet Wireless Ltd* Idea Cellular Ltd* Unitech Wireless (North) Pvt. Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Pvt. Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm HFCL Infocom Tata Teleservices
12	Haryana	Idea Cellular Ltd Vodafone BSNL Bharti Dishnet Wireless Ltd* Datacom Solutions Pvt. Ltd* Unitech Wireless (North) Pvt. Ltd* Spice Communications Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
13	Uttar Pradesh (West)	Idea Cellular Ltd Bharti BSNL Vodafone Dishnet Wireless Ltd Datacom Solutions Pvt Ltd* Unitech Wireless (North) Pvt. Ltd* Etisalat DB Telecom Pvt Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
14	Uttar Pradesh (East)	Vodafone BSNL Bharti Idea Cellular Ltd Dishnet Wireless Ltd Datacom Solutions Pvt Ltd*





SL.NO	Circle	Access Service Provider
		Unitech Wireless (East) Pvt. Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Pvt. Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
15	Rajasthan	Vodafone Hexacom (Bharti) BSNL Idea Cellular Ltd Dishnet Wireless Ltd* Datacom Solutions Pvt. Ltd* Unitech Wireless (North) Pvt. Ltd* Etisalat DB Telecom Pvt. Ltd* Loop Telecom Private Ltd* Reliance Infocomm Sistema Shyam Teleservices Ltd Tata Teleservices
16	Madhya Pradesh	Idea Cellular Ltd Reliance Telecom BSNL Bharti Dishnet Wireless Ltd* Datacom Solutions Pvt. Ltd* Unitech Wireless (West) Pvt. Ltd* Loop Telecom Pvt. Ltd* Sistema Shyam Teleservices Ltd* Essar Spacetel Pvt. Ltd (Vodafone) Allianz Infratech (P) Ltd* Reliance Infocomm Tata Teleservices
17	West Bengal and Andaman & Nicobar Islands	Reliance Telecom BSNL Bharti Vodafone Dishnet Wireless Ltd Datacom Solutions Pvt Ltd* Idea Cellular Ltd* Unitech Wireless (East) Pvt. Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices

SL.NO	Circle	Access Service Provider
Service Area – ‘C’ Circle		
18	Himachal Pradesh	Bharti Reliance Telecom BSNL Idea Cellular Ltd Dishnet Wireless Ltd Essar Spacetel Pvt. Ltd (Vodafone) Datacom Solutions Pvt. Ltd* Unitech Wireless (North) Pvt. Ltd* S Tel Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices
19	Bihar	Reliance Telecom BSNL Bharti Dishnet Wireless Ltd Essar Spacetel Pvt. Ltd (Vodafone) Aditya Birla Telecom Ltd (Idea) Datacom Solutions Pvt. Ltd* Unitech Wireless (East) Pvt. Ltd* S Tel Ltd* Loop Telecom Pvt. Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices Allianz Infrastech (P) Ltd*
20	Orissa	Reliance Telecom BSNL Bharti Dishnet Wireless Ltd Essar Spacetel Pvt. Ltd (Vodafone) Datacom Solutions Pvt. Ltd* Idea Cellular Ltd* Unitech Wireless (East) Pvt. Ltd* S Tel Ltd* Loop Telecom Pvt. Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm Tata Teleservices



SL.NO	Circle	Access Service Provider
21	Assam	Reliance Telecom BSNL Bharti Dishnet Wireless Ltd Essar Spacotel Pvt. Ltd (Vodafone) Datacom Solutions Pvt Ltd* Idea Cellular Ltd* Unitech Wireless (East) Pvt. Ltd* Tata Teleservices Ltd S Tel Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd*
22	North East	Reliance Telecom Bharti BSNL Dishnet Wireless Ltd Essar Spacotel Pvt. Ltd (Vodafone) Datacom Solutions Pvt Ltd* Idea Cellular Ltd* Unitech Wireless (East) Pvt Ltd* Tata Teleservices Ltd S Tel Ltd* Loop Telecom Private Ltd* Sistema Shyam Teleservices Ltd*
23	Jammu & Kashmir	BSNL Bharti Dishnet Wireless Ltd Essar Spacotel Pvt. Ltd (Vodafone) Datacom Solutions Pvt. Ltd* Idea Cellular Ltd* Unitech Wireless (North) Pvt. Ltd* Tata Teleservices Ltd S Tel Ltd* Loop Telecom Pvt. Ltd* Sistema Shyam Teleservices Ltd* Reliance Infocomm

Source DOT/Service Providers

* Services not started

Single Licence for TN and Chennai



Table 1.9

Additional GSM Wireless Subscribers added and annual growth rate in different circles during 2006-07, 2007-08 and 2008-09

Circles	No. of Subscribers added during Apr,06 to Mar, 07 (in million)	% Growth during year 2006-07	No. of Subscribers added during Apr,07 to Mar,08 (in million)	% Growth during year 2007-08	No. of Subscribers added during Apr,08 to Mar,09 (in million)	% Growth during year 2008-09
Metro	5.99	32.77%	8.39	38.38%	12.27	40.58%
Circle `A`	18.35	75.42%	27.36	64.11%	35.12	50.43%
Circle `B`	20.39	89.74%	26.97	62.55%	41.14	58.70%
Circle `C`	6.55	104.30%	9.51	74.18%	15.83	70.86%
All India	51.28	74.11%	72.23	59.96%	104.56	54.26%

Source: Quarterly Reports of Service Providers

Table 1.10

Number of VSAT Customers as on 31st March, 2009

Sl. No.	Name of the Service Provider	Period	
		March 2008	March 2009
1	Hughes Communications Ltd.	25464	30011
2	HCL Comnet	23050	25914
3	Bharti Airtel Limited, Bangalore	18193	26463
4	Bharti Broadband	5276	5276
5	Essel Shyam	2647	2728
6	Tatanet Services	5069	8390
7	ITI	45	37
8	GNFC	0	0
9	BSNL	1651	3421
Total		81395	102240

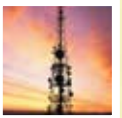


Table 1.11

Number of PMRTS Customers as on 31st March 2009

Sr. No.	Name of the Service Provider	Subscriber Base as on 31 st March 2008	Subscriber Base as on 31 st March 2009
1	Aryadoot Transport Pvt Limited	1649	1901
2	Jet-Aiu Skyline Transport Pvt Ltd.	511	479
3	Container Movement (Bombay) Transport Pvt Ltd.	5	6
4	Arya Offshore Services Pvt Ltd.	1368	1106
5	German Express Shipping Agency (India) Pvt Ltd. (Hapag Llyod)	887	735
6	United Liner Agencies of India (Pvt) Ltd	2100	1828
7	Procall Limited	9192	6939
8	The Arvind Mills Ltd.	11817	11222
9	Smartalk Pvt Limited	2449	2511
10	Quick Call	4668	3305
11	Bhilwara Telenet Services Pvt Limited	1392	1464
12	India Satcom Ltd.	202	110
Total		36240	31603
% age Decline in growth			12.80

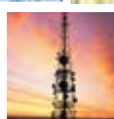
Source: Quarterly Reports of Service Providers.



Table 1.12

Subscriber Base and other details as reported by ISPs:

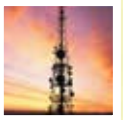
Category A				
S.No	Name of the Service Provider	Category	Geographical Area of Operation	Mar-09
1	Net Magic Solutions (P) Ltd.	A	All India	602
2	Bharat Sanchar Nigam Ltd.	A	All India	7256701
3	Bharti Airtel Ltd.	A	All India	1084872
4	Reliance Communications Infrastructure Limited	A	All India	935373
5	Sify Technologies Ltd.	A	All India	405254
6	Tata Communications Internet Services Limited	A	All India	367900
7	Hathway Cable & Datacom Pvt. Ltd.	A	All India	339032
8	Data Infosys Ltd.	A	All India	248032
9	YOU Telecom India Pvt. Ltd.	A	All India	198451
10	Tata Teleservices (Maharashtra) Ltd.	A	All India	55328
11	Punj Lloyd (Spectra Net Ltd.)	A	All India	40200
12	Ortel Communication Ltd.	A	All India	26964
13	Broadband Pacenet (I) Pvt. Ltd	A	Mumbai	12470
14	Indusind Media & Communications Limited	A	All India	11571
15	Hughes Communications India Ltd.	A	All India	8950
16	D-Vois Broadband Private Limited	A	All India	6176
17	Tata Communications Limited	A	All India	5527
18	Trak Online Net India Pvt.Ltd	A	All India	3467
19	Swiftmail Communications Ltd.	A	All India	3797
20	HCL Comnet Systems & Services Ltd.	A	All India	3140
21	DEN Networks Ltd	A	All India	1769
22	Dishnet Wireless Ltd	A	All India	1278
23	Tulip Telecom Limited	A	All India	952
24	Wire & Wireless (I) Ltd.	A	All India	802
25	Software Technology Park of India	A	All India	550
26	Limras Eronet Broadband Service Pvt Ltd	A	Tamil Nadu	438
27	IKF Technologies Ltd	A	All India	421



28	Pacific Internet India Pvt. Ltd.	A	All India	256
29	World Phone Internet Services Pvt Ltd	A	All India	165
30	Primenet Global Ltd.	A	All India	159
31	Verizon Communications India Pvt. Ltd.	A	All India	155
32	Karuturi Telecom Private Limited	A	All India	104
33	BT Global Communications India Pvt. Ltd	A	All India	104
34	Reach Network India Pvt. Ltd.	A	All India	77
35	Guj Info Petro Ltd. (GIPL)	A	Gujarat	77
36	Mylai Karpagambal Information Systems (P) Ltd.	A	Chennai	60
37	Bharti Broadband Ltd	A	All India	54
38	Nextgen Communications Ltd	A	All India	53
39	Essel Shyam Communications Limited	A	All India	47
40	Global One India Pvt Ltd	A	All India	21
41	Nelco Ltd.	A	All India	14
42	Power Grid Corporation of India Ltd.	A	All India	13
43	Astro Network India Pvt. Ltd.	A	All India	9
44	Reliance Wimax Limited(Gateway Systems (I) Ltd)	A	All India	5
45	National Stock Exchange of India Ltd	A	All India	3
46	Opto Network Pvt. Ltd.	A	All India	3
47	GTL Ltd.	A	All India	2
48	Tata Internet Services Ltd.	A	All India	2
49	L&T Finance Ltd(L&T Netcom Ltd.)	A	All India	1
50	Gujarat Narmada Valley Fertilizer Co. Ltd. (GNFC)	A	All India	0
51	VSNL Broadband Ltd	A	All India	0
52	Tatanet Services Ltd	A	All India	0
53	Noida Software Technology Park Ltd	A	All India	0
54	Cordia LT Communications PVT Ltd	A	All India	0
55	Tikona Digital Networks Pvt Ltd	A	All India	0
56	HCL Infinet Ltd.	A	All India	42189
57	ERNET India	A	All India	1070
TOTAL (1)				11064660



Category B				
S.No	Name of the Service Provider	Category	Geographical Area of Operation	Mar-09
1	Mahanagar Telephone Nigam Ltd.	B	Delhi & Mumbai	2124228
2	Asianet Satellite Communications Ltd.	B	Kerala	73382
3	HFCL Infotel Ltd.	B	Punjab Telecom Circle	67894
4	Shyam Internet Services Ltd	B	Rajasthan	32691
5	Beam Cable System Pvt. Ltd.	B	Andhra Pradesh	31423
6	Vodafone Essar Gujarat Ltd.	B	Gujarat	18001
7	Alliance Broadband Services Pvt. Ltd.	B	Kolkata	17661
8	Syscon Infoway Pvt Ltd	B	Mumbai	14161
9	IOL Netcom Limited	B	Mumbai	9973
10	West Bengal Electronics Industry Development Corp. Ltd.	B	Kolkata, WB	7365
11	Meghbela Cable & Broadband Service (P) Ltd	B	Kolkata	6965
12	Rajesh Multi Channel Pvt. Ltd.	B	Mumbai	6733
13	Southern Online Bio Technologies Ltd.	B	Andhra Pradesh	6449
14	Trikon Electronics Pvt. Ltd.	B	Mumbai	4568
15	Spacenet Internet Services Pvt Ltd	B	Delhi	4236
16	Gujarat Telelink Pvt Ltd	B	Gujarat	3386
17	Descon Ltd	B	Kolkata & West Bengal Telecom Circle	3249
18	Hathway Bhawani Cabletel & Datacom Pvt. Ltd.	B	Mumbai	3141
19	Geocity Network Solutions Pvt. Ltd.	B	Delhi	1974
20	Value Healthcare Ltd.	B	Mumbai	1777
21	CJM Consultancy Services Pvt. Ltd.	B	Delhi	1379
22	Digital2Virtual ISP Pvt. Ltd.	B	Gujarat	1024
23	Space Online Ltd	B	Gujarat	1023
24	Amber Online Services Ltd.	B	Andhra Pradesh	860
25	Blazenet Ltd.	B	Gujarat	834
26	North East Dataa Network Pvt Ltd	B	Karnataka	798
27	Honesty Net Solutions (I) Pvt Ltd	B	Mumbai	781
28	Pioneer eLabs Ltd (Pioneer Online Pvt. Ltd)	B	Andhra Pradesh	719



29	F/X Wireless Technology Solutions Pvt Ltd	B	Mumbai	657
30	S.S.Netcom Pvt Ltd	B	North East Circle	528
31	Ice Network Private Limited	B	Bangalore	460
32	Netcom Online Solutions India Pvt Ltd	B	Tamil Nadu	393
33	Ankhnet Informations Pvt. Ltd	B	Mumbai	364
34	RS Broadband Service India Pvt Ltd	B	Tamil Nadu SSA	266
35	Atria Convergence Technologies Pvt. Ltd.	B	Karnataka	202
36	Vainavi Industries Ltd	B	Andhra Pradesh	200
37	Netlinx Ltd.	B	Andhra Pradesh	173
38	City Online Services Ltd	B	Andhra Pradesh & Karnataka	164
39	Readylink Internet Services Pvt Ltd	B	Coimbatore SSA & Erode SSA	111
40	iCAN Solutions Private Limited	B	Mumbai	75
41	Ishan Netsol Pvt Ltd	B	Gujarat	31
42	Online Media Solutions Ltd	B	Andhra Pradesh	22
43	Chemical And Metallurgical Design Co. Ltd	B	Delhi	22
44	Vishwashakti Technologies Pvt Ltd	B	Hyderabad	16
45	Godrej Infotech Ltd.	B	Mumbai	9
46	Pan India Network Infravest Pvt. Ltd.	B	Mumbai, Navi Mumbai	4
47	Manipal Ecommerce Ltd.	B	Karnataka	3
48	Phonic Net Pvt Ltd	B	Mumbai	2
49	Karuturi Global Ltd (Karuturi Networks Ltd).	B	Karnataka	1
50	Advanced Financial Services Pvt Ltd	B	Hyderabad	1
51	WWW Communications Ltd	B	Delhi	0
52	Swastik Netvision Telecom P.Ltd.	B	Gujarat	0
53	Gujarat State Petroleum Corporation Ltd.(GSPC)	B	Gujarat	0
54	Vcare Call Centers India Pvt Ltd	B	Delhi	0
55	United Telecoms Limited*	B	Maharashtra	0
56	Star Broadband Services (I) Pvt Ltd	B	Delhi	1407
TOTAL (2)				2451786



Category C				
S. No	Name of the Service Provider	Category	Geographical Area of Operation	Mar-09
1	Bhupati Hotels Pvt Ltd	C	Delhi	2436
2	Cable Combine Communication Pvt. Ltd.	C	Siliguri SSA	1619
3	Narmada Cyberzone Pvt Ltd	C	Gujarat	1475
4	Intermedia Cable Communication Pvt Ltd	C	Pune/Nasik	1354
5	Sanchar Telenetwork Pvt Ltd	C	Bhavnagar SSA	1051
6	Kaizen Infonet Pvt Ltd	C	Surat & Valsaad SSA	980
7	Quest Consultancy Pvt. Ltd.	C	Valsad SSA	868
8	Broadlane Networks Pvt. Ltd.	C	Dombivli, Maharashtra	844
9	Rajesh Patel Net Services Pvt. Ltd.	C	Indore(MP)	815
10	ISP Solutions India Pvt. Ltd.	C	Coimbatore SSA	760
11	Yashash Cable Network Pvt Ltd	C	Mysore SSA	592
12	Speed Online.net Pvt. Ltd.	C	Rajkot	576
13	Bhiwani Communications Pvt. Ltd.	C	Rohtak	549
14	Apna Telelink Ltd.	C	Jalandhar	520
15	Kelnet Communication Services Pvt. Ltd	C	Trivandrum	431
16	Gomti Cable Network Pvt. Ltd.	C	Lucknow SSA	337
17	Bohra Pratisthan Pvt. Ltd	C	Udaipur SSA	326
18	Micky Online Pvt Ltd	C	Moradabad	280
19	Multinet (Udaipur) Pvt. Ltd.	C	Udaipur SSA	260
20	Khetan Cable Network (P) Ltd	C	Indore SSA	253
21	Rida Communication Pvt. Ltd.	C	Aligarh SSA	246
22	Rainbow Communications (India) Pvt Ltd	C	Salem SSA	197
23	iPath India Pvt. Ltd.	C	Ernakulam SSA	186
24	Aeroway Networks Pvt Ltd	C	Mysore SSA	183
25	Quick Online Pvt. Ltd.	C	Ghaziabad SSA	160
26	Dreamzcraft Info Solutions Pvt Ltd	C	Dehradun SSA	158
27	Eastern Teleservices Pvt Ltd	C	Jamshedpur SSA	156
28	Nihar Internet Services (P) Ltd	C	Ghaziabad SSA	156
29	Sanyog Networks Pvt Ltd	C	Tripura SSA	149



30	Adya Tech One Services Pvt Ltd	C	Ghaziabad SSA	131
31	Mynet Services India Pvt. Ltd.	C	Tamil Nadu SSA	100
32	Oasis Cable Pvt Ltd	C	Haridwar SSA	93
33	Shri Vinayagaa Internet Pvt Ltd	C	Madurai SSA	90
34	Tarang Communications Pvt. Ltd.	C	Guwahati SSA	83
35	Eronet Broadband Service India Pvt. Ltd.	C	Erode	80
36	ISP Services (India) Pvt. Ltd.	C	Trichy	79
37	Harisree Cable Net Pvt. Ltd.	C	Kanpur SSA	59
38	STN Communication & Advertising Pvt Ltd.	C	Guwahati	47
39	Konark Infocomm Pvt Ltd	C	Ghaziabad SSA	42
40	Conjoinix Technologies Pvt Ltd	C	J&K, Chandigarh	27
41	CJ Online Pvt. Ltd.	C	Ghaziabad	23
42	Kerala State Electronics Development Corp Ltd	C	Thiruvananthapuram	23
43	United Villages Networks Pvt Ltd	C	Bhuvaneshwar	21
44	Centre for Development of Advanced Computing, C-DAC	C	Ghaziabad SSA	13
45	Maple PC & Peripherals Pvt Ltd	C	Jamshedpur SSA	9
46	Fast Lynx Internet Service Pvt Ltd	C	Ludhiana	8
47	My Own Infotech Pvt. Ltd	C	Surat SSA	5
48	ABT Ltd.	C	Coimbatore SSA	3
49	Compucom (I) Pvt. Ltd.	C	Jaipur	2
50	Spectrum Softech Solutions Pvt. Ltd.	C	Ernakulam SSA	0
TOTAL (3)				18855

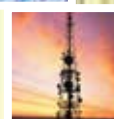
Category B & C

S.NO	Name of the Service Provider	Category	Geographical Area of Operation	Mar-09
1	Sab Industires Ltd.	B,C	Punjab, Karnal, Ambala, Hisar	463
2	delDSL Internet Pvt Ltd	B,C	Delhi & Gurgaon	284
3	Virtela India Pvt. Ltd.	B,C	Mumbai, Bangalore, Gurgaon	12
4	Pulse Telesystems Pvt. Ltd.	B,C	Chennai & Pondicherry	9
TOTAL (4)				768
GRAND TOTAL (1 + 2 + 3 + 4)				13536069



Table 1.13**List of Internet Telephony Service Providers as on 31st March 2009
who have reported the start of services**

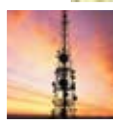
S. No.	Name of ISP
1	Apna Telelink Ltd.
2	Asianet Satellite Communications Ltd.
3	Blazenet Ltd.
4	Broadband Pacenet (I) Pvt. Ltd.
5	City Online Services Ltd.
6	CJ Online Pvt. Ltd.
7	Data Infosys Ltd.
8	DelDSL Internet Pvt. Ltd.
9	Digital2Virtual ISP Pvt. Ltd.
10	Dishnet Wireless Ltd.
11	Karuturi Telecom Pvt Ltd
12	Mahanagar Telephone Nigam Ltd.
13	Manipal Ecommerce Ltd.
14	My Own Infotech Pvt. Ltd.
15	Mylai Karpagambal Information Systems (P) Ltd.
16	NetMagic Solutions (P) Ltd.
17	Nettlinx Ltd.
18	Opto Network Pvt. Ltd.
19	Narmada Cyberzone Pvt Ltd
20	Pulse Telesystems Pvt. Ltd.
21	Sify Ltd.
22	Southern Online Bio Technologies Ltd.
23	Swiftmail Communications Ltd
24	Swastik Netvision Telecom P. Ltd.
25	Trak Online Net India Pvt.Ltd
26	Trikon Electronics Pvt. Ltd.
27	Tata Communications Ltd
28	Tata Communications Internet Services Ltd
29	YOU Telecom India Pvt. Ltd.
30	World Phone Internet Services Pvt Ltd
31	Cordia L T Communications Private Ltd
32	IOL Netcom Ltd
33	Tata Teleservices (Maharashtra) limited
34	IKF Technologies Ltd





PART – II

Review of working and operation of the Telecom Regulatory Authority of India

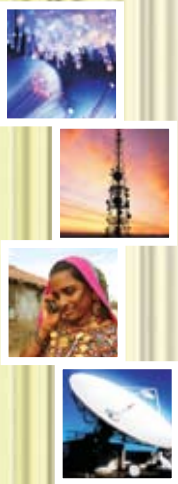




Shri R.N. Prabhakar, Member, TRAI addressing Inaugural Session of VAS India 2009 International Conference at Mumbai



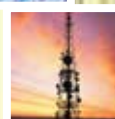
Shri R.K. Arnold, Secretary, TRAI addressing in one of the Session during the PTCIF 15th Annual Conference 'Accelerating Broadband access for the masses'



2. Review of Working and Operations of The Telecom Regulatory Authority of India

Part I of the Report has given a review of the general environment prevailing in the telecom sector including broadcasting and cable services and has highlighted the policies and programmes of the Government during 2008-09. The main thrust of TRAI's functioning is to create conditions for efficient competition and growth in the telecom sector including broadcasting and cable services together with better quality at affordable prices, in order to meet the objectives of New Telecom Policy, 1999 (NTP'99). In line with the mandate given under the TRAI Act, TRAI has played a catalytic role in the development of the telecom, broadcasting and cable services. It has been its endeavour to provide an environment, which is fair and transparent, encourages competition, promotes a level- playing field for all service providers, protects the interest of consumers and enables technological benefits to one and all.

2. The Government of India issued a Notification dated 9th January, 2004 by which broadcasting and cable services have been brought within the ambit of telecommunication services in terms of section 2(k) of the Telecom Regulatory Authority of India Act, 1997 as amended by the TRAI (Amendment) Act, 2000. With this notification, the 'carriage' part of broadcasting and cable services has come under the purview of TRAI.
3. Under the TRAI Act, 1997 TRAI is mandated, inter-alia, to ensure compliance of the terms and conditions of license, lay down the standards of quality of service to be provided by the service providers and ensure the quality of service, specify tariff policy and recommend conditions for entry of new service providers as well as terms and conditions of license to a service provider. TRAI's scope of work also includes consideration and decisions on issues



relating to monitoring of tariff policy, commercial and technical aspects of interconnection, principles of call routing and call handover, free choice and equal ease of access for the public to different service providers, resolution of conflicts that may arise due to market developments and diverse network structures for various telecom services, need for up-gradation of the existing network and systems, and development of forum for interaction amongst service providers and interaction of the Authority with consumer organizations. The Government issued an order dated 9th January, 2004 under section 11(d) of the TRAI Act, which mandated TRAI to make recommendations regarding terms and conditions on which the "Addressable Systems" shall be provided to the customers and the parameters for regulating maximum time for advertisements in pay channels as well as other channels. This order also entrusted to TRAI, the function of specifying the standard norms for, and periodicity of revision of rates of pay channels, including interim measures.

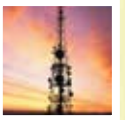


4. To formulate its policies and recommendations, TRAI interacts with various stakeholders such as the service providers, their organizations, Consumer Advocacy Groups / Consumer Organizations and other experts in this field. It has developed a process, which allows all the stakeholders and the general public to participate in policy formulation by offering their views whenever sought for. This process involves holding Open House Meetings arranged in different parts of the country, inviting written comments over

e-mails and through letters, and having interactive sessions with stakeholders and experts to obtain different views and clarifications on policy issues. The Regulations / Gazette Orders issued by TRAI also contain an Explanatory Memorandum which explains the basis on which the decisions are taken. The participative and explanatory process adopted by TRAI has received wide acclaim.

5. TRAI also interacts with the consumer organizations / Non Government Organisation (NGO) in the telecom and broadcasting sector to obtain their views. It has a system of registering consumer organizations / NGOs connected with telecom functions and of interacting with them at regular intervals. TRAI has registered 41 (forty one) Consumer organizations as on 31st March 2009 from all over the country and is constantly adopting measures for strengthening the consumer organizations. It also organizes Seminars and Workshops with the participation of International Experts on various technical issues and invites stakeholders, consumer organizations and other research institutes to attend these seminars.
6. During the year 2008-09, TRAI notified the following Tariff Orders:
 - ❖ The Telecommunication Tariff (Forty-Eighth Amendment) Order, 2008 (3 of 2008) dated the 1st September 2008
 - ❖ Telecommunication (Broadcasting and Cable Services) (Second) Tariff (Ninth Amendment) Order, 2008 (No.4 of 2008) dated the 26th December 2008

- ❖ Telecommunication (Broadcasting And Cable) Services (Third) (CAS Areas) Tariff (Third Amendment) Order, 2008 (No. 5 of 2008) dated the 26th December 2008
7. Following Recommendations have been given by TRAI to the Government during the year 2008-09:
- ❖ Recommendations on Terms and Conditions for Publication of an Integrated Telephone Directory for Fixed Line Telephones dated the 24th April 2008
 - ❖ Recommendations on Permitting New Entity for Allocation of 3G Spectrum dated the 25th April 2008
 - ❖ Recommendations on foreign investment limits for broadcasting sector dated the 26th April 2008
 - ❖ Recommendations on Terms and Conditions for National Integrated Directory Enquiry Service (NIDQS) for Fixed and Mobile Telephones dated the 19th June 2008
 - ❖ Recommendations on Allocation and Pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands dated the 11th July 2008
 - ❖ Recommendation on the modifications proposed by DoT on Reserve price and Auction process for 3G services dated the 12th July 2008
 - ❖ Recommendation on the modifications proposed by DoT on spectrum usage charges and one time spectrum enhancement charges dated the 16th July 2008
 - ❖ Recommendations on Restructuring of Cable TV Services dated the 25th July 2008
 - ❖ Recommendations on Mobile Virtual Network Operator (MVNO) dated the 6th August 2008
 - ❖ Recommendations on Issues related to Internet Telephony dated the 18th August 2008
 - ❖ Recommendations on the Policy Guidelines and Operational issues for Television Audience Measurement/ Television Rating Points (TRPs) dated the 19th August 2008
 - ❖ Recommendations on Provision of Calling Cards by Long Distance Operators dated the 20th August 2008
 - ❖ Recommendations on Issues relating to entry of certain entities into Broadcasting and Distribution activities dated the 12th November 2008
 - ❖ Recommendations on 3rd Phase of Private FM Radio Broadcasting – response to observations made by the Government dated the 28th November 2008
 - ❖ Recommendations on Modifications proposed by DoT on the spectrum usage charges for 3G services dated the 9th December 2008
 - ❖ Recommendations on Growth of Value Added Services and Regulatory Issues dated the 13th February 2009
 - ❖ Recommendations on Media Ownership dated the 25th February 2009



- ❖ Recommendations on Lock-in period for Promoter's Equity and other related issues for Unified Access Service Licensees (UASL) dated the 12th March 2009
- ❖ Recommendations on An Approach to Rural Telephony – Suggested Measures for an Accelerated Growth dated the 19th March 2009

8. TRAI also issued following directions to the Service Providers during the year 2008-09 for compliance of its order / Regulations:

- ❖ Direction dated 5th June 2008 to fix the maximum a-la-carte rates as prescribed by the Authority
- ❖ Direction dated 12th June 2008 to service provider to enter into agreement for Intelligent Network based free phone service
- ❖ Direction dated 18th June 2008 and 24th June 2008 regarding modification in Reference Interconnect Offer for Direct to Home platforms
- ❖ Directions dated 14th August 2008 to service providers on opening of allotted codes
- ❖ Direction dated 20th August 2008 to Access Providers (Basic Service Operators/Cellular Mobile Service Providers/ Unified Access Service Providers) and National Long Distance Operators and International Long Distance Operators, regarding implementation of Carrier Selection in their respective networks

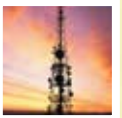
- ❖ Direction dated 28th August 2008 to modify the a-la-carte and bouquet rates for its channels
- ❖ Direction dated 28th August 2008 to broadcasters for reporting of commercial tariff for CAS areas and Non – CAS areas
- ❖ Direction dated 1st September 2008 to all Access Service Providers regarding transparency in tariff offers
- ❖ Direction dated 21st October 2008 regarding Unsolicited Commercial Communications
- ❖ Direction dated 10th December 2008 regarding the insertion of Telecom Service Provider (TSP) and Service Area Codes

9. During the year 2008-09 TRAI issued the following Regulations:

- ❖ The Telecom Unsolicited Commercial Communications (Second Amendment) Regulations, 2008.(No. 3 of 2008) dated the 21st October 2008
- ❖ The Telecom Regulatory Authority of India (Officers & Staff Appointment) (Seventh Amendment) Regulations, 2008 (No. 4 of 2008) dated the 31st December 2008 / 9th January, 2009
- ❖ The Standards of Quality of Service (Broadcasting and Cable Services) (Cable Television – Non-CAS Areas) Regulations, 2009 (No.1 of 2009) dated the 24th February 2009



- ❖ The Telecommunication Inter-connection Usage Charges (Tenth Amendment) Regulations, 2009 (No. 2 of 2009) dated the 9th March 2009
 - ❖ The Direct To Home Broadcasting Services (Standards of Quality of Service And Redressal of Grievances) (Amendment) Regulations, 2009 (3 of 2009) dated the 12th March 2009
 - ❖ The Telecommunication (Broadcasting And Cable Services) Interconnection (Fifth Amendment) Regulations, 2009 (4 of 2009) dated the 17th March 2009
 - ❖ The Register Of Interconnect Agreements (Broadcasting and Cable Services) (Fourth Amendment) Regulations, 2009 (5 of 2009) dated the 18th March 2009
 - ❖ The Telecom Regulatory Authority of India (Officers And Staff Appointment) (Eighth Amendment) Regulations, 2009 (No.6 of 2009) dated the 20th March 2009
 - ❖ The Standards of Quality of Service Of Basic Telephone Service (Wireline) And Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009) dated the 20th March 2009
10. The consultation Papers issued by TRAI during the year 2008-09 are as under:
- ❖ Consultation Paper on Allocation and Pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands dated the 2nd May 2008
 - ❖ Consultation Paper on Mobile Virtual Network Operator (MVNO) dated the 5th May 2008
 - ❖ Consultation Paper on Carrier Selection dated the 7th May 2008
 - ❖ Consultation Paper on Issues related to Internet Telephony dated the 12th May 2008
 - ❖ Consultation paper on Growth of Value Added Services and Regulatory Issues dated the 28th May 2008
 - ❖ Short Consultation on certain Amendments to Telecommunications Tariff Order, 1999 as a sequel to the consultation process initiated in January, 2008 dated the 23rd July 2008
 - ❖ Consultation Paper on Media Ownership dated the 23rd September 2008
 - ❖ Consultation Paper on Quality of Service issues for Cable TV Services in Non-CAS Areas and for DTH Services dated the 1st December 2008
 - ❖ Consultation paper on interconnection issues relating to Broadcasting & Cable Services dated the 15th December 2008
 - ❖ Consultation Paper on Review of Quality of Service (QOS) Performance Parameters of Basic Service (wireline) and Cellular Mobile Telephone Service dated the 18th December 2008



- ❖ Consultation Paper on Review of Interconnection Usage Charge (IUC) dated the 31st December 2008
- ❖ Consultation Paper on Lock-in period for Promoter's Equity and Other Related Issues for Unified Access Service Licensees (UASL) dated the 9th January 2009
- ❖ Consultation Paper on Bandwidth required for ISPs for better connectivity and improved quality of service dated the 15th January 2009
- ❖ Consultation paper on Licensing Issues relating to Next Generation Networks dated the 27th January 2009
- ❖ Consultation Paper on DTH issues relating to tariff Regulation and new issues under reference from Ministry of Information and Broadcasting dated the 6th March 2009

11. In the process of providing its recommendations, framing of regulations or tariff orders and issue of directions during the financial Year 2008-09, the Authority conducted a total of 15 (fifteen) Open House Meetings in different parts of the country, which were attended by representatives of service providers, their associations, NGOs / Consumer Organizations in the telecom sector, telecom experts and the consumers. The Authority held 4 (four) Regional Workshops – one each at Dehradun (9th May 2008); Madurai (8th August 2008); Agartala (12th September 2008); and Goa (28th October 2008); aimed

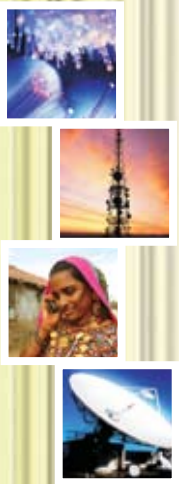
at generating awareness amongst the Consumer Organisations about the initiatives taken by the Government and Telecom Regulatory Authority of India to protect their interests. During the year, 1 (one) new organization was registered with Telecom Regulatory Authority of India. A three-day orientation programme was also held in New Delhi from 22nd October to 24th October, 2008 for the newly registered organisations.

2.1 RURAL TELEPHONE NETWORK

12. It has been observed that despite several attempts over the last ten years, telecom infrastructure in rural areas is lagging behind the expected levels. There has been a phenomenal spurt in the growth of tele-density in the country with the evolution of new wireless technologies, but the gap between the urban and rural tele-density has been increasing. This is illustrated in the **Figure 2.1**.

Rural Subscribers

13. As on 31st March 2009, the Wireless rural (Mobile and WLL (F)) market has reached the 111.63 million mark as against 62.28 million for the same period in the previous year. Service Providers reports indicate that more than 28.50% of total Wireless subscribers are now in rural areas. The total rural subscriber has been steadily increasing during 2008-09. The rural subscriber base during the each quarter ending during the financial year 2008-09 is shown in **Table 2.1** in the next page.



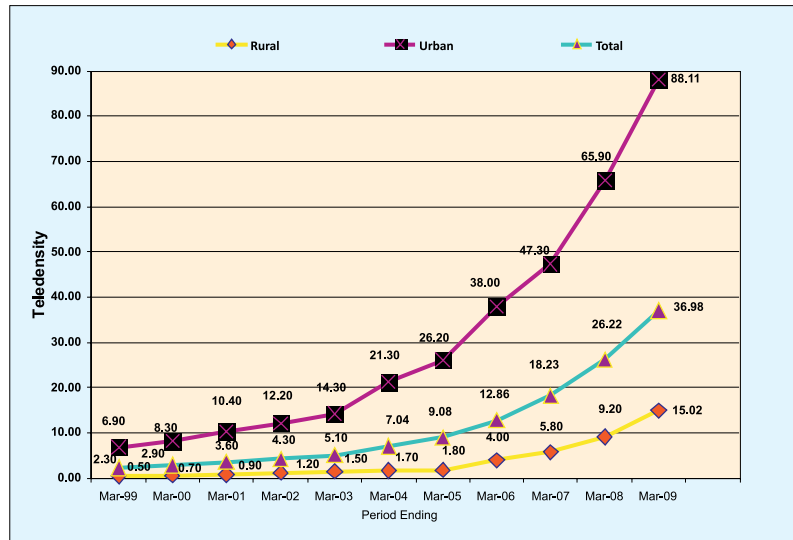


Figure 2.1: Rural and Urban tele-density

14. The Operator-wise Rural subscribers and market share is shown in **Table 2.2** in the next page.
15. Through its various recommendations, TRAI has suggested measures to improve penetration of telecom services in rural areas. TRAI in its Recommendations on Review of license terms and conditions and capping of number of access providers dated 29th August, 2007 had recommended financial incentive for spread of infrastructure in rural areas (Reduction of 2% in contribution to USOF on 75% of development blocks).
16. With the objective of accelerating the growth of telecom services in rural

areas, TRAI issued a paper on “Measures to Improve Telecom Penetration in Rural India – The Next 100 million subscribers” on 16th December 2008. Comments from the stakeholders on the various issues discussed in the paper were invited by 12th January 2009. Based on the comments received and its own analysis the Authority issued its recommendations on “An approach to rural telephony - Suggested measures for an accelerated growth” on 19th March 2009. Through this recommendations, TRAI has recommended concrete measures to overcome the various constraints coming in the way of increasing rural telecom penetration.

Table 2.1 : Wireless Rural Subscriber Base (in million)

Quarter ending	Subscriber base	Additions during the quarter	Percentage Growth
June 2008	70.83	8.55	13.72 %
September 2008	79.61	8.78	12.39 %
December 2008	93.15	13.54	17.00 %
March 2009	111.63	18.48	19.83 %

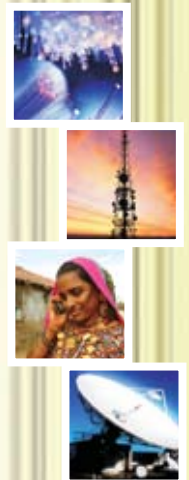


Table 2.2 : Subscriber Base of Wireless Operators

SL. NO	Wireless Group	Subscribers as on March-09 (in millions)	Rural Subscribers (in millions)	Percentage of rural subscribers	Market Share of Rural Subscribers
1	Bharti	93.92	29.53	31.44	26.46
2	Reliance	72.67	15.13	20.82	13.55
3	Vodafone	68.77	22.33	32.48	20.00
4	BSNL	52.14	19.09	36.61	17.10
5	Idea	38.89	15.83	40.70	14.18
6	Tata	35.12	2.66	7.58	2.38
7	Aircel	18.48	5.63	30.49	5.05
8	MTNL	4.48	0.00	0.00	0.00
9	Spice	4.13	1.41	34.23	1.27
10	BPL	2.16	0.00	0.00	0.00
11	HFCL	0.60	0.004	0.63	0.00
12	Shyam	0.39	0.001	0.38	0.00
Total		391.76	111.63	28.50	100.00

17. As per the information available from DoT Website, a scheme was launched by USO Fund to provide subsidy support for setting up and managing 7871 (revised to 7440) number of infrastructure sites (towers) in 500 districts spread over 27 states for provision of mobile services in the specified rural and remote areas, where there was no existing fixed wireless or mobile coverage. The infrastructure so created will be shared by three service providers for provision of mobile services. The agreements effective from 1st June 2007 had been signed with the successful bidders in May, 2007. Mobile services from these towers were likely to be launched in a phased manner by end of year 2008.
18. It was also proposed to cover other uncovered areas in the country through mobile services for which additional towers were being identified. About

11000 towers are proposed to be installed under the second phase of the scheme, which is likely to be launched shortly.

2.2 EXPANSION OF TELEPHONE NETWORK

19. As a Regulator, TRAI is concerned with maximizing the welfare of the consumers, healthy growth of telecom sector and financial viability of the telecom companies. The total subscriber base (both wireless and wireline) of telecom sector in India during the financial year 2008-09 crossed 400 million mark with the figure being 429.72 million subscriber as on 31st March 2009. The wireless subscriber crossed the 391 million subscriber mark at the end of the financial year 2008-09 in comparison to the subscriber base of 261.7 million at the end of March,



2008. It added around 130.69 million subscribers in the financial year 2008-09 registering an annual growth rate of about 50.06%. Out of the 391.76 million total wireless subscriber as on 31st March 2009, there were 280.13 million urban subscribers and 111.63 million rural subscribers. The Wireline subscribers as on 31st March 2009 was 37.96 million as compared to 39.42 million subscribers on 31st March, 2008 registering a decrease of 1.46 million subscribers during the year 2008-09. Out of the 37.96 million wire line subscribers, 27.38 million are Urban wire line subscribers and 10.58 million Rural Subscribers. The Internet subscriber base in the country as of 31st March 2009 stood at 13.54 Million as compared to 11.09 Million during the previous year, registering an annual growth rate of 22.09%. The total Broadband subscriber base has reached 6.22 million by the end of March, 2009 as compared to 3.87 million by the end of March 2008 thereby registering a net addition of 2.35 million broadband subscribers during the financial year 2008-09.

2.3 ENTRY OF PRIVATE SECTOR IN BASIC AND VALUE ADDED SERVICES

20. TRAI has provided recommendations for entry of new operators in several telecom segments such as Basic Services, Cellular Mobile Services, National Long Distance Service, International Long Distance Service, VSAT, PMRTS and GMPCS. The focus has been on facilitating entry and operations, as well as expansion of the scope of services of the various service providers. By the

end of 31st March, 2009 apart from BSNL and MTNL, the Basic Services sector had five licensed private operators in the different telecom circles. All these five private operators had since migrated to Unified Access Service Regime. During the Financial Year 2008-09, 2 new Unified Access Service Licenses have been granted and at the end of the year total number of licensees providing wireless services has reached 279.

21. TRAI forwarded its suo moto recommendations to the Government on growth of value added services and regulatory issues on 13th February 2009. The value added service (VAS) market in India has a great potential for growth and revenue to telecom access service providers and content providers/content aggregators. The revenue from this growth potential is expected to reach above INR 250 billion by the year 2009-10 and more than 30% of the revenue of the telecom access service providers in the next 5-7 years. To bring out all the related aspects of issues the Authority issued a Consultation paper on Growth of Value Added Services and Regulatory issues on 28th May 2008. The Authority subsequently held an Open House Discussion in Delhi on 11.07.2008 on the subject. After conclusion of the consultation process the Recommendation was sent to the Government. It is expected that these recommendations will pave the way forward for the orderly growth of value added services and consumers will also be benefited with new and enhanced services/value added services at competitive rates. The details of the Recommendations have been discussed in detail in **Part III** of this Compilation.



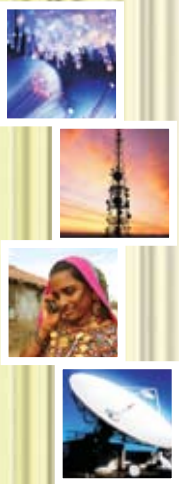
2.4 TECHNICAL COMPATIBILITY AND EFFECTIVE INTERCONNECTION BETWEEN SERVICE PROVIDERS

22. Interconnection has been one of the most pressing issues before TRAI and several of these issues were resolved proactively using the available regulatory tools. TRAI had issued several directions, determinations and regulations to facilitate interconnection.
23. On 24th January, 2003, TRAI issued the Telecommunication Interconnection Usage Charges (IUC) Regulation. This Regulation established a framework of the Interconnection Usage Charge (IUC) Regime. As per the Regulation, IUC was to be determined based on minutes of usage of various Unbundled Network Elements and the cost of these elements. The IUCs for Origination, Transit/ Carriage and Termination were based on the principles of element based charging, i.e., one operator charging the other for the resources consumed for carriage of its calls in terms of minutes of usage. The IUC Regime also established an Access Deficit Charge (ADC) mechanism to fund the deficits accruing on account of fixed lines rentals being below cost and provisioning of free calls and certain below cost local calls by BSOs providing fixed lines. The IUC regime has been reviewed from time to time, mainly to gradually reduce the ADC Charges and to review the beneficiaries of ADC regime. In the year 2006, the IUC Regulation issued on 23rd February 2006 marked a shift in the ADC regime from the earlier minute based charges to revenue share concept. The process of Annual Review of ADC resulted in issue of the

Telecommunication Interconnection usage charges (Ninth Amendment) Regulation 2008 and simultaneous issue of set of recommendations to DoT for continuance of support to BSNL's rural wireline network through USOF. The issue of amendment Regulation and recommendations culminated the process of phasing out of ADC w.e.f from October, 2008.

Initiatives during the year

24. The Telecom Regulatory Authority of India issued the "Telecommunications Interconnection Usage Charges (Tenth Amendment) Regulations" dated 9th March 2009. A detailed consultation paper was issued on 31st December 2008. The main issues for consultation were: Components of IUC to be reviewed, methodology for calculation of mobile termination charge, methodology for fixed and mobile termination cost calculations, applicability of the mobile termination charge for all existing and new service providers and for fixed and mobile services, fixing of termination charge for international incoming calls, new networks and services like 3G, WiMax and NGN's likely effects on the IUC. The endeavor of the Authority has been to evolve a framework that would ensure effective interconnections and enable competition, ensure that positive effects of liberalization would percolate to the largest sections of the society and provide sustained growth of telecommunications. The above consultation process ended with the issue of the "Telecommunications



Interconnection Usage Charges (Tenth Amendment) Regulations” dated 9th March 2009. The details of the Regulations have been discussed in **Part III** of this compilation.

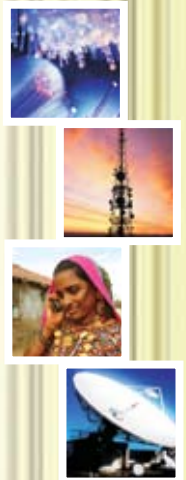
25. The prevailing IUC regulation was notified on 29th October 2003 and came into effect from 1st February 2004. This was well accepted by the industry and has been instrumental in growth of the industry and reduction in tariff. A review was conducted through a consultation paper of 17th March 2005 and a revised IUC regime was introduced on 23rd February 2006, which has been implemented from 1st March 2006. In this regulation, the Authority decided to put a ceiling on carriage charges.
26. A number of factors had gone into fixing of IUC charges that are currently effective. With increasing competition, massive growth of subscribers and reduction in tariff, the calling pattern, the total traffic and its dispersion might have undergone change. The cost of providing services may also have altered by downward or upward movement of some of the constituents. Besides, a number of policy and regulatory changes have happened since the IUC regulation was first issued in 2003, and amended in 2006, that could have a bearing on one or more of these charges. Passive infrastructure sharing has brought about a change in the CAPEX/OPEX structure of the service providers. Issue of fresh licences and allocation of spectrum to new companies would see infusion of capital in the sector based on their perception of viability of operations. It was also felt necessary to take the strides of technology into account. More and more service providers are embracing

Internet Protocol (IP) networks in a bid to reducing their network CAPEX and OPEX and perhaps keeping eventual migration to NGN in sight. Auction of relevant spectrum and subsequent deployment of 3G services is round the corner therefore it was considered necessary to understand the views of the service providers on whether both 2G and 3G voice termination should be treated similarly.

27. Finding the right level of interconnection charges was by no means a simple exercise. Any determination was expected to strike a balance among a number of factors, some of which might conflict with each other. Sustainability of service providers’ operations, consumer interest, growth of telecom sector, ease and flexibility of introducing innovative tariff plans by the service providers were some of the factors that were necessary to be addressed. The Authority therefore, considered it appropriate to engage the service providers in a comprehensive pre-consultation process. The general response was in favour of reviewing all the components of the IUC regime.

2.5 TELECOMMUNICATION TECHNOLOGY

28. TRAI follows a technology-neutral approach. It, however, aims to provide conditions under which service providers are able to adopt modern and efficient technologies and can address the constraints imposed by the legacy network and practices. Some important steps taken in this direction are steps for implementation of Mobile Number Portability and National Do Not Call Registry (NDNC).



Mobile Number Portability

29. Mobile Number portability (MNP) allows Mobile subscribers to change their service provider while retaining their existing subscriber number. Portability benefits subscribers and increases the level of competition between service providers, rewarding those operators having better customer service, network coverage and service quality. TRAI had submitted its Recommendations on Mobile Number Portability to DoT on 8th March, 2006. DoT vide its Press Release dated 10th December 2007, had communicated its acceptance to implement MNP starting from four metro cities in the first phase by the end of fourth quarter of 2008. DoT had also asked the Authority to form a Steering Committee to deliberate the various issues involved in the implementation of MNP in the country.

30. Accordingly, the Authority formed a Steering Committee consisting of representatives from TEC, Service Providers and their Associations under the aegis of TRAI. The Steering Committee held several meetings and submitted its report to the Authority. On the basis of the report, a draft Request for Proposal (RFP) and subsequent modification were submitted to DoT on 10th April 2008 and 30th April 2008 respectively for initiating the process for selection of Mobile Number portability by Access Providers, NLDOs and ILDOs. DoT issued guidelines on mobile Number Portability on 1st August, 2008. The guidelines envisage two Number Portability zones (zone 1 & Zone 2) consisting of 11 Licensed Service Areas (LSAs) with 2 Metro

Service Areas in each zone. Initially MNP is to be implemented in all Metros and Category 'A' service areas within 6 month of award of Licence. Later on, the operation of MNP will be expanded in the rest of respective zones in time bound manner in phases. Licences were issued to M/s Syniverse Technologies (I) Pvt. Ltd for Zone 1 (North and West India) and M/s MNP Interconnection Telecom Solutions (I) Pvt. Ltd. for MNP Service Zone 2 (East and South India) on 17th April 2009.

UCC/NDNC Registry

31. In order to curb the Unsolicited Commercial Communication (UCC), TRAI had notified the Telecom Unsolicited Commercial Communications Regulations, 2007 (4 of 2007) dated 5th June 2007. Consequently the National Do Not Call Registry (NDNC) had been established which is primarily a national database containing list of telephone numbers of all such subscribers who do not want to receive the UCC. NDNC was designed, developed and is being maintained by National Informatics Center (NIC). Today, all the telecom service providers have set up the call centres with "toll free telephone lines" to receive request from their subscribers who want to register in the NDNC. To ease the process of registration with the NDNC, DoT has allotted a universal number '1909'. Initial registration is done by the telecom service providers who periodically update the NDNC registry with its data base of registered subscribers. Thus the NDNC contains the telephone numbers of all those subscribers who have opted not to receive any UCC.



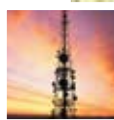
32. As per the DoT guidelines dated 6th June 2007, all the Telemarketers are mandated to register with DoT. The telemarketers after registration, get permission to access the NDNC. They can submit the calling list to the NDNC registry (using registration ID) for scrubbing and the registry returns the list after deleting those telephone numbers who have registered for not receiving the UCC. The NDNC has become operational from 12th October, 2007.

33. While reviewing the working and effectiveness of NDNC, TRAI had noted that Telemarketers being high revenue subscribers, the concerned service provider resist to take action against the defaulting Telemarketers. Considering this aspect, TRAI had issued The Telecom Unsolicited Commercial (Amendment) Regulations, 2008 dated 17th March 2008. This amendment to the principal regulation apart from providing for higher tariff for the telemarketers making unsolicited commercial communications (UCC) to the subscribers registered in the National Do Not Call Registry (NDNC) also has a provision for financial disincentive for the service providers who contravenes the provisions of regulation 15 or regulation 16 or regulation 17 of the UCC regulations, as amended. Though there was a substantial decrease in the UCC with the measures outlined above, yet it was felt that a substantial number of unsolicited communications is being made by the unregistered telemarketers who are out of the ambit of the regulation. Therefore, a proposal to the DoT was sent by the Authority for enactment of suitable legislation in line

with the practice followed in number of countries, for taking cognizance of unsolicited commercial communication as an offence.

34. Further, during the course of monitoring the implementation of the principal regulations, it has been observed by the Authority that there is also a need to specify time limits for handling complaints of the subscribers by the service providers and for communication of the result of investigation and the action taken on the basis of the complaint to the subscriber who has made the complaint. Accordingly, suitable provisions have been incorporated in the second amendment to the principal regulations providing for time limits to be specified by the Authority under a direction under section 13 of the TRAI Act, 1997. The Authority has directed all Access Providers to adhere to the limits of 28 days in case of complaints against their own telemarketers and 35 days in case of complaints against telemarketers belonging to other telecom service providers.

35. Subsequently, in the light of feedback given by service providers to the Authority, that whenever a subscriber makes a complaint of unsolicited commercial communication by SMS with sender identification other than the normal ten digit mobile or fixed number, (Viz., Some alphanumeric names like SBI life or HSBC etc., some numeric codes like 58888 or 56262 etc.), it is very difficult and time consuming for the service providers to identify the service provider from whose network such unsolicited commercial



communication originated. In this regard, the Authority directed service providers that the alpha-numeric identifier of all commercial SMSs which are sent with only sender identification and without the normal ten digit mobile number shall be prefixed by the code of the service provider and the code of the service area as specified by the Authority (for example in form of XY-HSBC, where X stands for the code allotted to the service provider and Y stands for the service area) and this was implemented from 1st Feb.2009.

36. As on 31st March, 2009, more than 3.1 crore subscribers had registered for 'Do Not Call' in NDNC Registry which is about 8.13 % of all telephone subscribers of the country. About 22272 telemarketers have got themselves registered with the Department of Telecommunications. The NDNC is being accessed daily by around 1300 telemarketers for scrubbing their calling list. Since the establishment of NDNC, approximately 1766 crore numbers have been uploaded by the telemarketers for scrubbing, out of which around 111 crore numbers were found to be DND registered and hence deleted by NDNC.

37. As per the reports submitted by service providers, they have received 32034 'Do Not Call' violation complaints in the last three months (Jan.-Mar. 2009). Against these complaints, the service providers have charged higher tariff of Rs 500 or Rs. 1000/- from 5040 telemarketers and 5314 Telephones of the Telemarketers were disconnected. The total number of complaints received by service providers in the last three months do constitute around 0.1 % of registered subscribers of NDNC.

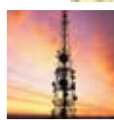
2.6 IMPLEMENTATION OF NEW TELECOM POLICY (NTP' 99)

38. New Telecom Policy, 1999 (NTP-99) has provided TRAI with the requisite policy framework envisaged by the Government. TRAI Act empowers the Authority to make Recommendations either Suo Moto or on a request from Licensor on matters specified therein. Accordingly, TRAI either suo-moto or on request of the Government provided its recommendations on a number of important issues till now, which include:

- ❖ Issues relating to cellular mobile service
- ❖ Licensing of Basic Service Providers
- ❖ Introduction of competition in National Long Distance Service
- ❖ Filling up of vacant slots of cellular mobile telephone service license
- ❖ Universal Service Obligations (USO)
- ❖ License fee for Radio Paging Service (RPS)
- ❖ Issue of fresh Licences for Radio Paging Service
- ❖ INSAT MSS Reporting Service
- ❖ Issue of fresh licenses for VSAT service providers
- ❖ Licensing issues related to Public Mobile Radio Trunked Services
- ❖ Cellular Mobile Service Providers (CMSPs) - induction of fourth operator.
- ❖ Provision of mobile community phone services



- ❖ Voice Mail/ Audiotex Services
- ❖ Introduction of internet telephony
- ❖ Unified messaging service
- ❖ Unified Licensing Access Regime
- ❖ Intra-circle Mergers and Acquisitions
- ❖ Waiving off of License Fee and Bank Guarantee for Infrastructure Providers- II (IP-II)
- ❖ Accelerating Growth of Internet and Broadband Penetration
- ❖ Establishment of the Office of Ombudsman in the Telecom Sector
- ❖ Fully Unified Licensing Regime for all telecom services
- ❖ Spectrum related issues
- ❖ Growth of Telecom Services in Rural India
- ❖ Telephone Directory and Directory Enquiry Services
- ❖ Mobile Number Portability
- ❖ Next Generation Networks
- ❖ Virtual Private Network (VPN)
- ❖ Transition from IPv4 to IPv6 in India
- ❖ Licensing Issues relating to DTH
- ❖ Allocation and pricing of spectrum for 3G and broadband wireless access services
- ❖ Effectiveness of National Internet Exchange of India
- ❖ Permitting usage of * and # in provisioning of value added intra-network services like USSD (Unstructured Supplementary Service Data) by Access Providers
- ❖ Review of policy of Internet services
- ❖ Review of license terms and conditions and capping of number of access providers detailed policy framework required for DTH
- ❖ Various issues related to mobile television services
- ❖ Amendment in license conditions of DTH about technical interoperability
- ❖ Issue of modification to be incorporated in the policy of FM Radio Broadcasting Phase III
- ❖ Value Added Services and Regulatory Issues
- ❖ Terms and Conditions for National Integrated Directory Enquiry Service (NIDQS) for Fixed and Mobile and for Publication of an Integrated Telephone Directory for Fixed Line Telephones
- ❖ Allocation of 3G Spectrum
- ❖ Foreign investment limits for broadcasting sector
- ❖ Restructuring of Cable TV Services
- ❖ Mobile Virtual Network Operator (MVNO)
- ❖ Policy Guidelines and Operational issues for Television Audience Measurement/ Television Rating Points (TRPs)
- ❖ Provision of Calling Cards by Long Distance Operators
- ❖ Issues relating to entry of certain entities into Broadcasting and Distribution activities
- ❖ Media Ownership



- ❖ Lock-in period for Promoter's Equity and other related issues for Unified Access Service Licensees (UASL)
- ❖ Introduction of competition in International Long Distance Service
- ❖ Issues relating to Limited Mobility through Wireless in Local Loop
- ❖ Support of Rural Wireline connections from USOF on phasing out of ADC
- ❖ Terms & Conditions for Resale in International Private Leased Circuits (IPLC) Segment

2.7 QUALITY OF SERVICE (QOS)

a) Quarterly reports received from service providers for Basic and Cellular Mobile Services providers:

39. TRAI monitors the performance of Basic and Cellular Mobile service against the benchmarks prescribed by TRAI vide Regulation on Quality of Service for Basic & Cellular Mobile Services through quarterly performance monitoring report (PMR) received from service providers. TRAI also monitors POI congestion through monthly reports received from cellular mobile service providers (CMSP). The quarterly reports submitted by Basic Service Providers, Cellular Mobile Service Providers are analysed for assessing their performance with regard to the QOS benchmark.

b) Broadband Service:

40. TRAI monitors the performance of Broadband service providers against

the benchmarks provided by TRAI vide Regulation on Quality of Service of Broadband Service. The quarterly reports submitted by Broadband service providers are analysed for assessing their performance with regard to the QOS benchmark.

(c) Monitoring of Quality of Service Parameters of ISPs:

41. TRAI notified Regulation on Quality of Service of Dial-up and Leased Line Internet Access Service in December, 2001, fixing benchmarks for Internet Dial-up Access. Accordingly, ISPs are required to comply with the benchmarks as per the QoS Regulations. TRAI receives quarterly Performance Monitoring Reports from ISPs and these are analyzed for assessing their performance with regard to Quality of Service benchmarks.

d) Point of Interconnection (POI) Congestion reports:

42. The growth of mobile network is taking place at a very rapid pace and about 10-15 million subscribers are added every month. In order to ensure seamless interconnection, TRAI has been monitoring the level of congestion at the Point of Interconnection (POI) between various service providers. This parameter signifies the ease with which a customer of one network is able to communicate with a customer of another network. This parameter also reflects as to how effective is the interconnection between two networks. The benchmark notified by TRAI in the QoS Regulation for this parameter is <0.5%.



e) Objective Assessment of QOS through an Independent Agency:

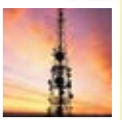
43. With a view to check the authenticity of information reported by the Basic, Cellular Mobile Telephone and Broadband Service Providers and to ascertain customer perception of quality of service, TRAI engaged independent agencies namely M/s IMRB International, M/s VOICE, M/s TCIL and M/s Market Pulse for conducting (1) an objective assessment of the quality of Service provided by Basic, Cellular Mobile Telephone Service and Broadband Service Providers and (2) Subjective customer satisfaction surveys for assessing the customers perception of the service and also to assess the implementation and effectiveness of Telecom Consumers Protection and Redressal of Grievances Regulations, 2007 on zonal basis. The reports for the first and second half yearly period were received, analysed, service area wise and Press Releases issued, besides launching them on TRAI Website for information of stakeholders.

2.8 MEASURES TO PROTECT THE INTEREST OF CONSUMERS

44. TRAI holds half yearly meetings with the registered consumer organizations for better understanding of the problems of consumers across the country, as provided in the Regulation. In order to acquaint the consumer organizations about various developments in the telecom sector, TRAI also invites them to seminars, workshops and conferences on telecommunication issues. Such exposures help them build their capacity

and develop consumer advocacy skills. One important development resulting from the various consultations TRAI had with the NGOs / Consumer Advocacy Groups and telecom service providers, was finalization of a common charter for adoption by all Telecom service providers. The common charter is a written voluntary declaration by the service providers about the various dimensions of service. It is an open invitation to the consumers to demand quality of service. The charter would be reviewed and upgraded at regular intervals to match the changing expectations of the consumers.

45. During the year 2008-09, TRAI took several steps to protect the interests of consumers which are enumerated below:
- (i) The Authority Issued a Direction to the service providers on 1st September, 2008 inter alia mandating provisions of tariff information on each tariff plan offered by them to telecom consumers with a view to ensure transparency in the tariff plans.
 - (ii) The 48th Amendment to the Telecommunications Tariff Order was issued with a view to enhance consumer transparency and protection.
 - (iii) Nine Consumer Education Workshops (5 organized by TRAI and 4 other organized by the CAGs registered with TRAI on outsourced model) were organized during the year 2008-09
 - (iv) Two day orientation program with CAGs and NGOs registered with



TRAI was organized on 22nd & 23rd October, 2009 for the benefit of the newly registered CAGs.

- (v) A meeting with all the CAGs and NGOs registered with TRAI was held on 24th October, 2008 for better understanding of the problems of the Consumers across the Country.
- (vi) Formation of new Committee on Telecommunication Consumers Education and Protection Fund (CUTCEF) on 15th September, 2008 after expiry of one year term of the old Committee.
- (vii) Issue of Guidelines on 2nd March 2009 to all Service Providers to ensure better connectivity and improved Quality of Service.

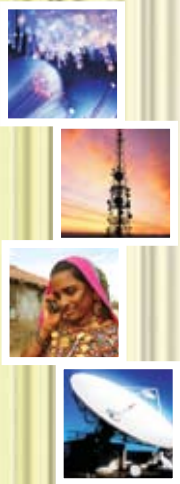
2.9 Universal Service Obligation

46. The Universal Service Support Policy came into effect from 1st April 2002. Subsequently, the Indian Telegraph (Amendment) Act, 2003 giving statutory status to the Universal Service Obligation Fund (USOF) was passed by both the Houses of Parliament in December 2003. The Fund is to be utilized exclusively for meeting the Universal Service Obligation and the balance to the credit of the Fund will not lapse at the end of the financial year. Credits to the Fund shall be through Parliamentary approvals. The resources for implementation of USO are raised through a Universal Service Levy (USL) which is presently charged @5% of the Adjusted Gross Revenue (AGR) from all Telecom Service Providers except the pure value added service providers like Internet, Voice Mail, E-Mail service

providers etc. In addition, there is a provision for grants and loans by the Central Govt.

- 47. Universal Service Obligation Fund is headed by the Administrator, USOF. His responsibilities include formulation of procedures for selection and approval of projects, disbursement from the fund and the overall implementation envisaged under USO to expand rural telephony. The Office of USOF Administrator functions as an attached office of the Department of Telecom, Ministry of Communications and IT.
- 48. On 30th October 2006, an Ordinance was promulgated to amend the Indian Telegraph Act, 1885 so as to enable support for mobile services and broadband connectivity in rural and remote areas of the country also from the USOF. The ordinance was subsequently replaced by passing of an Act on 29th December 2006 as the Indian Telegraph (Amendment) Act 2006 to amend the Indian Telegraph Act, 1885.
- 49. As per the Rules, the following services are supported by the Fund, namely:-
 - (i) **Stream-I:** Provision of Public Telecom and Information Services-
 - (a) Operation and Maintenance of Village Public Telephone in the revenue villages identified as per Census 1991 and Installation of Village Public Telephone in the additional revenue villages as per Census 2001. –

For installation of Village Public Telephone in the revenue villages,



identified as per 1991 Census, only the Operating Expenses and Revenue shall be taken into account for determining the Net Cost. For the additional revenue villages identified as per 2001 Census, Capital Recovery in addition shall also be taken into account for determining the Net Cost.

Provided that in the case of the Village Public Telephone which are still to be installed in the villages identified as per Census 1991, Capital Recovery shall also be taken into account while determining the Net Cost;

(b) Provision of additional rural community phones in areas after achieving the target of one Village Public Telephone in every revenue village. –

Where in a village the population is more than 2000 and no public call office is existing, a second public phone shall be installed and for the purposes of determining the Net Cost, Capital Recovery, Operating Expenses and Revenue shall be taken into account;

(c) Replacement of Multi Access Radio Relay Technology Village Public Telephone installed before 1st day of April 2002. –

Capital Recovery, Operating Expenses and Revenue shall be taken into account for determining the Net Cost.

Note - Unless otherwise specified by the Central Government, the Secondary Switching Area shall be taken as a unit for the purpose of arriving at the Net Cost for activities specified in items (a) to (e) of stream (I)

(ii) **Stream-II** – Provision of household telephones in rural and remote areas as may be determined by the Central Government from time to time:

(a) For household Direct Exchange Lines installed prior to 1st day of April, 2002, the difference in rental actually charged from rural subscribers and rent prescribed by Telecom Regulatory Authority of India for such subscribers shall be reimbursed until such time the Access Deficit Charges prescribed by Telecom Regulatory Authority of India from time to time take into account such difference.

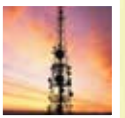
(b) For household Direct Exchange Lines installed after 1st day of April, 2002, Capital Recovery, Operational Expenses and Revenue shall be taken into account to determine the Net Cost.

Note - Unless otherwise specified by the Central Government, the Short Distance Charging Area shall be taken as a unit for the purpose of arriving at the Net Cost for activities specified in item (b) of Stream II.

(iii) **Stream-III:** Creation of infrastructure for provision of Mobile Services in rural and remote areas:

(a) The assets constituting the infrastructure for provision of mobile services shall be determined by the Central Government from time-to-time.

(b) A percentage of the Capital Recovery for the infrastructure for provision of mobile services



shall be taken into account to determine the Net Cost.

- (iv) **Stream-IV:** Provision of Broadband connectivity to villages in a phased manner.

A percentage of the Capital Recovery for the infrastructure for broadband connectivity shall be taken into account to determine the Net Cost.

- (v) **Stream-V:** Creation of general infrastructure in rural and remote areas for development of telecommunication facilities

- (a) The items of general infrastructure to be taken up for development shall be determined by the Central Government from time to time.

- (b) A percentage of the Capital Recovery for the development of general infrastructure shall be taken into account to determine the Net Cost.

Note - Unless otherwise specified by the Central Government, the revenue district/ group of revenue districts shall be taken as a unit for the purpose of arriving at the Net Cost for the activities specified in Streams III, IV & V.

- (vi) **Stream-VI:** Induction of new technological developments in the telecom sector in rural and remote areas

Pilot projects to establish new technological developments in the telecom sector, which can be deployed in the rural and remote area, may be supported with the approval of the Central Government.

50. TRAI had forwarded its Recommendations on "Growth of telecom Services in Rural India" on 3rd October, 2005 wherein it was emphasized that infrastructure sharing should receive support from USOF. Subsequently, TRAI has issued recommendations on "An approach to rural telephony - Suggested measures for an accelerated growth" on 19th March, 2009. This recommendations, inter alia includes certain issue relating to USO funding.

51. The details of the recommendations have been discussed in **Part III** of this report. TRAI continues to interact, participate and contribute in Inter-Ministerial Advisory Committee on USO.



PART – III
FUNCTIONS OF TELECOM
REGULATORY AUTHORITY OF
INDIA IN RESPECT OF
MATTERS SPECIFIED IN SECTION
11 OF TELECOM REGULATORY
AUTHORITY OF INDIA ACT





Member, TRAI and Secretary, TRAI welcoming the delegates from Department of Business Enterprise & Regulatory Reform (BERR), London, UK in TRAI, New Delhi



The Authority in discussions with the delegation from Ministry of Communications, Brunei Darussalam in TRAI, New Delhi



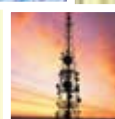
3.

Functions of the Telecom Regulatory Authority of India in respect of matters specified in Section 11 of the TRAI Act

The Authority, in pursuance of achieving the objectives of New Telecom Policy 1999, has notified a number of decisions on tariffs, provided its recommendations on several matters either suo moto or on matters referred to it by the Government, notified Regulation to carry out purposes of the Act, taken action to enforce licence terms and conditions and initiated work on several issues including review of Access Deficit Charges (ADC). By discharging various recommendatory & regulatory functions, TRAI has contributed a lot in growth of telecom services in terms of increased number of service providers, consumer growth and vast network of the telecom services across the length and breadth of the country. These continued measures have resulted in overall benefits to the consumer in terms of choice of services, reduced tariff of telecom service, better quality of service etc.

3.1 TELECOMMUNICATION RATES BOTH WITHIN INDIA AND OUTSIDE INDIA INCLUDING THE RATES AT WHICH MESSAGES SHALL BE TRANSMITTED TO ANY COUNTRY OUTSIDE INDIA

2. Section 11(2) of the Telecom Regulatory Authority of India Act, 1997 as amended by TRAI (Amendment) Act, 2000, empowers the Authority to notify in the Official Gazette the rates at which telecommunication services within India and outside India shall be provided, including the rates at which the messages shall be transmitted to any country outside India. It also provides that the Authority may notify different rates for different persons or class of persons for similar telecommunication services. Besides specifying the tariff regime applicable to various services, TRAI



is also required to ensure that tariffs prevailing in the market are consistent with the specified tariff regime. For this purpose, the Authority monitors the rates at which the various telecom services are provided by the service providers. In addition, the Government of India vide order dated 9th January, 2004 has entrusted to TRAI, the function of specifying the standard norms for, and periodicity of revision of rates of pay channels, including interim measures. Thus, the function of specifying norms for fixation of rates for pay channels as well as fixation of tariff for cable services is also assigned to TRAI.

consumer interests and to serve as a signal to promote investment. During the year 2008-09 the Authority with a view to improve transparency in the tariff offers in access service and other consumer protection measures made amendment to the Telecommunication Tariff Order, 1999. In addition, amendments to tariff orders have also been issued for broadcasting and cable services during the year. The amendments to TTO' 99 and tariff orders for broadcasting and cable services are listed in **Table 3.1**.

The Telecommunication Tariff (Forty Eighth Amendment) Order 2008 dated 1st September 2008

3.1.1 TELECOMMUNICATION TARIFF ORDERS

3. The Authority's Telecommunication Tariff Order (TTO) 1999, implemented with effect from 1st April 1999 has been used as an instrument to achieve regulatory goals and to promote competition in the telecom sector, providing protection to

4. The Authority had considered the issue of consumer transparency arising out of multiplicity of tariff offers in the access market in the year 2004 by issuing a consultation paper titled "Limiting the number of tariff plans offered by access service providers". That process resulted in

Table 3.1 : Telecommunications Tariff Orders (Amendments)

Sl. No.	Telecom Tariff Order	Date of issue	Brief Particulars
1.	The Telecommunication Tariff (Forty-Eighth Amendment) Order, 2008 (3 of 2008)	1 st September 2008	Improve transparency in tariff offers in access service and other consumer protection measures
2.	Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Ninth Amendment) Order, 2008 (4 of 2008)	26 th December 2008	Inflation linked adjustment in tariff ceiling
3.	The Telecommunication (Broadcasting and Cable) Services (Third) (CAS Area) Tariff (Third Amendment) Order, 2008 (5 of 2008)	26 th December 2008	Reduction in the rentals of standard tariff package for set top boxes



issue of 31st Amendment to TTO in July, 2004 which contained the landmark provision of providing protection to consumers from tariff hikes for a period of six months. The Authority, thereafter had issued several other regulatory mandates in the interest of consumers, which included 43rd Amendment to TTO, that guaranteed extended protection for customers enrolled into longer validity plans including lifetime plans. Despite several such measures taken by the Authority there is a feeling among consumers that various offers being made by the access service providers are not transparent and consumer friendly. The Authority continued to receive complaints from consumers and consumer organizations which inter-alia highlighted transparency issues.

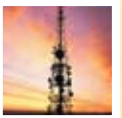
5. The Authority, therefore, decided to have a re-look at the regulatory framework relating to transparency in the matter of tariff offers through the well established process of public consultation. A consultation process was initiated by the Authority in this direction with the issue of consultation paper on 29th January 2008. After the consultation process, the Authority issued the Telecommunication Tariff (Forty Eighth Amendment) Order, 2008 on 1st September, 2008. This Order mandated the following:-

- i) The service providers to provide full talk time to subscribers on talk time recharges
- (ii) straight tariff reductions shall be passed on to consumers without explicit action of the consumers

- (iii) Allow migration of existing lifetime consumers to new lifetime plans without making any additional payment or condition of recharge.
- (iv) The service providers shall not insist on recharge between periods lesser than six months in lifetime plans for remaining connected during the promised lifetime validity period.

The Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Ninth Amendment) Order, 2008 dated 26th December 2008

6. The Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Ninth Amendment) Order, 2008, was issued on 26th December 2008. This order is aimed at providing inflation linked adjustments in the tariff ceilings for cable TV services in non-CAS areas. Earlier, the Non-CAS Tariff order as amended on 4th October 2007, made the cable charges being paid at different levels of the distribution chain as on 1st December 2007 as a ceiling, while making provisions for increases on account of new pay channels. In addition, the tariff order prior to the amendment also provided for specific ceilings at the subscriber level based on the number of channels and the city in which a subscriber is getting the cable TV services. Since period of one year had already passed, it was felt necessary to revisit the ceilings for the optimal growth of the cable TV sector. It was felt necessary to provide for inflation-linked increase in the ceiling for different players of delivery chain of cable TV services,



and accordingly 7% increase has been provided for cable services in non-CAS areas based on whole sale price index movement. Similarly, the ceilings at subscribers end based on the number of pay channels in different parts of the country have also been revised to reflect this permitted increase.

7. This tariff amendment order is applicable from 1st January, 2009.

The Telecommunication (Broadcasting and Cable) Services (Third) (CAS Areas) Tariff (Third Amendment) Order, 2008 dated 26th December 2008

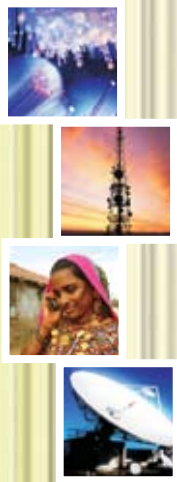
8. The Telecommunication (Broadcasting and Cable) Services (Third) (CAS Areas) Tariff (Third Amendment) Order, 2008 was issued on 26th December 2008. This tariff amendment order reflect the market development in Set top box prices and accordingly provide reduction in the rentals of standard tariff package for set top boxes for cable TV services in CAS areas. The CAS Tariff Order dated 31st August, 2006 provided ceilings of Rs.5 (excluding taxes) per pay channel per month and Rs.77 (excluding taxes) per month for basic service tier consisting of minimum 30 free to air channels, at subscriber level in CAS notified areas. After permitting 7% increase, the ceiling for pay channel has been increased to Rs. 5.35/- per pay channel per month at subscriber end (excluding taxes), and basic service tier may cost upto Rs. 82/- per month to the consumer (excluding taxes).
9. The tariff amendment order for CAS areas provides for reduction in

the security deposit and monthly rental for set top box. Earlier, the tariff order for cable TV services in CAS areas provided two mandatory schemes to the consumers in which the security deposits and monthly rentals were specified based on the then prevailing prices of the set top boxes. Since prices of set top boxes have come down during last two years of the implementation of CAS tariff order, it was necessary to revisit the same and to reflect it in the tariff order in order to pass on the benefits to the consumers. This would also help in popularizing digital delivery of TV signals over cable networks. The security deposit and rentals of set top boxes have accordingly been revised, and now service providers are required to offer two schemes, one with Security deposit of Rs. 200/- instead of Rs. 250/- with a monthly rental of Rs. 34/- instead of Rs. 45/-, and another with Security deposit of Rs. 750/- instead of Rs. 999/- with a monthly rental of just Rs. 22/- instead of Rs. 30/-.

10. This tariff amendment order is applicable from 1st January, 2009.

3.1.2 REGULATIONS

11. Section 11(1)(c) of the Telecom Regulatory Authority of India Act, 1997 empowers the Authority to levy fees and other charges at such rates and in respect of such services as may be determined by regulations. Further, Section 11(1)(b) of the above Act empowers the Authority to ensure technical compatibility and effective interconnection between



different service providers and also to regulate arrangement amongst service providers of sharing their revenue derived from providing telecommunication services. Section 11(1) (b) of the TRAI Act also empowers the Authority to lay down the standards of quality of service to be provided by the service providers and ensure the quality of service and conduct the periodical survey of such service so as to protect the interest of the consumers. During the year 2008-09, the Authority notified

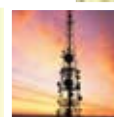
the Regulations listed in **Table 3.2** in pursuance of the above provisions of the TRAI Act to carry out the purposes of the Act.

Telecom Unsolicited Commercial Communications (Second Amendment) Regulations, 2008 dated 21st October 2008

12. In order to curb the Unsolicited Commercial Communication (UCC), TRAI had issued Telecom Unsolicited Commercial Communications Regulations, 2007 (4 of 2007) on 5th

Table 3.2 : Regulations issued by TRAI during 2008-2009

Sl. No.	Regulation	Date
1.	The Telecom Unsolicited Commercial Communications (Second Amendment) Regulations, 2008 (No.3 of 2008)	21 st October 2008
2.	The Telecom Regulatory Authority of India (Officers & Staff Appointment) (Seventh Amendment) Regulations, 2008 (4 of 2008)	9 th January 2009
3.	The Standards of Quality of Service (Broadcasting and Cable Services) (Cable Television – Non-CAS Areas) Regulation, 2009	24 th February 2009
4.	The Telecommunications Interconnection Usage Charges (Tenth Amendment) Regulations, 2009 (2 of 2009)	9 th March 2009
5.	The Direct to Home Broadcasting Services (Standard of Quality of Service and Redressal of Grievances) (Amendment) Regulations 2009, (3 of 2009)	12 th March 2009
6.	The Telecommunication (Broadcasting and Cable Services) Interconnection (Fifth Amendment) Regulations, 2009 (4 of 2009)	17 th March 2009
7.	The Register of Interconnect Agreements (Broadcasting and Cable Services) (Fourth Amendment) Regulations, 2009 (5 of 2009)	18 th March 2009
8.	The Telecom Regulatory Authority of India (Officers and Staff Appointment) (Eighth Amendment) Regulations, 2009 (6 of 2009)	20 th March 2009
9.	The Standards of Quality of Service of Basic Telephone Service (Wireline) And Cellular Mobile Telephone Service Regulations, 2009 (7 of 2009)	20 th March 2009



June 2007. Further, the regulation was amended in March 2008 to improve the effectiveness.

13. Certain service providers had represented that some of the originating access providers are rejecting the forwarded complaints on the ground that the same were received by them beyond the period of seven days as specified in sub-regulation (2) of regulation 16. While the forwarding of the complaints by a service provider beyond the period of seven days is a violation of the said sub-regulation, the same cannot be allowed to be taken as an excuse for not taking action on such complaints by the Originating Access Provider. Therefore, there was a need to incorporate suitable provisions mandating that even in case of complaints forwarded after the expiry of the period of seven days as specified, the Originating Access Provider shall take action in terms of the provisions of sub-regulations (3) and (4) of regulation 16 so as to ensure that no complaint which has been made to a service provider in accordance with sub-regulation (1) goes unredressed.

14. During the course of monitoring the implementation of the principal regulations, it was observed by the Authority that there is also a need to specify time limits for handling complaints of the subscribers by the service providers and for communication of the result of investigation and the action taken on the basis of the complaint to

the subscriber who has made the complaint. Accordingly, suitable provisions have been incorporated in the second amendment to the principal regulations providing for time limits to be specified by the Authority under a direction under section 13 of the TRAI Act, 1997. The Authority has directed all Access Providers to adhere to the limits of 28 days in case of complaints against their own telemarketers and 35 days in case of complaints against telemarketers belonging to other telecom service providers

15. Whenever a subscriber makes a complaint of unsolicited commercial communication by SMS with sender identification other than the normal ten digit mobile or fixed number, (Viz., alphanumeric names like SBI life or HSBC etc., numeric codes like 58888 or 56262 etc.), it becomes very difficult and time consuming for the service providers to identify the service provider from whose network such unsolicited commercial communication originated. Therefore, the Authority directed the service providers that the alpha-numeric identifier of all commercial SMSs which are sent with only sender identification and without the normal ten digit mobile number shall be prefixed by the code of the service provider and the code of the service area as specified by the Authority (for example in form of XY-HSBC, where X stands for the code allotted to the service provider and Y stands for the service area).



The Standard of Quality of Service (Broadcasting and Cable Services) Cable Television – Non-CAS Areas) Regulations 2009 dated 24th February 2009

16. There are more than 80 million consumers receiving cable TV services in non-CAS areas, being served by about 60,000 cable operators. After going through the well established consultation process and internal analysis the Authority issued the Standards of Quality of Service (Broadcasting and Cable Services) (Cable Television – Non-CAS Areas) Regulations, 2009 on 24th February 2009 for highly fragmented Non-CAS cable TV networks across the country. These regulations will empower the consumers for receiving quality service from the cable TV service providers in non-CAS areas.

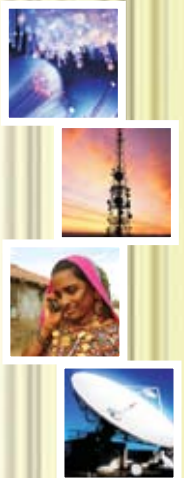
17. The main features of the Regulations are as follows-

- ❖ Procedure for connection, disconnection and reconnection of cable services within seven days,
- ❖ Making it compulsory for cable operators to issue bills and receipts to cable TV subscribers,
- ❖ Complaint handling and its redressal, including maintaining helpdesk from 8.00 am to 8.00 pm everyday,
- ❖ Standards for provisioning of Digital Decoders and Set Top Boxes for voluntary CAS,

- ❖ Compulsory technical standards to be observed by the cable operators, including a good quality, measurable signal strength at subscriber's end, maintaining six-hour power backup etc.,
- ❖ Monitoring of Quality of Service standards.

18. Effective enforcement and implementation of any regulation is essential to extend benefits to the consumers. Therefore, the Authority has written to the State Governments for involving the district administration for enforcement of QoS Regulations at the grass root level. Twelve State Governments have till the end of financial year extended their consent for such proposal. Some of the remaining states were examining it, and responses from others are awaited. Keeping in view the effective implementation of these regulations, the Authority is simultaneously considering the process of delegating powers to the officials of the State Governments as per their consent. In addition, the consumers can approach District Consumer Forum if the QoS standards are not met by the cable operators. The regulations have largely to be seen as a tool for self regulation by the service providers, residents associations etc. and a high degree of sensitivity and responsiveness towards the subscribers is expected from the service providers.

19. The Authority believes that these QoS Regulations would go a long way in protecting the interests of the cable TV consumers at large.



Telecommunications Interconnection Usage Charges (Tenth Amendment) Regulations 2009 dated 9th March 2009

20. Interconnection is extremely important for both the service providers and the consumers. Telecommunications users cannot communicate with each other or connect with services they require unless necessary interconnection arrangements are in place. A variety of access networks - fixed and mobile, national long distance network and international long distance networks have to interconnect with each other to make local, national and international calls possible. It is very important to have an effective Interconnection Usage Charges (IUC) regime in place to facilitate interconnection arrangements among various co-operating and competing service providers and provide greater certainty to the settlements among them. Such an IUC regime would also ensure that all service providers are able to gain access, on reasonable terms and conditions, to the interconnection facilities and services necessary to provide efficient service to their own customers.
21. IUC regime enables competition, welfare of customers and sustained growth of telecom and development of the country. To facilitate these requirements, the Original IUC regulation was notified on 29th October 2003 and came into effect from 1st February 2004. This was well accepted by the industry and has been

instrumental in growth of the industry and reduction in tariff. The Authority had issued the “Telecommunications Interconnection Usage Charges (Tenth Amendment) Regulations” on 9th March 2009, with the following salient features:

- ❖ Termination charge for all types of domestic calls viz fixed to fixed, fixed to mobile, mobile to fixed and mobile to mobile has been reduced to 20 paise per minute from 30 paise per minute.
- ❖ Termination charge for incoming international calls would be 40 paise per minute against the existing charge of 30 paise per minute. The Authority expects that the service providers would pass on this benefit in the form of lower tariff for outgoing international calls.
- ❖ Ceiling on carriage of domestic long distance calls retained at 65 paise per minute. Non-reduction of this ceiling would encourage national long distance operators to expand into rural areas.
- ❖ Origination charge has not been specified as it would be residual from tariff after payment of other charges. This would provide service providers flexibility of introducing innovative tariff plans
- ❖ Transit/Carriage charge from Level-II Trunk Automatic Exchange to Short Distance Charging Area (SDCA) to be 15 paise per minute as against existing charge of 20 paise per minute



- ❖ Intra SDCA transit charge to be less than 15 paise per minute down from less than 20 paise per minute
- ❖ Termination charge for 3G voice calls shall be same as 2G voice calls

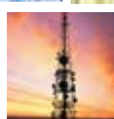
22. The revised charges are effective from 1st April, 2009.

The Direct to Home Broadcasting Services (Standard of Quality of Service and Redressal of Grievances) (Amendment) Regulations, 2009 dated 12th March 2009

23. The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007 were issued to lay down the standards of quality for direct to home services and to protect the interests of subscribers. At the time of issue of these regulations, only two DTH operators apart from Doordarshan were providing DTH services in the country. Since then, three new DTH operators started commercial operations and the number of DTH subscribers also rose to about 11 million. With increasing competition in the DTH segment and the increase in the number of DTH subscribers, new issues relating to quality of DTH service arose. In order to address these issues the Authority issued the Direct -to-Home Broadcasting Services (Standard of Quality of Service and Redressal of Grievances) (Amendment) Regulations, 2009 on 12th March 2009 amending the principal regulation.

24. Major amendments made in the regulations are as under: -

- ❖ The DTH operators have been prohibited from charging any fee towards visiting charges or repair and maintenance charges of DTH Consumer Premises Equipment during the period of warranty for such DTH Consumer Premises Equipment acquired on outright purchase basis.
- ❖ The DTH operators have been prohibited from changing the composition of their subscription packages during first six months of enrolment to their subscription package or during the period of validity of a prepaid subscription package, whichever is longer.
- ❖ The DTH operators have been mandated to proportionately reduce the subscription charges for a package from which any channel is removed for first six months of enrolment or during the period of validity of a prepaid subscription package, whichever is longer or to replace the channel with a channel of same genre and language.
- ❖ Option to select the channel of the same genre and language in a subscription package to replace a channel which has become unavailable on the DTH platform, has been given to the DTH operator.
- ❖ The option of choosing the package with reduced charges or the package with replaced channel has been given to the subscriber.



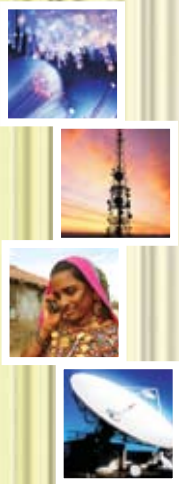
- ❖ Prior notice of fifteen days to be given by the DTH operator before changing the composition of any subscription package.
- ❖ DTH operators have been mandated to entertain requests of DTH subscribers for suspension of services if requested period of suspension does not exceed three calendar months and does not comprise part of a calendar month

Telecommunication (Broadcasting and Cable Services) Interconnection (Fifth Amendment) Regulations, 2009 dated 17th March 2009

25. The Authority had issued the Telecommunication (Broadcasting and Cable Services) Interconnection Regulation 2004 (13 of 2004) on 10th December, 2004. These regulations were issued to cover arrangements among service providers for interconnection and revenue sharing for all Broadcasting and Cable Services. The regulation has been amended from time to time to address various new issues. Due to recent technological developments in the field of broadcasting and cable TV such as voluntary CAS and entry of more DTH operators and also new emerging IPTV operators and HITS operators, new issues relating to interconnection arose. In order to address these issues the Authority notified the Telecommunication (Broadcasting and Cable Services) Interconnection (Fifth Amendment) Regulations, 2009 on 17th March 2009 after going through well defined consultation process and internal analysis.

26. The main amendments made in the Interconnection Regulations are as under:

- ❖ The distributor of TV channels is barred from seeking signals in terms of “must provide” clause of the Interconnect Regulation from a broadcaster for those channels in respect of which carriage fee is being demanded by the distributor of TV channels.
- ❖ The distributor of TV channels may however charge a fee for placement of the channel of a broadcaster vis-à-vis channels of other broadcasters on its distribution platform.
- ❖ Introduction and roll out of voluntary CAS has been facilitated by making it mandatory for all Broadcasters to have Reference Interconnect Offers for all addressable systems. Further, minimum technical specifications for addressable systems have been specified.
- ❖ Terms and conditions which should compulsorily form part of a Reference Interconnect Offer for DTH or any other addressable system, such as Voluntary CAS, IPTV, HITS etc., have been prescribed.
- ❖ The distributors of TV channels employing addressable systems have been enabled to provide their services to commercial subscribers.
- ❖ It has been made mandatory for all interconnect agreements to be reduced to writing.



27. It is expected that these amendments to the existing Interconnection Regulations will go a long way in facilitating access to content on non-discriminatory terms for distributors of TV channels deploying addressable platforms, which will in turn lead to greater competition between various pay TV delivery platforms, bringing considerable benefit to the consumers.

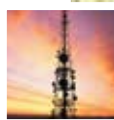
The Register of Interconnect Agreement (Broadcasting and Cable Services) (Fourth Amendment) Regulation, 2009 dated 18th March 2009

28. TRAI had issued regulation on 31st December, 2004 for filing and registration of interconnect agreements entered into by broadcasters with service providers of different platforms. The details of interconnect agreements were filed quarterly with TRAI by the broadcasters and DTH operators, prior to the amendment. However, the Authority noted that the Industry practice is largely to sign Interconnection Agreements on annual basis, mainly for a calendar year or for the financial year. To harmonize the regulation with the industry practice the Authority issued the Register of Interconnect Agreement (Broadcasting and Cable Services) (Fourth Amendment) Regulation, 2009 on 18th March 2009 with provisions for annual filing instead of quarterly filing with the Authority by these service providers by 31st July every year.

29. For better monitoring, newly emerging service providers such as HITS operators and IPTV service providers entering into interconnect agreements with Broadcasters are also required to file the agreements annually with the Authority. The Authority has also decided that all the interconnection agreements should be in written form by the broadcasters and MSOs. It is the responsibility of the broadcasters and MSOs to hand over such written agreements after execution to the distributor of TV channels. A provision for submitting a certificate in this regard has also been incorporated in the present regulation. The Authority has decided that the interconnection filings may be kept by the Authority for a period of three years from the date of their filing or till the expiry of the validity period of the agreement, whichever is later and accordingly the regulations have been suitably amended for this purpose.

The Standards of Quality of Service of Basic Telephone Service (wireline) and Cellular Mobile Telephone Service Regulation, 2009 dated 20th March 2009

30. TRAI notified on 20th March 2009, Regulation on the standards of Quality of Service of Basic Telephone Service (wireline) and Cellular Mobile Telephone Services, after reviewing the regulations issued in the year 2005. The review of quality of service regulations was needed to streamline the monitoring and measurement of quality of service parameters and frameworks to the regulatory



enforcement, after considering the new inputs from the service providers, consumers and other stakeholders. The standards that are objective, measurable and verifiable are important to ascertain the quality of service being maintained by the service provider. The customer requirements and expectations have been given paramount consideration while reviewing the Quality of service standards specified in these regulations. In setting standards for quality of service, the parameters and benchmarks have been made meaningful to the consumers for enabling them to make an informed choice and also on the level of quality that they are getting.

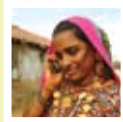
31. Competition amongst the service providers in a mature market takes care of the Quality of Service to a great extent. However, the loyalty, in terms of subscribers' relationship with the access providers and perceived tolerance to bear with the quality of service, remains. Customer satisfaction is the major determining factor in the emergence of new services, designing of networks and setting standards. In a competitive scenario, the need for service providers to provide quality service to attract and retain the customer should serve as an incentive to maintain high quality of service standards. Also for the effective competition in the market as well as for the promotion of consumer awareness and protection of consumer interest, access to accurate and meaningful information about service quality can have an effect on consumer choice. However, in a fast developing market

the Quality of Service has more linkages with accessibility involving robust infrastructure, appropriate capex commitment and affordability considerations. Therefore, the Authority has specified in these regulations that the performance by service providers in respect of achieving Quality of Service standards shall be transparent and put in public domain.

32. For achieving the quality of service benchmarks, service providers need to plan, optimize, upgrade, and augment the capacity of equipment/network and other infrastructure such as billing and customer care etc.
33. The Authority may publish comparative performance of quality of service provided by the service providers so that the customers may have an informed choice. This will induce healthy competition among the service providers for improving the quality of service and will create conditions for effective competition on quality of service. This will benefit the consumers in general with the improved quality of service.

3.1.3. MONITORING OF TARIFF

34. Tariff regulation for the telecommunication services in India was initiated with the notification of a Telecom Tariff Order in the year 1999. This order provided the broad and long term policy framework for telecommunication services in the country. The tariff reforms initiated vide this order aimed to provide a consistent and transparent framework for regulating tariff which provided clear signals to the investors on the

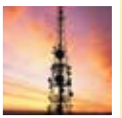


direction of tariff policy reform. The tariff policy acknowledged the fact that competition is the alternative and preferable way of achieving cost based tariffs. Under competition, not only are tariffs cost oriented, there is also a greater focus on introduction of new technologies and products.

35. TRAI through appropriate regulatory policies and measures facilitating competition has succeeded in achieving affordable tariffs and also putting in place a transparent subsidy mechanism for implementation of policies to meet social objectives. The policy has succeeded in providing the financial sustainability of the regulated operators, promoting the efficiency in the sector and meeting the social objectives. The results are evident from the phenomenal growth in subscriber base and the decline in tariffs. Indian telecommunications network is the fastest growing network in the world and currently the second largest in terms of size and also in usage.
36. Consumers have benefited from substantial decline in tariffs that resulted from regulatory measures of TRAI. Recent years have witnessed sharp decline in telecom tariff in India, particularly in Mobile, National Long Distance and International Long Distance segments. The tariff decline which started with the notification of Telecommunication Tariff Order in 1999 by the Regulator has continued thereafter. Few years ago a Local Call from Mobile was charged at around Rs.15/- per minute. Similar charges were also payable for incoming calls received by the Mobile Subscribers.

Today it has come down to even less than Re.1/- per minute for outgoing calls with absolutely no charge for incoming calls. A one minute call between Delhi and Mumbai that cost more than Rs.37/- in pre-TTO 1999 period can be currently made for almost at the price of a local call i.e. Re.1/-. Similarly the tariff for a call to American continent from India has come down from Rs.75 to less than Rs.7/- per minute within the same span of time. There are large number of options available for the subscribers to choose from the market depending upon their usage profile. There are schemes offered by most operators wherein the subscriber is assured connectivity for lifetime without having to pay any fixed recurring charge. The tariff regulation of TRAI even resulted in having the unique option for the customers to avail a particular tariff for the entire licensing period of their service providers without the apprehensions of any tariff hike.

37. The Telecommunication Tariff Order (TTO), 1999 makes it mandatory for service providers to report to the Authority all new tariff plans and changes made to the existing tariff plans within seven days from the date of implementation. The tariff reports received from the telecom service providers are scrutinized carefully to check for their consistency with the provisions of TTO, 1999 and other Regulatory prescriptions.
38. The service providers are also required to submit quarterly report on revenue and existing tariff plans. These reports are analyzed with a



view to assess Average Revenue Per User (ARPU) and trend in tariff and conclusions derived from the analysis of quarterly reports are used as inputs for framing regulatory policies.

3.1.4 OTHER TARIFF RELATED MATTERS

39. The Authority has issued specific guidelines to the service provider by amending the Telecommunications Tariff Order and by issuing a Direction on 1st September, 2008 to enhance transparency and consumer protection. The brief details of these guidelines are as follows:-

- ❖ The service providers have been directed to provide key tariff information on each tariff plan offered by them to telecom consumers in vernacular language i.e., in addition to English or any other language that is being in use in the region.
- ❖ The service providers have been directed to ensure that such tariff information is prominently displayed at all the retail outlets of such service providers and also at all the retail outlets of their franchisees.
- ❖ All access service providers shall while publishing their promotional offers to the public should specify therein the eligibility criteria of such promotional offer and the opening and closing dates of such promotional offer (within the existing limit of ninety days).
- ❖ The access service provider shall not specify any condition or barrier (tariff or non-tariff) such as the requirement of obtaining new SIM or change of telephone number, etc., by any telecom consumer who seeks to migrate across plans or across postpaid and prepaid platforms. This shall be applicable in relation to migration from prepaid platform to postpaid platform subject to operational feasibility.
- ❖ Blackout days (customary/festival days on which free/concessional calls/SMS are not available) limited to a maximum of 5 days in a calendar year. Such days to be pre-specified and no subsequent alteration or addition permitted
- ❖ Subscribers to get full talk time on talk time recharges, barring an administrative fee which shall not exceed Rs.2 per recharge and applicable taxes.
- ❖ Subscribers to automatically get the benefit of straight tariff reductions without any preconditions of any explicit action by the subscriber, for example, sending SMS etc.
- ❖ Customers in existing lifetime plans can migrate to new lifetime plans with lower entry fee without having to make additional payment or recharges.
- ❖ The service providers shall not insist on recharge between periods lesser than six months



in lifetime plans for remaining connected during the promised lifetime validity period.

3.2 RECOMMENDATIONS ON THE NEED AND TIMING FOR INTRODUCTION OF NEW SERVICE PROVIDERS AND THE TERMS AND CONDITIONS OF LICENCE TO A NEW SERVICE PROVIDER

40. Under Section 11 (1) (a) of the Telecom Regulatory Authority of India Act, 1997, the Authority is required to make recommendations either suo-moto or on a request from the licensor, i.e., Department of Telecommunications or the Ministry of Information and Broadcasting in the case of broadcasting and cable services. In 2008-2009, Recommendations enumerated in **Table 3.3** were made by the Authority to the Government.

Recommendations on Terms and Conditions for Publication of Integrated Telephone Directory for Fixed Line Telephones dated 24th April 2008

41. In continuation of earlier recommendations of the Authority, dated 5th May, 2005, on the issue, Department of Telecommunications (DoT) had sought the terms and conditions for Secondary Switching Area (SSA)-wise Integrated Printed Telephone Directory for fixed line telephones including detailed guidelines on the printing of directory, and the issue of guidelines to service providers. Based on the consultation process and its own analysis, TRAI formulated its recommendations

on the terms and conditions for publication of integrated telephone directory for fixed line telephones Secondary Switching Area (SSA)-wise.

42. The salient features of the recommendations are as under:

- ❖ Directory printing to be undertaken through authorization of selected agency on license service area basis.
- ❖ Directory of fixed line telephone to be printed on a triennial basis. Main Directory in the first year and Supplementaries at one year interval.
- ❖ Only one authorized agency for the first six years.
- ❖ Selection through an open bid from amongst the experienced printers of telephone directories.
- ❖ 'Opt-out' approach to be followed by telephone subscribers. For new customers provision for option in the enrolment form to be made by operators.
- ❖ Telephone Directory to be priced in accordance with selection criteria.
- ❖ TRAI to issue determination / guidelines for publishing the Telephone Directory on website by service providers.

43. The Authority has also provided necessary guidelines for printing of integrated telephone directory SSA-wise for fixed line telephones. Recommendations have been made to amend Indian Telegraph Rules, 1951 pertaining to telephone directory in line with the above recommendations.

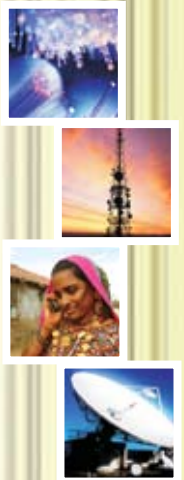


Table 3.3 : List of Recommendations made by the Authority during the period 2008-2009

Sl. No.	Title	Date of Release
1.	Recommendations on Terms and Conditions for Publication of an Integrated Telephone Directory for Fixed Line Telephones	24 th April 2008
2.	Recommendations on permitting New Entity for Allocation of 3G Spectrum	25 th April 2008
3.	Recommendation on Foreign Investment Limits for Broadcasting Sector	26 th April 2008
4.	Recommendations on Terms and Conditions for National Integrated Directory Enquiry Service (NIDQS) for Fixed and Mobile Telephones	19 th June 2008
5.	Recommendations on Allocation and Pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands	11 th July 2008
6.	Recommendations on the modifications proposed by DoT on Reserve Price and Auction process for 3G services	12 th July 2008
7.	Recommendations on the modifications proposed by DoT on spectrum Usage Charges and One Time Spectrum Enhancement Charges	16 th July 2008
8.	Recommendations on Restructuring of Cable TV Services	25 th July 2008
9.	Recommendations on Mobile Virtual Network Operator (MVNO)	6 th August 2008
10.	Recommendations on Issues related to Internet Telephony	18 th August 2008
11.	Recommendations on the Policy Guidelines and operational Issues for Television Audience Measurement / Television Rating Points (TRPs)	19 th August 2008
12.	Recommendations on Provision of Calling Cards by Long Distance Operators	20 th August 2008
13.	Recommendations on issues related to entry of certain entities into Broadcasting and Distribution activities	12 th November 2008
14.	Recommendations on 3rd Phase of Private FM Radio Broadcasting – response to observations made by the Government	28 th November 2008
15.	Recommendations on Modifications proposed by DoT on the spectrum usage charges for 3G Services	9 th December 2008
16.	Recommendations on Growth of Value Added Services and Regulatory Issues	13 th February 2009
17.	Recommendations on Media Ownership	25 th February 2009
18.	Recommendations on Lock-in period for Promoter's Equity and other related issues for Unified Access Service Licensees (UASL)	12 th March 2009
19.	Recommendations on An Approach to Rural Telephony – Suggested Measures for an Accelerated Growth	19 th March 2009



Recommendations have also been made to amend the various access service licenses in order to have uniform provisions for telephone directory services.

44. TRAI hopes that these recommendations will pave the way for publication of integrated telephone directory for fixed line telephones in the country.

Recommendations on Permitting New Entity for Allocation of 3G Spectrum dated 25th April 2008

45. TRAI had submitted its recommendations to DoT on "Allocation and pricing of spectrum for 3G and BWA services" on 27th September, 2006. In the said recommendation, the Authority had recommended that "Spectrum allocations for 3G services should be done to all eligible UASL and CMSP licensees using fair and equitable norms."

46. In response to the above recommendation the DoT had sought Authority's view on the participation of other Indian / foreign prospective operators for the 3G spectrum. The Authority had revisited its earlier recommendations on the DoT reference and after due deliberations gave its recommendations as below:

- ❖ The auction for 3G licensees should be restricted to existing UAS/CMTS licensees.
- ❖ The spectrum module for auction should be 2x5 MHz.
- ❖ The auction mode as recommended earlier may be accepted.

- ❖ The total availability of spectrum should be made public at the stage of the auction so that the bidders are fully aware regarding the first and subsequent phase of allocation on the price determined by the auction. It is conceivable that the total quantum of spectrum required for the existing licensees may not be available in one lot. It was in this context Authority had recommended that those who do not get accommodated in the first phase will be placed in the queue and will be allotted spectrum as and when available on the same terms and conditions as granted to the licensees in the first phase.

- ❖ In view of the future expected technological advancements, the Authority recommended a review after three years.

Recommendations on foreign investment limits for Broadcasting Sector dated 26th April 2008

47. Recommendations on foreign investment limits for broadcasting sector were sent to the Government on 26th April 2008. The Ministry of Information and Broadcasting had sought recommendations of the Authority on Foreign Investment limits for various segments of Broadcasting Sector vide letter dated 11th December 2007. In line with its consultative approach, the Authority issued a Consultation Paper on 3rd March 2008 for comments from the stakeholders before giving its recommendations to the Government.



S. No.	Segment	Existing limit	Recommendations
1.	Teleport (Hub)	49% (FDI+FII)	74% (FDI+FII)
2.	DTH	49% (FDI+FII) FDI component not to exceed 20%.	74% (FDI+FII)
3.	Satellite Radio	No Policy as on date*	Being sent separately
4.	HITS	No Policy as on date **	74% (FDI+FII)
5.	Cable Network	49% (FDI+FII)	74% (FDI+FII)
6.	FM Radio	20% (FDI+FII)	49% (FDI+FII)
7.	Downlinking of TV Channels	100%	Status Quo
8.	Uplinking of TV News Channels	26% (FDI+FII)	49% (FDI+FII)
9.	Uplinking of Non News TV Channels	100%	Status Quo
10.	Mobile Television	No Policy as on date	74% (FDI+FII)

* Approval to one foreign Satellite Radio operator given through FIPB route.

** Permission for HITS operation given to two Teleport licensees (49% foreign investment limit).

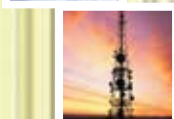
48. The present status of foreign investment limits for different segments of Broadcasting sector along with the recommendations of the Authority are tabulated as above.

49. The recommendations also cover the procedure for approval and suggest that within the composite foreign investment limit of 74% (wherever applicable) for carriage services, foreign investments upto 49% may be permitted under the automatic route, beyond which FIPB approval would be required as prescribed for the telecom sector. For content services, it has been suggested that FIPB approval should be required for foreign investments. The methodology for calculation of foreign investments in different segments of broadcasting is also proposed to be standardized. In this

direction it has been recommended that methodology used in telecom sector for calculation of foreign investments should be adopted for the broadcasting sector.

Recommendations on Terms and Conditions of Licence for the National Integrated Directory Enquiry Service (NIDQS) for fixed and mobile telephone dated 19th June 2008

50. In a multi-operator, multi-service scenario Integrated Directory Enquiry Service is very essential. In this regard, TRAI had submitted to the Government in May 2005, its suo moto recommendations for introduction of National Integrated Directory Enquiry Service (NIDQS). Subsequently, Department of Telecommunications



sought recommendation from TRAI. Therefore, after considering the view of various comment received from stakeholders during public consultations, TRAI formulated its recommendations for effective terms and conditions of License for the National Integrated Directory Enquiry Service (NIDQS) on 19th June 2008. In its recommendations, the Authority has reiterated the terms and conditions of license for the National Integrated Directory Enquiry Service (NIDQS) to fixed line and cellular mobile telephones focusing primarily on the following aspects:-

- ❖ **Scope of License:** The licensee shall have to provide National Integrated Directory Enquiry Service (NIDQS) covering both fixed line and cellular mobile telephone services. The customers can access the National Integrated Directory Enquiry Service through their access service providers. There would be separate access code for local directory enquiry service within the service area and national directory enquiry/ yellow pages and accordingly be charged separately. BSNL/MTNL and other service providers may provide local directory enquiry service for their own customers on helpline 197 and NIDQS licensee may also provide the service through other electronic means such as Short Message Service (SMS), Integrated Voice Response System (IVRS), Internet (Web-based, e-mail etc.)
- ❖ **Market structure and number of Licences:** Initially two licenses may be issued through open bidding process based on eligibility criteria. BSNL may take licence, if opts to provide NIDQS, BSNL may be exempted from participation in auction and it shall abide by the terms and conditions as will be applicable to the licensee, as per DoT's determination.
- ❖ **Eligibility criteria:** The eligibility criteria include experience of 3 years in Telecom network operators or IT Enabled Services (ITES), minimum net worth of Rs. 100 crores and FDI limit of 74%. The applicant must be a public company or a government company, incorporated as such under the Companies Act, 1956.
- ❖ **Entry fee:** A minimum reserve price of Rs.1 crore as one time entry fee may be fixed for NIDQS license.
- ❖ **License fee:** The license fee for NIDQS be 6% of the Gross Revenue of NIDQS provider.
- ❖ **Performance obligations:** The NIDQS provider shall roll out the service in eleven service areas in the first and the remaining service areas in the second year.
- ❖ **Bank Guarantee:** A nominal performance bank guarantee of 2.5 Crore for two years.
- ❖ **Duration of licence:** The license duration could be initially for a period of 10 years, which could be renewable by 10 years.



❖ **Data Sharing and Data Security:**

The licensee shall have to adopt the practices in line with data protection measures specified in ISO standards or equivalent international standards, and is subject to audit/verification by licensor.

❖ **Listing in NIDQS for directory enquiry service:**

The access service providers shall obtain option from customers for 'Opt-in approach' (customers who want to include their names in directory) or 'Opt-out approach' (customers who want to exclude their names in directory).

❖ **Interconnection:**

It shall be mandatory for all the access service providers to terminate sufficient number of circuits (E1s) as per the traffic requirement, at their own cost, at the Point of Presence (POP) in each service area of each NIDQS licensee, where sufficient number of ports (E1s) shall be provided by the NIDQS licensee without any port charges to the access service providers.

❖ **Revenue Share:**

The revenue share recommendations include call charges for directory enquiry to be collected by the access providers and share is to be paid to NIDQS providers. The revenue share can be as mutually agreed between NIDQS provider and the access service provider on non-discriminatory basis. TRAI may also determine the revenue

share between NIDQS Provider and Access Service provider from time to time.

❖ **Tariff:** The tariff may be left under forbearance, to be notified by NIDQS providers.

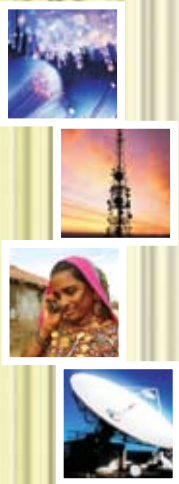
❖ **Determination/Guidelines for NIDQS:**

The Authority shall issue necessary determinations/guidelines for NIDQS after the proposed licence is issued by DoT.

51. TRAI hopes that these recommendations will pave the way for provisioning of National Integrated Directory Enquiry Service (NIDQS) to fixed line and cellular mobile telephones in the country.

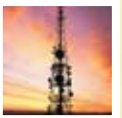
Recommendations on Allocation and Pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands dated 11th July 2008

52. The Authority made its recommendations to the Government on Allocation and pricing of spectrum for 3G and broadband wireless access (BWA) services on 27th September, 2006. When the Authority gave its recommendations, the spectrum in the 2.3-2.4 GHz and 2.5-2.69 GHz bands was not available for allocation and, therefore, the Authority had then recommended that allocation and pricing methodology of spectrum in these bands would be decided as and when these are made available. In view of the fact that recently in World Radio Congress-07 (WRC-07), these bands have been identified as International Mobile Telecommunications (IMT)



bands and that spectrum in these bands is now available for allocation for the BWA services, the Authority had given these recommendations. Based on technological advancement, and the availability of spectrum for allocation, the Authority had issued Consultation Paper on 2nd May, 2008. On the basis of the comments received from the stakeholders and in-house analysis, the Authority made its recommendations on 11th July 2008. The gist of recommendations are as follows:

- ❖ For the spectrum bands of 2.3-2.4 GHz, 2.5-2.69 GHz and 3.3-3.4 GHz, UASL, CMSPs and Category 'A' & 'B' ISPs should be eligible for participating in the auction for the spectrum.
- ❖ The leftover spectrum in 3.3-3.4 MHz band after migration to circle level operation should be auctioned to other service providers in blocks of 2x7 MHz, so as to ensure level playing field with the existing service providers. Those service providers who already have 2x7 MHz spectrum and are migrating to Circle level operation as required, shall not be eligible for participation in the auction.
- ❖ The existing service providers having less than 2x7MHz spectrum in this band will have the option either to continue with the existing spectrum or participate in the auction process for 2x7 MHz spectrum after submitting an undertaking to DoT that in case they are successful in the auction, then they will surrender the spectrum already held by them.
- ❖ In the 3.3-3.4 GHz band, the mode of operation, i.e. FDD or TDD shall be left to the service provider. The Authority in its earlier recommendation has preferred the allocation of spectrum in the TDD mode. However, as some of the service providers have already started operation in this band using either TDD or FDD mode, hence the Authority do not want to specify any one mode in line with the policy of technology neutrality.
- ❖ Authority has decided not to make any recommendation for 3.4-3.6GHz unless DoT assess the compatibility of satellite based services with the terrestrial BWA services and a detailed analysis is done in a transparent and time bound manner. Once DoT carryout the above study and reaches a conclusion that spectrum in the 3.4-3.6GHz band is possible to be refarmed, then it should refer the matter to the Authority for recommending the allocation methodology.
- ❖ A maximum of 15 MHz of spectrum (in 2.3 GHz and 2.5 GHz combined) should be allowed to each service provider in the bands of 2.3-2.4 GHz and 2.5-2.69 GHz. However, the spectrum



shall be auctioned in blocks of 5 MHz each so that any service provider requiring lesser amount of spectrum than 15 MHz may not be at a disadvantage.

- ❖ The reserve price and performance bank guarantee for 15 MHz of spectrum in the bands of 2.3-2.4GHz, 2.5-2.69 GHz and 3.3-3.4GHz spectrum shall be as below:

Circle	Reserve Price (for 15 MHz) (Cr Rs.)	Performance Bank Guarantee (for 15 MHz) (Cr Rs.)
Metro & Category A	60	30
Category B	30	15
Category C	10	5

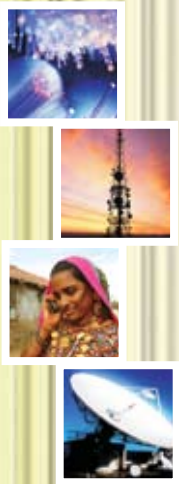
- ❖ The existing service providers in the band 3.3-3.4GHz shall also have to pay the same price as will be charged from the new entrants. For the Circles where no spectrum is available due to all spectrum already assigned, the service providers of that service area shall have to pay the highest bid price obtained in the other service areas of that category.
- ❖ For allocation of spectrum band in 2.5-2.69 GHz band, the Authority recommended the following:-
 - ⇒ DoT / WPC should coordinate with Department of Space (DoS) and ascertain the feasibility of vacation of

additional spectrum in this band in a time bound manner, say 45 days.

- ⇒ In case, there is possibilities of vacation of spectrum in this band and with the then vacated spectrum and the present 40 MHz spectrum, if WPC finds it feasible to harmonize with internationally accepted band plan then spectrum in this band may be allocated accordingly in both FDD and TDD modes.

- ⇒ In case, DoT / WPC comes to the conclusion that no additional spectrum can be made available by vacation / refarming, then the spectrum may be allocated in TDD mode with block of 5 MHz each subject to maximum limit 15 MHz spectrum (cumulative for 2.3-2.4GHz & 2.5-2.69GHz) per service provider.

- ❖ The cumulative holding of spectrum acquired in 2.3-2.4GHz and 2.5-2.69GHz band by a licensee shall not exceed 15 MHz of spectrum.
- ❖ Simultaneous ascending e-Auction method may be used for auction of spectrum in BWA bands.
- ❖ The Authority reiterated its earlier recommendation of charging an additional step up annual spectrum fee of 1% of total AGR from the service providers providing BWA services.



- ❖ The Authority reiterated its earlier recommendations on the rural rollout obligations so as to encourage faster penetration of broadband services in rural areas.
53. As the Authority was finalizing its suo-motu recommendations, DoT vide its letter dated 1st July, 2008 requested the Authority for its considered recommendations/comments on certain modifications proposed in TRAI's recommendations of 27th September, 2006 on 'Allocation and Pricing of Spectrum for 3G and Broadband Wireless Access services'. The issues referred in the DoT letter were "Eligibility, Amount of Spectrum to be allocated, Reserve Price and Performance Bank Guarantee, Auction Process Methodology and Extension of License of the successful bidders'.
54. The Authority, while framing its recommendations, had also addressed the issues referred in DoT's letter. The salient features of those recommendations (on DoT letter) are as below:

1. Eligibility

The DoT in its letter had proposed that 'all the existing UASLs, CMSPs and category 'A' ISPs be eligible for participation in the auction as there are large number of UASL and category 'A' ISPs. The Authority reiterates its recommendation that for auction of the spectrum bands of 2.3 GHz, 2.5 GHz and 3.3 GHz, UASLs, CMSPs and category 'A' & 'B' ISPs should be eligible.

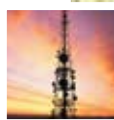
2. Amount of spectrum to be allocated

DoT in its letter dated 1st July, 2008, on para 2 had proposed that "As per present estimate of availability of spectrum 4 blocks each of 10 MHz (TDD) in 2.5 GHz (2.5-2.69 GHz) and 2.3 GHz (2.3-2.4GHz) are proposed to be allocated. As per inputs from WiMAX forum and other experts, spectrum for BWA services should be allocated in blocks of 10 MHz or multiples thereof. If a block of 15 MHz is allocated, 5 MHz is likely to be wasted. A successful bidder can bid for an additional block of 10 MHz in future, subject to availability."

The Authority in its recommendation on "Allocation and pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands" dated 11th July, 2008 had also in Para 2.29 cited the above reasons and has recommended that a maximum spectrum amount of 15 MHz (not necessarily contiguous block) to each service provider shall be allocated. The bidding for the spectrum should be done in blocks of 5 MHz each. The Authority had also recommended maximum amount of spectrum of 15 MHz in its earlier recommendation.

3. Reserved price and performance bank guarantee

DoT in its above referred letter had proposed that "It is felt that reserve price for BWA auction of each 10 MHz block for a period of 15 years should be 25% of the reserve price for 3G spectrum. Thus, reserve price and PBG would be as tabulated below:



Circle	Reserve price (Rs Crore)	Performance Bank Guarantee
Metro & Category A	40	20
Category B	20	10
Category C	7.5	3.75

The Authority had collected data regarding price obtained in various countries for spectrum for BWA services and based on the analysis done, the Authority concurs with the reserved price and performance bank guarantee proposed by DoT. However, the Authority would like that the reserved price should be so structured so that it takes into consideration the auctioning of spectrum in the blocks of 5 MHz. As the blocks of the spectrum to be auctioned shall be finalized before the auction process itself, therefore, the number of contiguous blocks of spectrum shall be known. In case any service provider desires to have contiguous block of 5 MHz then he should be asked to pay highest bid price of 5 MHz block for first 5 MHz block and 1.25 times the highest bid price of 5 MHz block for each contiguous 5 MHz block. The option to take contiguous block shall be given based on the ranking of the service providers in the auction process.

4. Auction Process

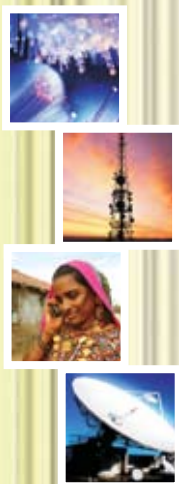
DoT in its above referred letter had proposed that “... it is proposed to have a controlled simultaneous e-auction similar to that in the case of 3G spectrum. Further here also when

the number of bidders left is equal to the number of blocks of spectrum being auctioned, in any service area, the auction will end. All the bidders will have to match the bid of the highest bidder, H1. In case they do not match, then that block would be offered to the next highest bidder at the highest bid price, H1. If any block is left vacant, then the block would be re-auctioned. This would ensure that all successful bidders pay the same amount for the same BWA spectrum block.”

The Authority agreed with DoT that the spectrum should be given through a controlled simultaneous ascending e-auction and all the successful bidders should be asked to match the highest bid i.e. H1. However, in case any service provider desires to have contiguous block of 5 MHz, then he should be asked to pay highest bid price of 5 MHz block for first 5 MHz spectrum and then 1.25 times the highest bid price of 5 MHz block for each contiguous 5 MHz block. The option to take contiguous block shall be given based on the ranking of the service providers in the auction process.

5. Grant of License

DoT in its above referred letter had proposed that “... Considering the fact that the validity of an ISP license is for 15 years, it is proposed that the successful bidders shall get spectrum allotment for BWA services for period of 15 years duration. Further, if the period of the UAS or ISP license is expiring before 15 years its existing license shall be extended at



a price. This price will be determined by multiplying the numbers of years of license extension required by the pro-rata entry fee of the license to be extended. This will ensure a level playing field so that existing UAS or ISP licensees can bid for BWA spectrum with the comfort that their licenses would be extended to a period to be co-terminus with the BWA spectrum allocation of 15 years.”

The Authority suggested that “the licenses should be renewed/extended as per the laid down conditions in the respective licenses”.

Recommendations on the modifications proposed by DoT on Reserve Price and Auction Process for 3G services dated 12th July 2008

55. DoT vide its letter dated 1st July 2008 had proposed certain additional modifications in the Recommendations on Allocation and pricing of spectrum for 3G and BWA services dated 27th September 2006 with regard to 3G services and had requested TRAI for its considered recommendations / comments on proposed modifications as per the proviso under section 11(1) of TRAI Act 1997 as amended from time to time.

56. The recommendations of the Authority on the proposed modifications were as below:

❖ Amount of Spectrum to be allocated

➔ Due to non-availability of spectrum in 800 MHz and 450

MHz bands, the Authority recommended that after the implementation of spectrum allocation policy, if extra spectrum is available in 800 MHz spectrum band, then it should be allocated for 3G services at appropriate price through auction.

➔ In the 1900 MHz band, the Authority had earlier recommended for a mixed band trial. It is learnt that the trial has been conducted a few months back. The Authority recommended that the DoT should analyse the results of the trial and if it is satisfied regarding the feasibility of mixed band operation, then it should explore the possibility of allocating spectrum in this band.

❖ Reserve Price for Spectrum Auction

➔ DoT had proposed that “Based on the experience of successful 3G auctions in certain countries, it is proposed that the reserve price for a block of 2 x 5 MHz in the 2.1 GHz band should be 0.5% of GDP, which in the case of India, would come to US\$ 0.5 billion or about Rs. 2,100 crores, which is twice that recommended by TRAI. Thus the reserve price should be as follows:



Circle	Reserve Price (Rs. Crore)
Mumbai, Delhi & Category 'A'	160.00
Chennai, Kolkatta & Category 'B'	80.00
Category 'C'	30.00

The Authority agrees with the reserve price proposed by DoT.

❖ Auction Process

- ➔ DoT had proposed that when the number of bidders left is equal to the number of blocks of spectrum being auctioned, in any service area, the action will end. All the bidders will have to match the bid of the highest bidder, H1. In case they do not match, then that block would be offered to the next highest bidder at the highest bid price, H1. If any block is left vacant, then the block would be re-auctioned. This would ensure that all successful bidders pay the same amount for the same 3G spectrum blocks".
- ➔ TRAI, in principle, agreed to the auction process proposed by DoT. However, the Authority had suggested that DoT should maintain a waiting list of the operators, who are eliminated

in the previous rounds. In case successful bidders (H2-H5) do not match the bid of the highest bidder (H1), and if any block is left vacant, then, instead of repeating the whole process, which may take time and effort, this H1 amount, be offered to remaining bidders as per the priority in the waiting list.

Recommendations on the modifications proposed by DoT on spectrum Usage Charges and One Time Spectrum Enhancement Charges dated 16th July 2008

57. DoT had proposed certain modifications in the TRAI's recommendations on Review of license terms and conditions and capping of number of access service provider dated 28th August, 2007, with regard to annual spectrum usage charges and one time spectrum enhancement charges. The recommendations of the Authority on the proposed modifications are as below:

❖ Annual Spectrum usage charges

DoT has proposed an increase of 1% of AGR across the board, and minor change in the spectrum slab as outlined in the table below:

TRAI recommendations		DOT Proposal	
Amount of Spectrum	AGR	Amount of Spectrum	AGR Proposed
Upto 2x4.4 MHz/2x5MHz	2%	Upto 2x4.4 MHz/2 x5MHz	3%
Upto 2 x 6.2 MHz	3%	Upto 2x6.2 MHz	4%
Upto 2 x 8 MHz	4%	Upto 2x8.2 MHz	5%
Upto 2 x 10 MHz	5%	Upto 2x10.2 MHz	6%
Upto 2 x 12.5 MHz	6%	Upto 2x12.5 MHz	7%
Upto 2 x 15 MHz	7%	Upto 2x15 MHz	8%
Beyond 15 MHz	8%	Beyond 15 MHz	9%



The Authority decided to go along with the proposal of enhancement of spectrum charges along with the amendment in spectrum slabs as mentioned in the letter of DoT taking into consideration the broader picture of telecom sector.

❖ **Spectrum enhancement charges beyond 6.2 MHz**

DoT has proposed levying of one time charge for additional spectrum beyond 6.2MHz. In order to reconsider the issue, the Authority has requested DoT to clarify the details of the scheme 'one time charge'. Further, the Authority had opined that as the DoT is revisiting the various levies being charged from the UASLs, therefore it is appropriate time for the DoT to revise the entry fees of the different service areas also, so as to bring them in line with the present market realities.

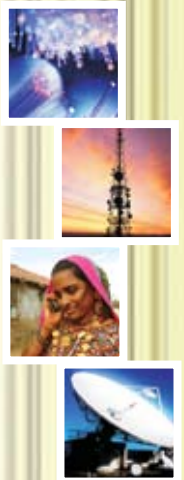
Recommendations on Restructuring of Cable TV Services dated 25th July 2008

58. The present mode of Cable TV transmission which is predominantly analogue, has certain limitations as it lacks scope for technological up-gradation, appropriate addressability and efficient resource utilization. The sector is marred with disputes relating to actual subscriber base, poor quality of service and inadequate consumer grievance redressal mechanism. The non-availability of authenticated data, lack of supervisory guidance and unorganized development of Cable TV industry are some of the roadblocks to explore its full potential. After going through the consultation process and internal analysis the

Authority made its recommendation on Restructuring of Cable TV Sector, to the Government on 25th July 2008. These recommendations are a step forward to restructure Cable TV Networks to ensure effective licensing compliance, attract investment, facilitate new value added services and encourage digitization.

59. The salient features of the recommendations are mentioned below:

- ❖ Greater emphasis on network digitization, increased addressability and encourage voluntary CAS
- ❖ Incentives prescribed to Multi System Operators (MSOs) to introduce total digitized networks.
- ❖ The registration for cable TV operator to be replaced by a comprehensive and supportive licensing framework.
- ❖ Separate licensing frameworks for Cable TV operators (LCOs) and Multi System Operators (MSOs).
- ❖ Eligibility criterion made specific to identify the entities who can act as LCOs and MSOs
- ❖ Option and flexibility to choose Service area given both to LCOs and MSOs.
- ❖ Entry Fee
 - ➔ LCO- Rs 10000/- and Rs. 100000/- for District and State level respectively.
 - ➔ MSO- Rs. 1 Lakh, Rs. 10 Lakhs and Rs. 25 lakhs for District, State and Country level respectively.



- ❖ New license and renewal of license in time bound manner.
- ❖ Duration and Administrative Cess for respective License well defined.
- ❖ Licensing Authority and Appellate Authority well defined.
- ❖ Easy migration of valid registered Cable TV operators.
- ❖ A well defined Subscriber complaint redressal mechanism & Subscriber Billing system.
- ❖ Quality of service defined for LCOs and MSOs.
- ❖ Data collection procedure for LCOs and MSOs well defined to ensure organized and systematic growth.
- ❖ Penalty provisions including suspension and termination of license for effective compliance of licensing conditions.
- ❖ LCOs & MSOs encouraged to use latest transmission technologies such as fiber etc for better quality of service. Both MSOs & LCOs made eligible for Right of Way (RoW).
- ❖ Special concession of 50% in entry fee for LCOs and MSOs for an initial period of three years for J&K and North Eastern states.

Recommendation on Mobile Virtual Network Operator (MVNO) dated 6th August 2008

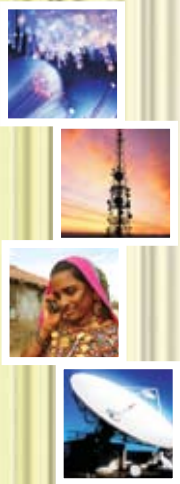
60. MVNO is an entity that provides mobile phone service but does not have its own radio spectrum nor

does it necessarily have the entire infrastructure required to provide mobile telephone service. An entity that has the radio spectrum and the entire required infrastructure to provide the mobile service is Mobile Network Operator (MNO). MVNOs operate through commercial arrangements with licensed MNO and buy bulk minutes of traffic and resell them to their own subscribers in their own brand.

61. Department of Telecommunications (DoT) had sought TRAI's recommendations on the need and timing for introduction of MVNO as well as terms and conditions of the license to be granted to such operators. After going through the consultation process on the various issues involved in introduction of MVNO in India, the Authority made its recommendations on Mobile Virtual Network Operator (MVNO) on 6th August 2008, enabling the introduction of MVNOs in the Indian Telecom network.

62. The summary of recommendations are as below:

- ❖ MVNO to be introduced as a distinct service provider with its own licensing and regulatory framework
- ❖ MVNO to be issued a license under Indian Telegraph Act
- ❖ Any Indian Company having a networth of Rs. 10 crore for Metro / Category A, Rs. 5 crore for Category B and Rs. 3 crore for Category C service area, paid up capital of 10% of prescribed networth and satisfying



licence conditions such as FDI, substantial equity etc., eligible to apply for MVNO licence.

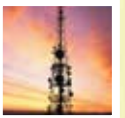
- ❖ MVNO free to choose its business model (Full or Intermediate or Thin). Typically, a Thin MVNO would offer services in its own brand without any infrastructure and a Full MVNO could set up its own HLR, VLR, IN switches, MSC etc., but not the Radio Access Network (RAN).
- ❖ MVNO to get parented to an MNO in a service area.
- ❖ The license service area of MVNO to be same as that of parent MNO.
- ❖ Arrangement/agreement between MNO and MVNO to be driven by market forces.
- ❖ No limit on number of MVNOs attached to an MNO.
- ❖ Agreement with MNO to be submitted before issue of license to MVNO.
- ❖ MNO to pay the spectrum charges for utilisation of spectrum by MVNO.
- ❖ Entry fees for MVNOs – 10% of MNOs subject to a maximum of Rs. 5 crore and minimum of Rs. 1 Crore for Metro/ Category 'A', Rs. 3 crore- 50 lakhs for Category 'B' and Rs. 1 crore- 25 Lakhs for Category 'C' service areas.
- ❖ Annual licence fees same as that of MNO of the service area.
- ❖ Allocation of Numbers, Number portability, Interconnection with

other service providers and Roaming to provided by parent MNO.

- ❖ Subscribers to be protected for failure of agreement between MNO and MVNO or MVNO quitting service.
- ❖ No Roll out Obligations for MVNO.
- ❖ FDI limit - 74% same as MNO
- ❖ Bank Guarantee: FBG – equivalent to two quarters license fees; PBG – 5% of MNO.
- ❖ Restrictions on Mergers and acquisition on similar lines as MNOs.

Recommendation on issues Related to Internet Telephony dated 18th August 2008

63. The rapid technological developments and better quality of voice communications are shaping the future of telecom. The enormous increase in data traffic in international scenario, increasing acceptability of IP networks, adoptability of NGN by many countries, and global liberal regulatory regime for Internet telephony require a fresh review of existing licensing conditions in India. The present licensing framework envisages different type of access service providers (UASL, BSOs, CMSPs), National Long Distance service providers (NLDs) International Long Distance service providers (ILDs) and Internet Service Providers (ISPs). While access service providers are permitted to provide various services and applications to



their subscribers under Universal Access Services License (UASL), the role of other licensees like NLD and ILD is limited to provide long distance services and Internet service providers are permitted to provide access to Internet. It was expected that access service providers will provide highly popular services like Internet Telephony and boost broadband penetration but it has not come on the ground. As such Indian subscribers are denied advanced value added services in contrast to global scenario where such Internet based services are popular. ISPs are not permitted to provide unrestricted Internet Telephony though they have IP based Infrastructure. Such regulatory restrictions discourage technological advancements and result is grey market activities to provide these services to common masses.

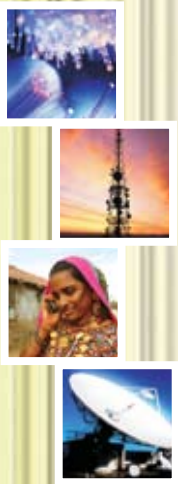
64. The present regulatory framework denies fruits of technological advancements to reach to common masses. Level playing field issues were being advocated against permitting these services under various licenses. Globally telecommunications are being shaped by steep growth of broadband and wireless subscribers. The regulatory environment should be dynamic, enabling, efficient and encourage competition. Hence regulatory framework for Internet telephony has to be considered in view of convergence and other similar developments taking place across the globe. The Authority suo-motu initiated a consultation process on

Issues Related to Internet Telephony. After going through the consultation process and internal analysis the Authority made its recommendations on Issues related to Internet Telephony on 18th August 2008.

65. The salient features of the recommendations are given below:
- ❖ ISPs permitted to provide unrestricted Internet telephony (Termination of Internet telephony calls on PSTN/PLMN and vice-versa).
 - ❖ National Long Distance (NLD) operators shall be permitted to connect to ISPs through public Internet (Internet cloud) for unrestricted Internet telephony.
 - ❖ ISPs and NLD shall have mutual agreement for unrestricted Internet telephony.

Recommendations on the Policy Guidelines and Operational issues for Television Audience Measurement/ Television Rating Points (TRPs) dated 19th August 2008

66. The Ministry of Information & Broadcasting had sought recommendations of TRAI on the system and framework of Television Ratings and the policy guidelines to be adopted for rating agencies. The Authority after going through the consultation process, International practices and own analysis made its recommendation on the issue to Ministry of Information and Broadcasting on 19th August 2008. The Authority Recommended that for the present, self regulation may work



best and a framework laying specific guidelines including certain reporting requirements would effectively address the shortcomings. As in other countries, the industry led body can be recognized to perform specified functions. The industry initiative – Broadcast Audience Research Council (BARC), can be recognized as the institutional framework. Once BARC starts functioning, the inadequacies of the present system will have to be effectively addressed in close and coordinated manner with the Ministry of Information & Broadcasting. The Authority is of the view that Governmental intervention in the form of an enactment is not desirable at this stage. Therefore, self-regulation through the Industry led, not-for-profit body BARC, has been recommended with Government Guidelines covering, BARC's Organizational Structure, Functioning and Methodology.

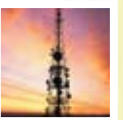
67. The salient features of the Recommendations are as under:

❖ **Framework for the Industry led body**

- Initiation of activities by BARC by January 2009.
- Two nominees of the Ministry of Information & Broadcasting on the Board of Directors of BARC. The continuance of Government nominees on BARC's board may be reviewed after five years
- The Technical Committee within BARC shall also include nominees from the Ministry

of Statistics and Programme Implementation, National Council of Applied Economic Research (NCAER) and Indian Statistical Institute (ISI), Kolkata.

- BARC not to undertake audience measurement directly and to resort to an open, transparent bidding process for the various stages involved in the rating process.
- The Ministry of I & B to provide the key eligibility norms for the selection of rating agencies and their performance obligation norms. These shall be recommendatory in nature.
- BARC to provide such information and reports as may be asked for by the Ministry from time to time.
- The addresses and location of homes where people meter are installed to be kept totally confidential.
- BARC shall have in place a Complaints Redressal Mechanism.
- BARC to sign MoU with the Ministry of Information and Broadcasting for its organizational structure, functions and methodology. The MoU will act as a guide and define the role of BARC and Government.
- BARC shall display the rate card for the various reports



and discounts offered thereon on its website.

❖ **Suggested conditions for Rating agencies**

- ➔ The Request for Proposal inviting bids from the rating agencies shall be finalized by BARC after duly considering the eligibility conditions and performance obligations as provided by the Ministry of Information and Broadcasting from time to time.

❖ **Sample Size**

- ➔ The sample should cover different platforms, including terrestrial / Prasar Bharati channels, cable and satellite platforms, rural and urban areas, and all the states.

❖ **Technology**

- ➔ Use of technology capable of capturing data over different platforms.

❖ **Cross-holding**

- ➔ No single company / legal person, either directly or through its associates shall have substantial equity holding in more than one Rating agency.
- ➔ A promoter company/ Legal person/ Directors of rating agency cannot have stakes in Broadcaster, Advertiser and Advertising agency either directly or through its associates. Similarly, a Broadcaster, Advertiser or

Advertising agency shall also not have any stake in rating agencies.

❖ **Mandatory Audit**

- ➔ Comprehensive mandatory audit of the rating system carried out by independent qualified auditing firms having experience of TV ratings audit, conducted at least once in three years.

❖ **Competition in rating services**

- ➔ Selection of bidders shall be conducted through an open, transparent bidding for the various stages involved in the rating process.

❖ **Others**

- ➔ BARC and the rating agencies should invest in programs to educate the general public about the work of audience measurement at regular intervals in various parts of the country and through detailed information available on their websites.

68. The recommendations broadly reflect the expectations of stakeholders. With these recommendations the Authority has tried to achieve the following objectives:

- ❖ Continuous improvement in quality and method of the rating system, to provide accurate, up to date and relevant findings;
- ❖ To maintain the highest possible standards of integrity and to ensure that its findings are not



misused / manipulated by any one to convey a wrong impression;

- ❖ To promote, maintain and uphold fair, ethical and healthy practices relating to ratings and its use;
- ❖ Discourage unfair or deceptive practices employed in connection with the sale or use of ratings; and
- ❖ Observe and enforce the conditions / standards / norms where prescribed by the Government for the ratings process.

Recommendation on Provision of Calling Cards by National and International Long Distance Operators dated 20th August 2008

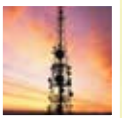
69. TRAI had recognized the need for carrier selection quite early in the path to liberalization. After an elaborate consultation process with the stakeholders a Direction was issued in July 2002 to the access providers and long distance operators to implement carrier selection in their respective networks. Competition brought in by Carrier Selection was considered important for bringing operational efficiencies in the long distance segment and also in offering choice, quality and affordable prices to the consumers. Telecom sector was in the process of opening up and availability of carrier selection was considered an important prerequisite for vibrant competition. However, due to various reasons implementation of this direction was deferred.

70. A comprehensive and renewed consultation paper on carrier

selection was issued on 7th May, 2008. The consultation paper outlined the earlier efforts, problems faced and possible course of action. Consultations were carried out with the stakeholders on a broad range of issues including estimation and sharing of upgradation cost, technical and operational problems, billing, licensing and interconnection issues. Possibility of implementing carrier selection through calling cards of national and international long distance operators was also discussed.

71. A majority of the stakeholders were of the opinion that the traditional method of Carrier Selection was not relevant in the current scenario because of high implementation cost, poor cost-benefit outlook, sufficient competition already having been established in the market and technical and operational issues with implementation of Carrier Selection. A popular opinion among the stakeholders was that implementation of Carrier Selection through calling cards is a good option for both consumers and service providers. They argued that the prime purpose of providing choice of Long Distance Operators and any consequential financial benefit to the consumer may also be achieved, without the accompanying problems, by allowing NLDOs and ILDOs to issue calling cards.

72. After considering various opinion expressed by stakeholders, the Authority on 20th August 2008 sent its recommendations on "Provision of Calling Cards by National



and International Long Distance Operators” to the Department of Telecommunications. These recommendations are a result of extensive review of mechanisms of providing choice of long distance carrier to the Indian consumer. To make it possible for the subscribers with the means of selecting Long Distance Carrier, the Authority has recommended to the Government that National and International Long Distance operators be permitted to offer national and international long distance voice calls, respectively, through calling cards.

73. These recommendations would lead to the following benefits:

- ❖ Consumer would be able to exercise choice of long distance operator for the national and international calls through calling cards.
- ❖ Competition would be encouraged and affordable innovative tariff plans would become available.
- ❖ Consumer can subscribe to any access provider and still not be dependent on the access provider for long distance calls.
- ❖ Through long distance calling cards customer can make long distance calls from telephone of any access provider.

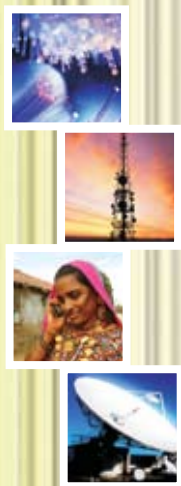
74. The Authority recommended amendment of NLD/ILD operators’ licence conditions to allow them to access customers directly for national and international long distance calls, respectively. Simultaneously with

these recommendations amendment has been carried out in the Direction dated 24th July, 2002 to the effect that Carrier Selection may not be implemented in the form proposed in that Direction in view of high upgradation cost, technical and operational issues, implementation not being justifiable on need and cost-benefit basis and eventual move towards Next Generation Networks. These steps are expected to empower the Indian Telecom consumer further as the consumers would now be able to exercise choice of carrier for the national and international calls through calling cards.

Recommendations on Issues relating to entry of certain entities into Broadcasting and Distribution activities dated 12th November 2008

75. Recommendations on Issues relating to entry of certain entities into Broadcasting and Distribution activities were forwarded to the Ministry of Information and Broadcasting, on 12th November 2008. The Ministry of Information & Broadcasting vide its letter dated the 27th December, 2007, had requested TRAI, to provide its recommendations on allowing certain entities including State Governments, urban and local bodies, 3-tier Panchayati Raj bodies, publicly funded bodies, political bodies and religious bodies to enter into Broadcasting activities.

76. TRAI released a Consultation Paper on 25th February, 2008 on the issues arising out of the letter of the Ministry of Information and Broadcasting. The



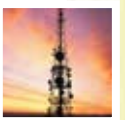
Consultation Paper covered issues as to whether it would be in the interest of the broadcasting sector and in the interest of the public at large to permit the Union Government and its organs, the State Governments and their organs, urban and rural local bodies, political bodies, religious bodies etc. to enter into broadcasting activities and distribution activities like cable TV, DTH, etc. The consultation paper also raised the issue whether permitting the State Governments and their enterprises to enter into broadcasting sector would have impact on the Centre-State Relationship and the inter-se relationship among the States, etc. This was followed by an Open House Discussion (OHD) held in New Delhi on 16th April, 2008. The Authority after carefully examining several Constitutional and legal issues arising in the matter and after carefully considering the views of stake-holders and the prevailing international practices, arrived at its recommendations.

77. As regards the question of entry of State Governments, urban and rural local bodies, etc. into broadcasting activities, the Authority took note of the fact that at present these entities have not been permitted to enter into broadcasting activities. After considering the relevant Constitutional provisions, the Constituent Assembly debates, the recommendations of the Sarkaria Commission and the judgments of Hon'ble Supreme Court, and feedback received from the stakeholders, the Authority recommended that

the present position as regards the entry of these entities may be allowed to continue. TRAI recommended that the aspirations of the State Governments, as regards broadcasting, should be adequately met by Prasar Bharati and by imposing certain public service broadcasting obligations on private broadcasters.

78. TRAI recommended that certain public service broadcasting obligations be imposed on the broadcasters in the country. The preparation of content for public service broadcasting may be done by individuals including private broadcasters, NGOs, social action groups, etc., in addition to Prasar Bharati, DAVP, State Governments and their organs. The Government of India (Ministry of Information and Broadcasting) may set up a regular body to approve and certify programmes as being fit for broadcast as part of the public service broadcasting (PSB) obligation. As a beginning in this direction, every private broadcaster may be mandated to carry such approved programmes at least for a total duration of thirty minutes in a week.

79. In order to provide funds for such public service broadcasting programmes, TRAI has further recommended to establish a Fund, to be known as the Public Service Broadcasting Obligation Fund, on lines similar to the Universal Service Obligation (USO) Fund in the telecom



sector, and imposing an annual Public Service Broadcasting Obligation levy on the private broadcasters in the country and a predetermined share from the percentage of gross revenue being paid by the identified stakeholders in the broadcasting sector.

80. As regards entry of political parties into broadcasting activities, TRAI recommended that political bodies should not be allowed to enter into broadcasting activities and has accordingly recommended that the disqualifications as contained in the relevant provisions of the Broadcasting Bill, 1997 (which could not be enacted into law) as regards political bodies be incorporated in the proposed legislation on broadcasting. However, having regard to the importance of the free flow of information to the public during the electoral process, the Authority recommended that broadcasting channels provide “reasonable access” to recognized political parties during the run up to elections to Parliament and to the State Legislative Assemblies. The Government of India (Ministry of Information and Broadcasting) may seek the guidance of the Hon’ble Election Commission of India and may frame appropriate guidelines in this regard.

81. As regards entry of religious bodies into broadcasting activities, TRAI recommended that religious bodies may not be permitted to own their own broadcasting stations and teleports. This would be in

conformity with the secular fabric of the Constitution. TRAI recommended that the disqualifications as contained in the relevant provisions of the Broadcasting Bill, 1997 as regards disqualification of religious bodies may be incorporated in the proposed new legislation on broadcasting. However, such disqualification should not be construed to mean that religious contents in the broadcasting channels is to be disallowed. Such religious content should be in conformity with the appropriate content code or programme code as prescribed from time to time by the Government. In case permission has earlier been granted to such a religious body for a television channel, then the recommendations provide for an appropriate exit route within a time limit of three to four years to such religious bodies.

82. As regards the entry of State Governments into the distribution platform such as cable TV, DTH, etc., the Authority noted that there are already 6 DTH operators, about 6000 multisystem operators and nearly 60,000 cable operators. Such being the case, and in the interest of fair competition, level playing field, and also considering the need to ensure proper enforcement mechanism equally applicable to all the players in the field, TRAI recommended that the State Governments and their organs should stay away from distribution activities. Suitable provisions for exit route within three to four years have been provided wherever state governments and their organs have



entered such distribution activity. For similar reasons and the need to prevent misuse of distribution platforms by any of the players on political or other considerations and also the need to prevent any problems relating to enforcement measures against the service providers involved, TRAI recommended that urban and local bodies, political bodies, religious bodies and other publicly funded bodies may not be permitted into distribution activities like cable television, DTH, etc.

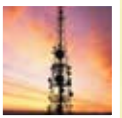
Recommendations on 3rd Phase of Private FM Radio Broadcasting – response to observations made by Government dated 28th November 2008

83. The Authority had sent its recommendations on 3rd Phase of Private FM Radio Broadcasting on 22nd February, 2008. Subsequently, the Ministry of Information & Broadcasting had requested for TRAI's response on certain issues relating to TRAI's recommendations in terms of the provisions of Section 11 of TRAI Act. The main issues on which response was sought from TRAI are as follows:

- ❖ Geographical basis for licensing – City vis-à-vis District
- ❖ Restriction on ownership of multiple channels
- ❖ Change in ownership of permission holder company
- ❖ News and Current Affairs
- ❖ Floor price of the bids

84. These issues were considered by the Authority and a response was sent to the Ministry of Information & Broadcasting on 28th November 2008. The highlights of the response sent by the Authority are:-

- ❖ Automatic renewal of permission
- ❖ Continuation of city level licensing in the larger interest of expediting the process.
- ❖ The Authority strongly reiterated its earlier recommendation for removal of ceiling limit of ownership of 15% of total permitted FM radio stations in the country by any permission holder.
- ❖ While accepting the Government's views on allowing restructuring before start of FM radio broadcasting, the Authority has reiterated its views on restrictions on change in ownership after start of FM radio broadcasting.
- ❖ The Authority accepted the views of the Government on limiting the sources of News and Current Affairs for FM Radio and has recommended that a review for expansion of sources may be considered after three years.
- ❖ The categorization of content to be treated as non-news and current affairs broadcast is acceptable to the Authority. The scope of such content may be enlarged after a period of three years after reviewing the experience.



- ❖ The Authority accepted the views of the Government for continuing with the current level of floor price of the bids.
- ❖ Automatic renewal of permission with higher of the “future value” of the One Time Entry Fee paid by a bidder or the latest One Time Entry Fee paid by any bidder for a similar category city in the same State was recommended with the existing permission holder having the first right of refusal.

Recommendations on modifications proposed by DoT on the Spectrum usage Charge for 3G Services dated 9th December 2008

85. DoT vide its letter dated 24th November, 2008 and corrigendum dated 25th November, 2008 had sent another reference on the TRAI’s recommendations on “Allocation and pricing of spectrum for 3G and BWA services” dated 27th September, 2006. The proposal of DoT largely based on inter-ministerial committee’s recommendations on the subject was enclosed with DoT’s these letters.

86. The salient features of the recommendations are:-

- ❖ Two percent (2%) of the highest bid amount as annual administrative charge during the validity period of 3G spectrum.
- ❖ As the operators will take time to roll-out their services after the allocation of spectrum, therefore the Authority recommended a moratorium of one year from the date of allocation of

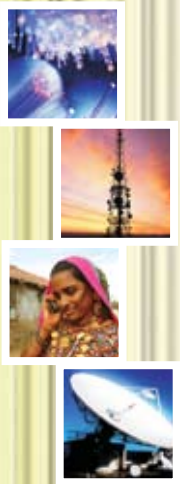
spectrum in respect of payment of administrative charge.

- ❖ The standalone 3G operator who does not have any allotment of 2G spectrum should also pay an annual spectrum charge of 3% of Annual AGR, which is equivalent to the lowest slab of 2G operator. It has been clarified that this is besides the administrative charges.
- ❖ All available spectrum in 2.1 GHz including anticipated spectrum availability within the next one year is put to auction so as to maximize the number of 3G service providers.
- ❖ The availability of 3G spectrum including anticipated availability should be put in public domain for the knowledge of bidders. It becomes particularly relevant as DoT has already decided to allocate spectrum to BSNL and MTNL. Therefore, it is essential that the principle of level playing field is urgently restored by putting all available spectrum for auction

Recommendations on Growth of Value Added Services and Regulatory Issues dated 13th February 2009

87. TRAI forwarded its suo moto recommendations to the Government on growth of value added services and regulatory issues on 13th February 2009.

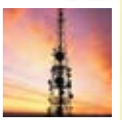
88. The salient features of the recommendations made on the subject are :



- ❖ Definition of Value Added Services is recommended to be redefined in the context of new value added services that may come up in the 3G and NGN environment as “Value Added Services are enhanced services, in the nature of non-core services, which add value to the basic teleservices and bearer services, the core services being standard voice calls, voice/non-voice messages, fax transmission and data transmission”.
- ❖ The requirement for uniformity in various licenses and amendment of various access service licence agreements to pave way for growth of Value Added Services particularly in mobile 2G/3G and Next Generation Network environment.
- ❖ No separate category of licence or registration for Value Added Services.
- ❖ DoT being National Numbering Plan administrator may make appropriate arrangement for allocation of Common Short Codes (CSCs), for specific service areas or on an all India basis, for value added services and also may evolve fee concept for such allocation of CSCs. There is no pre-requisite for any license or registration to acquire CSCs serving more than one access service provider.
- ❖ The Telecom Access Service Providers need to provide

fair access to their telecom infrastructure to independent content providers and maintain transparency in their Management Information System (MIS) relating to value added services for reconciliation.

- ❖ Reconciliation of the MIS and calibration of the MIS between the Access Service Providers and the VASPs / content providers may form part of the mutual negotiations between the Access Service Providers and VASPs / content providers. This will bring confidence in the value added services value chain and will also improve reconciliation process in the value chain.
- ❖ Dispute redressal between VASP and telecom Access Service Provider may also form part of the commercial agreement between the telecom Access Service Provider and Value Added Service Provider.
- ❖ Mutual commercial agreements between telecom Access Service Providers and content providers/ content aggregators for revenue share in the provisioning of Value Added Services remains the model.
- ❖ Telecom Access Service Providers need to publish the charges for Value Added Services. Further, the access charges shall also be published, if such access charges are different than the charges under the tariff plan applicable to



consumers and are not included in the charges of Value Added Services.

- ❖ Content shall be subject to relevant content regulation and compliance of prevailing copyrights including digital management rights and other laws on the subject. There should be consistency in the treatment of content across all kinds of media including print, digital/multimedia to avoid any discrimination.

89. It is expected that these recommendations will pave the way forward for the orderly growth of value added services and consumers will also be benefited with new and enhanced services / value added services at competitive rates.

Recommendations on Media Ownership dated 25th February 2009

90. Media Ownership is a subject of intense debate and Government review in both developed and developing countries around the world. Many of the developed democracies like USA, UK, Canada, Australia and France have restrictions on common and cross media ownership. Many of these countries have recently reviewed the media ownership rules and have taken a decision to continue with the restrictions.
91. Ministry of Information and Broadcasting vide their letter dated 22nd May 2008 had sought TRAI's

recommendations on the need for cross media and ownership restrictions in India for radio, broadcasting and print medias. It was clarified by the Ministry, that looking at the increasing trend of the print media entering into broadcasting sector, to examine the issue in its entirety, the Authority in the present context should also include print media while examining the need for any cross media restrictions vis-à-vis broadcast media.

92. Keeping in line with its consultative approach TRAI had undertaken the public consultation process by issuing a consultation paper on 23rd September 2008 on the various underlying issues relating to Media Ownership in India such as cross media ownership across different segments of media viz. print/ television/ radio (horizontal integration), cross holding restrictions to prevent consolidation including 'vertical integration' within a media segment, limits on number of licenses held by an entity, market share in the city/state/country combined across media segments and cross control/ ownership across telecom and media segments.
93. Considering the international scenario, stakeholders' comments, present economic scenario, the distinct features of Indian scenario and other relevant factors, the Authority formed a view that it is better to put timely safeguards rather than looking for corrective measures which become difficult for the industry to align in future.



Appropriate positive safeguards need to be put in place to ensure that plurality and diversity of views are maintained. A supportive regulatory environment and well defined safeguards put in place at this stage of development will facilitate the orderly growth of the industry. The original rationale for these safeguards is to guarantee a multiplicity of voices and prevent concentrations of power, which are vital for matured democracy. The safeguards should be seen as a part of clear and transparent regulatory framework which will enable the existing media owners and the potential investors to take appropriate decisions, thereby helping the long term growth of the sector. The rationale for these safeguards is to guarantee multiplicity of voices and prevent concentrations of power, which are vital for mature democracy.

Summary of Recommendations:

❖ **Cross-media control/ ownership (Horizontal integration): -**

- There is no emerging threat of market failure.
- Necessary safeguards should be put in place to ensure that plurality and diversity of views are maintained. A detailed market study and analysis should be carried out by the Ministry of Information & Broadcasting for identifying/ determining the safeguards. The results of such analysis may be put in public domain and discussed before finalizing the safeguards.

❖ **Vertical Integration**

- The broadcaster should not have any control in the distribution and vice-versa.
- Any entity having more than 20% equity participation in a Broadcasting company cannot have more than 20% equity in a Distributor (MSO/ Cable, DTH, HITS, Mobile TV) and vice-versa.
- The existing broadcasters who have control in distribution (MSO/Cable/DTH) to be given sufficient time of three years for restructuring.

❖ **Limits on number of licenses by a single entity**

- The current restrictions, policies and TRAI recommendations on these, are adequate for the time being.

❖ **Concentration of Control/ Ownership across Media**

- After working out the required safeguards for horizontal & vertical integration, the merger and acquisition guidelines for the sector may be issued to prevent media concentration and creation of significant market power.

❖ **Cross control/ ownership across Telecom and Media companies**

- No restriction should be imposed on cross control/ ownership across telecom and media segments



separately, at this point of time. The issue could be reviewed after two years.

Recommendation on Lock-in period for Promoter's Equity and other related issues for Unified Access Service Licensees (UASL) dated 12th March 2009

94. Department of Telecommunications (DoT) sought recommendations of the Authority on the considered views of the Telecom Commission on the restrictions that should be there in the license agreements "...in order to prevent fly-by-night operators making a windfall gain." These restrictions relate to the issue of lock-in period for promoter's equity for Unified Access Service Licenses (UASL), restriction on declaration of special dividend in case of additional equity etc. While similar conditions had existed in the initial licenses when the sector was opened up for private participation, these underwent changes over time, and were removed from the licenses issued from 2007 onwards. With spectrum coming bundled with the license, and its limited availability, regulation of transactions in equity of UAS Licensee Company has assumed significance particularly where the entry fee determined in 2001 has been the basis for grant of license. After going through the consultation process, valuable inputs received from SEBI and its own analysis on the issues involved, the Authority made its recommendations on "Lock-in period for Promoter's Equity and other related issues for Unified Access Service Licensees (UASL)" on 12th March 2009.

95. The salient features of the recommendations are as under:

❖ Lock-in period for Promoter's Equity

- There should be a lock-in of the equity share capital of promoter(s), whose net-worth has been taken into consideration for determining the eligibility for grant of UAS license, for a period of three years from the effective date of license.
- However, with prior written approval of the Licensor and on fulfillment of roll out obligations, the promoters may be permitted to sell their equity share even during the lock-in period, subject to the condition that 50% of the profit earned on sale transaction of promoter(s) equity shall be retained in the business as a special reserve and utilized for telecom network expansion only. The balance 50% of the profit shall be transferred to the Licensor. The profit on sale of such shares shall be defined as the difference between sale value/agreed value of equity shares on the date on which the transfer of such shares takes place and their face value on the date of application for UAS License.
- Where the present promoter(s) is / are different from the promoter(s) based on whose net-worth the license was granted, the stake



of such present promoter(s) shall also be subject to the above lock-in conditions.

❖ Promoters

- ➔ Introduction of definition for Promoters in the License Agreement. The suggested definition is “A person who, acting alone or in conjunction with other persons, directly or indirectly takes the initiative in founding or organizing the business enterprise to establish, maintain or work a telegraph within any part of India.”
- ➔ Disclosure of the details with complete break-up of 100% of equity and net-worth of the licensee company including that of promoters on the effective date of license.

❖ Reporting & Certificate requirement

- ➔ In addition to the present reporting system, any change or dilution in the stake of promoters’ share in the total equity share capital of the licensee company shall be informed by the Board of Directors to the Licensor (DoT) within 2 days of such change taking place. A certificate from the Company Secretary and Statutory Auditors to be filed within 15 days from the date of transaction.

❖ Additional Share Capital

- ➔ Issue of additional equity share capital by the licensee

companies/their holding companies by way of private placement/public issues should be permitted in accordance with statutory provisions (SEBI and Companies Act) subject to the condition that during the period coinciding with the lock-in period on sale of promoters’ equity, the equity of the promoter(s) shall not fall below 10% of the total aggregate.

- ➔ Management control of the licensee company shall be governed by the terms and conditions of the License Agreement.

❖ Dividend/Special Dividend

- ➔ The declaration of dividend and/or special dividend shall be governed by the statutory provisions under the Companies Act, 1956.

❖ Pledging of Shares

- ➔ Transfer of shares of promoters’, whose net-worth has been considered to determine eligibility for grant of UAS license, pursuant to enforcement of pledge by the lending financial institutions/banks due to events of defaults committed by the borrowers shall not be allowed during the lock-in period without prior written approval of the Licensor. This provision to also apply to the



present promoters where they are different from the original promoters.

❖ **Licensees holding UAS/CMTS licenses for a period of 3 years**

- ➔ All the above mentioned recommendations to apply mutatis mutandis to the licensees holding UAS/CMTS licenses for a period of 3 years, if they acquire from the Licensor any new UAS license in some other service area in order to enlarge their area of operations.

Recommendations on An approach to Rural Telephony – Suggested measures for an accelerated growth, dated 19th March 2009

96. With the objective of accelerating the growth of telecom services in rural areas, TRAI issued a paper on “Measures to Improve Telecom Penetration in Rural India – The Next 100 million subscribers” on 16th December 2008. Draft “Recommendations on An Approach to Rural Telephony – Suggested Measures for an Accelerated Growth” was put on TRAI’s website inviting comments from stakeholders. Based on the comments received and its own analysis the Authority finalized its recommendations on “An approach to Rural Telephony - Suggested measures for an accelerated growth” on 19th March, 2009.

97. The salient points of the recommendations are as follows :-

- ❖ The USOF Administrator should be empowered effectively in

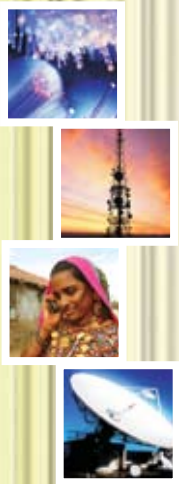
terms of administrative, financial powers and ultimate decision making. USOF needs to be separated from Department of Telecom and a framework on the lines of National Highway Authority should be considered. USO Fund Act / Rule should be so amended that the funds accruing to USOF through levy is directly managed by the organization and is not routed through the budgetary process of the Union Government.

- ❖ The USOF should follow the bidding process only where it is necessary and it should concentrate primarily on planning and monitoring of implementation of the scheme.

- ❖ The USOF should determine the subsidy support for setting up mobile towers in different regions and any IP-I/CMTS/UASL operator, who sets up the tower in the designated SDCAs and share it, should be paid subsidy depending on the number of operators sharing the tower. The Authority reiterated its earlier recommendations of charging a reduced USO levy of 3% on covering 75% of the development blocks including villages in a licensed service area.

- ❖ The development of local content needs to be area specific and should address the local and immediate needs of the people.

- ❖ The USOF may devise a scheme to call Expression of Interest



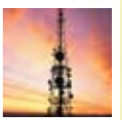
from IP-I/NLD/UAS licensees to provide optical fibre from the USOF subsidized towers to nearest block headquarter. USOF shall give subsidy at the rate of maximum one lakh per KM per sharing (to be distributed over a period of three years) provided it shares it with at least one Access Service Provider.

- ❖ The payments for subsidy claims shall be made in a certain time frame based on the self certifications of the service providers.
- ❖ USOF may devise a scheme/ agreement with state governments in which broadband connection are facilitated by USOF while state Government would assure fixed number of broadband connections for Government offices/public places such as hospitals/schools etc.
- ❖ An amendment is recommended in section 10 of the Indian Telegraph Act, 1885 to curtail delay in obtaining Right of Way permission.
- ❖ For VSATs clearances, DoT should prescribe strict timelines and also simplify the procedures with emphasis on automatic clearances in case of non critical approvals. The Authority further recommended that the charges for VSATs (except transponder charges) may be borne by USOF initially for a period of three years for all the VSATs installed in rural areas.

- ❖ The USOF should negotiate with the Department of Post so as to facilitate the following activities:
 - ➔ Working as sales outlet of telecom service providers;
 - ➔ Bill Collection Centers based on mutually agreed commission;
 - ➔ Subscriber verification;
 - ➔ Telecom service providers can offer some commission for bringing in new subscribers;
 - ➔ A pilot scheme for a duration of 3-6 months in each state for gaining experience may be advisable.

3.3 ENSURING COMPLIANCE OF THE TERMS AND CONDITIONS OF LICENSE

98. This function is discharged by TRAI through a multi pronged approach. One of these approaches is through analysing reports received from the service providers. Another approach is through feedback / representations received from consumers / consumer organizations, experts, Members of Parliament, etc. In certain cases, TRAI on its own initiative has taken action for ensuring compliance of terms and conditions of license.
99. TRAI gets quarterly reports from service providers of different telecommunication services regarding their performance, network roll out, quality of service, etc. These reports provide an input to TRAI on the compliance by service



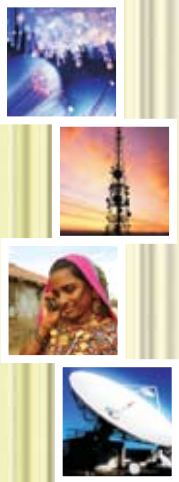
providers of several parameters stipulated in the license. Wherever required, meetings are held with service providers for reviewing their performance and compliance with the license terms and conditions.

3.4 STEPS TAKEN TO PROTECT THE INTEREST OF CONSUMERS OF TELECOMMUNICATION SERVICES

100. In January 2001, TRAI issued a Regulation formalizing the mode of its interaction with Consumer Organizations and NGOs related with telecom functions. This regulation provides the modalities for free registration of NGOs and Consumer Organizations with TRAI to enable two-way interaction on a sustainable basis. The registered Consumer Organizations/NGOs are kept informed about the developments by providing them with consultation papers, involving them in the consultation process and arranging their meetings with the Authority. The consumer groups and NGOs contribute to the policy formulation process of TRAI by bringing important consumer concerns to the notice of TRAI. At the end of March 2009, there were 41 Consumer Organizations registered from all over the country as against 40 by the end of March 2008.
101. Though TRAI is not mandated to consider individual consumer complaints, it takes up such complaints if they relate to systemic problems / shortcomings. It also follows up complaints by consumer organizations. Based on such

complaints, the Authority has addressed a number of issues relating to tariffs for cellular mobile services, the provision of fixed line phones in a non-discriminatory manner, unusually low call completion rates and failure of a network at specified place, etc.

102. In the present telecom scenario, when several service providers are competing to cater to the needs of different segments of consumers in this sector offering multiplicity of plans and packages, some difficulties to the consumers and their grievances are expected. To address the difficulties and redress their grievances, the Telecom Regulatory Authority of India has made Regulations and issued several Directions and Orders under the Telecom Regulatory Authority of India Act, 1997. However, a large number of consumers are not aware of their rights and privileges under the Regulations, Directions and Orders made or issued under aforesaid Act.
103. The Telecom Regulatory Authority of India has, therefore, decided to organize a series of Workshops in different parts of the country as Capacity Building for Consumer Advocacy Groups (CAGs) & NGOs and to create awareness among the consumers about the initiatives taken by TRAI to protect their interest so that they are able to get qualitative service in the Telecom & Broadcasting sectors, exercise their rights and redress their grievances. The service providers are also invited to these workshops so that they can be partners in the process of protection of consumers' interest



and redressal of their grievances and offering qualitative services. Accordingly, 9 (Nine) Consumer Education Workshops (5 organized by TRAI and 4 other organized by the CAGs registered with TRAI on outsourced model) were organized during the year 2008-09. Out of the 5 workshops organized by TRAI, one each were held at Dehradun on 5th May, 2008; Madurai on 8th August 2008, Agartala on 12th September 2008, Goa on 28th November 2008 and at Simla on 6th March 2009 respectively. Out of the four workshops organized by the Consumers Advocacy Groups, one each was organized at Bangalore on 17th May 2008 by Consumer Rights Education & Awareness Trust (CREAT), at Lucknow on 18th October 2008 by Bharat Jyoti, at Chandigarh on 15th March 2009 by Consumer Co-ordination Council and at Palakkad (Kerala) on 27th March 2009 by Consumer Association, Palakkad. These workshops were aimed at Capacity Building and generating awareness amongst the consumer organizations about initiatives taken by TRAI.

104. Apart from the Regional Workshops, a meeting of all the consumer organizations and NGOs registered with TRAI was held in New Delhi on 24th October 2008 as provided in the regulation on registration of consumer organizations, for better understanding of the problems of consumers across the country. A two-day orientation programme was also held in TRAI office on 22nd and 23rd October 2008. This provided an

opportunity to the newly registered CAGs to interact with the various Divisions of TRAI and also with the consumer organizations registered earlier and get themselves informed about the regulatory functions and the role of the consumer organizations in the Sector. With a view to protect the interest of Consumers the Authority apart from the initiatives mentioned above took number of consumer centric measures, the details of which are mentioned below:

i) Constitution of the Committee on Telecommunication Consumers Education and Protection Fund (CUTCEF)

In pursuance of the Telecommunication Consumers Education and Protection Fund Regulations, 2007 dated 15th June 2007, a Committee on Telecommunication Consumers Education and Protection Fund (CUTCEF) consisting of representatives of consumer organizations /NGOs registered with TRAI and service providers was constituted on 31st August 2007. Since the term of the Committee is for one year, a new Committee was constituted on 15th September 2008. During the year, the Committee met twice on 14th August 2008 and 24th November 2008 to recommend to the Authority the various activities to be undertaken and the expenditure to be incurred there on. The accounts of the Fund for the year 2007-08 were got audited through qualified



Chartered Accountants appointed by the Authority, as provided in the Regulation. The audited accounts have been published on the website of the Authority for information of the general public.

ii) Guidelines on “Bandwidth required for ISPs for better connectivity and improved Quality of Service”

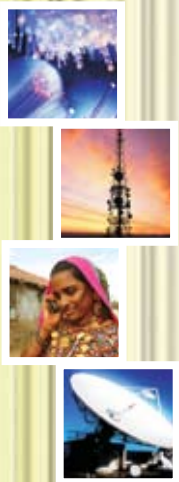
In order to address the complaints from the subscribers regarding inadequate broadband speed being provided by the Internet Service Providers, guidelines were issued to all Service providers (ISPs, UASLs, CMSPs, BSOs) on 2nd March, 2009 providing Internet/Broadband services for ensuring better quality of services. The salient features of the guidelines are as under :

- Provide adequate information to subscribers regarding Internet/broadband services being offered and marketed as a good business practice.
- Provide information regarding contention ratios adopted for different services by service providers in their tariff plans submitted to TRAI, manual of practice, call centers and on their websites.
- Publish contention ratio for different Internet/broadband services on website quarterly to facilitate subscribers to take informed decision.

- Ensure availability of minimum required bandwidth in the network according to maximum contention ratio suggested by TRAI for different services based on number of subscribers.

iii) Lowering of entry barriers for new consumers in rural areas.

ADC as a percentage of AGR was abolished w.e.f. 1st April, 2008 and ADC on incoming international calls was abolished w.e.f. 30th September, 2008 through amendment dated 27th March 2008 to the ADC regulations. Both GSM and CDMA operators have passed on the gains to the rural customers through their Rural Plans launched w.e.f. May / June 2008. As per communication received from telecom associations, the service providers offered upfront discount of Rs. 50 and Rs. 75 in airtime in rural areas which would benefit 50 millions new customers in the time to come. The Authority also entreated the service providers to make the year 2008-09 ‘the year for rural telecom access’. As per the information gathered from the service providers and their associations 4.3 million rural subscribers have been benefited from the rural plans offered by the GSM and CDMA operators and availed Rs. 21.62 crores on account of total upfront discount and Rs. 12.87 crores on account of total free



talk time up to 30th September, 2008.

iv) **Measures to improve transparency in tariff offers**

TRAI issued a Tariff Order and a Direction on 1st September 2008, mandating several regulatory measures to improve transparency in tariff offers in access service and other consumer protection measures. Major highlights of these consumer protection initiatives are as under:-

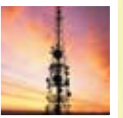
- Subscribers to get full talk time on talk time recharges, barring an administrative fee which shall not exceed Rs.2 per recharge and applicable taxes.
- Subscribers to automatically get the benefit of straight tariff reductions without any preconditions of any explicit action by the subscriber, for example, sending SMS etc.
- Customers in existing lifetime plans can migrate to new lifetime plans with lower entry fee without having to make additional payment or recharges.
- Lifetime customers need not recharge more than once in 6 months for remaining connected.
- Customers to get key tariff information in vernacular language also at all the retail outlets of the service providers and their franchisees.

- No change in mobile number when subscriber change tariff plans or move from prepaid to postpaid or vice versa.
- Blackout days (customary/festival days on which free/concessional calls/SMS are not available) limited to a maximum of 5 days in a calendar year. Such days to be pre-specified and no subsequent alteration or addition permitted.
- Promotional offers to be streamlined.
- The new measures became effective from 15th September 2008 and applicable for all subscribers, new and existing.

3.5 STEPS TAKEN TO ENSURE COMPLIANCE OF UNIVERSAL SERVICE OBLIGATION

105. TRAI continuously monitors the status of USOF (Collection, Allocation & Disbursement) and activities supported from the fund. TRAI furnishes its views/comments for successful implementation of various schemes supported from USOF. The Authority in its recommendations dated 19th March 2009 on “An approach to Rural Telephony –suggested measures for an accelerated growth” has suggested following measures to accelerate the growth of rural telephony with the help of The Universal Service Obligation Fund (USOF) subsidy:

- ❖ The USOF Administrator should be empowered effectively in



terms of administrative, financial powers and ultimate decision making.

- ❖ The USOF should concentrate on planning and monitoring of the implementation of the scheme.
- ❖ The USOF should determine the subsidy support for setting up mobile towers in different regions and any IP-I/CMTS/UASL operator, who sets up the tower in the designated SDCAs and share it, should be paid subsidy depending on the number of operators sharing the tower.
- ❖ The USOF may devise a scheme to call Expression of Interest from IP-I/NLD/UAS licensees to provide optical fibre from the USOF subsidized towers to nearest block headquarter. USOF shall give subsidy at the rate of maximum one lakh per KM per sharing (to be distributed over a period of three years) provided it shares it with at least one access service provider.
- ❖ USOF may devise a scheme /agreement with State Governments in which broadband connection are facilitated by USOF while State Government would assure fixed number of broadband connections for Government Offices/ Public Places such as hospitals /schools etc.
- ❖ The charges for VSATs (except transponder charges) may be

borne by USOF initially for a period of three years for all the VSATs installed in rural areas.

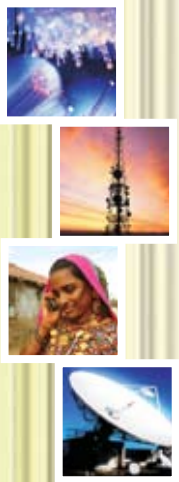
- ❖ The USOF should negotiate with the Department of Post so as to facilitate the following activities:
 - ➔ Working as sales outlet of telecom service providers;
 - ➔ Bill Collection Centers based on mutually agreed commission;
 - ➔ Subscriber verification;
 - ➔ Telecom Service Providers can offer some commission for bringing in new subscribers;
 - ➔ A pilot scheme for a duration of 3-6 months in each state for gaining experience may be advisable.

3.6 OTHER MATTERS

(I) Institutional Capacity Building Project of TRAI

106. Under the Institutional Capacity Building Project of TRAI, funded by 'Plan' budget, following studies / consultancies were pursued during the year 2008-09:

- (a) Objective assessment of Quality of Service and Customer Satisfaction Survey through an Independent Agency
- (b) Consultancy Study on "Transfer pricing in Telecom Sector"
- (c) Consultancy Study on "Spectrum Trading in India"



(II) Hosting of 10th SATRC (South Asian Telecommunications Regulators' Council) Meeting in New Delhi

107. The 10th annual meeting of SATRC (South-Asian Telecommunications Regulators' Council) was held in New Delhi, India from 13th to 15th October 2008. The meeting was inaugurated by Hon'ble Minister of Communications & IT. Hon'ble Minister of State for Communications & IT also gave key note address. The regulatory Authorities from Bangladesh, Bhutan, Iran, Nepal, Pakistan and Sri Lanka participated with their delegation. Secretary DoT, Secretary General APT, Regional Head ITU and CEOs of all major service providers also participated in the meeting. 150 delegates including 60 foreign delegates attended the meeting.
108. The main objectives of the 10th SATRC Meeting were:

- ❖ Address the key policy and regulatory issues for the regulators as well as the stakeholders;
- ❖ Assist in information dissemination, information exchange and sub regional harmonization on regulatory issues in the region;
- ❖ Identify the key issues that need to be addressed under the SATRC Action Plan (Phase-II);
- ❖ Review the implementation mechanism of the SATRC Action Plan (Phase-II) and its projects.

109. The meeting deliberated upon establishing an enabling regulatory framework that would foster the growth of telecommunication facilities in the region. Inter country working groups were established on spectrum management, NGN, IP based network service and regional network connectivity.

(III) International workshop on 'Regulatory aspect of NGN including Interconnection'

110. A sub-regional workshop was organized from 16th to 17th October 2008 on 'Regulatory aspect of NGN including Interconnection'. The workshop was attended by 70 delegates including 35 foreign delegates from SATRC member countries.

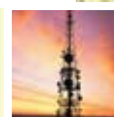
(IV) Bi-lateral meeting with other countries and International Regulatory Authorities during the year

Brunei delegation

111. Eight member delegation led by Permanent Secretary, Ministry of Communications, Brunei Darussalam visited TRAI on 8th April 2008 for bi-lateral discussions on e-society, e-commerce, e-governance, facing challenges of liberalization, spectrum management, disputes settlement, licensing, and management of convergence of services.

Tanzanian delegation

112. Two-member delegation from Tanzania Communications & Regulatory Authority (TCRA) visited TRAI from 21st to 25th July 2008 for



a study visit on Best practices for Allocation / Assignment for Spectrum for New Technology Services (NGN & BWA).

ARCEP delegation

113. Three member ARCEP delegation headed by President ARCEP, the French Telecommunications & Post Regulator visited TRAI on 29th September 2008 for understanding the challenges being faced by governing and regulatory bodies for telecommunications in India and measures taken to regulate this competitive sector.

ANATEL, Brazil

114. A delegation from ANATEL, Brazil Regulatory visited India on 3rd October 2008 as a follow up of the meeting between Chairman TRAI and Chairman ANATEL earlier.

American delegation

115. A high-level delegation from USA headed by Ambassador, David Gross, Chairman Federal Communications

Commission (FCC), along with top executives from top IT, media and entertainment industry visited TRAI on 9th December 2008 for bi-lateral discussions on ICT issues.

UK Delegation

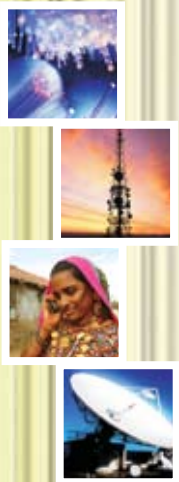
116. A five member British delegation headed by Director (Europe & International), Department of Business Enterprise & Regulatory Reform (BERR), London visited TRAI on 5th February 2009 for bi-lateral discussions.

(V) Signing of Joint Declaration / MoU between EETT & TRAI

117. Chairman, TRAI visited Hellenic Telecommunications and Post Commission (EETT), Athens, Greece in June 2008. A Joint Declaration / MoU was signed between EETT and TRAI on 7th June 2008 for bilateral exchange of information between the two Regulatory Bodies.



Group photograph of the delegates in the Workshop on 'Regulatory aspect of NGN including Interconnection' during the 10th SATRC Meeting



PART – IV
ORGANISATIONAL MATTERS
OF TELECOM REGULATORY
AUTHORITY OF
INDIA AND FINANCIAL
PERFORMANCE





Shri R.N. Prabhakar, Member and Shri R.K. Arnold, Secretary, TRAI addressing the Staff on the occasion of releasing the 'in-house' Hindi Magazine 'TRAI Darpan'



Officers & staff of TRAI at the release of the 'in-house' Hindi Magazine 'TRAI Darpan'

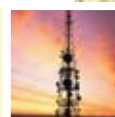
4.1 Organizational matters of Telecom Regulatory Authority of India

This section provides information on organizational matters of TRAI relating particularly to organization, funding, human resources covering the areas of recruitment, training and seminars and some general issues.

A) Organization

2. The Telecom Regulatory Authority of India was established under the Telecom Regulatory Authority of India Act, 1997 enacted on 28th March, 1997. The TRAI (Amendment) Act, 2000 led to reconstitution of the Authority. It now consists of one Chairperson, two whole-time Members and two part time Members.
3. The Secretariat of TRAI is headed by the Secretary and works through ten functional divisions – Administration & Personnel (A&P); Broadcasting & Cable Services (B&CS); Converged Network & Information Technology (CN&IT); Economic Regulation (ER); Financial Analysis (FA/IFA); Interconnection & Fixed Network (I&FN); Legal; Mobile Network (MN); Quality of Service (QoS); Regulatory Enforcement & International Relations (RE/IR). A staff of 180 (as on 31st March, 2009) is handling the work in the Secretariat, which performs the tasks assigned to it by the Authority in the discharge of its functions. Wherever necessary, Consultants are engaged on the following basis:
 - ❖ Individual Consultants on retainership basis
 - ❖ Consultants for specific projects
 - ❖ Consulting Firms on retainership basis
 - ❖ Consulting Firms for specific projects

Engagement of Consultants is either on secondment or assignment basis.



Staff strength of TRAI (as on 31st March 2009)

4. As on 31st March 2009, the staff strength of the TRAI was as indicated in the table below.
5. TRAI officials were initially drafted on deputation from the Government

Departments. These deputationists with relevant experience in the fields of telecommunication, economics, finance, administration, etc., are initially appointed for two years and thereafter, if required, requests are sent to different Government departments for extending their deputations. Seeking

Secretary, Pr. Advisors / Advisors Level

Sl. No.	Name of the Officer	Post Held
1.	Sh. Rajendra Singh	Secretary (On Foreign Assignment to World Bank)
2.	Sh. R.K. Arnold	Secretary
3.	Dr. Harshvardhana Singh	Principal Advisor (presently on Leave)
4.	Smt. Sadhana Dikshit	Principal Advisor (Financial Analysis & Internal Financial Advisor)
5.	Sh. N. Parameswaran	Principal Advisor (Regulatory Enforcement & International Relations)
6.	Sh. Lav Gupta	Principal Advisor (Interconnect & Fixed Network)
7.	Sh. Subodh Kumar Gupta	Advisor (B&CS)
8.	Sh. M.C. Chaube	Advisor (Quality of Service)
9.	Sh. Sudhir Gupta	Advisor (Mobile Network)
10.	Sh. Binod Kumar	Advisor (Administration & Personnel)
11.	Sh. S.K. Gupta	Advisor (Converged Network & Information Technology)
12.	Sh. M. Kannan	Advisor (Economic Regulations)
13.	Sh. K.J.S. Bains	Advisor (Legal)

Below Advisor Level

S.No.	POSTS	Sanctioned	Actual
1.	Joint Advisor / Deputy Advisor	23	20
2.	Senior Principal Private Secretary	02	02
3.	Senior Research Officer	30	23
4.	Principal Private Secretary	03	03
5.	Technical Officer	12	11
6.	Section Officer	19	15
7.	Private Secretary	14	11
8.	Librarian	01	--
9.	Assistant	40	37
10.	Personal Assistant	18	18
11.	Stenographer Grade 'D'	02	--
12.	LDC	05	05
13.	Drivers	14	14
14.	PCM Operator	02	02
15.	Despatch Rider	01	01
16.	Group-D	08	07
Total		194	169



extension of deputations in respect of trained and experienced existing employees has often proved to be a time taking process and not always an effective process. While the scope, scale and complexity of Authority's functions continue to grow at a fast pace, the Authority is continuously facing the problem of losing trained and experienced personnel due to frequent repatriation of the existing personnel to their parent departments. The Authority, therefore, constituted a cadre of officers and staff with special expertise relevant to the new field of telecom regulation by offering them the option of taking permanent absorption in TRAI. However, many middle and senior level officers who are on deputation did not exercise option for permanent absorption in TRAI on account of unattractive terms and conditions.

B) Funding

6. TRAI is an autonomous body and it is wholly funded by grant received from the Consolidated Fund of India. The total expenditure on the functioning of TRAI in the year 2008-09 was Rs. 30.65 crores (approx) out of this, Rs.3.60 crores was incurred during 2008-09 under 'Plan Funds' under the 'Institutional Capacity Building Project' covering certain consultancy and training programmes.
7. TRAI is of the view that in order to perform effectively as an independent regulator, it should be funded from a minor portion of the licence fees recovered as a cost of administration from those whom it regulates, and it should be empowered with the flexibility in determining the terms and conditions of its employees to enable it to recruit talents/professionals from non-government sources also

at senior and other levels. It is worth mentioning that some other national regulatory bodies like IRDA and SEBI are funded out of the fees recovered from the sector they regulate and hence these authorities have the flexibility to use these funds as per the specific requirements of their functioning.

C) Human Resource

i) Recruitment

8. The Authority has constituted its own cadre of officers and staff by way of absorbing the officials who are on deputation to TRAI from various Ministries and Departments. However, most of deputationists, particularly in the senior and middle levels did not exercise option for permanent absorption. Therefore, the recruitment of personnel for its Secretariat by way of deputation from other Ministries / Departments / PSUs still continues. This is due to two reasons. Firstly, the prevailing remuneration package does not attract independent talent with expertise and experience in the areas covered by the Authority. Secondly, among Government employees, the relevant expertise is available mainly in the Ministries or with the Government owned Telecom Operators. Even for this group, the remuneration package, which the Authority is in a position to offer, is not handsome enough to attract appropriate talent. Hence, the Authority is facing major difficulties in getting appropriate personnel for its secretariat.
9. As regards the terms and conditions of service in the TRAI, the opinion in the Government circles has mostly been that these should be the same or almost similar to the Government Service Rules. Such a view overlooks the fact that the TRAI is a specialised



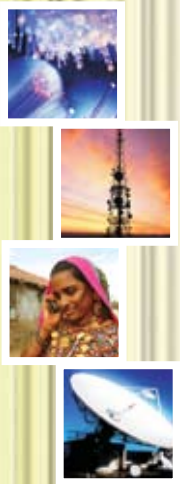
body, which requires expertise in different areas of telecommunication and therefore needs to attract persons not only from the Government but also from the market. To attract the appropriate talent, TRAI's terms and conditions of service must be competitive with the prevailing market terms and conditions. At the very least, TRAI should be able to provide terms and conditions applicable in general to the telecom companies and PSUs.

ii) Training

10. The TRAI has given utmost importance to its HRD programme with a view to develop expertise and ability of its staff to handle vast amounts of data to monitor the various developments and proposals with respect to tariffs and quality of services standards, conduct and co-ordinate surveys on Quality of Service issues and other consumer related matters. This initiative has proved to be useful in organising and participating effectively in the consultative process for the Authority, both through the preparation of consultation papers and analysing the feedback and responses received in writing and also during the Open House Discussion meetings, and in developing the policy framework to address the various issues which arise in regulating the telecom sector. In selecting/ designing training programmes/ workshops, TRAI's endeavour is to impart diverse skills for macro level policy framing and handling of large mass of techno-economic operating details relevant for implementation and monitoring of the policies. The immense logistical as well as analytical preparation involved in this process imply the need for staff which is highly trained and knowledgeable and also

adaptive and flexible in its approach and functioning. Since special programmes need to be identified or designed and run to meet the specific needs of TRAI staff to address the diverse specialised needs of their task, the Authority is working closely with a number of institutes and organizations such as Indian Institute of Management (IIM), National Productivity Council (NPC), Institute of Secretariat and Training Management (ISTM) etc. In addition, TRAI has also sponsored its officers for international training under the 'Institutional Capacity Building Project' for further developing their expertise within the organization.

11. A total number of 24 officers were deputed during the year to attend training programmes conducted by the various international organizations viz. InterConnect Communications Ltd., Public Utility Research Centre, Telecommunication Executive Management Instt. Of Canada, The Institute of Public-Private Partnership, International Telecommunication Union, Royal Institute of Public Administration International, Goulet Telecom International and University of Florida. The officers have received valuable inputs through these trainings and the inputs have enriched their skills in their respective area of regulatory work. Forty Four officers / officials of TRAI were also deputed for training programmes conducted by various training institutions within the country.
12. TRAI also has in place a system of in-house training and workshops, where distinguished national and international experts are invited for interaction with its officers on latest developments in the telecom sector. This is another step for capacity building by TRAI for its officers and staff.



iii) Seminar / Workshops

13. In order to keep pace with the developments taking place globally, the Authority has deputed members of its staff to international events, meetings and symposia to keep track of these developments and to gather valuable feedback/ inputs for its own policy formulation. TRAI's participation in deliberations at international level have not only contributed well to the international efforts being focused on issues, which are currently major regulatory concerns in India but have also helped in keeping the TRAI officials aware of International practices. During the year 21 officers were deputed to attend various Seminars / Conferences and Meetings.

D) Right to Information Act

14. The Right to Information Act, 2005, which came into force from 12th October 2005 is also applicable to TRAI. Accordingly, in consonance with the provisions of the Act, the Authority has designated a Central Public Information Officer in TRAI assisted by a Central Assistant Public Information Officer. A Principal Advisor has been designated as the Appellate Authority under the Act. Name and designation of these officers and the information required to be published under Section 4 (1) of the RTI Act have been placed on the website of TRAI.
15. During the year 2008-09, 204 applications were received under the RTI Act. All these applications were promptly dealt with and replies have been sent within the stipulated period of 30 days.

F) ISO 9001 : 2000 Certification to TRAI

16. TRAI had been awarded 2nd term of ISO 9001:2000 certificate, under Licence

No.CRO/QSC/L-8002321.1, effective from 1st December, 2007 by Bureau of Indian Standards (BIS) for a period of three years i.e. till 30th November, 2010. To evaluate the implementation and effectiveness of Quality Management System (QMS) in TRAI, BIS has also conducted five surveillance audits and a renewal audit since December, 2004. The quality-auditors have found the QMS functioning satisfactorily and had recommended the continuance of the license issued by the BIS.

17. Conducting internal quality audit on a quarterly basis has also ensured the continual improvement in the system. TRAI has 40 internal quality auditors for the purpose. The Quality Management System is also reviewed by the Secretary on a monthly basis and by the Top Management. The last Management review meeting was held on 25th March, 2009.

G) Implementation of Official Language Policy

18. An Official Language Section under the supervision of Secretary, TRAI is functioning in Telecom Regulatory Authority of India to implement the provisions of Official Language Act, 1963, Official Languages Rules, 1976 and other administrative instructions issued on the subject from time to time by the Department of Official Language (Ministry of Home Affairs). The section makes every effort to ensure the compliance of the Official Language policy of the Union Government in TRAI. Besides, it also caters to the translation needs of various Divisions as and when regulations, press communiqués, tender notices, gazette notifications and other documents are issued in bilingual form.



19. The implementation of Official Language policy of the Union Government by all the Divisions and Sections of TRAI is monitored by the Official Language Implementation Committee (OLIC) constituted under the Chairmanship of Advisor (A & P). Meetings of the OLIC are held regularly in every quarter. In these meetings, special emphasis is given on increasing the progressive use of Hindi in official work. Besides, a review of the current status of implementation of Official Language policy in TRAI is also done and future action-plan in this regard is drawn. Valuable suggestions of the members of the Committee are invited to gear up the work relating to Official Language. During the period of the report, four meetings of OLIC were held on 22nd May 2008; 15th September 2008; 15th December 2008; and 27th February 2009.

20. In compliance of the directives received from Department of Official Language (Ministry of Home Affairs) and Department of Telecommunications, "Hindi Pakhwara" was organized in TRAI from 12th to 28th September, 2008 during which various Hindi competitions viz. Hindi essay writing, poetry recitation, speech, noting/drafting, slogan writing, debate etc. were organized. A number of officers upto the rank of Joint Advisor and staff took part in the competition with great zeal and enthusiasm. On the occasion of Hindi Day, a message from Chairman, TRAI for ensuring the compliance of OL rules/regulations was circulated among the officers/staff on 12th September, 2008. Chairman, TRAI gave away the cash prizes and certificates of merit to the winners of the competitions

in a function held on 7th November, 2008. The "Hindi Pakhwara" proved successful in promoting and propagating the maximum use of Hindi in official work during the entire month of September, 2008.

21. In order to increase the progressive use of Hindi in day-to-day official work, an annual incentive scheme viz. Varshik Protsahan Yojna has been introduced in TRAI for officers/employees for the last three years. Under this scheme, 10 cash prizes are given every year to the officers/employees for doing their maximum official work in Hindi during the period of the scheme. This scheme has proved to be very popular among the staff and it has encouraged the staff to do their maximum of official work in Hindi throughout the year.

22. With a view to facilitate officers/staff to do noting and drafting in Hindi and also to apprise them of the Official Language policy of the Union government, regular Hindi workshops are organized in TRAI. During these workshops dictionaries, administrative glossaries, help/reference books etc. are distributed to the participants which render them useful help while doing their official work in Hindi. During the period under report, two Hindi workshops were organized in TRAI on 12th September 2008; and 12th February 2009.

23. The bilingual magazine 'TRAI DARPAN' is a representative in-house magazine of TRAI and it is published bi-yearly. Two issues of TRAI DARPAN (Issue No. 3 and 4) were published during the period of the Report. These issues were widely appreciated both within the Authority and by the members of Hindi Salahakar Samiti of the Department of Telecommunications.



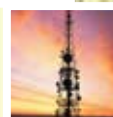
4.2

Audited Accounts of TRAI for the Year 2008-09

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Telecom Regulatory Authority of India for the year ended 31st March 2009

We have audited the attached Balance Sheet of the Telecom Regulatory Authority of India as at 31st March 2009 and the Income and Expenditure Account/Receipts and Payments Account for the year ended on that date under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 23(2) of the Telecom Regulatory Authority of India Act, 1997 (as amended in January 2000). These financial statements are the responsibility of the Telecom Regulatory Authority of India's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency-cum performance aspects, etc, if any, are reported through Inspection Reports/CAG's Audit Reports separately.
3. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit



provides a reasonable basis for our opinion.

4. Based on our audit, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit;
- ii) The Balance Sheet and the Income and Expenditure Account/Receipts and Payments Account dealt with by this report have been drawn up in the 'Common format of Accounts' prescribed by the Ministry of Finance;
- iii) In our opinion, proper books of accounts and other relevant records have been maintained by the Telecom Regulatory Authority of India;
- iv) We further report that:

A. Balance Sheet

(a) Liabilities

Current Liabilities and Provisions (Schedule 7): Non Plan: Rs.896.92 lakh

- 1) This does not include Rs.174.00 lakh being the amount of second instalment of arrears of pay & allowances payable for the period from January 2006 to August 2008 to the employees. This has resulted in understatement of 'Current Liabilities and Provisions' (Non Plan), 'Establishment Expenses' (Non Plan) and 'Deficit carried to Corpus/Capital Fund' (Non Plan) by Rs.174.00 lakh each.
- (2) This does not include Rs.4.95 lakh, being the amount of professional

fees. Non-provision for this liability resulted in understatement of 'Current Liabilities and Provisions' (Non Plan), 'Other Administrative Expenses' (Non Plan) and 'Deficit carried to Corpus/Capital Fund' (Non Plan) by Rs.4.95 lakh each.

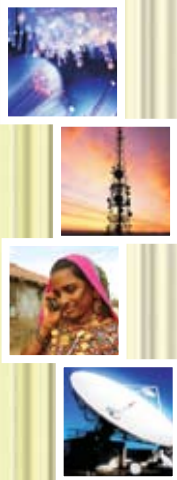
- (3) Above does not include Rs.7.79 lakh being the amount of charges paid to the Controller of Publication, Delhi for publishing of Gazette Notifications on behalf of TRAI in March 2009. Non-provision for this liability has resulted in understatement of 'Current Liabilities and Provisions' (Non Plan), 'Other Administrative Expenses' (Non Plan) and 'Deficit carried to Corpus/Capital Fund' (Non Plan) by Rs.7.79 lakh each

(b) Grants-in-aid

Out of the grants-in-aid (Non Plan) of Rs.24.53 crore {including unspent balance of Rs.0.73 crore (Non Plan) out of the earlier year's grants-in-aid} received during the year, TRAI could utilize a sum of Rs.24.22 crore (Non Plan), leaving a balance of Rs.0.31 crore (Non Plan) as unutilized grant as on 31 March 2009.

Further, out of the grants-in-aid (Plan) of Rs.2.96 crore {including unspent balance of Rs.0.81 crore (Plan) out of the earlier year's grant (Plan) lying with TRAI} received during the year, TRAI could utilize a sum of Rs.2.50 crore (Plan), leaving a balance of Rs.0.46 crore (Plan) as unutilized grant as on 31 March 2009.

- (v) Subject to our observations in the preceding paragraphs, we report



that the Balance Sheet and the Income and Expenditure Account/ Receipts and Payments Account dealt with by this Report are in agreement with the books of accounts.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matter stated above and other matters mentioned in **Annexure-I**

to this Audit Report give a true and fair view in conformity with the accounting principles accepted in India:

- a. In so far as it relates to the Balance Sheet (both Plan and Non-Plan) of the state of affairs of the Telecom Regulatory Authority of India as at 31 March 2009; and
- b. In so far as it relates to the Income and Expenditure Account of the Deficit (both Plan and Non-Plan) for the year ended on that date.

For and on behalf of the C&AG of India

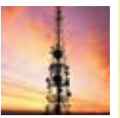
Sd/-

(R.P. Singh)

Director General of Audit (P&T)

Place: Delhi

Date: 18 September, 2009



ANNEXURE-I TO SEPARATE AUDIT REPORT

(1) Adequacy of Internal Audit System

TRAI has appointed a full-time Technical Officer (Internal Audit) with independent charge. The Internal Auditor audited the accounts and paid vouchers of TRAI for the year 2008-09 and action was being taken by the Administration Division on his Report.

In our opinion, the internal Audit System of the organization is adequate and commensurate with its size and the nature of its functions.

(2) Adequacy of Internal Control System

TRAI has framed the policies and procedures for creation of posts, appointment of staff/officers, fixation of pay, extension of terms of consultant, settlement of personal claims, TA claims, training and study tours of officers and staff and regulations on various matters in accordance with the provisions of the TRAI Act and the same are followed in day to day functioning. Receipt and disbursement of cash and maintenance of cash book has been properly done in compliance with relevant rules and regulations. Physical verification of cash has been regularly done and the maximum limit of the cash balance, as prescribed by the Authority, was maintained. Two types of funds – one Plan Fund and the other Non-Plan Fund are maintained by TRAI and the expenditure pertaining to each fund is met from the respective funds and separate books of accounts are maintained for each fund. TRAI General Fund is maintained by the

Department of Telecommunication (DoT). Grants from the Government of India to TRAI under Plan and Non Plan heads are credited to this fund. Expenditure of TRAI is met out of the release of grants by DoT under plan and non-plan heads and utilization certificates in respect of grants received are furnished by TRAI to DoT.

In our opinion, the internal control system of the organization is adequate and commensurate with its size and the nature of its functions.

(3) System of physical verification of fixed assets

The Registers of Fixed Assets have been properly maintained. The physical verification of fixed assets for the year 2008-09 had not been done before the approval of accounts by the Authority.

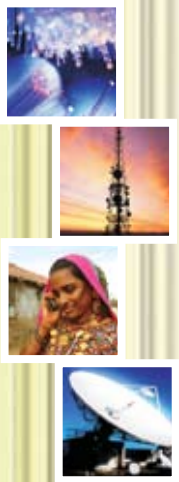
(4) System of physical verification of inventory

Proper records of inventory have been maintained. The physical verification of inventory for the year 2008-09 has been done.

In our opinion, the system for physical verification of inventory is adequate and commensurate with its size and the nature of its functions.

(5) Regularity in payment of statutory dues

There was no disputed amount payable in respect of any statutory dues including Contributory Provident Fund.



FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
TELECOM REGULATORY AUTHORITY OF INDIA
BALANCE SHEET AS AT 31-03-2009

(Amount-Rs.)

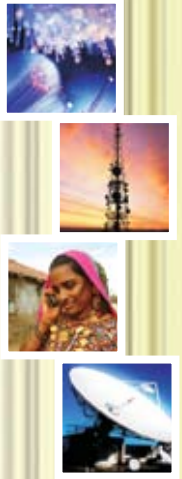
CORPUS/CAPITAL FUND AND LIABILITIES	Schedule	NON-PLAN			PLAN		
		Current Year	Previous Year	Current Year	Previous Year		
		2008-09	2007-08	2008-09	2007-08		
CORPUS/CAPITAL FUND	1	93195742	129377832	12312335	18314299		
RESERVES AND SURPLUS	2	-	-	-	-		
EARMARKED/ENDOWMENT FUNDS	3	-	-	-	-		
SECURED LOANS AND BORROWINGS	4	-	-	-	-		
UNSECURED LOANS AND BORROWINGS	5	-	-	-	-		
DEFERRED CREDIT LIABILITIES	6	-	-	-	-		
CURRENT LIABILITIES AND PROVISIONS	7	89692933	50407930	11488155	432155		
TOTAL		182888675	179785762	23800490	18746454		
ASSETS							
FIXED ASSETS	8	24005356	25330295	-	-		
INVESTMENTS-FROM EARMARKED/ENDOWMENT FUNDS	9	-	-	-	-		
INVESTMENTS-OTHERS	10	-	-	-	-		
CURRENT ASSETS, LOANS, ADVANCES ETC	11	158883319	154455467	23800490	18746454		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)							
TOTAL		182888675	179785762	23800490	18746454		
SIGNIFICANT ACCOUNTING POLICIES	24						
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	25						

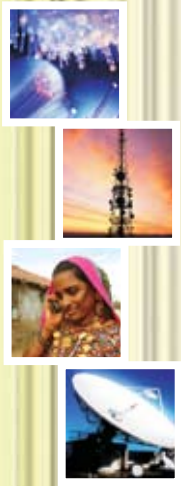
Sd/-
Pr. Advisor (FA/ IFA)

Sd/-
Secretary

Sd/-
Member

Sd/-
Chairperson





FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
TELECOM REGULATORY AUTHORITY OF INDIA
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31-03-2009

INCOME	Schedule	NON-PLAN		PLAN	
		Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
Income from Sales/Services	12	-	-	-	-
Grants/Subsidies	13	248000000	253400000	300000000	300000000
Fee/Subscriptions	14	-	-	-	-
Income from Investments (Income on Invest from earmarked / endow. Funds transferred to Funds	15	-	-	-	-
Income for Royalty, Publication etc	16	-	-	-	-
Interest Earned	17	26012	-	-	-
Other Income	18	49768	123846	-	-
Increase (decrease) in stock of Finished goods and works-in- progress	19	-	-	-	-
TOTAL (A)		248075780	253523846	300000000	300000000
EXPENDITURE					
Establishment Expenses	20	134027254	58209607	-	-
Other Administrative Expenses etc	21	130406558	153029871	36001964	32534016
Expenditure on Grants, Subsidies etc	22	-	-	-	-
Interest	23	-	-	-	-

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
TELECOM REGULATORY AUTHORITY OF INDIA
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31-03-2009
SCHEDULE I - CORPUS/CAPITAL FUND:

	NON - PLAN		PLAN	
	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
Balance as at the beginning of the year	129377832	93794307	18314299	20634315
Add:/Less Contributions towards Corpus/Capital Fund	-13671656	-449545	-	214000
Add/(Deduct): Balance of net income/(expenditure) transferred from the Income and Expenditure Account	-22510434	-	-	-
	-	36033070	-6001964	-2534016
BALANCE SHEET AS AT THE YEAR-END	93195742	129377832	12312335	18314299

SCHEDULE 2 - RESERVES AND SURPLUS

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
1. Capital Reserve:	-	-	-	-
As per last Account	-	-	-	-
Addition during the year	-	-	-	-
Less: Deductions during the year	-	-	-	-
2. Revaluation Reserve:	-	-	-	-
As per last Account	-	-	-	-
Addition during the year	-	-	-	-
Less: Deductions during the year	-	-	-	-
3. Special Reserve:	-	-	-	-
As per last Account	-	-	-	-
Addition during the year	-	-	-	-
Less: Deductions during the year	-	-	-	-
4. General Reserve:	-	-	-	-
As per last Account	-	-	-	-
Addition during the year	-	-	-	-
Less: Deductions during the year	-	-	-	-
TOTAL	-	-	-	-

Sd/-
Senior Research Officer (Accounts)

SCHEDULE-3-EARMARKED/ENDOWMENT FUNDS

(Amount-Rs.)

	FUND-WISE BREAKUP				TOTALS			
	Fund WW	Fund XX	Fund YY	Fund ZZ	NON-PLAN		PLAN	
					Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
a) Opening balance of the funds								
b) Additions of the funds:								
i. Donations/grants								
ii. Income from investments made on account of funds								
iii. Other additions (Misc income, receipt of advances)								
TOTAL (a+b)								
c) Utilisation/expenditure towards objectives of funds								
i. Capital Expenditure								
-Fixed Assets								
-Others								
Total					NIL	NIL	NIL	NIL
ii. Revenue Expenditure								
- Salaries,Wages and allowances etc								
- Rent								
- Other Administrative expenses								
Total								
TOTAL (c)								
NET BALANCE AS AT THE YEAR-END (a+b+c)								

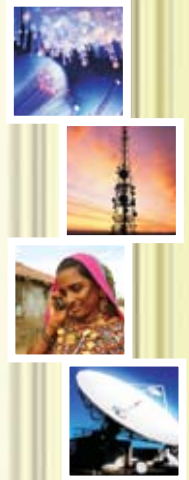
Notes

1) Disclosures shall be made under relevant head based on conditions attaching to the grants

2) Plan funds received from the Central/State Governments are to be shown as separate funds and not to be mixed up with any other Funds

Sd/-

Senior Research Officer (Accounts)



SCHEDULE 4 - SECURED LOANS AND BORROWINGS

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08
1. Central Government	-	-	-	-
2. State Government (Specify)	-	-	-	-
3. Financial Institutions	-	-	-	-
4. Banks	-	-	-	-
a) Term Loans	-	-	-	-
- Interest accrued and due	-	-	-	-
b) Other - Loans (Specify)	-	-	-	-
-Interest accrued and due	-	-	-	-
5. Other Institutions and Agencies	-	-	-	-
6. Debentures and Bonds	-	-	-	-
7. Others (Specify)	-	-	-	-
TOTAL	-	-	-	-

Note Amount due within one year

SCHEDULE 5 - UNSECURED LOANS AND BORROWINGS

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08
1. Central Government	-	-	-	-
2. State Government (Specify)	-	-	-	-
3. Financial Institutions	-	-	-	-
4. Banks	-	-	-	-
a) Term Loans	-	-	-	-
- Interest accrued and due	-	-	-	-
b) Other - Loans (Specify)	-	-	-	-
-Interest accrued and due	-	-	-	-
5. Other Institutions and Agencies	-	-	-	-
6. Debentures and Bonds	-	-	-	-
7. Others (Specify)	-	-	-	-
TOTAL	-	-	-	-

Note Amount due within one year

SCHEDULE 6- DEFERRED CREDIT LIABILITIES

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
a) Acceptances secured by hypothecation of capital equipment and other assets	-	-	-	-
b) Others	-	-	-	-
TOTAL	-	-	-	-

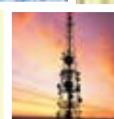
Note: Amounts due within one year

Sd/-
Senior Research Officer (Accounts)

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS

	NON-PLAN		PLAN	
	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
A. CURRENT LIABILITIES		-		-
1) Acceptances		-		-
2) Sundry Creditors		-		-
a) For Goods		-		-
b) Others		-		-
3) Advances Received		-		-
4) Interest accrued but not due on:		-		-
a) Secured loans/borrowings		-		-
b) Unsecured Loans/borrowings		-		-
5) Statutory Liabilities		-		-
a) Overdue		-		-
b) Others		-		-
6) Other current Liabilities	36131535	50407930	11488155	432155
TOTAL (A)	36131535	50407930		
B. PROVISIONS		-		-
1. For Taxation		-		-
2. Gratuity	12583302	-		-
3. Superannuation/Pension	-	-		-
4. Accumulated Leave Encashment	12022805	-		-
5. Trade Warranties/Claims	-	-		-
6. Other (Specify)		-		-
i) Payble to DoT for UCC	48000			
ii) Leave salary Contribution	3591661			
iii) Rent and Property Tax etc.	25315630			
TOTAL (B)	53561398			
TOTAL (A+B)	89692933	50407930	11488155	432155

Sd/-
Senior Research Officer (Accounts)



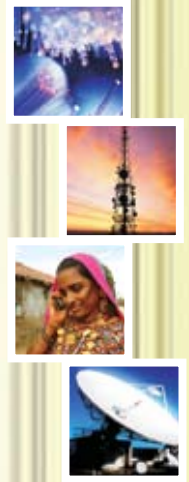
SCHEDULE 8 - FIXED ASSETS (Contd.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost/ valuation as at beginning of the year	Additions during the year	Deductions during the year	Cost/ valuation at the year- end	As at the beginning of the year	On Additions during the year	On Deductions during the year	Total up to the year- end	As at the current year- end	As at the previous year- end
5. FURNITURE, FIXTURES	13961966	2324857	864015	15422808	6152071	1358887	759386	6751572	8671236	7809895
6. OFFICE EQUIPMENT	9571496	300483	-	9871979	5121671	988576	-	6110247	3761732	4449825
7. COMPUTER/ PERIPHERALS	28904390	1402240	3527624	26779006	19627423	2941295	3484505	19084213	7694793	9276967
8. ELECTRIC INSTALLATIONS	2214283	649283	-	2863566	586333	241506	-	827839	2035727	1627950
9. LIBRARY BOOKS	2979159	265035	-	3244194	2633209	305352	-	2938561	305633	345950
10. TUBEWELLS & W. SUPPLY	-	-	-	-	-	-	-	-	-	-
11. OTHER FIXED ASSETS	-	-	-	-	-	-	-	-	-	-
TOTAL OF CURRENT YEAR	62351918	4994332	4434931	62911319	37021623	6152402	4268062	38905963	24005356	25330295
PREVIOUS YEAR	66951015	10439534	15038631	62351918	36335488	6251298	5565163	37021623		
B. CAPITAL WORK-IN-PROGRESS										
TOTAL										

(Note to be given as to cost of assets on hire purchase basis included above)

Sd/-

Senior Research Officer (Accounts)



SCHEDULE 9 - INVESTMENTS FROM EARMARKED/ENDOWMENT FUNDS

(Amount-Rs.)

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08
1. In Government Securities	-	-	-	-
2. Other approved Securities	-	-	-	-
3. Shares	-	-	-	-
4. Debentures and Bonds	-	-	-	-
5. Subsidiaries and Joint Ventures	-	-	-	-
6. Others (to be specified)	-	-	-	-
TOTAL	-	-	-	-

SCHEDULE 10 - INVESTMENTS OTHERS

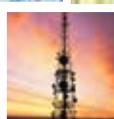
	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	Year	Year	Year	Year
1. In Government Securities	-	-	-	-
2. Other approved Securities	-	-	-	-
3. Shares	-	-	-	-
4. Debentures and Bonds	-	-	-	-
5. Subsidiaries and Joint Ventures	-	-	-	-
6. Others (Bank FDRs)	-	-	-	-
TOTAL	-	-	-	-

Sd/-
Senior Research Officer (Accounts)

SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC

(Amount-Rs.)

DESCRIPTION	NON-PLAN		PLAN	
	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
A. CURRENT ASSETS:		-		-
1. Inventories		-		-
a) Stores and Spares		-		-
b) Loose tools		-		-
c) Stock-in-trade		-		-
Finished Goods		-		-
Work in progress		-		-
Raw Material		-		-
2. Sundry Debtors:		-		-
a) Debts Outstanding for a period exceeding six months		-		-
b) Others		-		-
3. Cash balances in hand (including cheques/drafts and imprest)	46694	59394		-
4. Bank Balances:				
a) With Scheduled Banks				
- On Current Accounts	3039914	7259343	4686564	8132528
- On Deposit Accounts (includes margin money)		-		-
- On Savings Account		-		-
a) With non-Scheduled Banks		-		-
- On Current Accounts		-		-
- On Deposit Accounts		-		-
- On Savings Account		-		-
5. Post Office-Savings Accounts		-		-
TOTAL (A)	3086608	7318737	4686564	8132528
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans				
a) Staff	4234900	4636147	-	-
b) Other Entities engaged in activities/objectives similar to that of Entity			-	-
c) Other (specify)	338950	493227	-	-



SCHEDULE 11 (Contd...)- CURRENT ASSETS, LOANS, ADVANCES ETC

	NON-PLAN		PLAN	
	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
2. Advance and other amounts recoverable in cash or in kind or for value to be received:			-	-
a) On Capital Account	146600000	136600000	19000000	10500000
b) Prepayments	2330482	182585		
c) Others	1218929	447430	113926	113926
3. Income Accrued				
a) On Investments from Earmarked/Endowment Funds		-		-
b) On Investments-Others		-		-
c) On Loans and Advances		-		-
d) Others		-		-
(includes income due unrealised Rs.)		-		-
5. Claims Receivable	1073450	4777341		-
TOTAL (B)	155796711	147136730	19113926	10613926
TOTAL (A+B)	158883319	154455467	23800490	18746454

SCHEDULE 12 - INCOME FROM SALES/SERVICES

	NON-PLAN		PLAN	
	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
1. Income from Sales	-	-	-	-
a) Sale of Finished Goods	-	-	-	-
b) Sale of Raw material	-	-	-	-
c) Sale of Scraps	-	-	-	-
2. Income from Services	-	-	-	-
a) Labour and Processing Charges	-	-	-	-
b) Professional/Consultancy Services	-	-	-	-
c) Agency Commission and Brokerage	-	-	-	-
d) Maintenance Services (Equipment/Property)	-	-	-	-
e) Others (Specify)	-	-	-	-
TOTAL	-	-	-	-

Sd/-
Senior Research Officer (Accounts)

SCHEDULE 13 - GRANTS/SUBSIDIES

(Amount-Rs.)

(Irrevocable Grants & Subsidies Received)	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
1) Central Government	248000000	253400000	30000000	30000000
2) State Government(s)		-		-
3) Government Agencies		-		-
4) Institutions/Welfare Bodies		-		-
5) International Organisations		-		-
6) Other (Specify)		-		-
TOTAL	248000000	253400000	30000000	30000000

SCHEDULE 14 - FEES/SUBSCRIPTIONS

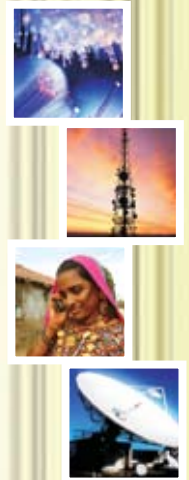
	NON-PLAN		PLAN	
	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
1. Entrance Fees	-	-	-	-
2. Annual Fees/Subscriptions	-	-	-	-
3. Seminar/Program Fees	-	-	-	-
4. Consultancy Fees	-	-	-	-
5. Others (specify)	-	-	-	-
TOTAL				

Note: Accounting Policies towards each item are to be disclosed

SCHEDULE 15 - INCOME FROM INVESTMENTS

(Income on Invest. from Earmarked/ Endowment Funds Transferred to Funds)	Investment from Earmarked Fund			
	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
1) Interest				
a) On Govt Securities	-	-	-	-
b) Other Bonds/Debentures	-	-	-	-
2) Dividends	-	-	-	-
a) On Shares	-	-	-	-
b) On Mutual Fund Securities	-	-	-	-
3) Rents	-	-	-	-
4) Others (Specify)	-	-	-	-
TOTAL				
TRANSFERRED TO EARMARKED/ENDOWMENT FUNDS				

Sd/-
Senior Research Officer (Accounts)



SCHEDULE 16 -INCOME FROM ROYALTY, PUBLICATION ETC

(Amount-Rs.)

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08
1. Income from Royalty	-	-	-	-
2. Income from Publications	-	-	-	-
3. Others (specify)	-	-	-	-
TOTAL	-	-	-	-

SCHEDULE 17 -INTEREST EARNED

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	Year	Year	Year	Year
1) On Term Deposits				
a) With Scheduled Banks	-	-	-	-
b) With Non-Scheduled Banks	-	-	-	-
c) With Institutions	-	-	-	-
d) Others	-	-	-	-
2) On Savings Account				
a) With Scheduled Banks	-	-	-	-
b) With Non-Scheduled Banks	-	-	-	-
c) With Institutions	-	-	-	-
d) Others	-	-	-	-
3) On Loans				
a) Employees/Staff	26012	-	-	-
b) Others	-	-	-	-
4) Interest on Debtors and Other Receivables	-	-	-	-
TOTAL	26012	-	-	-

Note-Tax deducted at source to be indicated

SCHEDULE 18-OTHER INCOME

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08
1. Profit on Sale/disposal of Assets	2861	11000		-
a) Owned assets		-		-
b) Assets acquired out of grants, or received free of cost		-		-
2. Export Incentives realized		-		-
3. Fees for Miscellaneous Services				-
4. Miscellaneous Income	46907	112846		-
TOTAL	49768	123846		

Sd/-

Senior Research Officer (Accounts)

**SCHEDULE 19- INCREASE/(DECREASE) IN STOCK OF FINISHED
GOODS & WORK IN PROGRESS**

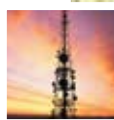
(Amount-Rs.)

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
a) Closing stock				
- Finished Goods	-	-	-	-
- Work-in-progress	-	-	-	-
b) Less Opening Stock				
- Finished Goods	-	-	-	-
-Work-in-progress	-	-	-	-
NET INCREASE/(DECREASE) [a-b]		-	-	-

SCHEDULE 20- ESTABLISHMENT EXPENSES

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
a) Salaries and Wages	85610060	48246333	-	-
b) Allowances and Bonus	334263	174710	-	-
c) Contribution to Provident Fund	4512371	1404226	-	-
d) Contribution to Other Fund (specify)			-	-
e) Staff Welfare Expenses	379471	113467	-	-
f) Expenses on Employees Retirement and Terminal Benefits	28903263	4454687	-	-
g) Others (specify)	14287826	3816184	-	-
TOTAL	134027254	58209607	-	-

**Sd/-
Senior Research Officer (Accounts)**



SCHEDULE 21 - OTHER ADMINISTRATIVE EXPENSES ETC

(Amount-Rs.)

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08
a) Purchases		-		-
b) Labour and processing expenses		-		-
c) Cartage and Carriage Inwards		-		-
d) Electricity and power	1419396	1642162		-
e) Water charges		-		-
f) Insurance	135057	177188		-
g) Repairs and maintenance	3739017	3555413		-
h) Excise Duty		-		-
i) Rent, Rates and Taxes	70681116	93625080		-
j) Vehicles Running and Maintenance	2393568	2459557		-
k) Postage, Telephone and Communication Charges	5337088	6370907		-
l) Printing and Stationery	5096068	5303324		-
m) Travelling and Conveyance Expenses	11602267	7932897		-
n) Expenses on Seminar/Workshops	2763974	3374109		-
o) Subscription Expenses	295020	125477		-
p) Expenses on Fees	180679	396584		-
q) Auditors Remuneration	128980	128980		-
r) Hospitality Expenses	1448038	1214586		-
s) Professional Charges	16383406	6242425		-
t) Provision for Bad and Doubtful Debts/Advances		-		-
u) Irrecoverable Balances Written-off	51290	9077384		-
v) Packing Charges		-		-
w) Freight and Forwarding Expenses		-		-
x) Distribution Expenses		-		-
y) Advertisement and Publicity	1646899	4595702		-
z) Others (Payment to Security, Housekeeping etc.)	5017494	6808097	36001964	32534016
SATRC meeting expenses and fees	2087201			-
TOTAL	130406558	153029871	36001964	32534016

Sd/-
Senior Research Officer (Accounts)

SCHEDULE 22-EXPENDITURE ON GRANTS, SUBSIDIES ETC

(Amount-Rs.)

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08
a) Grants given to Institutions/Organisations	-	-	-	-
b) Subsidies given to Institutions/Organisations	-	-	-	-
TOTAL				

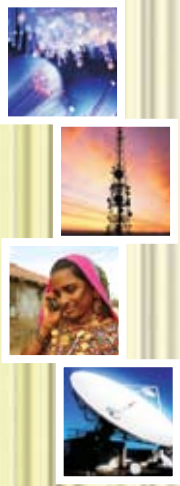
Note: Name of Entities, their Activities along with the amount of Grants/Subsidies are to be disclosed

SCHEDULE 23 - Interest

	NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year
a) On Fixed Loans	-	-	-	-
b) On Other Loans (including Bank Charges)	-	-	-	-
a) Others (specify)	-	-	-	-
TOTAL	-	-	-	-



**Sd/-
Senior Research Officer (Accounts)**



TELECOM REGULATORY AUTHORITY OF INDIA
RECEIPTS AND PAYMENTS FOR THE PERIOD/YEAR ENDED 31-03-2009

RECEIPTS	NON-PLAN		PLAN		PAYMENTS		NON-PLAN		PLAN	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
I. Opening Balance										
a) Cash in hand	59394	43446	-	-	-	-	113457288	56271469	-	-
i) In current accounts	7259342	7253560	8132528	2494069			127856169	119955094	24945964	32361541
ii) In deposit accounts	-	-	-	-						
ii) Savings accounts	-	-	-	-						
II. Grants Received										
a) From Government of India	238000000	186500000	215000000	380000000						
b) From State Government	-	-	-	-						
c) From other sources (details)	-	-	-	-						
(Grants for capital & revenue exp to shown separately)										
III. Income on Investments from										
a) Earmarked/Endow Funds	-	-	-	-						
IV. Expenditure on Fixed Assets & Capital Work-in-progress										
a) Purchase of Fixed Assets	4612535	10221332	-	-						

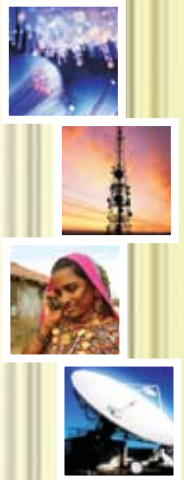
RECEIPTS	NON-PLAN		PLAN		PAYMENTS		NON-PLAN		PLAN	
	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
b) Own Funds (Oth Investment)	-	-	-	-	b) Expenditure on Capital Work-in-progress	-	-	-	-	-
IV. Interest Received	-	-	-	-	V. Refund of surplus money/Loans	-	-	-	-	-
a) On Bank deposits	-	-	-	-	a) To the Government of India	-	-	-	-	-
b) Loans, Advances etc.	-	-	-	-	b) To the State Government	-	-	-	-	-
c) Miscellaneous	-	-	-	-	c) To other providers of funds (Consumer Protection Fund)	-	9468508	-	-	-
V Other Income (Specify)	-	-	-	-	VI. Finance Charges (Interest)	-	-	-	-	-
To Miscellaneous Income	72919	112846	-	-	VII. Other Payments (Specify)	-	-	-	-	-
VI Amount Borrowed	-	-	-	-	Loans and advances and security deposits	231386	743717	-	-	-
VII. Any other receipts (give details)	-	-	-	-	VIII. Closing Balances	-	-	-	-	-
To Fees	-	-	-	-	a) Cash in hand	46694	59394	-	-	-
To Capital Fund	-	-	-	-	b) Bank Balances	3039914	7259342	4686564	8132528	-
To Security Deposits	30000	-	-	-	i) In current accounts	-	-	-	-	-
To Sale of Assets	118440	75700	-	-	ii) In deposit accounts	-	-	-	-	-
To loans and advances & security deposits	3703891	524796	-	-	iii) Savings accounts	-	-	-	-	-
To encashment of FDr alongwith Interest	-	9468508	-	-						
TOTAL	249243986	203978856	29632528	40494069	TOTAL	249243986	203978856	29632528	40494069	

Sd/-
Pr. Advisor (FA/ IFA)

Sd/-
Secretary

Sd/-
Member

Sd/-
Chairperson



SCHEDULE – 24

Significant Accounting Policies:

1. Accounting Conventions:

- i) The financial statements have been prepared in the “Uniform Form of Accounts” as approved by the Controller General of Accounts vide their letter No. F.No.19(1)/Misc./2005/TA/450-490 dated 23.07.2007 for both Non-Plan and Plan activities appropriately and distinctly.
- ii) Accounts have been prepared on accrual basis for the current year i.e., 2008-09 - There is no change in Method of Accounting from the preceding year.
- iii) Provisions for all the undisputed and known liabilities have been made in the Books of Account.
- iv) Figures have been rounded off to the nearest rupee.
- v) Contingent liabilities are disclosed after careful evaluation of facts and legal aspects of the matter involved.

2. Fixed Assets:

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental and direct expenses related to acquisition.

3. Depreciation:

- (a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the categories mentioned below on which higher rates of depreciation have been applied, as applied in the Accounts for preceding years:

Category	Minimum prescribed depreciation rate as per Companies Act, 1956	Depreciation rate applied
Office Equipments	4.75%	10.00%
Furnitures and Fixtures	6.33%	10.00%
Electrical Appliances	4.75%	10.00%
Airconditioners	4.75%	10.00%
Books and Publications	4.75%	20.00%

Office Equipments includes Mobile Handsets provided to the officers for official purposes. It has been decided by the Competent Authority vide Order No. 2-1/97-LAN dated 04.05.2007 to provide/write off these handsets within three years on the same pattern as DoT. Accordingly depreciation on Mobile Handsets from the year 2007-08

onwards have been charged off @ 33.33%.Further, It has also decided by Authority, vide order no 23-24/2008/GA (LT) dated 19/03/2009 that life span for the Laptop issued to TRAI officers will henceforth be of four years . Accordingly, depreciation on Laptop has been provided @ 25% in the current financial year.]

- (b) In respect of additions to Fixed Assets during the year, depreciation is considered on Pro-rata basis.
- (c) Assets costing Rs. 5,000/- or less, each are fully provided.

4. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction

5. Retirement Benefits

- a) Provision for Leave Salary and Pension Contribution up to 31.03.2009 in the case of employees on deputations have been provided in the Books of Accounts at the rates prescribed by Government of India under Fundamental Rules from time to time.
- b) In the case of regular employees, TRAI had appointed an actuary for the computation of liability for leave encashment and gratuity for the year 2008 to 2009. Accordingly, a sum of Rs.1,19,36784/- for the year 2008-09 has been provided as current year expenditure and expenditure amounting to Rs.1,3119323/- on account of gratuity and leave encashment for the year 2007-08 have been routed through capital fund being prior period expenditure. These liabilities have been shown in schedule 7 in current liabilities and provisions.

6. Govt. Grant :

- 1. No grant in respect of specific fixed assets has been received during the current year.
- 2. Govt. grants are accounted for on the basis of sanctioned amount.

SCHEDULE – 25

Contingent Liabilities and Notes on Accounts:

Contingent Liabilities:

1. Claims against the Entity not acknowledged as debts Current Year (–nil)
(Previous year Rs.2,2481997/-towards increase in Rent)

2. **Current Assets, Loans and Advances:**

In the opinion of the Management, the current assets, loans and advances have a value on realization in the ordinary course of business, equal at least to the aggregate amount shown in the Balance Sheet.

3. **Taxation:**

As per clause 32 of the TRAI Act, 1997, TRAI is exempt from tax on Wealth and Income.

4. **Fixed Assets:**

- a). The following items have been written off after taking approval of the Competent Authority vide office order No. 15-2/2006-GA dated 26.03.2009, 23-22/2008/TRAI/GA dated 11/02/2009, dated 06/06/2008 and No 14-01/2008/GA dated 17/04/2009 and a sum of Rs. 42,68,062/- on account of Depreciation have been written back as per details given below:

Sl. No.	Particular of Asset	Book Value	Accumulated depreciation upto 2008-09	WDV as on 31.03.2009
1.	Vehicles	43292/-	24171/-	19121/-
2.	Furniture & Fixtures	864015/-	759386/-	104629/-
3.	Computers	3527624/-	3484505/-	43119/-
	Total :	4434931/-	4268062/-	166869/-

- b). **Fixed assets include:-**

Out of four vehicles purchased from DoT for Rs. 14, 71,692/- during 1997-98, two cars were transferred to TDSAT in October, 2000. The cost of these two cars was Rs. 7,35,846/- and accumulated depreciation on date of transfer was Rs. 2,48,211. The amount of WDV of such cars on the date of transfer was Rs. 4,87,635/- which has been debited to claims recoverable from TDSAT / DOT. The matter is pending with DoT.

5. Grants

During the accounting year i.e. 2008--09 the grants sanctioned under Non – Plan head was Rs. 24.80 crore against which a sum of Rs.23.80 crores was received. A sum of Rs. 14.66 crore receivable from DoT has been shown in Schedule-11 under the head “Advance and other amounts recoverable in cash or in kind or for value to be received.

Similarly, the grant under PLAN head of account was sanctioned as Rs. 3.00 crore against which a sum of Rs.2.15 crore was received. The excess amount was met out from the balances lying with TRAI General Fund being maintained by DoT. A sum of Rs. 1.90 crore receivable from DoT has been shown in Schedule-11.

6. Transactions relating to the “Unsolicited Commercial Communications (UCC)”.

During the current financial year a sum of Rs. 48,000/- has been received from six service providers towards financial disincentive in contravention of the provisions of regulation of the Telecom Unsolicited Commercial Communications Regulations, 2007. This amount is payable to DoT and accordingly the amount has been shown in Schedule-7 (Current Liabilities and Provisions).

7. Previous year figures:

Corresponding figures for the previous year have been regrouped/arranged wherever necessary. The expenditure/income relating to the previous year i.e prior period expenditure/income have been routed through capital fund .

8. Transactions in Foreign Currencies

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction

9. Schedules 1 to 25 are annexed to and form an integral part of the Balance Sheet as at 31st March, 2009 and the Income and Expenditure Account for the year ended on that date.

Sd/-	Sd/-	Sd/-	Sd/-
PR. ADVISOR (FA&IFA)	SECRETARY	MEMBER	CHAIRPERSON



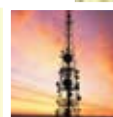
4.3

Audited Contributory Provident Fund Accounts of TRAI for the Year 2008-09

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Telecom Regulatory Authority of India – Contributory Provident Fund Account for the year ended 31 March 2009

We have audited the attached Balance Sheet of the Telecom Regulatory Authority of India-Contributory Provident Fund Account as at 31 March 2009 and the Income and Expenditure Account/ Receipts and Payments Account for the year ended on that date under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Rule 5 (5) of the Telecom Regulatory Authority of India (Contributory Provident Fund) Rules, 2003, issued under Government of India, Extraordinary Gazette Notification No. GSR 333(E) dated 10 April 2003. These financial statements are the responsibility of the Telecom Regulatory Authority of India-Contributory Provident Fund Account's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc, if any are reported through Inspection Reports/CAG's Audit Reports separately.



3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, we report that

i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit;

ii The Balance Sheet and the Income and Expenditure Account/Receipts and Payments Account dealt with by this report have been drawn up in the 'Common format of Accounts' prescribed by the Ministry of Finance.

iii In our opinion, proper books of accounts and other relevant records have been maintained by the Telecom Regulatory Authority of India – Contributory Provident Fund Account, in so far as it appears from our examination of such books.

iv We further report that:

Balance Sheet

ASSETS

Investments-Others

(Schedule-10): Rs.273.12 lakh

This includes Rs.3.27 lakh, being the amount of permanent diminution in the value of investment in UTI Energy Fund-Growth during the year as disclosed in Note 3 of 'Notes on Accounts' (Schedule-25). However, this diminution in the value of the investment was not accounted for and charged to 'Income and Expenditure Account', though the same was mandatory in compliance with the requirements of Accounting Standard (AS)-13 issued by the Institute of Chartered Accountants of India (ICAI). This resulted in overstatement of 'Investments-Others' and understatement of 'Deficit' by Rs.3.27 lakh each.

v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and the Income and Expenditure Account/Receipts and Payments Account dealt with by this Report are in agreement with the books of accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit Report, give a true and fair view in conformity with



the accounting principles accepted in India:

- (a) In so far as it relates to the Balance Sheet of the state of affairs of the Telecom Regulatory Authority of India-Contributory Provident Fund Account as at 31st March 2009; and
- (b) In so far as it relates to the Income and Expenditure Account of the 'Deficit' for the year ended on that date.

For and on behalf of the C&AG of India

**(R.P. Singh)
Director General of Audit (P&T)**

Place: Delhi

Date: 23rd August 2009



Annexure-I to Separate Audit Report

(1) Adequacy of Internal Audit System

TRAI has appointed a full-time Technical Officer (Internal Audit) with independent charge, who is also responsible for conducting internal audit of TRAI-CPF Account. The Internal Auditor has inspected the accounts and paid vouchers of TRAI-CPF Account for the year 2008-09.

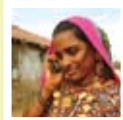
In our opinion, the internal Audit System of the organization is adequate and commensurate with its size and the nature of its functions.

(2) Adequacy of Internal Control System

No cash transaction is done in TRAI-CPF Account as all receipts and payments are made through cheques only. Receipt of CPF deductions and payments made to the members of TRAI-CPF on account of CPF withdrawals or temporary advances are done in accordance with the relevant rules and regulations and are regularly recorded in the bankbook. The funds of TRAI-CPF are invested in prescribed Government Securities/ Fixed Deposits/Mutual Funds. The

interests accrued/received on these securities are properly credited to interest income. Decisions for investments of funds are taken in the periodical meetings of Board of Trustees. Interest on the CPF deposits of the Members is credited to their individual accounts at the rate specified by the Central Government from time to time for the payment of interest on subscriptions to the General Provident Fund. Deficit, if any, in the interest payable to the members is met from TRAI General Fund. The members of TRAI-CPF Account are allowed withdrawal or for temporary advance out of their balance as per the guidelines of CPF Rules. In the case of advances given to the members, the Drawing and Disbursement Officer of TRAI is informed regarding the monthly deductions to be made from salary of the concerned members towards recovery of advances.

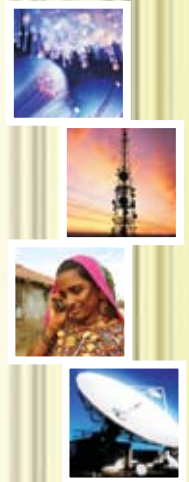
In our opinion, the internal Control System of the organization is adequate and commensurate with its size and the nature of its functions.

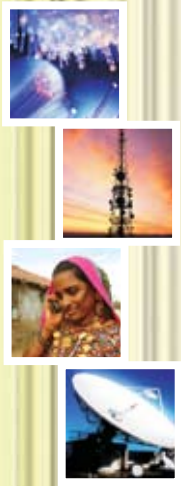


FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
THE TELECOM REGULATORY AUTHORITY OF INDIA - CONTRIBUTORY PROVIDENT FUND ACCOUNT
BALANCE SHEET AS AT 31-MAR-2009

CORPUS/CAPITAL FUND AND LIABILITIES	Schedule	Current Year	Previous Year
TRAI - CPF MEMBERS' ACCOUNT	1	30077334.00	21932585.00
RESERVES AND SURPLUS	2		-
EARMARKED/ ENDOWMENT FUNDS	3		-
SECURED LOANS AND BORROWINGS	4		-
UNSECURED LOANS AND BORROWINGS	5		-
DEFERRED CREDIT LIABILITIES	6		-
CURRENT LIABILITIES AND PROVISIONS	7		-
TOTAL		30077334.00	21932585.00
ASSETS			
FIXED ASSETS	8		-
INVESTMENTS-FROM EARMARKED/ENDOWMENT FUNDS	9		-
INVESTMENTS - OTHERS	10	27312216.00	19250290.00
CURRENT ASSETS, LOANS, ADVANCES ETC	11	2765118.00	2682295.00
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			-
TOTAL		30077334.00	21932585.00
SIGNIFICANT ACCOUNTING POLICIES	24		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	25		

Sd/- Sh. J. S. Bhatia Dy. Advisor (Accounts) Ex - Officio Trustee	Sd/- Sh. P. K. Datta Jt. Advisor (A&P) Ex - Officio Trustee	Sd/- Dr. K. V. Damodharan Jt. Advisor (ER) Trustee	Sd/- Smt. P. Janaki Section Officer (QoS) Trustee	Sd/- Sh. Binod Kumar Advisor (A&P) Ex - Officio President
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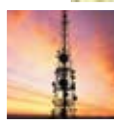


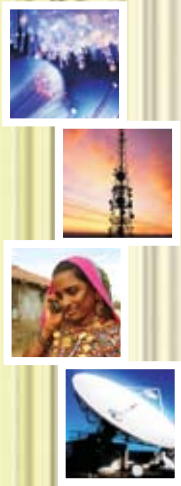
THE TELECOM REGULATORY AUTHORITY OF INDIA - CONTRIBUTORY PROVIDENT FUND ACCOUNT
INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD/ YEAR ENDED 31-MAR-2009

INCOME	Schedule	Current Year	Previous Year
Income from Sales/ Services	12	-	-
Grants/ Subsidies	13	-	-
Fee/ Subscriptions	14	-	-
Income from Investments (Income on Invest from earmarked /endow. Funds transferred to Funds)	15	-	-
Income for Royalty ,Publication etc	16	-	-
Interest Earned	17	1441699.83	1151134.49
Other Income	18	-	237.00
Increase (decrease) in stock of Finished goods and works-in-progress	19	-	-
TOTAL (A)	Schedule	1441699.83	1151371.49
EXPENDITURE	Schedule	Current Year	Previous Year
Establishment Expenses	20	-	-
Other Administrative Expenses etc	21	339.00	416.20
Expenditure on Grants, Subsidies etc	22	-	-
Interest	23	1828344.00	1460782.00
Depreciation (Net Total at the year end-corresponding to Schedule 8)			
TOTAL (B)		1828683.00	1461198.20

Balance being excess of Income over Expenditure (A-B)	-386983.17	-309826.71
Transfer to Special Reserve	-	-
Transfer to / from General Reserve	-	-
Balance being Surplus/ (Deficit) carried to Recoverable from TRAI General Fund	11	-309826.71
SIGNIFICANT ACCOUNTING POLICIES	24	
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	25	

Sd/-	Sd/-	Sd/-	Sd/-
Sh. J. S. Bhatia	Sh. P. K. Datta	Dr. K. V. Damodharan	Sh. Binod Kumar
Dy. Advisor (Accounts)	Jt. Advisor (A&P)	Jt. Advisor (ER)	Advisor (A&P)
Ex - Officio Trustee	Ex - Officio Trustee	Trustee	Ex - Officio President





FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
THE TELECOM REGULATORY AUTHORITY OF INDIA - CONTRIBUTORY PROVIDENT FUND ACCOUNT
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31-MAR-2009
SCHEDULE 1 - TRAI - CPF MEMBERS' ACCOUNT

	Current Year	Previous Year
Balance as at the beginning of the year	21932585.00	17309124.00
Add: Contributions towards Members' Account	8144749	4623461.00
Add/ (Deduct): Balance of net income/(expenditure) transferred from the Income and Expenditure Account		
BALANCE AS AT THE YEAR-END	30077334.00	21932585.00

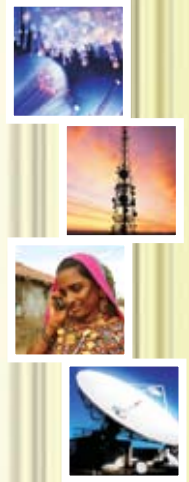
Amount-Rs.)

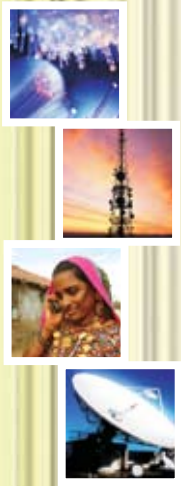
Sd/-
Senior Research Officer (Accounts)

SCHEDULE 2 - RESERVES AND SURPLUS

	Current Year	Previous Year
1. Capital Reserve:		
As per last Account		
Addition during the year		
Less: Deductions during the year		
2. Revaluation Reserve:		
As per last Account		
Addition during the year		
Less: Deductions during the year		
3. Special Reserve:		
As per last Account		N.A.
Addition during the year		
Less: Deductions during the year		
4. General Reserve:		
As per last Account		
Addition during the year		
Less: Deductions during the year		
TOTAL		

Sd/-
Senior Research Officer (Accounts)





SCHEDULE 3 - EARMARKED/ ENDOWMENT FUNDS

(Amount-Rs.)

	FUND-WISE BREAKUP				Current Year	Previous Year									
	Fund WW	Fund XX	Fund YY	Fund ZZ											
a) Opening balance of the funds	/														
b) Additions of the funds:															
i. Donations/grants															
ii. Income from investments made on account of funds															
iii. Other additions (sepcify nature)															
TOTAL (a+b)															
c) Utilisation/expenditure towards objectives of funds						N.A.									
i. Capital Expenditure						/									
-Fixed Assets															
-Others															
ii. Revenue Expenditure	/														
- Salaries, Wages and allowances etc															
- Rent															
- Other Administrative expenses															
Total	/														
TOTAL (c)															
NET BALANCE AS AT THE YEAR-END (a+b+c)															

Notes

- 1) Disclosures shall be made under relevant head based on conditions attaching to the grants
- 2) Plan funds received from the Central/State Governments are to be shown as separate funds and not to be mixed up with any other Funds

Sd/-
Senior Research Officer (Accounts)

SCHEDULE 4 - SECURED LOANS AND BORROWINGS

(Amount-Rs.)

	Current Year	Previous Year
1. Central Government	/	N.A.
2. State Government (Specify)		
3. Financial Institutions		
4. Banks		
a) Term Loans		
-Interest accrued and due		
b) Other-Loans (Specify		
-Interest accrued and due		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
7. Others (Specify)		
TOTAL		

Note: Amount due within one year

SCHEDULE 5 - UNSECURED LOANS AND BORROWINGS

	Current Year	Previous Year
1. Central Government	/	N.A.
2. State Government (Specify)		
3. Financial Institutions		
4. Banks		
a) Term Loans		
-Interest accrued and due		
b) Other-Loans (Specify		
-Interest accrued and due		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
7. Others (Specify)		
TOTAL		

SCHEDULE 6 - DEFERRED CREDIT LIABILITIES

	Current Year	Previous Year
a) Acceptances secured by hypothecation of capital equipment and other assets	/	N.A.
b) Others		
TOTAL		

Note: Amounts due within one year

Sd/-
Senior Research Officer (Accounts)



SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS

(Amount-Rs.)

	Current Year	Previous Year
A. CURRENT LIABILITIES		
1) Acceptances		
2) Sundry Creditors		
a) For Goods		
b) Others		
3) Advances Received		
4) Interest accrued but not due on:		
a) Secured loans/borrowings		N.A.
b) Unsecured Loans/borrowings		
5) Statutory Liabilities		
a) Overdue		
b) Others		
6) Other current Liabilities		
TOTAL (A)		
B. PROVISIONS		
1. For Taxation		
2. Gratuity		
3. Superannuation/Pension		
4. Accumulated Leave Encashment		
5. Trade Warranties/Claims		
6. Other (Specify)		
TOTAL (B)		
TOTAL (A+B)		



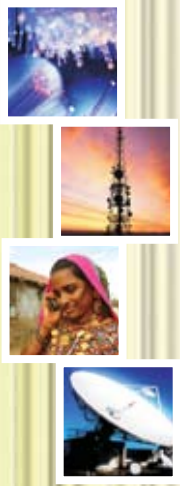
Sd/-
Senior Research Officer (Accounts)

SCHEDULE 8 - FIXED ASSETS

(Amount-Rs.)

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK					
	“Cost/ valuation as at beginning of the year”	Additions during the year	Deductions during the year	“Cost/ valuation at the year-ended”	As at the beginning of the year	On Additions during the year	On Deductions during the year	Total up to the year-end	As at the current year-end	As at the previous year-end
A. FIXED ASSETS:										
1. LAND										
a) Freehold										
b) Leasehold										
2. BUILDINGS										
a) On Freehold Land										
b) On Leasehold Land										
c) Ownership Flats/Premises										
d) Superstructures on land not belonging to the entity										
3. PLANT MACHINERY & EQUIPMENT										N.A.





SCHEDULE 8 - FIXED ASSETS (Contd.)

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	"Cost/valuation as at beginning of the year"	Additions during the year Deductions during the year	On Additions during the year	On Deductions during the year	As at the beginning of the year	As at the current year-end
4. VEHICLES						
5. FURNITURE, FIXTURES						
6. OFFICE EQUIPMENTS						
7. COMPUTER/PERIPHERALS						
8. ELECTRIC INSTALLATIONS						
9. LIBRARY BOOKS						
10. TUBEWELLS & W.SUPPLY						
11. OTHER FIXED ASSETS						
TOTAL OF CURRENT YEAR						
PREVIOUS YEAR						
B. CAPITAL WORK-IN-PROGRESS						
TOTAL						

N.A.

(Note to be given as to cost of assets on hire purchase basis included above)

Sd/-
Senior Research Officer (Accounts)

SCHEDULE 9 - INVESTMENTS FROM EARMARKED/ENDOWMENT FUNDS

(Amount-Rs.)

	Current Year	Previous Year
1. In Government Securities	/	N.A.
2. Other approved Securities		
3. Shares		
4. Debentures and Bonds		
5. Subsidiaries and Joint Ventures		
6. Others (to be specified)		
TOTAL		

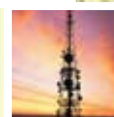
SCHEDULE 10 - INVESTMENTS OTHERS

	Current Year	Previous Year
1. In Government Securities	10888000	9308000
2. Other approved Securities	15524216	9042290
3. Shares	-	900000
4. Debentures and Bonds		-
5. Subsidiaries and Joint Ventures		-
6. Others (to be specified)		-
(i) Tata SIP	300000	
(ii) UTI Energy	600000	
TOTAL	27312216.00	19250290.00

Sd/-
Senior Research Officer (Accounts)

SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC

	Current Year	Previous Year
A. CURRENT ASSETS:		
1. Inventories		
a) Stores and Spares	-	-
b) Lose tools	-	-
c) Stock-in-trade		
Finished Goods	-	-
Work in progress	-	-
Raw Material	-	-
2. Sundry Debtors:		
a) Debts Outstanding for a period exceeding six months	-	-
b) Others	-	-
3. Cash balances in hand (including cheques/drafts and imprest)		



SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC (Contd.)

(Amount-Rs.)

4. Bank Balances:		
a) With Scheduled Banks		
- On Current Accounts	-	-
- On Deposit Accounts (includes margin money)	-	-
- On Savings Account	453752.96	629829.96
a) With non-Scheduled Banks		
- On Current Accounts	-	-
- On Deposit Accounts	-	-
- On Savings Account	-	-
5. Post Office-Savings Accounts	-	-
TOTAL (A)	453752.96	629829.96
	Current Year	Previous Year
B. LOANS, ADVANCES AND OTHER ASSETS		
1. Loans		
a) Staff		-
b) Other Entities engaged in activities/objectives similar to that of Entity		-
c) Other (Specify)		-
2. Advance and other amounts recoverable in cash or in kind or for value to be received:		
a) On Capital Account		-
b) Prepayments		-
c) Others		-
3. Income Accrued		
a) On Investments from Earmarked/Endowment Funds		-
b) On Investments - Others	1924383.28	1407855.45
c) On Loans and Advances		-
d) Others		-
(includes income due unrealised Rs.)		
4. Claims Receivable - (0.59+386983.17-2)	386981.76	644609.59
TOTAL (B)	2311365.04	2052465.04
TOTAL (A+B)	2765118.00	2682295.00

Sd/-
Senior Research Officer (Accounts)



SCHEDULE 12 - INCOME FROM SALES/SERVICES

(Amount-Rs.)

	Current Year	Previous Year
1. Income from Sales	/	N.A.
a) Sale of Finished Goods		
b) Sale of Raw material		
c) Sale of Scraps		
2. Income from Services	/	N.A.
a) Labour and Processing Charges		
b) Professional/Consultancy Services		
c) Agency Commission and Brokerage		
d) Maintenance Services (Equipment/Property)		
e) Others (Specify)		
TOTAL		

SCHEDULE 13 - GRANTS/SUBSIDIES

	Current Year	Previous Year
(Irrevocable Grants & Subsidies Received)	/	N.A.
1) Central Government		
2) State Government (s)		
3) Government Agencies		
4) Institutions/Welfare Bodies		
5) International Organisations		
6) Other (Specify)		
TOTAL		

SCHEDULE 14 - FEES/ SUBSCRIPTIONS

	Current Year	Previous Year
1. Entrance Fees	/	N.A.
2. Annual Fees/Subscriptions		
3. Seminar/Program Fees		
4. Consultancy Fees		
5. Others (specify)		
TOTAL		

Note: Accounting Policies towards each item are to be disclosed

Sd/-
Senior Research Officer (Accounts)



SCHEDULE 15 - INCOME FROM INVESTMENTS

Investment from Earmarked Fund

	Current Year	Previous Year
(Income on Invest. from Earmarked/Endowment Funds Transferred to Funds)		
1) Interest		
a) On Govt Securities		N.A.
b) Other Bonds/Debentures		
2) Dividends		
a) On Shares		
b) On Mutual Fund Securities		
3) Rents		
4) Others (Specify)		
TOTAL		
TRANSFERRED TO EARMARKED/ ENDOWMENT FUNDS		

SCHEDULE 16 - INCOME FROM ROYALTY, PUBLICATION ETC

	Current Year	Previous Year
1. Income from Royalty		
2. Income from Publications		N.A.
3. Others (Specify)		
TOTAL		

SCHEDULE 17 - INTEREST EARNED

	Current Year	Previous Year
1) On Term Deposits		
a) With Scheduled Banks	299925.65	306852.86
b) With Non-Scheduled Banks	-	-
c) With Institutions	1105106.18	822957.63
d) Others		-
2) On Savings Account		
a) With Scheduled Banks	36668.00	21324
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
3) On Loans		
a) Employees/Staff	-	-
b) Others	-	-
4) Interest on Debtors and Other Receivables	-	-
TOTAL	1441699.83	1151134.49

Sd/-

Senior Research Officer (Accounts)

SCHEDULE 18 - OTHER INCOME

(Amount-Rs.)

	Current Year	Previous Year
1. Profit on Sale/ Disposal of Assets	-	
a) Owned assets	-	-
b) Assets acquired out of grants, or received free of cost	-	-
2. Export Incentives realized	-	-
3. Fees for Miscellaneous Services	-	-
4. Miscellaneous Income	-	237.00
TOTAL		237.00

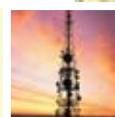
SCHEDULE 19 - INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS

	Current Year	Previous Year
a) Closing stock		
- Finished Goods		N.A.
-Work-in-progress		
b) Less Opening Stock		
- Finished Goods		
-Work-in-progress		
NET INCREASE/(DECREASE) [a-b]		

SCHEDULE 20- ESTABLISHMENT EXPENSES

	Current Year	Previous Year
a) Salaries and Wages		
b) Allowances and Bonus		N.A.
c) Contribution to Provident Fund		
d) Contribution to Other Fund (specify)		
e) Staff Welfare Expenses		
f) Expenses on Employees Retirement and Terminal Benefits		
g) Others (specify)		
TOTAL		

Sd/-
Senior Research Officer (Accounts)



SCHEDULE 21-OTHER ADMINISTRATIVE EXPENSES ETC

(Amount-Rs.)

	Current Year	Previous Year
a) Purchases	-	-
b) Labour and processing expenses	-	-
c) Cartage and Carriage Inwards	-	-
d) Electricity and power	-	-
e) Water charges	-	-
f) Insurance	-	-
g) Repairs and maintenance	-	-
h) Excise Duty	-	-
i) Rent, Rates and Taxes	-	-
j) Vehicles Running and Maintenance	-	-
k) Postage, Telephone and Communication Charges	-	-
l) Printing and Stationery	-	-
m) Travelling and Conveyance Expenses	-	-
n) Expenses on Seminar/Workshops	-	-
o) Subscription Expenses	-	-
p) Expenses on Fees	-	-
q) Auditors Remuneration	-	-
r) Hospitality Expenses	-	-
s) Professional Charges	-	-
t) Provision for Bad and Doubtful Debts/Advances	-	-
u) Irrecoverable Balances Written-off	-	-
v) Packing Charges	-	-
w) Freight and Forwarding Expenses	-	-
x) Distribution Expenses	-	-
y) Advertisement and Publicity	-	-
z) Others (specify) - Bank Charges	339.00	416.20
TOTAL	339.00	416.20

SCHEDULE 22-EXPENDITURE ON GRANTS, SUBSIDIES ETC

	Current Year	Previous Year
a) Grants given to Institutions/Organisations		
b) Subsidies given to Institutions/Organisations		
TOTAL		

Note: Name of Entities, their Activities along with the amount of Grants/Subsidies are to be disclosed

SCHEDULE 23 - Interest

	Current Year	Previous Year
a) On Fixed Loans	-	-
b) On Other Loans(including Bank Charges)	-	-
a) Others (specify) - Interest Payable to Members	1828344.00	1460782.00
TOTAL	1828344.00	1460782.00

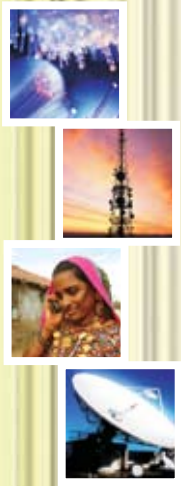
Sd/-
Senior Research Officer (Accounts)

**TELECOM REGULATORY AUTHORITY OF INDIA - CONTRIBUTORY PROVIDENT FUND ACCOUNT
RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31-MAR-2009**

RECEIPTS	Current Year	Previous Year	PAYMENTS	Current Year	Previous Year
I. Opening Balance			1. Expenses		
a) Cash in hand	-	-	a) Establishment Expenses (corresponding to Schedule 20)	-	-
b) Bank Balances			b) Administrative Expenses (corresponding to Schedule 21)	339.00	416.20
i) In current accounts	-	-			
ii) In deposit accounts	-	-			
iii) Savings accounts	629829.96	908913.16			
II. Grants Received	-	-	II Payments made against funds for various projects		
a) From Government of India	-	-	(Name the fund or project should be shown along with the particulars of payments made for each project)		
b) From State Government	-	-			
c) From Other Sources (Details)	-	-			
(Grants for capital & revenue exp to shown sperately)	-	-			
III. Income on Investments from			III. Investments and Deposits made		
a) Earmarked/ Endow Funds	-	-	a) Out of Earmarked/ Endowment funds	-	-
b) Own Funds (Oth Investment)	-	-	b) Out of Own Funds (Investments - Others)	12759777.00	4350000.00
IV. Interest Received			IV. Expenditure on Fixed Assets & Capital Work-in-progress		
a) On Bank Deposits - (Sch. A)	469257.00	21324.00	a) Purchase of Fixed Assets	-	-

Contd.





RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31-MAR-2009 (Contd.)

RECEIPTS	Current Year	Previous Year	PAYMENTS	Current Year	Previous Year
b) Loans, Advances etc.	-	-	b) Expenditure on Capital Work-in-progress	-	-
c) Miscellaneous - (Sch. B)	455915.00	187093.00	V.Refund of surplus money/ Loans	-	-
V Other Income (Specify)			a) The Government of India	-	-
To Miscellaneous Income	-	237.00	b) The State Government	-	-
VI Amount Borrowed			c) Other providers of funds	-	-
VII. Any other Receipts (Give Details)			VI. Finance Charges (Interest)	-	-
Fees	-	-	VII. Other Payments (Specify)		
Capital Fund	-	-	Final Payments	678383.00	377782.00
Sales of Publication	-	-	Advances and Withdrawals	3126200.00	1972910.00
Sale of Assets	-	-	VIII. Closing Balances		
Contribution from Members	5704198.00	4161440.00	a) Cash in hand	-	-
Contribution from TRAI	3852211.00	1276922.00	b) Bank Balances		
Transfer of Balances	407897.00	-	i) In current accounts	-	-
Repayment of Advances	156682.00	75009.00	ii) In deposit accounts	-	-
Maturity of FDs	4697851.00	700000.00	iii) Savings accounts	453752.96	629829.96
Interest Shortfall Recovered from TRAI Gen. Fund	644609.00	-	TOTAL	17018451.96	7330938.16
Payable to TRAI	2.00	-			

Sd/-	Sd/-	Sd/-
Sh. J. S. Bhatia	Dr. K. V. Damodharan	Sh. Binod Kumar
Dy. Advisor (Accounts)	Jt. Advisor (ER)	Advisor (A&P)
Ex - Officio Trustee	Trustee	Ex - Officio President
Sh. P. K. Datta	Dr. K. V. Damodharan	Smt. P. Janaki
Jt. Advisor (A&P)	Jt. Advisor (ER)	Section Officer (QoS)
Ex - Officio Trustee	Trustee	Trustee

SCHEDULE 24 - SIGNIFICANT ACCOUNTING POLICIES

- 1 Accounting Conventions:
 - i) The financial statements have been prepared in the "Uniform Format of Accounts" as approved by the Controller General of Accounts vide their letter No. F.No.19(1)/Misc./2005/TA/450-490 dated 23.07.2007.
 - ii) Accounts have been prepared on accrual basis for the current year i.e., 2008-09. There is no change in Method of Accounting from the preceeding year.

SCHEDULE 25 - CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS

Contingent Liabilities:

- 1 Claims against the Entity not acknowledged as debts - NIL

Notes on Accounts

- 1 Investments have been made on the pattern prescribed in the Notification of Ministry of Finance (Department of Economic Affairs) dated 24th January 2005, effective from 1st April 2005.
- 2 As per approval of Competent Authority, the shortfall of Interest, if any, between Interest Earned on Investments made and Interest Payable to Subscribers, will be borne out of the TRAI General Fund. Accordingly, in this year, a sum of Rs. 3,86,983.17/- recoverable from TRAI General Fund has been accounted for.
- 3 As per Accounting Standard 13 issued by ICAI, "long-term investments should be carried in the financial statements at cost. However, provision for diminution shall be made to recognise a decline, other than temporary, in the value of investments, each reduction being determined and made for each investment individually". During the year, a sum of Rs. 4,97,699.00/- has been identified as Diminution Value of Investments in Mutual Funds. The said amount has not been shown as Recoverable from TRAI General Fund.

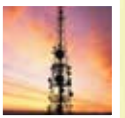
Sd/-
Sh. J. S. Bhatia
Dy. Advisor (Accounts)
Ex - Officio Trustee

Sd/-
Sh. P. K. Datta
Jt. Advisor (A&P)
Ex - Officio Trustee

Sd/-
Dr. K. V. Damodharan
Jt. Advisor (ER)
Trustee

Sd/-
Smt. P. Janaki
Section Officer (QoS)
Trustee

Sd/-
Sh. Binod Kumar
Advisor (A&P)
Ex - Officio President

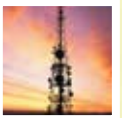


List of Abbreviations used in this Compilation

2G	Second Generation
3G	Third Generation
ADC	Access Deficit Charge
AGR	Adjusted Gross Revenue
ARPU	Average Revenue Per User
AS	Autonomous System
ATN	Action Taken Notes
AUSPI	Association of Unified Service Providers of India
BGP	Border Gateway Protocol
BSNL	Bharat Sanchar Nigam Limited
BSO	Basic Service Operator
BWA	Broadband Wireless Access
CAG	Consumer Advocacy Group
CAPEX	Capital Expenditure
CAS	Conditional Access System
CDMA	Code Division Multiple Assay
C-DOT	Centre for Development of Telematics
CII	Confederation of Indian Industries
CLIP	Collar Line Identity Presentation
CLS	Cable Landing Station
CMTS	Cellular Mobile Telephone Service
COAI	Cellular Operators Association of India
CPGRAMS	Centralized Public Grievances Redressal and Monitoring System
CPP	Calling Party Pay
DEL	Direct Exchange Line
DIT	Department of Information Technology
DoT	Department of Telecommunication
DTH	Direct to Home
EVDO	Evolution Data Optimized
FDI	Foreign Direct Investment
FLRIC	Forward looking Long Run Incremental Cost
FTA	Free to Air
GMPCS	Global Mobile Personal Communication System
GPRS	General Packet Radio Service
GSM	Global System of Mobiles
HITS	Head End in the Sky
IAN	Internal Authority Note



IETF	Internet Engineering Task Force
ILD	International Long Distance
ILDO	International Long Distance Operator
IN	Intelligent Network
IP	Infrastructure Provider
IPLC	International Private Link Circuit
IPTV	Internet Protocol Television
ISP	Internet Service Provider
ISPAI	Internet Service Providers Association of India
ITeS	Information Technology Enable Services
ITSP	Internet with Telephony
IUC	Interconnect User Charges
LRN	Location Routing Number
M/o I&B	Ministry of Information & Broadcasting
MDU	Multiple Dwelling Unit
MLPA	Multi Lateral Peering Agreement
MNP	Mobile Number Portability
MOU	Minutes of Usages
MSC	Mobile Switching Centre
MSO	Multi System Operators
MTNL	Mahanagar Telephone Nigam Limited
MVNO	Mobile Virtual Network Operator
NDNC	National Do Not Call Registry
NGN	Next Generation Network
NGN-Eco	Next Generation Network Expert Committee
NGO	Non-Governmental Organization
NIC	National Informatics Centre
NIDQS	National Integrated Directory Enquiry Service
NIXI	National Internet Exchange of India
NLD	National Long Distance
NNP	National Numbering Plan
NRRDA	National Rural Roads Development Agency
NTP	New Telecom Policy
OBD	Out Bound Dialer
OFC	Optical Fibre Cable



OHD	Open House Discussion
OPEX	Operational Expenditure
OTEF	One Time Entry Fee
PCO	Public Call Office
PMRTS	Public Mobile Radio Trunked Services
POI	Point of Interconnection
POP	Points of Presence
PSU	Public Sector Undertaking
QoS	Quality of Service
RIO	Reference Interconnect Offer
SACFA	Standing Advisory Committee on Frequency Allocation
SATRC	South Asian Telecommunication Regulator's Council
SIM	Subscriber Identity Module
SMS	Short Messaging Service
SP	Service Providers
SRS	System Requirements Specifications
TAM	Television Audience Measurement
TCEPF	Telecommunication Consumers Education & Protection Fund
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TEC	Telecom Engineering Centre
TRAI	Telecom Regulatory Authority of India
TRP	Television Rating Points
TTO	Telecom Tariff Order
UASL	Universal Access Service License
UCC	Unsolicited Commercial Communication
USL	Universal Service Levy
USOF	Universal Service Obligation Fund
USSD	Unstructured Supplementary Service Data
VASP	Value Added Service Provider
VCC	Virtual Calling Card
VOD	Video on Demand
VPT	Village Public Telephone
VSAT	Very Small Aperture Terminal
Wi-Fi	Wireless Fidelity
WiMax	World-wide Interoperability for Microwave Access
WLL	Wireless in Local Loop
WPC	Wireless Planning Coordination





सत्यमेव जयते

TELECOM REGULATORY AUTHORITY OF INDIA

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