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Telecom Regulatory Authority of India

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TRAI Recommendations make a strong pitch for Growth of Value Added Services

New Delhi, 13th February, 2009 - TRAI today released Recommendations on Growth of Value Added Services and Regulatory Issues. 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. 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.

2. The Authority had brought out a Consultation Paper in May, 2008 detailing the various regulatory and other issues to be addressed for providing an impetus to this expected growth of value added services. Considering the comments received from stakeholders during the consultation process, the Authority had formulated draft of its recommendations on Value Added Services, including Mobile Value Added Services to be provided through 2G, 3G and Next Generation Network (NGN) etc. A second round of consultation on these draft recommendations was held in January, 2009. Keeping in view the comments received during the second round of consultation, the Authority has now formulated its suo moto recommendations to the Government on growth of value added services and regulatory issues. The Authority is sanguine that these recommendations will pave the way forward 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 key Recommendations:

- ◆ 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.
- ◆ In order to give soft touch regulatory environment, the Authority has not recommended any 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 common short codes (CSCs). There is no pre-requisite for any license or registration to acquire common short codes (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 relating to value added services for reconciliation.
- ◆ Reconciliation of the Management Information System (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.
- ◆ TRAI may issue guidelines on consumer best practices to protect the interest of consumers.

The full text of the Recommendations is available on TRAI's website: www.trai.gov.in.

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