

PRADIP BAIJAL
CHAIRMAN

D.O. No.15-10/2003-A&P

Dated the 10th August, 2004

Dear Shri Misra,

The telecommunication has seen a phenomenal growth in the recent past both in terms of number of operators and also increase in subscriber base. With the growth in number of subscribers, consumer complaints also increase. The Authority has witnessed a spurt in the number of complaints being lodged by the consumers on various problems. Though the TRAI Act does not explicitly fix the responsibility to redress consumer grievances on TRAI, large number of complaints are being received by the Authority daily. The Authority was therefore, of the view that there is a need to establish an internal mechanism like in other sectors, such as insurance and banking to deal with individual consumer grievances. The consumer organizations and NGOs with whom the Authority holds interactory meetings for formulation of its policies and programmes were also of the view that there should be an independent agency to look after consumer complaints in the telecommunication sector.

2. In order to ascertain the views of the stakeholders, including the service providers as well as consumers on the need for such a mechanism, the Authority brought out a consultation paper on establishment of Office of Ombudsman in the telecommunication sector. The consultation paper made an attempt to analyse the system available in the telecommunication industry in Australia and UK and also in the banking and insurance sectors in India. The consultation paper also raised few pertinent questions on the need, funding, composition, duties and responsibilities and powers of the Ombudsman. As per the usual practice written comments were invited from all stakeholders on the consultation paper. Open House discussions were held to obtain views of the general public as well as other stakeholders. TRAI received very useful inputs from different stakeholders. All these inputs have been duly considered by TRAI, before finalizing its recommendations on the subject.

3. We are forwarding with this letter the recommendations (Annexure I). Considering the fact that the prevailing structure is not adequate or fully responsive to deal with the consumer complaints in the telecom sector, TRAI has noted that establishment of an Ombudsman could be a desirable development. The Authority has noted that for creation of the office of Ombudsman, an amendment in the Law or amendment in the license or/and concurrence of the operators is necessary. Amendment to the Law would imply passing of a Legislation through an Act of Parliament, which is not necessary since the legal remedy of consumer courts already exists. Ombudsman is only being proposed as an internal arrangement in the sector, where complaints could be handled in the form of an arbitration.

4. As already mentioned earlier, the Authority had consultations with several Stakeholders including the Service Providers and it has been found that Service Providers are not very enthusiastic in providing the required facilities and financial assistance for establishment of the office of the Ombudsman. The reasons for this view are obvious and do not warrant any explanation. It is, therefore, necessary that in order to establish and sustain the office of the Ombudsman the required financial assistance may be provided from the license fee collected annually from the Telecom Sector. Our suggestion, therefore, is that a very negligible percentage (less than 0.01%) of the revenue of the service providers will be sufficient to meet the expenses and it would not cause any undue burden on the service providers.

5. A Press Note issued regarding the recommendations is enclosed at (Annex II)

6. The recommendations along with the text of this letter have been placed today on the TRAI website (www.trai.gov.in) for public information.

With regards,

Yours sincerely,

(PRADIP BAIJAL)

Shri Nripendra Misra

Secretary, DoT,
Sanchar Bhavan,
New Delhi.