

January 7, 2003.

Dear Shri Vaish

This has reference to Department of Telecommunication's letter No. 311-80/2001-VAS dated November 1, 2002 seeking the recommendations of TRAI on some issues concerning Public Mobile Radio Trunked Service (PMRTS).

Following DOT's request for recommendations, TRAI had discussions with MTROA and individual PMRT Service Providers to understand the requirements regarding the various issues raised by the Association, some of which were referred to us by the D.O.T in the aforementioned letter. The Authority has considered these issues taking into account the developments since its previous Recommendations in the matter.

To facilitate the growth in the sector the Authority is of the view that the quantum of PSTN connectivity should be increased from the present level to that provided in TRAI's previous recommendations. Therefore, the Authority reiterates that PMRT Service Providers should be permitted usage of such interconnection in a month not exceeding 15% of total airtime usage of the network during the previous month. However, since the PMRT Service is basically a Closed User Group (CUG) service, only one-way PSTN connectivity should be allowed. In such a situation, there would be no need to provide for a separate numbering scheme.

The PMRTS industry has brought to our notice that the current WPC charges (Royalty for spectrum plus license fee) amount to approximately Rs. 200-300 per subscriber and hence the total Licence fee payable becomes 7.4%-8.6% instead of 5% that was recommended by TRAI to DOT. It is, therefore, reiterated that the licence fee to be paid to DOT as well as WPC and the Royalty for spectrum together should not exceed 5% of the Adjusted Gross Revenue (AGR).

It has also been brought to the Authority's notice that all the Captive network operators are at present not paying any Licence fee, and consequently commercial service providers are losing their business. The Authority is of the view that the licensor should establish a level playing field in this regard and ensure that the captive licencees pay their licence fee like commercial PMRTS operators.

Keeping in view the high cost of PMRTS handsets, TRAI reiterates its earlier recommendations that DoT should exclude the sale proceeds of instruments in the definition of the "Adjusted Gross Revenue" especially in case of PMRT services.

In the DOT guidelines it is mentioned that fresh PMRTS licensees shall be bound to use only digital technology. Accordingly it has been reflected in the amendment to the existing PMRTS license agreement. Keeping in view the high investment costs involved in deployment of digital technology and the deteriorating health of the industry in last 2-3 years, the Authority recommends that the choice of the technology should be left to the service providers.

Earlier, TRAI had recommended that new type of service areas may be defined for PMRT services along the Highways. This was accepted by DOT in their guidelines. However, Highway service area was not reflected in the amendment to the existing PMRTS Licence agreements. Therefore, it is reiterated that a new type of service area may be defined for PMRT services along the Highways. For effective utilisation of telecom infrastructure the Authority is of the view that for Highway coverage PMRTS Operator should be free to build infrastructure in a manner which would ensure optimum coverage along the Highway. For this purpose the PMRTS operators should be permitted to use vantage sites within reasonable reach of the Highway say, a distance not exceeding five to seven kms from the Highway. While such a concession may not mean any serious intrusion in the operational areas of other service providers like BSO or CMSOs, the available additionality may help PMRTS operators improve their weak business case, albeit in a limited manner.

The extension of service to circle level is not recommended because if circle-wise licensing for PMRTS is permitted alongwith the licenses for providing services along Highways as demanded by PMRTS service providers, then this service will be having all India connectivity along with roaming also and will become competitive with that of Cellular Mobile Services.

I am sure these recommendations will stimulate the desired growth of the sector and will benefit the end users.

With best regards,

Yours sincerely,

(M.S.Verma)

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