



# **Telecom Regulatory Authority of India**

**Draft**

**Recommendations  
on  
Growth of Value Added Services and  
Regulatory Issues**

**14<sup>th</sup> January, 2009**

**Telecom Regulatory Authority of India**

Mahanagar Door Sanchar Bhawan,  
J.L. Nehru Marg, (Old Minto Road)  
New Delhi – 110 002

## **PREFACE**

The value added service (VAS) market in India is rapidly growing. It is over 10% of the total revenue of mobile telecom service providers. The mobile revenue through value added services is expected to cross 30% of the mobile telecom service provider's revenue in the next 5-7 years as reported in various studies/ position papers. While the VAS industry is ripe for scaling newer heights, the concerned stakeholders particularly access service providers have to constructively engage and thus create a self-sustaining and transparent environment for the growth. The telecom operators and value added service providers would need to be concerned about the quality of content, consumer education and transparency in provisioning and charging of value added services.

2. With a view to bringing out all the related aspects of the issue and to provide a suitable platform for discussion, a consultation paper was issued on 28<sup>th</sup> May, 2008. The consultation paper highlighted various issues pertaining to potential for growth of Value Added Services including status in India, existing provision in various licenses, consumer protection issues and licensing issues-Terms and Conditions for licensing Mobile Value Added Services and Value Added Services to be provided through 3G and Next Generation Network (NGN).

3. Taking into account the comments received from stakeholders both in writing and during open house discussion on 11<sup>th</sup> July, 2008, the Authority had formulated its recommendations to the Government relating to Value Added Services including Mobile Value Added Services. While finalizing these recommendations, the Authority noted that different access service licenses have different provisions relating to Value Added Services. Accordingly, in the recommendations the Authority has proposed certain amendments to the various access service licence agreements, keeping in view 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.

4. The Authority preferred least intrusive and minimal regulatory framework and thus no separate licence for value added services is envisaged. However, the Authority recommends registration of Value Added Service Providers or content aggregators, who wish to have common short code allotted by the Department of Telecommunications (DoT) to provide value added service, as “Other Service Provider (OSP) – Value Added Services” under the OSP category. Recommendations also include that the Telecom Access Service Providers shall provide fair access to telecom infrastructure to independent content providers and maintain transparency in their management information system relating to value added services for reconciliation. Regarding reconciliation of the Management Information System (MIS) and calibration of the MIS between the access service providers and the VAS/ content providers, the Authority is of the view that this should form part of the mutual negotiations between the access service providers and VAS/content providers. This will bring confidence in the mobile value added services value chain and will also improve reconciliation process in the value chain. DoT being the national numbering plan administrator may make appropriate arrangement for allocation of common short codes (CSCs) for value added services. In the case of “On Deck” mode, VAS which are marketed by the VASPs, mutual negotiations for revenue share remains the model. The access service providers may be mandated to publish their access charges for value added services provided under “Off Deck” model. TRAI may in future consider guidelines on consumer best practices to protect the interest of consumers.

**New Delhi**  
**Dated 14th January 2009**

**(Nripendra Misra)**  
**Chairman, TRAI**

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# **CHAPTER-I**

## **INTRODUCTION**

### **1. Background**

1.1 The value added service (VAS) market in India is rapidly growing and have great revenue potential. The revenue estimated from mobile value added services is over 10 to 14% of the total revenue of mobile telecom service providers. The mobile revenue through value added services is expected to cross 30% of the mobile telecom service provider's revenue in the next 5-7 years as reported in various studies/ position papers. As per a recent study report, growth in VAS has been fuelled by the improving quality of handsets and their falling costs, lowering age profile of mobile users and innovative content and packaging. This growth in mobile VAS is going to be a win-win situation for the mobile telecom service providers, value added service providers/content aggregators, handset manufacturers, content developers/ authors/ creators and others associated with mobile contests/ TV shows and streaming audio and video, also an additional facility to the subscriber.

1.2 In India, SMS, Ringtone and Colour Ring Back Tones (CRBT) constitute bulk of the value added services currently the mobile operators are providing. VAS delivery has so far been based on the SMS, IVR, GPRS and WAP portals platforms. VAS offerings are in areas such as entertainment, advertisement, gaming, contests such as interactive participations in TV and Radio game, reality shows, news and support such as cricket alert, news alert, travel alert details etc. With the introduction of 3G services, Next Generation Network (NGN)/ converged network this is going to change in a big way as high bandwidth multimedia content services, mobile TV and online gaming will push the demand for VAS as well as innovations in VAS products offering. Information products with copyrights are increasing in importance and show a high profit potential. The traditional music industry, the publishing industry, film and TV industries are likely to become main

stream content providers. In the future as wireline and wireless broadband become more ubiquitous, additional value added services such as multimedia messaging, video phone, person to machine, machine to machine, streaming media and on-line gaming will become available for the subscribers.

1.3 TRAI had issued a Consultation Paper on Growth of Value Added Services and Regulatory Issues on 28<sup>th</sup> May, 2008. The purpose of bringing this Consultation Paper was that considering the market potential for value added service in the coming years the licensing/regulatory framework needs to be harmonized for ushering growth in all the segments of the value added service viz content development, technology platform, content aggregation etc. thereby enabling benefits to consumers and also revenue generation. A need is also felt to facilitate provision of certain content based value added services directly by the content aggregators/ value added service providers (VASPs). Through this Consultation Paper TRAI sought the views of stakeholders for evolving a licensing/ regulatory framework for value added services and entities involved in providing mobile value added services, including such services to be provided in Next Generation Network (NGN)/ convergence scenario, so as to facilitate orderly growth of value added services in India.

1.4 TRAI held Open House Discussions on the issues raised in the Consultation Paper in Delhi on 11<sup>th</sup> July, 2008. Keeping in view the responses received from stakeholders, the draft recommendations in the matter are proposed, the summary of which is indicated in Chapter-II and details are given in Chapter-III.

## **CHAPTER – II**

### **SUMMARY OF PROPOSED RECOMMENDATIONS**

2.1 A brief summary of proposed recommendations is given below. However, for details, stakeholders may refer to the linked paragraphs mentioned in this summary.

- (i) Although the definition of value added services given in the Unified Access Service Licence (UASL) is generic and adequate, however, to bring more clarity the Authority recommends the definition of value added service 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 or basic services being standard voice calls, non-voice messages, fax transmission and bearer services” (para 3.7.5).
- (ii) The licence provisions as prescribed in the UASL for value added services be made applicable uniformly across all the access service licenses by either amending all the access service licenses by inserting the following clause for provisioning of value added services or by issuing suitable directions in the matter by Department of Telecommunications (DoT):

“The licensee may provide value added services and or additional facilities in case of any value addition or upgradation that the technology permits subject to intimation about provision of any value added service or additional facility along with details of provision made for lawful interception and monitoring of these services or facilities at least 15 days in advance before the introduction of these services or additional facilities” (para 3.8.9).
- (iii) While submitting the intimation of new value added services, the telecom service provider shall submit a check list to DoT certifying that the arrangement made for lawful interception and monitoring

meets the security conditions of license agreement, as amended from time to time (para 3.9.3(i)).

- (iv) Telecom access service provider shall provide fair access to telecom infrastructure to independent content providers [para 3.9.3(ii)]. This shall include:-
- (a) Opening of common short codes allocated by DoT / any other single nodal agency authorised by DoT.
  - (b) All short codes allotted by access service provider to any VASP shall be published on its website and also the same shall be intimated to DoT.
  - (c) Telecom access service provider shall not block mobile portals to their consumers who have subscribed GPRS or WAP service i.e. there will be no selective blocking of mobile portals or short codes.
  - (d) Telecom access service provider shall maintain transparency in their management information system (MIS) in respect of value added services such as downloads, usage etc. This will bring confidence in the mobile value added services value chain and will also improve reconciliation process in the value chain.
  - (e) Telecom access service provider shall publish their access charges applicable to the consumer for various content based mobile value added services which can be provided in the “off deck” mode, if such access charges are different than the charges applicable under the tariff plan applicable to consumers. Further, such access charges, including charges for non-voice messages, to the consumer shall not be less than the access charges applicable under the tariff plan subscribed by them.
  - (f) Telecom service provider shall also publish the carriage charges, wherever applicable.

- (g) In case of “Off Deck” mode the pricing of content may be left to the owner of the content or the provider of the service with the published access / carrier charges from the telecom service provider. All “On Deck” VAS the tariff / pricing shall be determined and charged by telecom access service provider.
- (v) Telecom access service provider shall not be permitted to bundle charges in tariff plans for telephone call (voice), non-voice messages and bearer services with the charges for value added service provided in the “Off-Deck” model [para 3.9.3(iii)].
- (vi) M-Commerce related to Value Added Services involving payment through mobile phones, shall be subject to compliance with Reserve Bank of India (RBI) guidelines, wherever applicable [para 3.9.3(iv)].
- (vii) The Authority is not in favour of a new license category for value added services (para 3.10.7). However, the Authority recommends registration of Value Added Service Providers or content aggregators, who wish to have common short code allotted by the Department of Telecommunications (DoT) to provide value added service, as “Other Service Provider (OSP) – Value Added Services” under the OSP category (para 3.10.9).
- (viii) For value added services the registration could be for a licensed service area basis or on an all India basis, covering all the licensed service areas (para 3.11.3).
- (ix) All the preliminary and general terms and conditions of registration of Other Service Providers shall be applicable (para 3.11.3).
- (x) The following specific terms and conditions in OSP registration for value added services are recommended to be included in OSP registration for VAS/content services (para 3.11.3):

- (a) The registration for operation of Value Added Services shall be made on non-exclusive basis.
- (b) The value added service/ content services shall be provided as application service, wherever provided in the “Off-Deck” mode.
- (c) The value added service providers registered as OSPs with DoT have to follow all the directions/guidelines issued by DoT/ TRAI regarding allotment and use of common short codes and Code of Practice/ consumer best practices.
- (d) The VASP registered as OSP shall not normally employ bulk encryption equipment in provisioning of value added services. However, any encryption equipment if used and connected thereto in provisioning of value added services/ content services, it should have prior evaluation and written approval of the access service provider concerned. Further, if encryption equipments higher than 40 bit key length in the symmetric key algorithms or its equivalent in other algorithms or as prescribed by DoT, from time to time, are to be deployed, then VASP shall obtain prior written permission of the access service provider and deposit the decryption key, split into two parts, with the access service provider/DoT.
- (e) The VASP shall ensure that objectionable, obscene, unauthorised or any other content, messages or communications infringing copyright, Intellectual property right and international & domestic cyber laws, in any form or inconsistent with the laws of India, are not carried through his equipment/server. The activities in provisioning of content for value added services shall also be complied with the provisions of the Information Technology (IT) Act 2000, as modified from time to time.
- (f) DoT shall have the right to cancel the registration in the interest of national security or in case of emergency or war or low intensity conflicts or any other eventuality in public interest as declared by the Government of India. Provided any

specific order or directions from the DoT/TRAI issued under such conditions shall be applicable to the OSP providing value added service and shall be strictly complied with.

- (g) DoT reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security, public interest and for proper conduct of telecommunication services, including value added services.
- (h) Any damages arising out of default on the part of Other Service Provider providing value added service in this regard shall be sole liability of the OSP.
- (i) In case any confidential information is divulged to the Other Service Provider providing value added service for proper implementation of the Agreement, it shall be binding on the Other Service Provider providing value added service and its employees and servants to maintain its secrecy and confidentiality.
- (j) M-Commerce related to Value Added Services involving payment through mobile phones, shall be subject to compliance with Reserve Bank of India (RBI) guidelines, wherever applicable.
- (k) Value Added Service Provider in off-deck model is permitted to decide and levy charges for the services provided by it i.e. only for the content. However, they shall not be permitted to collect charges/ revenue for access/carriage charges related to telecom access services.
- (xi) Content shall be subject to relevant content regulation and compliance of prevailing copyrights including digital management rights and other laws on the subject (para 3.12.2).
- (xii) DoT being the National Numbering Plan Administrator may make appropriate arrangement for allocation of common short codes

(CSCs) for value added services. As per the DoT guidelines presently short codes are allocated by telecom service providers (UASL/CMTS) with level 5 and of a minimum of 5 digits (para 3.14.7).

- (xiii) DoT may allocate common short codes (CSCs) to telecom service providers/licensees and value added service providers/content providers who are registered with DoT as Other Service Providers (OSP) category (para 3.14.7).
- (xiv) To implement the common short code allocation scheme by one nodal agency (say DoT or any other single nodal agency authorised by DoT), it will be appropriate that a directory of all the short codes allotted till date (or any date to be specified by DoT) by various telecom service providers and DoT is compiled and placed in the website of DoT. Thereafter, DoT may reserve a series of short codes, to be allocated by DoT/ any other single nodal agency authorised by DoT, as common short codes (CSCs) and a block of 500 numbers of short codes may be allocated to each telecom service provider for allocation by them to various users/content providers who are not registered as Value Added Service Provider under the OSP category with DoT. DoT may also consider the web based application form for common short codes (CSCs) allotment in time bound manner and also maintain on the website the short codes booked and allocated. Similar arrangement can be mandated to telecom service providers for maintaining the short codes allocated by them and also the operational short codes in their website (para 3.14.7 and 3.14.8).
- (xv) The Authority also recommends that DoT may identify six digits common short codes (CSCs) scheme for future use keeping in view the growth expected in value added services to be provided in 3G and next generation network (NGN) scenario (para 3.14.8).
- (xvi) DoT may issue revised guidelines including these recommendations to facilitate the orderly growth of value added services (para 3.14.8).

- (xvii) Short Codes shall be provisioned based on the specific programme presented to the DoT or the telecom access service provider. If the content provider wishes at a later date to run a new, modified or additional programmes on the short code, content provider shall submit the additional programme for approval to the DoT or telecom access service provider who allocated the short code. The content provider shall provide the information to DoT or the telecom access service provider about pricing, modification, opt-in/opt-out logic change, material change in content or change in the brand name etc. in case of “Off Deck” model of value added services(para 3.14.9)
- (xviii) The fee concept for common short codes allocation could be evolved by DoT so that administrative charges for administering the common short codes are recovered. (para 3.14.10).
- (xix) The service through short code shall be made operational within one year of allocation (para 3.14.11).
- (xx) Non-utilisation of short code for a period of more than one year will be subject to cancellation of short code and reallocation to other applicants (para 3.14.11).
- (xxi) All the telecom access service providers shall have to integrate with tele and bearer service (Voice/SMS/ GPRS/WAP) to their network, the common short codes allotted by DoT (para 3.14.12).
- (xxii) All the telecom service providers shall be mandated to open the common short codes allocated by DoT. (para 3.14.12).
- (xxiii) The opening of common short codes shall be supported at difference price points transparently including toll-free model (incoming calls/ messages to toll-free common short codes / short codes shall be charged to the subscriber of the short code) (para 3.14.12).
- (xxiv) In the case of “On Deck” mode, VAS which are marketed by the VASPs, mutual negotiations for revenue share need continue (para 3.15.3).

- (xxv) Regarding reconciliation of the Management Information System (MIS) and calibration of the MIS between the access service providers and the VAS providers, the Authority is of the view that this should form part of the mutual negotiations between the access service providers and VAS/ content providers (para 3.15.4).
- (xxvi) The access service providers may be mandated to publish their access charges for value added services provided under “Off Deck” model (para 3.15.10).
- (xxvii) TRAI may issue guidelines on consumer best practices (para 3.16.3).

## **CHAPTER – III**

### **LICENSING/ REGULATORY FRAMEWORK FOR PROVISIONING OF VALUE ADDED SERVICES INCLUDING VALUE ADDED SERVICES TO BE PROVIDED THROUGH MOBILE 2G/3G, NEXT GENERATION NETWORK (NGN)**

3.1 Presently, in the Indian market value added services are provided either directly by the telecom operators or by third party content aggregators/enablers generally known as Value Added Service Providers (VASPs). Examples of value added services provided directly by the telecom operators are SMS, GPRS, CRBT etc. Examples of value added services provided through VASPs are astrology, ring tones, news alerts/information services, music downloads etc. The commercial arrangements exist between telecom operators and Value Added Service Providers(VASPs) for providing these services. In many of these cases, the VASPs provide technology platform which enables a user to access content on to his mobile or terminal device. In some of the cases the VASPs do not own the contents but they have arrangements with the content providers/content developers or copyright owners known as content owners. For some of the value added services, say SMS or Messaging, the value added services platform including gateway/middleware is provided by the telecom operator and VASP only provides the content. In the commercial agreements, compliance to copyrights, digital rights management including sourcing of the content is the responsibility of VASPs. The various mobile value added services, be it voice based or SMS based, are provided to the mobile phone customers through the SIM Card and through the Short Codes. The marketing of Value Added Services is done through advertisement/media by telecom operators mainly for the contents hosted by them and also through the VASPs. It is noticed that VASPs do have arrangements with various telecom operators for their products and these value added service products are sometimes provided under a unique (common) short code across different networks. In such cases the VASPs also advertise/market the value added services collectively targeting the

customers of different telecom operators with whom they have commercial agreements.

3.2 The value added services value chain consists of following:-

- Telecom operators (access service providers)
- Content Aggregators/Enablers [Value Added Service Provider (VASPs) ]
- Content Authors/Producers or copyright owners (Content owners)
- Device/Mobile Handset Manufacturers
- End Users i.e. Customers

3.3 A number of entities are involved in the value chain and various studies made by market research organisations reveal that in the Indian context the well defined structure do not exist. Sometimes one entity performs one or more roles and try to expand their existing roles. As discussed in the preceding para, revenue share arrangements/commercial agreements do exist in the mobile value added services value chain between VASPs and telecom operators. Similarly, at the backend VASPs have commercial agreements with content providers or copyright owners including technology platform enablers or solution providers.

3.4 Some of the value added services are priced to the consumer which may not be affordable to mass market as they may not be commensurate with value perceived by the consumers. VAS Providers also sometime talk about high share of revenue retained by telecom operators. Therefore, unless there is a rationalization in the revenue sharing and pricing, the stakeholders in the value chain of value added services would not feel enthused for subscribing and providing high quality contents/services.

3.5 One of the options could be to have an indicative self regulatory revenue model and another option is to have mandatory revenue model in which a determination can be made for revenue share within the regulatory framework, but this will need to have licensing regime for VASPs.

**Examination of the main comments / issues raised by the stakeholders:**

3.6 The Authority has taken the various comments and inputs into consideration and analysed the matter in detail. For sake of clarity the comments/suggestions made by stakeholders are shown below in *italics* and the analysis/consideration of the Authority is made thereafter. A list of stakeholders who have given their comments along with the abbreviations used is placed at Annex.1.

**Issue 1.**

3.7 Does the existing definition of Value Added Services given in license agreement for provision of Unified Access Services (UAS), as mentioned in para 1.3 (of consultation paper), needs any modification or same can be incorporated for the Value Added Service provided through cellular mobile telephone networks, including 3G, IP Multimedia System (IMS) and Next Generation Networks (NGN)? Please give your suggestions with reasons thereof.

3.7.1 The definition of value added services mentioned in para 1.3 of the consultation paper is reproduced below:

“1.3 The licence agreement for provision of Unified Access Services (UAS) define the **Value Added Services:-** “Value Added Services are enhanced services which add value to the basic teleservices and bearer services for which separate licence are issued”. The Government of India issues licenses for the following Value Added Services:-

- (i) Public mobile trunking service
- (ii) Voice mail service
- (iii) Closed users group domestic 64 kbps data network via INSAT satellites system
- (iv) Videotex service
- (v) GMPCS
- (vi) Internet

- (vii) Audiotex
- (viii) Unified messaging service”

3.7.2 The comments of the stakeholders on definition of Value Added Services are summarized in para (a) to (c) and analysed in the paragraph following thereafter:-

- (a) The definition is adequate (**VOICE, Reliance, Consumer Care Society, BPL, Bharti, COAI, AUSPI, IAMAI, i2i Telesource, Star India**)
- (b) However, COAI and Bharti has in addition stated that if honourable Authority decides to recommend bringing VAS under the license regime, they may revise and enhance the list of VAS for which licenses are issued for operators other than UASL/CMTS and IAMAI has also stated that to avoid any doubts arising on the definition, provision of content and services through SMS, IVR, GPRS or any other carriage technology should be declared possibly freely without obtaining any license or taking any permit. However, in case the Authority recommends a license regime for VASPs, the part which refers to “for which separate license are issued” may need to be revised.
- (c) **The following disagree with the definition:**
  - (i) **BSNL** – Para 1.2 more appropriate for adoption as they are of the opinion that the existing definition given in VAS License for VAS as mentioned in para 1.3 is at variance with the provisions of the UASL itself.
  - (ii) **MTNL** – Definition to be more comprehensive by including more and more services suggested the definition as :- VAS are services which do not form core or basic service but adds value in total services offering.
  - (iii) **DCL** – Suggested classification of the VASs on the basis of certain criteria. Not commented upon the adequacy of the definition as per para 1.3.
  - (iv) **Sasken Communication Technologies & Founder Trustee and President, Mobile Monday Bangalore Trust** – Definition should be augmented to include more content services.
  - (v) **IIM, Ahmedabad (Dr.Rekha Jain)** – Need to change the definition as the current one does not distinguish between infrastructure and Value Added Services.
  - (vi) **TATA Teleservices Ltd.** – A wider definition to include bearer services of the access provider and which are part of the UASL.

- (vii) *Definition should be broadened (ITC Ltd., Times Internet, World Phone, WTI and ISPAI)*
- (viii) *The current definition of VAS does not include most of the services and activities that go by the name of Mobile VAS today, such as p2p and a2p SMS services, content download services etc. (Net Core)*
- (ix) *The definition appears too broad. The inclusion of GPRS as a value-added service does not, for instance, represent ground-level realities of what might constitute “core” and “value-added” services. As more and more services become “core” and default to the mobile phone – especially as India moves from 2G to 3G – the notion of what is “Value Added” should shift accordingly (Google).*
- (x) **Mahesh Uppal:** *Suggested certain changes to the definition*

3.7.3 Some of the stakeholders have stated that the existing definition of Value Added Services given in the UASL is broad and adequate to cover the Value Added Services provided/ to be provided by 2G, 3G, IP multi-media system (IMS) and Next Generation Network (NGN). Also, the definition is flexible and allows the access service provider to innovate and launch new Value Added Services. At the same time some of the VAS providers are in favour of broadening the definition of VAS.

3.7.4 The fourth Cellular Mobile Telephone Service licence agreement gives details of the tele-services, bearer service and supplementary services. The Tele-services include speech – telephone, emergency calls, data, short message service – communication of messages and facsimile. The bearer services include data transmission in various modes. The scope of the licence given in the Cellular Mobile Telephone Service licence agreements and in the Unified Access Service Licence includes both voice and non-voice messages. The non-voice messages cover Short Message Service (SMS), Multi-media Message Service (MMS) etc.

3.7.5 The Authority has considered the above views of the stakeholders and is of the opinion that although the definition of value added services given in the UASL is generic and adequate, however, more clarity is needed as VAS can be applications, services, products, information or

various hybrids. **To bring more clarity following definition is recommended:-**

**“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 or basic services being standard voice calls, non-voice messages, fax transmission and bearer services.”**

## **Issue 2.**

3.8 Whether there is a need to bring uniformity or clarity in the licensing conditions of mobile telecom operators / access service providers with regard to provision of Value Added Services?

*3.8.1 The comments of the stakeholders on the need to bring uniformity or clarity in the licensing conditions of mobile telecom operators / access service providers with regard to provision of Value Added Services are summarized in para below and analysed in the paragraph following thereafter.*

*3.8.2 Except Consumer Care Society, Bangalore, all other stakeholders have supported the need for bringing uniformity and clarity in the licenses.*

3.8.3 There is no uniformity or clarity in the licensing conditions of the cellular mobile telecom service licensees/unified access service licensees and basic service licensees with regard to provision of value added services. This is evident from the following:

### **3.8.4 Unified Access Service (UAS) Licence:-**

(i) Under UASL the access providers have scope for providing: -

- Broadband services including triple play i.e. voice, video and data.
- Value added services such as voice mail, audiotex services, video conferencing, videotex, e-mail, Closed User Group (CUG) facilities over its network to the subscribers falling within its Service Area on non-discriminatory basis.

(ii) The Licensee cannot provide any service except as mentioned above, which require a separate licence. However, intimation before providing

any other Value Added Service has to be sent to the Licensor and TRAI. No separate entry fee is charged for voice mail, audiotex, video conferencing, videotex, e-mail service provided by UAS Licensee. However, all revenue earned by the UAS Licensee through these services is counted towards the revenue for the purpose of paying licence fee.

### **3.8.5 Cellular Mobile Telephone Service (CMTS) Licence (fourth)**

(i) Scope of the Licence has been stated as under:-

The licensee shall be permitted to provide in its area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs utilizing any type of network equipment (however, the technology must be digital) including circuit and or packet switches that meet the relevant International Telecommunication Union (ITU)/Telecommunication Engineering Center (TEC) standards.

(ii) As per the amendment in CMTS License Agreement issued in 2001 or thereafter, Licensee can provide Internet Telephony, Internet Services and Broadband Services including triple play i.e. voice, video and data.

(iii) The licensee shall be free to enter an agreement with other service providers in India or abroad for providing roaming facility to its subscribers under full mobility service unless advised/directed by licensor otherwise.

(iv) However, Licensee cannot provide any service except as mentioned above, which require a separate licence.

(v) In the scope of the Licence Agreement of the Cellular Mobile Telephone there is no mention of provisioning of Value Added Services. However, it may be implied that they can provide Short Message Service (SMS) and data service as Value Added Services. Further at clause 24.10 of Licence Agreement it is stated that “The Licensee may provide additional facilities in case of any value addition/upgradation that the technology permits at later date, subject to approval of Licensor”.

There is need for bringing about clarity in the scope of licence agreement for Cellular Mobile Telephone Service (CMTS) about various Value Added Services.

### **3.8.6 Cellular Mobile Telephone Service (CMTS) Licence (Old)**

(i) In the Licence Agreement under the heading “Permitted Services” following clauses exist:-

“12.2 The Licensee shall provide all such services which are available in GSM MoU 90 days prior to the date of commissioning and decided by the Authority (*Director General of Telecommunications, Govt. of India*).

12.3 The Licensee shall provide unrestricted access for his subscribers to all services including Value Added Services available on PSTN.

12.4 The Licensee shall not engage in the business of the provision of Value Added Services based on the Cellular Mobile Service without specific permission of the Authority”.

### **3.8.7 Basic Services**

(i) In the Licence Agreement the scope of Licensee is stated as under:-

Clause 2.2(a), the service covers collection, carriage, transmission and delivery of voice or non-voice messages over Licensee’s PSTN in the Service Area and includes provision of all types of services except those which require a separate licence.

(ii) Access service providers have been permitted to provide Internet Telephony, Internet Services and Broadband Services including triple play vide amendment letter no, 10-21/2005-BS-I(Vol. II)/56 dated 14.12.2005

3.8.8 The present licensing regime for Cellular Mobile Telephone Service provide for provision of appropriate monitoring facilities for all types of Value Added Services and additional facilities. However, the licensor had noticed that Telecom Service Providers expand their operations by introducing different value added services and additional facilities without implementing systems to monitor these services/facilities. Therefore, the Department of Telecommunications vide letter No.842-336/2004-VAS/19 dated 17<sup>th</sup> September, 2004 and No.842-336/2004-VAS/22 dated 21<sup>st</sup> October, 2004 directed all Cellular Mobile Telephone Service Providers

(including those migrated to UASL) “to intimate the details of various value added services and additional facilities available in their network along with the details of provision made for lawful interception and monitoring of these services/facilities within 10 days from the date of receipt of this letter and if monitoring facility is not available, plans to provide these monitoring facilities with specific time frame. In future licensee should intimate the licensor about provision of any new service/facility along with details of provision made for lawful interception/monitoring of these facilities at least 15 days in advance before the introduction of these services/facilities”.

3.8.9 Considering the views of the stakeholders and above observations made, the Authority feels that there is a need to bring uniformity in the licensing conditions for providing value added services. **It is recommended that the licence provisions as prescribed in the UASL for value added services be made applicable uniformly across all the access service licenses. This may be done by amending all the access service licenses by inserting the following clause for provisioning of value added services or by issuing suitable directions in the matter by Department of Telecommunications, wherever required:-**

**“(i) The licensee may provide value added services and or additional facilities in case of any value addition or upgradation that the technology permits subject to intimation about provision of any value added service or additional facility along with details of provision made for lawful interception and monitoring of these services or facilities at least 15 days in advance before the introduction of these services or additional facilities;**

**(ii) Licensee may provide Value added services such as voice mail, audiotex services, video conferencing, videotex, e-mail, Closed User Group (CUG) facilities over its network to the subscribers falling within its Service Area.**

**(iii) Licensee may provide Internet Telephony, Internet Services; Broadband Services including triple play i.e. voice, video & data and IPTV.**

**(iv) Licensee cannot provide Public mobile trunking service (PMRTS), closed users group domestic 64 kbps data network via INSAT satellites system and GMPCS which require a separate licence.**

**(v) All revenue earned by Licensee through these services mentioned above in para (i), (ii) and (iii) shall be counted towards the revenue for the purpose of paying licence fee.”**

### **Issue 3:**

3.9 Apart from the licensing obligation of intimation before introduction of any new value added services and the measures to facilitate monitoring by security agencies of such new value added service, is there a need to put any other obligation on telecom operators?

*3.9.1 The comments of the stakeholders on putting additional obligation on telecom operators are summarized in para (a) to (h) and analysed in the paragraph following thereafter:-*

- (a) **AUSPI ,BPL, BSNL, Reliance, IIM, Ahemedabad, Star India and World Phone** – No other obligation required to be imposed except intimation to the licensor before introduction of any new VAS service on their mobile network as per license agreement. According to AUSPI a checklist for self certification regarding compliance to UASL terms and conditions should be enough for the service provider to offer service without awaiting any additional or formal clearance.*
- (b) **COAI** – Current licensing obligations are appropriate and adequate. Security clearances be granted and service approved in a time bound manner. Clear cut guidelines for compliance may be laid down which could be followed by other operators for launch of the same product / service. Once this has been done, introduction of same product / service by other operators should be permitted on a self certification basis. In respect of VAS which is tailored to meet consumer requirements and have no impact on either the Government exchequer or any security implications such as Services like 2 in 1, PTT, it is submitted that operators should only be required to intimate DoT for introduction of the same.*
- (c) **Times Internet:** Yes, TRAI should push for transparency on MIS by mandating Mobile operators to share data about downloads, usage*

*etc. on VAS services. The same should be published as it is done in the case of no. of customers for telecom operators.*

- (d) **Tata** : It should be brought out clearly that the responsibility of meeting the content requirement issued by the appropriate content regulator or the applicable Act or Regulations/Guidelines issued under the Act such as the 'Cable Act' or the 'IT Act' or 'RBI Act' should be that of the owner/generator of content. Also, the requirement of introducing measures to facilitate monitoring by the security agencies must also continue and if any Security agency feels that they require any kind of monitoring/testing, that should be provided/facilitated by the UASL. Therefore, the launch should not be linked to Licensor's approvals.*
- (e) Transparency in tariff is important and obligation on telecom operators for the same. – (VOICE & MTNL).*
- (f) **DCL**:- Sharing of CDR for the purpose of reconciliation between the VAS provider and telecom operator.*
- (g) There is definitely a need to impose obligations on telecom operators to provide fair access to telecom infrastructure to independent VASPs (**Net Core, WTI**)*
- (h) **IAMA, i2i TelesourceI**:- Additional obligations on operators may be put in the field of (a) Operation of short codes, (b) Clear Access and interconnect norms (c) Mutually acceptable, transparent and standard MIS & reconciliation process across board. With respect to specifying end user charges, the responsibility must rest with Telecom Operators for "On Deck" services and with the content / service provider for "Off Deck" services.*

3.9.2 The Authority has observed that value added services can be provided, by the industry, through two models namely, "On Deck" and "Off Deck". "On Deck" services basically means the value added services which involve in its provisioning a dedicated value added services platform or technology solutions could be implemented by telecom access service provider or content aggregator called Value Added Service Provider, however, sourcing of content is done through content providers. In this case tariff for value added services is decided by telecom access service provider and access service provider is fully responsible to the customer. In addition, the service is branded by telecom service provider or there is co-branding i.e. service provider and Value Added Service Provider. "Off Deck" (direct to consumer) services can be directly marketed by content providers / content aggregators and customers can be charged for contents by such content providers called Value Added Service Providers. In this case, for customer issues related to content/

value added service is the responsibility of the Value Added Service Provider. The service is branded by the Value Added Service Provider only. Presently in India “Off Deck” services are branded, marketed to consumers by STAR’s 57827 service, Indiatimes 58888 service, Yahoo mail / messenger on WAP, televoting on media short codes etc. In this case, the information about the services is publicized by the content provider and the telecom access providers’ role is limited to carriage of content and in some cases billing and collection services. “Off deck” specifically has growth potential because of its “open access” which gives it a much better chance of reaching consumers via the Internet, WAP browsing, GPRS or through any other media. In fact “Off Deck” services shall have a great potential in mobile commerce market. This will facilitate and incentivise content authors, content providers to innovate and market their content directly to consumers. The telecom access service provider shall also be benefited with adoption of such content based value added services by consumers as they will earn more revenue through their SMSs, GPRS, WAP etc. The Authority feels that there is a need to create conditions of cooperation, collaboration and competition in provisioning of both “On Deck” and “Off Deck” value added services in 2G / 3G mobile network, Next Generation Network (NGN) and broadband network.

3.9.3 The Authority has considered the views of the stakeholders and **recommends that apart from the licensing obligation of intimation 15 days in advance of introduction of any new value added service and the measure to facilitate monitoring by security agencies of such new value added service following additional obligations to telecom access service providers need to be made for orderly growth of value added services:-**

**(i) access service provider shall abide by all the instructions issued, from time to time, by the Department of Telecommunications in regard to lawful interception and monitoring. In order to have a healthy and speedy growth of value added services, it is**

**recommended that the Department of Telecommunications may introduce a concept of self certification by access service providers in this regard. In this process of self-certification by telecom access service provider, there will be no delay in launching a new value added service.**

**(ii) Telecom access service provider shall provide fair access to telecom infrastructure to independent content providers providing Value Added Services under “Off- deck” model. This shall include:-**

- (a) Opening of common short codes allocated by DoT / any other single nodal agency authorised by DoT with tariff under forbearance policy. The details in this regard are discussed later in these recommendations.**
- (b) All short codes allotted by access service provider to any VASP for providing Value Added Services shall be published on its website and also the same shall be intimated to DoT.**
- (c) Telecom access service provider shall not block mobile portals to their consumers who have subscribed GPRS or WAP service i.e. there will be no selective blocking of mobile portals or short codes.**
- (d) Telecom access service provider shall maintain transparency in their management information system (MIS) in respect of value added services such as downloads, usage etc. This will bring confidence in the mobile value added services value chain and will also improve reconciliation process in the value chain.**
- (e) Telecom access service provider shall publish their access charges applicable to the consumer for various content based mobile value added services which can be provided in the “off deck” mode, if such access charges are different than the charges applicable under the tariff plan applicable to consumers. Further, such access**

**charges, including charges for non-voice messages, to the consumer shall not be less than the access charges applicable under the tariff plan subscribed by them. Telecom service provider shall also publish the carriage charges, wherever applicable. The opportunity for “off deck” or direct to consumer shall fuel the mobile content market growth. Presently access service provider basically decides the pricing of both “off deck” and “on deck” services. The Authority is of the opinion that in case of off deck services the pricing may be left to the owner of the content or the provider of the service with the published access / carrier charges from the telecom service provider. This will bring competition, bring down the charges to customers, increase the range of services and transparency in provisioning of “off deck” mobile value added services. However, all “on deck” VAS the tariff / pricing shall be determined and charged by telecom access service provider.**

***(iii) Telecom access service provider shall not be permitted to bundle charges in tariff plans for telephone call (voice), non-voice messages and bearer services with the charges for value added service provided in the off-deck model.***

***(iv) M-Commerce related to Value Added Services involving payment through mobile phones, shall be subject to compliance with Reserve Bank of India (RBI) guidelines, wherever applicable.***

**Issue 4:**

3.10 Whether companies providing Mobile Value Added Services who mainly act as content providers or content aggregators and operate value added services technology platform called Value Added Service Providers (VASPs) need to be brought under the licensing regime or not?

3.10.1 *The comments of the stakeholders on the issue of licensing of VASPs are summarized in para (a) to (e) and analysed in the paragraph following thereafter:-*

- (a) No, VAS providers need not be licensed separately – (AUSPI, ISPAI, IAMAI, Consumer Care Society, BSNL , Star India Pvt. Ltd., Mr. Uppal, i2i Telesource Pvt. Ltd., WTI, IIMA,World Phone, ITI)*
- (b) Any other entity other than UASL/CMTS wishing to provide VAS services is required to take a separate license – (COAI, Bharti, MTNL, Net Core, Times Internet,DCL, SCT & FTPM )*
- (c) VAS provider should be registered as Other Service Providers – (BPL, Reliance, WTI, World Phone, TATA)*
- (d) VASPs should be licensed (MTNL, VOICE, DCL, Sasken, Net Core, Times Internet)*
- (e) Keeping in mind the need to formally recognize mobile VASPs and the difficulties that would be presented by a licensing regime – the objective of any formal public policy towards VASPs should be to define, recognize, organize, and sanction the role of VASPs (Google).*

3.10.2 Most of the stakeholders have opined that the value added service provider need not be licensed separately and licensing may not fulfill the objective of growth of value added services. There is need to facilitate active cooperation of value added service providers / content providers and access service providers for the growth value added services. Further some of the stakeholders have stated that content providers do not own telecom infrastructure, therefore, it would not be appropriate to license them under Indian Telegraph Act, 1885. An association namely, IAMAI (Association of VASPs) has also indicated that there is no requirement of bringing VASPs under licensing. However, they have emphasized that there is need to address the issues particularly on short codes allocation, transparency in facilitating access to content and transparency in exchanging MIS and revenue share. Once these issues are addressed, then there would be no further benefit of any kind by licensing of the mobile value added services industry. Some of the stakeholders have stated that if any value added service provider such as content provider or content aggregators wants to provide the value added services on their own and their own brand name then they should obtain registration from the DoT / competent authority as in the case of Other

Service Providers (OSPs). There should be minimal restrictions / obligations under such registration. However, there will be need to prescribe guidelines / content code which shall be observed by all such service providers and as far as possible the industry should have self-regulatory mechanism to ensure that the content code is observed by all service providers.

3.10.3 One of the stakeholders namely, M/s. Netcore has emphasized that there is a need to bring VASPs under licensing regime and this is necessary in order to ensure that consumers interest as well as the interest of smaller VASPs are safeguarded. The regulation is necessary to monitor and protect the interests of all stakeholders.

3.10.4 Before the issue of licensing of VASPs is considered, it is worthwhile to examine the status of licenses issued for value added services. Presently, licenses are issued for the following value added services:-

- (i) Public mobile trunking service
- (ii) Voice mail service
- (iii) Closed users group domestic 64 kbps data network via INSAT satellites system
- (iv) Videotex service
- (v) GMPCS
- (vi) Internet
- (vii) Audiotex
- (viii) Unified messaging service

3.10.5 Out of the above value added services, Public mobile trunking service, Closed users group domestic 64 kbps data network via INSAT satellites system and GMPCS services are not provided by access service providers. Access Services Providers have been allowed to provide Voice Mail/Audiotex/Unified Messaging Service to the subscribers falling within their service area on non-discriminatory basis. As on 31.01.2007 there were a total of 15 Licenses for Voice Mail/Audiotex/Unified Messaging Service in 07 cities owned by 09 companies. Presently, there is no licensee for GMPCS. From the above, it is seen that there is not much interest for taking license for these value added services. A major reason

for this seems to be the fact that most of these services are provided by the access service providers. At the same time mobile value added services are mainly provided by cellular mobile operators through various applications providers, content aggregators are expanding rapidly. In these circumstances, the issue of licensing of value added services needs to be considered carefully.

3.10.6 Another issue that could arise in the case of licensing of value added services is that new and new value added services are coming up through various innovations in the market. This trend will increase substantially when 3G services and NGN are introduced. It will be difficult to license each service separately.

3.10.7 One of the key arguments in favour of a licensing regime for value added services is to ensure that consumer's interests as well as the interest of smaller VASPs are safeguarded. Another issue favoring licensing of value added services is for enabling promotion of branding and provision of value added services by the value added service providers such as content provider or content aggregators on their own and in their own brand name. The Authority is of the opinion that these issues can be addressed by means other than through licensing. Considering the above, **the Authority is not in favor of a separate category of license for value added services** as most of the value added services are provided on bearers such as Voice, SMS, GPRS, WAP provided under the existing access provider licenses. **However, licensing for some of the value added services may continue for which licenses are being issued at present. For the new value added services for which there are no licenses, OSP registration shall be done if there is need for common short codes (CSCs) to be allocated by single nodal agency.**

3.10.8 The New Telecom Policy, 1999 provides that for applications like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, other service providers will be allowed to operate by using infrastructure

provided by various access providers. No licence fee will be charged but registration for specific services being offered will be required. These service providers will not infringe on the jurisdiction of other access providers and they will not provide switched telephony.

3.10.9 During public consultation many of the stakeholders had favored registration of value added service providers under the category of Other Service Providers (OSPs). The Department of Telecommunications had notified the revised terms and conditions for Other Service Providers category on 31<sup>st</sup> May, 2007. As per these terms and conditions, 'Other Service Provider (OSP) means a company providing Applications Services'. Application Services have been defined to mean services like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, call centre, network operation center by using Telecom Resources provided by Authorised Telecom Service Providers. The Authority feels that since value added services also come under various application services, the value added service providers could also be covered under the Other Service Provider Category and could be registered with DoT accordingly. This could safeguard the interest of smaller VASPs. Further, Department of Telecommunication's direction No.820-1/04-LR dated 7<sup>th</sup> February, 2007 to all Internet Service Providers (ISPs), ISPs have to provide internet connectivity only to the registered Call Centres/OSPs for their operations. As such, it is necessary for those VASPs planning to provide value added services in the off-deck model to get themselves registered as OSP for getting internet connectivity for delivering the content. Hence, **the Authority recommends registration of Value Added Service Providers or content aggregators, who wish to have common short code allotted by the Department of Telecommunications (DoT) to provide value added service, as "Other Service Provider (OSP) – Value Added Services" under the OSP category.**

## **Issue 5:**

3.11 If licensing system is to be resorted to for licensing of mobile value added service (VAS) under the Indian Telegraph Act, 1885, what should be the scope of license and other terms and conditions for such licensing?

3.11.1 *The comments of the stakeholders on the issue of scope of licence and other terms and conditions for licensing are summarized in para (a) to (k) and analysed in the paragraph following thereafter:-*

### **Responses :**

- (a) *Scope of the license should be defined to cover services to be provided, service area, license fee, monitoring equipment, Content Regulation etc. – (VOICE, MTNL)*
- (b) *Minimum restrictions/obligations – simple registration, guidelines – (BPL)*
- (c) *Should be registered with the appropriate Government Body and need to adhere to all the rules and regulations as stipulated from time to time; such as content not being obscene/anti-social/anti-religion - (TATA)*
- (d) *License may be issued to Indian company under category A: All India and category B: Circle wise. There should be no license fee and the PBG may be Rs. 25 lacs for all India license and Rs. 3 lacs for Circle license. The license period may be 15 years with extension of 5 years at one time – (DCL)*
- (e) *Entry fee of Rs. 10 lacs for license with appropriate performance bank guarantee – (SCT)*
- (f) *Licensing system should be formulated with the aim of obtaining and operating short codes smoothly and in a standardized manner. A light touch licensing regime with minimal obligations and terms and conditions is required which should be published and easily available for long term growth and development and increased investment in the industry there should be no restriction on FDI. Nominal or Nil Fee. No requirement to contribute any Access Deficit Contribution. Matters and issues already regulated under other regulatory regime/statutes should not be addressed by the MVAS Regulatory regime. Content Regulation should continue to be addressed under the IT Act and the Cable Television Networks (Regulation) Act – (IAMAI)*
- (g) *Content shall be subject to relevant content regulation – (AUSPI)*
- (h) *The Authority may recommend suitable terms and conditions ensuring equitable treatment and level playing field amongst all licenses offering equivalent products / services – (COAI)*
- (i) *In order to define the licensing of the VAS, access VAS. All VAS should be routed through VAS players and the operators should act as the interconnect between the VAS players and the consumers – (Times Internet)*

- (j) *Scope of licence must cover rights and obligations of VASPs vis-à-vis sharing of infrastructure with telecom operators including conditions governing SLAs and redressal disputes, revenue share guidelines, obligations with respect to safeguarding consumer interests (Net Core)*
- (k) *There should be no separate licensing system for VAS – (Consumer Care Society, IIM, Ahmedabad , ISAPI, BSNL and World Phone)*

3.11.2 There have been various suggestions as to the licensing conditions for VASPs. One of the suggestions is to cover services to be provided, service area, license fee, monitoring equipment, Content Regulation etc. Another suggestion is to have Minimum restrictions/obligations – simple registration, guidelines. There have also been suggestions as to the entry fee, license fee and performance bank guarantee. Since the Authority has come to the conclusion that registration of value added service providers as Other Service Providers (OSPs) will be able to provide growth of VAS under “Off-deck” model, it may have to be considered whether any additional provisions need to be incorporated in the terms and conditions of OSP. As per the general conditions for registration of OSP, the following shall apply to the OSP requiring registration:

- (a) A Company may apply for registration to the licensor in the proforma prescribed by the licensor from time to time.
- (b) A Company may have more than one registration.
- (c) As the registration is location specific, any change in the location of OSP Centre shall require amendment in the original registration.
- (d) The OSP shall take prior approval of the licensor in case the OSP proposes to change the POP or add another POP.
- (e) No license fee is payable.
- (f) A processing fee of Rs.1000 is payable along with the application for registration in the form of a demand draft from a scheduled bank in favour of Pay & Accounts Officer (HQ), Department of Telecommunications, New Delhi.

- (g) The validity of the registration shall be 20 years from the date of issue unless otherwise mentioned in the registration letter.
- (h) The validity of the registration may be extended, if deemed expedient, the period of registration by 10 years at one time, upon request of the OSP, if made during the 19<sup>th</sup> year of the registration period on the terms mutually agreed. The decision of the licensor shall be final in regard to the grant of extension.
- (i) The OSP shall inform the licensor of any change in the information stated in the proforma submitted at the time of registration or thereafter.

3.11.3 It may be seen that as per the existing terms and conditions for OSP Registration, the registration is location specific. **However, for value added services the registration could be for a licensed service area basis or all India basis, covering all the licensed service areas. All the preliminary and general terms and conditions of registration of Other Service Providers shall be applicable. However, the following specific terms and conditions in OSP registration for value added services are recommended to be included in OSP registration for VAS/content services:**

- (a) **The registration for operation of Value Added Services shall be made on non-exclusive basis.**
- (b) **The registration could be for the existing telecom access service licensed service area basis or all India basis, covering all the licensed service areas.**
- (c) *The value added/content services shall be provided as application service, wherever provided in the off-deck model.*
- (d) *The value added service providers registered as OSPs with DoT have to follow all the directions/guidelines issued by DoT/ TRAI regarding allotment and use of common short codes and Code of Practice/ consumer best practices.*

- (e) **The VASP registered as OSP shall not normally employ bulk encryption equipment in provisioning of value added services. However, any encryption equipment if used and connected thereto in provisioning of value added services/ content services, it should have prior evaluation and written approval of the access service provider concerned. Further, if encryption equipments higher than 40 bit key length in the symmetric key algorithms or its equivalent in other algorithms or as prescribed by DoT, from time to time, are to be deployed, then VASP shall obtain prior written permission of the access service provider and deposit the decryption key, split into two parts, with the access service provider/DoT.**
- (f) **The VASP shall ensure that objectionable, obscene, unauthorised or any other content, messages or communications infringing copyright, Intellectual property right and international & domestic cyber laws, in any form or inconsistent with the laws of India, are not carried through his equipment/server. The activities in provisioning of content for value added services shall also be complied with the provisions of the Information Technology (IT) Act 2000, as modified from time to time.**
- (g) **DoT shall have the right to cancel the registration in the interest of national security or in case of emergency or war or low intensity conflicts or any other eventuality in public interest as declared by the Government of India. Provided any specific order or directions from the DoT/TRAI issued under such conditions shall be applicable to the OSP providing value added service and shall be strictly complied with.**
- (h) **DoT reserves the right to modify these conditions or incorporate new conditions considered necessary in the**

**interest of national security, public interest and for proper conduct of telecommunication services, including value added services.**

- (i) Any damages arising out of default on the part of Other Service Provider providing value added service in this regard shall be sole liability of the OSP.**
- (j) In case any confidential information is divulged to the Other Service Provider providing value added service for proper implementation of the Agreement, it shall be binding on the Other Service Provider providing value added service and its employees and servants to maintain its secrecy and confidentiality.**
- (k) *M-Commerce related to Value Added Services involving payment through mobile phones, shall be subject to compliance with Reserve Bank of India (RBI) guidelines, wherever applicable.***
- (l) *Value Added Service Provider in off-deck model is permitted to decide and levy charges for the services provided by it i.e. only for the content. However, they shall not be permitted to collect charges/ revenue for access/carriage charges related to telecom access services.***

**Issue 6:**

3.12 What should be the licensing obligation for protecting copy rights, including digital rights management, and infringement of other laws of the country on value added service licensees?

3.12.1 *The comments of the stakeholders on the issue of licensing obligation for protecting copy rights, including digital rights management, and infringement of other laws are summarized in para (a) to (c) and analysed in the paragraph following thereafter:-*

**Responses :**

- (a) *There is no requirement to prescribe any separate and specific obligations under license for Value Added Service Providers to observe the various laws of the country as they are obliged to do so even without any specific mention in the license – (COAI, most of the Stakeholders have similar views)*
- (b) *Intellectual property (including copyrights) should be and are adequately addressed under the existing legal framework on such rights. An infringement of IPR should be addressed by way of an infringement claim, and not as a telecom regulatory / licensing issue. This would ensure consistency in the treatment of IPRs across all kinds of media, including printed, digital and video, and avoid discrimination against the mobile space – (IAMAI)*
- (c) *TRAI's articulated hope for servers in India does not fully appreciate the reality of global network architecture and global organization structure. There are ways to meet the government's important security objectives even taking into account the reality of global network architecture. (Google).*

3.12.2 The Authority considered above views of the stakeholders and is of the opinion that **content shall be subject to relevant content regulation and compliance of prevailing copyrights including digital management rights and other laws on the subject.**

**Issue 7:**

3.13 What should be the regulatory framework for content regulation? Please give your suggestions with reasons thereof.

3.13.1 *The comments of the stakeholders on the issue of regulatory framework for content regulation are summarized in para (a) to (h) and analysed in the paragraph following thereafter:-*

**Responses:**

- (a) *Besides licensing and operating conditions, it must cover issues CONSUMER PROTECTION, like TRANSPARENCY, INFORMATION, TARIFF, BILLING AND COMPLAINT REDRESSAL – (VOICE)*
- (b) *It is suggested that the Hon'ble Authority may like to address this through a separate consultation process as the issue is very vast and cuts across various sectors – (COAI, Bharti)*
- (c) *The content regulation comes under the purview of Ministry of I & B and should be addressed as per existing laws – (BPL, BSNL, AUSPI, ISPAI, TATA, Consumer Care Society, World Phone, Net Core, i2i Telesource)*
- (d) *VASP shall take measures that prevent objectionable, obscene, unauthorized, harmful, unlawful content or communication*

*infringing copyrights, intellectual property etc. being carried on his network consistent with the legal framework. He shall prevent the carriage of such content on his network immediately after the same is reported to him by the authorized agencies or lawful owners of such property. Content regulation should be outside the scope of the license and should be left to other agencies and legal framework to take care of the same – (DCL)*

*(e) No fresh regulation required. The registered OSP shall: adhere to the Programme Code (PC) and Advertisement Code (AC), laid down by the Ministry of Information and Broadcasting from time to time – (Reliance)*

*(f) Self regulation – (PPL, Times Internet, Star India)*

*(g) Any prohibitive legislative regime will encounter enforcement difficulties. Content regulation should be governed by existing laws, and not as a regulator / licensing issue. This would ensure consistency in the treatment of content across all kinds of media, including printed, digital and video medium, and avoid discrimination against the mobile space – (IAMAI)*

*(h) Regulatory framework may be in the form of guidelines or code of conduct and penalty for violations – (MTNL)*

3.13.2 The Authority considered the above views of the stakeholders and is of the opinion that **the value added service providers regarding content are subjected to content regulation guide lines of Information & Broadcasting Ministry and Information Technology Act, 2000 and Cable Television Networks (Regulation) Act, 1995, Indian Copyright Act etc. The content regulation shall be as per law in force from time to time. There should be consistency in the treatment of content across all kinds of media including printed, digital/multimedia to avoid any discrimination.**

#### **Issue 8:**

3.14 Who should allocate short codes for value added services, in order to have uniformity amongst all the telecom operators and also to enable branding of value added services? Please give your suggestions with reasons thereof.

3.14.1 *The comments of the stakeholders on definition of Value Added Services are summarized in para (a) to (l) and analysed in the paragraph following thereafter:-*

### **Responses :**

- (a) Telecom Service provider continue to allot - No change required as system directed as per National Numbering Plan by DoT is satisfactory – **(AUSPI, COAI, ISPAI, VOICE, BPL, Bharti, BSNL, Reliance, Net Core)**
- (b) Should be allotted by DoT/ TRAI / Licensor – **(IIM Ahmedabad, Consumer Care Society)**
- (c) TRAI may choose one nodal agency or a single window disbursal system for short codes. This would be accepted by all telecom operators (GSM & CDMA). This could be along the lines of booking in internet domain name and should cover both voice and data short codes – **(IAMAI, similar view by PPL)**
- (d) Access licenses are governed by the DoT and all the content provided by the Content Providers rides on such access providers networks. Therefore, the arrangement of allocating short codes of VAS should continue to be with DoT (assisted by Regulator) for all content providers who possess a valid registration certificate from the appropriate Government body – **(TATA, similar view by DCL)**
- (e) It is a good idea to have uniform short codes for similar value added services among the operators **(MTNL)**
- (f) The Government should look into the internationally accepted best practices and follow the same in the Indian scenario as well, if feasible – **(Times Internet)**
- (g) The number allocation system involves multiple agencies to be contacted. This should be possible through a single window. A regulatory body like TRAI or Industry Association like Cellular Operators Association of India (COAI), Indian Cellular Association (ICA) can coordinate this. Currently, it is very difficult to get a short code configured across multiple operators. This process should be transparent and have representation from the telcos – **(World Phone)**
- (h) It will be useful to introduce the concept of a “short code registry” and “pre-integrated short codes” **(Net Core)**
- (i) Short codes for value added services should be administered by a body(ies) similar to Domain Name Registrars in the Internet arena **(Star India)**
- (j) A centralized body should be responsible for short code allocation **(WTI, similar views by i2i Telesource)**
- (k) TRAI itself or another official body take the responsibility for issuing short codes and once the short code is issue it has to be same for all mobile operators like domain name – **(ITC, Mr. Mahesh Uppal)**
- (l) The process via which short codes are obtained needs to become standardized, transparent and practical **(Google)**

3.14.2 Most of the stakeholders other than the telecom operators have given their views that the short code should be allocated by one nodal agency. Further they have elaborated that the short code allocation/ registration need to be made by one nodal agency in the

similar manner as being done for Internet domain name registration. The reason of such demand by VAS providers is on account of delay in getting short code configured across networks of multiple telecom service providers. There has also been demand for TRAI to look into international best practices for allotment of short code.

3.14.3 Presently in India short codes are allotted by the service providers subject to guidelines of DoT, which mandate provision of short code starting with level 5 and of minimum 5 digits. For any Value Added Service provider or content provider to have a common short code across networks of different telecom service providers, he has to approach each telecom service provider with a set of short codes and the short code convenient to all the telecom service providers is operationalized. The problem with this approach is that considerable time is needed for activating a common short code across the different networks. Also the VAS provider is not able to brand his product/ content if the same short code is not available with all the access service providers. Therefore, the authority feels that there is a need to address this problem through a system of common short codes (CSCs) to be allocated by one nodal agency.

3.14.4 If we look at international best practices in this regard, it is seen that there is a concept of common short codes. The term “common” refers to the ability of a single short code to work across all networks of telecom service providers. For any brand or enterprise, this translates into one common address, one call to action. In USA, common short codes are easy to obtain and use and are becoming more and more popular in advertisements, in TV shows and on consumer goods. No organisation or brand can afford to be left behind in the rapidly evolving mobile marketplace, and CSCs are an ideal way to quickly reach and engage with mobile consumers. CSCs can deliver rich media through Multimedia Messaging Service (MMS) as well as text through SMS. According to a study by IDC, the key benefits of common short codes to mobilize a brand include:-

**Universality-** CSCs are the carrier-approved and carrier-billed ubiquitous access mechanism for brands to connect and interact with almost all mobile users.

**Total addressable market-** By using wireless messaging software that is already installed in most phones, CSCs have created a substantial addressable market of mobile users.

**Engagement-** Using the same messaging channel through which mobile users communicate and chat with each other, CSCs are ideal for creating engagement and dialog with audiences through a familiar and highly personal medium.

**Return on investment (ROI) –** Mobile marketing campaigns using CSCs can experience an almost immediate ROI. CSCs are relatively inexpensive to implement, allow brands to further leverage existing spends, and directly reach the cell phone users.

**Flexibility –** CSCs offer a flexible call to action and universal key to today's mobile culture, and they support delivery of a variety of media formats ranging from simple text to multimedia.

3.14.5 Mobile users are increasingly using common short codes to access information and contents and interact with brands and on products, services, and/or media. Mobile consumers are largely prepared to see CSCs used in other creative ways, such as for mobile advertising and outreach as well as for improved customer service – including advance notification of service calls, package deliveries, reservation changes, auctions, or other limit –based services. A telecom service provider specific short code provides access to only its subscriber base whereas common short codes (CSCs) allow brands to reach almost all mobile consumer base. CSCs also support premium messaging, where a mobile subscriber agrees to pay a “premium” message charge. TV shows are increasingly turning to such mechanism to increase audience

participation and generate revenue in addition to sponsorship and commercials. Premium messaging arrangements are also supported by telecom service providers as they typically involve good revenue share and large volume.

3.14.6 The above features explain the versatility of common short codes and its effective use across different networks. In some of the developed countries the responsibility for allocating short codes is vested with industry organisations. But considering the Indian scenario this approach may not be feasible. In USA there is a concept of common short code (CSCs) and the common short code administration (CSCA) in partnership with NeuStar in the United States operates the common short code registry on behalf of participating wireless carriers.

3.14.7 The Authority has considered the suggestions, views/comments of the stakeholders and also looked into international best practices for allocation of common short codes. Accordingly, **the Authority recommends that DoT being the National Numbering Plan Administrator may make appropriate arrangement for allocation of common short codes (CSCs) for value added services. As per the DoT guidelines presently short codes are allocated by telecom service providers (UASL/CMTS) with level 5 and of minimum 5 digits. To implement the common short code allocation scheme by one nodal agency (say DoT or any other single nodal agency authorized by DoT), it will be appropriate that a directory of all the short codes allotted till date (or any date to be specified by DoT) by various telecom service providers and DoT is compiled and placed in the website of DoT. Thereafter, DoT may reserve a series of short codes to be allocated by DoT/ single nodal agency as common short codes (CSCs) and a block of 500 numbers of short codes may be allocated to each telecom service provider for allocation by them to various users/content providers who are not registered as Value Added Service Provider under the OSP category with DoT. The Authority**

**further recommends that the DoT may allocate common short codes (CSCs) to telecom service providers/licensees and value added service providers/content providers who are registered with DoT under Other Service Providers (OSP) category.**

**3.14.8 DoT may also consider the web based application form for common short codes (CSCs) allotment in time bound manner and also maintain on the website the directory of short codes booked and allocated. This will bring transparency in the system of short code allocation. Similar arrangement can be mandated to telecom service providers for maintaining directory of the short codes allocated by them, DoT and also the operational short codes in their website. DoT may issue revised guidelines including these recommendations to facilitate the orderly growth of value added services. The Authority also recommends that DoT may identify six digits common short codes (CSCs) scheme for future use keeping in view the growth expected in value added services to be provided in 3G and next generation network (NGN) scenario.**

**3.14.9 Common Short Codes shall be provisioned based on the specific programme presented to the DoT. If the content provider wishes at a later date to run a new, modified or additional programmes on the same short code, content provider shall submit the additional programme for approval to the DoT. The content provider shall provide the information to DoT about pricing, modification, opt-in/opt-out logic change, material change in content or change in the brand name etc. in case of “Off Deck” model of value added services.**

**3.14.10 The fee concept for common short codes allocation could be evolved by DoT so that administrative charges for administering the common short codes are recovered.**

**3.14.11 The service through short code shall be made operational within one year of allocation and DoT shall be intimated about the date of operationalisation of the common short code by registered Value Added Service Provider/concerned entity/telecom access service provider. If no such information is received within one year by DoT it shall be presumed that the common short code has not been made operational and non-utilisation of short code for a period of more than one year will be subject to cancellation of short code and reallocation to other applicants.**

**3.14.12 All the telecom access service providers shall have to integrate with tele and bearer service (Voice/SMS/ GPRS/WAP) to their network, the common short codes allotted by DoT. All the telecom service providers shall be mandated to open the common short codes allocated by DoT. The common short code allocated by DoT shall be opened and integrated with the IP address given by the Value Added Service Provider free of charge within 10 days of the receipt of written communication along with DoT allocation of common short code received from the Value Added Service Provider. The opening of common short codes shall be supported at different price points transparently including toll-free model (incoming calls/ messages to toll-free common short codes / short codes shall be charged to the subscriber of the short code).**

**Operationalisation of common short codes by access service providers:**

3.14.13 There could be different models for operationalising the common short codes for open access across the networks. In Internet scenario the concept of net-neutrality is gaining importance in view of the open access. In the scenario of 3G /Next Generation Network (NGN) where network will have capability to support Internet Protocol (IP)/ Packet Switching and opening up of the mobile networks supporting WAP and GPRS and 3G services will be enabler for the growth of enhanced

services and for their innovations. This will facilitate the expected growth of mobile value added services and value added services in 3G/NGN scenario. The growth of mobile value added services shall be beneficial both for telecom operators and Value Added Service Providers. There is need to facilitate competition, cooperation and collaboration amongst the various stakeholders in the value added services value chain in provisioning of value added services. To operationalise the common short codes the following 3 models are envisaged:

3.14.14 In the **first model** a VASP obtains a common short code, for example **5abcd** for all India registration. This common short code has to be opened and integrated by all telecom access providers. The common short code allocated by DoT shall be opened and integrated by the access service providers with the IP address designated by the Value Added Service Provider free of charge within 10 days of the receipt of written communication along with DoT allocation of common short code received from the Value Added Service Provider. In this case the access provider may charge the customer as per the applicable tariff to him as per the tariff plan for SMS/voice call /WAP/GPRS for accessing the common short code of the Value Added Service Provider. The Value Added Service Provider could have arrangements for bulk rates with access service providers for delivering the content to the customers through SMS etc. In this case the customer may not have to pay any charge to receive the content. Therefore no commercial agreements need to be entered between access service provider and VASP. In such cases consumer will access the common short code at normal tariff applicable to him to opt-in (to subscribe) the value added service of VASP directly and the facility will be provided by VASP to unsubscribe or discontinue the value added service. This process of opt-in will provide direct control to the customers for subscribing to such free of charge value added service. Advertisement along with the content will be a typical business model as VASP will get its revenue from advertisement and consumer will get value added service free of charge. Another business model in this case could be direct selling

of content by VASP and role of access service provider will be limited to provisioning of access/carriage through WAP/GPRS (data usage charges) or voice call charges as applicable to consumer in his subscribed tariff plan.

3.14.15 In the **second model** also the common short code has to be integrated with the IP address of the VASP. However, in this case content is provided at premium charges and also short code will be accessible at premium rate. In this case there will be commercial transaction between VASP and access service provider. Therefore, the VASP will initiate negotiations with the access service provider for mutual agreement on revenue sharing and other terms and conditions, which will include bad debts, billing and collection charges etc. Normally for such integrated transactions, say for ring tone, accessing the common short code the charges are levied for the mobile originating (MO) transaction part, say x rupees and charges for content are levied for the mobile terminating (MT) transaction part, say y rupees. The revenue share could be different for MO part and MT part and also it could differ from content to content and also based on usage volume. In this case the access service provider shall be responsible to the customer for the value added services, including taking the explicit consent of the customer and customer care.

3.14.16 In the **third model** also the common short code has to be integrated with the IP address of the VASP. In this case the access to the VASP common short code will be toll free to the customer. In this model there will be commercial transactions between VASP and all the access service provider for the collect call/SMS charges and for the content, billing and collection etc. However, there could be a possibility where content delivery is through other means, the commercial agreement shall be limited to access service provider and common short code owner for the collect call/SMS usage charges only. The owner of the short code could be any business entity. In the case of “off-deck” mode the VASP could have separate pricing for the content and he may sell the same

through WAP portal/Internet or through any other commercially negotiated mechanism with the access service providers

**Issue 9:**

3.15 Is there a need to regulate revenue sharing model or should it be left to commercial negotiations? Please give your suggestions with reasons thereof

3.15.1 *The comments of the stakeholders on the need to regulate revenue sharing model are summarized in para (a) to (k) and analysed in the paragraph following thereafter:-*

**Responses:**

- (a) *Regulation of revenue sharing model is needed. – (VOICE, DCL, Net Core, ITC Ltd., Times Internet)*
- (b) *Guidelines to provide a level playing field – (World Phone, WTI, IMAI, i2i Telesource Pvt. Ltd, Google)*
- (c) *Revenue sharing should not be regulated and this should be left to the commercial negotiation and mutual agreement between the various stakeholders as is the current practice - (COAI, AUSPI, ISPAI, IMAI, Bharti, BPL, BSNL, MTNL, Reliance, Tata, Consumer Care Society Sasken, IIM Ahmedabad, PPL, Mahesh Uppal, Google).*
- (d) *The content providers/ aggregators have now more choice of operators to deal with (MTNL, Bharti).*
- (e) *There cannot be a standard revenue arrangement for all content based services as there are innumerable content services aimed at different segments (AUSPI, Reliance).*
- (f) *As long as the operators publish a clear and transparent price for “access” and where applicable “billing” services, there is no need to regulate the revenue sharing model (Star India Pvt. Ltd.).*
- (g) *It has been seen that in some case, as much as 75% of the revenue is given to the VAS providers. In the highly competitive telecom market, the Value Added Service providers will have adequate choice and negotiating power to get reasonable terms for revenue sharing with the chosen telecom operators. (COAI, Bharti).*
- (h) *In some cases the Mobile Network Operators pay VAS players as little as 8%-10% as revenue share (Times Internet).*
- (i) *The revenue sharing will depend upon the cost, the efforts and the contribution of different stakeholders in end to end provision of a Value Added Service to the customers – (BPL)*
- (j) *Revenue sharing will vary from service to service and content to content as cost of the content varies widely – (Bharti, MTNL)*

*(k) For any revenue sharing model to survive it depends on transparent sharing of usage data, the current practice of the operators does not give confidence on the system. TRAI could perhaps look into measures to increase transparency – (PPL)*

3.15.2 The service providers and some of the value added service providers are not in favour of regulating revenue share. According to them the revenue sharing arrangements may be left to mutual negotiations as at present. The major reason advanced by the service providers in favour of mutual negotiations are that the revenue sharing will vary from service to service and content to content as cost of the content varies widely and also the content providers/ aggregators have now more choice of telecom operators to deal with. One section of the value added service providers want Guidelines to provide a level playing field. Another section of value added service providers is in favour of transparent charges for access and billing services.

3.15.3 During Open House discussions, it was pointed out by some of the telecom operators that the revenue sharing arrangements only between licensees can be regulated. The content providers are in favour of having transparent charges for carriage and billing in respect of “Off Deck” services which can be independently provided by them. The service is run, promoted and marketed by the VASP. This will encourage branding of value added services and will incentivise innovations in value added services. **In the case of “On Deck” mode, VAS which are marketed by the VASPs, mutual negotiations for revenue share remains the model.** The “On Deck” model implies that the access provider owns and markets value added service to its subscribers and it may or may not further outsource provisioning of those services to VASPs (as vendors).

3.15.4 One of the key concerns of the entities involved in provisioning of value added service is reconciliation of the Management Information System (MIS). The VAS players want a transparent and efficient MIS. According to IMAI (an association of VAS providers), at present the

access service providers' MIS are received between 90-180 days which is a major impediment to business planning for the smaller VAS companies. Hence, they are in favor of the Authority laying down norms and directing the access service providers to provide online MIS while reconciliation and payments are still left to negotiations between operators and VAS players. Further, they want that the calibration exercise should also be mandated so that the MIS between the operators and the VAS providers can be tested accordingly. **The Authority considered these suggestions and is of the view that this should form part of the mutual negotiations between the access service providers and VAS/ content providers.**

3.15.5 The trend towards integration and convergence of the telecommunication industry and the media industry, telecom operators and media are all moving in the direction of restructuring to become value added service providers and as this becomes more focused, the survival space of independent third party VAS providers will become further compressed.

3.15.6 International experience particularly with reference to China indicates that China's VAS regulatory policy is based on a dual structure in which Ministry of Information Industries (MII) is the only acting as nominal regulator and basic telecommunications operators have de facto both business and supervisory authority. Under Chinese Law, the basic telecom carriers are supposed to be equal partners with VAS providers but in the business reality, they have so much power as to be able to make the rules and punish or control VAS providers at their pleasure and for their benefit. In China the emergence of value added services has become a significant source of both revenue and profitability in the telecommunications value chain. Traditional carriers are determined to capture some of these values, as the margins of their traditional telecom business erode. As per the study paper on *"Value Added Services Policy Reforms in China Lessons for and from – the US in managing evolving market by Prof. Richard Taylor"*, it is noted that the VAS market in China is in this array with minimal regulation, which has resulted in a variety of

consumer abuses and in the effective regulation of VAS entities being shifted largely to the carriers which are also in many cases their competitors. The telecommunications value chain is shifting and shortening in favour of carriers, while regulator assesses how to restore a proper balance. By and large, China's governmental authorities have not directly intervened in value added telecommunications in the daily conduct of operations, so the basic telecom operators have been acting in the de facto role of manager of value added service providers and directly control their survival.

3.15.7 In the United States FCC does not require registration and licensing of value added service providers, nor does it concern itself (with a few exceptions) with the information content of the services. US does not regulate value added services. In the US also incumbent carriers nearly desperate to extend themselves beyond their traditional voice services have expressed a clear desire to be able to charge, and possibly to pick and choose, between third party VAS carried over their networks, as well as offer their own services. However, in China, the desire to regulate lightly the VAS has run up against the monopoly powers of incumbent national operators to operate as both manager and regulator of third party value added service providers while at the same time they have clear conflict of interest in desiring to capture those opportunities for themselves.

3.15.8 In the United States there is a debate on net-neutrality in pricing. This principle of net-neutrality on services offered through internet has resulted in considerable innovation and the rise of businesses such as Google, Yahoo, MSN and many other companies that do not own infrastructure. They were able to innovate at the 'edge' of the network and create many new applications and new ways to distribute content. Networks could not discriminate with respect to the identity of those receiving information packets and the function they performed, the content of the packets, the frequency of interactions, etc. The only

discrimination that networks were allowed was their ability to price according to bandwidth used.

3.15.9 It may be seen that in the case of net-neutrality services the carriers are concerned about charging for the bandwidth used or telecom resources used, irrespective of the content. The charging is done by the content providers. In the case of value added services, the problem in India is the value for the content, which is very small in many cases such as ring tone/ music download. These small values are not feasible to be billed and charged directly by the content provider through credit cards etc. Since the number of customers who have credit card facility is very limited and the content provider will be unable to market the service in a big way. Hence, for billing and collection of charges the cooperation of the access service provider is necessary. In these background mutual agreements on revenue sharing comes into play. At the same time a transparent, across the board, charges for access and charges for billing together with common short codes could give a boost to the VAS industry, especially with regard to VAS to be provided in “Off Deck” mode.

3.15.10 Keeping in view the above, **the Authority recommends that the access service providers may be mandated to publish their access charges for value added services provided under “Off Deck” model.**

**Issue 10:**

3.16 Any other suggestions with reasons thereof for orderly growth of mobile value added services including such services to be provided in 3G, next generation network (NGN) environment?

3.16.1 *The comments of the stakeholders on other suggestions for orderly growth of mobile value added services including such services to be provided in 3G, next generation network (NGN) environment model are summarized in para (a) to (k) and analysed in the paragraph following thereafter:-*

**Responses:**

- (a) Existing MVAS providers be given a grace period say one year to bring their operations in line with regulatory requirements and for a smooth transition of existing contracts to new contracts – **(IAMAI, i2i Telesource)**
- (b) We believe that there should be light touch licensing and regulatory approach for the VAS segment facilitating free play of market forces. The rapid expansion of unique and innovative value added services should not be shifted through over prescriptive licensing and regulatory provisions – **(COAI, BPL & BSNL)**
- (c) Any restriction with licensing and regulations will dampen the innovation of the industry. Authority's main consideration should be to encourage and support. The Authority may consider to specify interoperable standards for network based services like Person to Person MMS so that services are available across networks – **(AUSPI & Bharti)**
- (d) At present each VASP need to have connectivity and Agreement with each Telecom Operator for providing VAS. The present arrangement is complex, costly and time consuming. In long run, there is a need to have a common platform (in line with NIXI for Internet services) for interconnecting multiple operators with multiple VASPs to save the cost on multi point infrastructure. Any new or existing VASP just need to seek interconnectivity with National Interconnecting Node. From consultation paper, it appears that guidelines are being framed for VAS in Mobile service. VAS guidelines framed through this consultation papers need to be equally applicable for Fixedline service – **(MTNL)**
- (e) Specify interoperable standards for network based services like P2P MMS so that services are available across networks. Once DoT has been intimated about VAS by a service provider and service provider also informs about the availability of LIM, then they may be allowed to offer services without awaiting any additional clearance. The content based services like video and audio streaming, online gaming, tele-voting etc. are offered using voice calls, SMS , MMS are monitorable through LIM and as such there should not be any additional reporting requirement for content based VAS. Mobile Values added service providers should register as OSPs – **(Reliance)**
- (f) Responsibility of UASL/Access provider relating to content carried on the network be limited to identify the source of the content generation as long as it is licensed content provider. Content providers shall be responsible to ensure compliance on various aspects like type of content, non-infringement of copyright, intellectual property rights etc. UASL should be obliged to carry the contents of only such licensed Content Providers- **(TATA)**
- (g) It should be made mandatory for the operator to provide access, codes, and other resources on equitable basis to the VASPs

*seeking resources from them. Reasons for the delay or decline should be provided by them. Only then a competitive VAS scenario shall emerge. Traffic reconciliation process currently dictated by the telecom operators should be regulated and be allowed to make it transparent – (DCL)*

- (h) Government should further look into some of the VAS services for the future which will act as the growth drivers – (Times Internet)*
- (i) Complete deregulation of the market is best way forward (Mahesh Uppal)*
- (j) The TRAI must, using their ability to modify license conditions, insist that Mobile Operators are utilities and thus must necessarily allow open and free access to their consumer base through standard agreements and published tariffs (Star India)*

3.16.2 Many of the above suggestions were taken into account by the Authority while finalizing its recommendations. The Authority has envisaged a light touch approach for regulating value added services in India. The Authority hopes that the above recommendations could pave the way for growth of the value added services in India.

3.16.3 The Authority may consider issuing guidelines on consumer best practices. These guidelines may cover the following:

- (a) The provisioning of VAS must be in accordance with the law of the land, rules and regulations issued by the DoT and regulations, directions and orders issued by TRAI.
- (b) VASPs/Access Providers must obtain explicit consent from subscribers before activation of value added service.
- (c) Subscription/un-subscription of VAS (opt-in/opt-out) for consumers must be easy and should not have any chance for accidental subscription.
- (d) Programme pricing information should be clearly and transparently indicated.
- (e) Subscription terms and billing/charging is disclosed in advance to the customer.
- (f) Charging and collection procedure and methodology to be indicated transparently.
- (g) In the case of a time-based programme, the lines should not remain open after the time for calling/subscription to the programme is over.

**Annex.1****List of stakeholders who have given their views on the consultation paper**

<b>Sl.no.</b>	<b>Stakeholder's name</b>	<b>Abv.</b>
<b>Service Providers Associations</b>		
1.	Association of Unified Telecom Service Providers of India	AUSPI
2..	Cellular Operators Association of India	COAI
3.	Internet Service Provider Association of India	ISPAI
4.	Internet & Mobile Association of India	IAMAI
<b>CAGs/Consumer Groups</b>		
5.	Consumer Care Society, Bangalore	CCS
6.	Voluntary Organization in Interest of Consumer Education	VOICE
7.	Upbhokta Sanrakchhan & Kalyan Samiti, Kanpur	
<b>Service Providers</b>		
8.	Bharti Airtel Ltd.	Bharti
9.	BPL Mobile Communications Ltd.	BPL
10.	Bharat Sanchar Nigam Ltd.	BSNL
11.	Mahanagar Telephone Nigam Ltd.	MTNL
12.	Reliance Communications Ltd.	Reliance
13.	Tata Teleservices Ltd.	Tata
<b>Others</b>		
14.	Dialnet Communications Ltd.,	DCL
15.	Sasken Communication Technologies & Founder Trustee and President, Mobile Monday Bangalore Trust	SCT & FTPM
16.	Indian Institute of Management, Ahmedabad, Dr.Rekha Jain	IIM A
17.	Phonographic Performance Limited (a Music Content Licensing body on behalf of 140 Music companies in India )	PPL
18.	Google	
19.	Net Core	
20.	Aneesh Reddy Boddu, B Tech, IIT Kharagpur, 2006 Currently working with ITC Ltd.	ITC Ltd
21.	Times Internet	
22.	World Phone	
23.	Webaroo Technology India (Pvt) Ltd	WTI
24.	i2i Telesource Pvt Ltd.	
25.	Director, Com First (India) Pvt. Ltd. (Mahesh Uppal)	DCF
26.	Star India Pvt Ltd.,	
27.	Indian Broadcasting Foundation	
28.	Spanco Telesystems & Solutions Ltd.	