

Draft for Comments of the Stakeholders



TELECOM REGULATORY AUTHORITY OF INDIA

Draft
The Telecommunication Tariff (Sixty Sixth Amendment) Order,
2021
(_____ of 2021)

New Delhi, 24.11.2021

Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg,
New Delhi 110 002

Stakeholders are requested to send their written comments on the Draft Telecommunication Tariff (Sixty Sixth Amendment) Order, 2021 by 8th December 2021 to the Advisor (F&EA), TRAI New Delhi preferably in electronic form at email id: advfea2@traigov.in. For any clarification/information, Sh. Amit Sharma, Advisor (Finance & Economic Analysis), TRAI, may be contacted at Telephone Number +91-11-23234367, Fax Number +91-11-23235249.

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TELECOM REGULATORY AUTHORITY OF INDIA

DRAFT NOTIFICATION

New Delhi, the, 2021

F. No. C/(5)/2021-FEA-II ---- In exercise of the powers conferred upon it under sub-section (2) of section 11, read with sub-clause (i) of clause (b) of sub-section (1) of the said section, of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), the Telecom Regulatory Authority of India hereby makes the following Order further to amend the Telecommunication Tariff Order, 1999, namely:-

**THE TELECOMMUNICATION TARIFF (SIXTY SIXTH AMENDMENT)
ORDER, 2021
(No. of 2021)**

1. (1) This Order may be called the Telecommunication Tariff (Sixty Sixth Amendment) Order, 2021.

(2) It shall come into force from the date of its publication in the Official Gazette.

2. In Schedule II to the Telecommunication Tariff Order, 1999, under item (8), for sub-item (8.a), the following sub-item and entry relating thereto shall be substituted, namely:-

ITEM	TARIFF
“(8.a) Charge for outgoing USSD session for USSD-based mobile banking and payment services	Nil”

(Dr. M.P. Tangirala)
Pr. Advisor (F&EA)

Note 1. - The Telecommunication Tariff Order, 1999 was published in the Gazette of India, Extraordinary, Part III, Section 4 under notification No. 99/3 dated 9th March, 1999, and subsequently amended as given below:-

Amendment No.	Notification No. and Date
1 st	301-4/99-TRAI (Econ) dated 30.03.1999
2 nd	301-4/99-TRAI(Econ) dated 31.05.1999
3 rd	301-4/99-TRAI(Econ) dated 31.05.1999
4 th	301-4/99-TRAI(Econ) dated 28.07.1999
5 th	301-4/99-TRAI(Econ) dated 17.09.1999
6 th	301-4/99-TRAI(Econ) dated 30.09.1999
7 th	301-8/2000-TRAI(Econ) dated 30.03.2000
8 th	301-8/2000-TRAI(Econ) dated 31.07.2000
9 th	301-8/2000-TRAI(Econ) dated 28.08.2000
10 th	306-1/99-TRAI(Econ) dated 09.11.2000
11 th	310-1(5)/TRAI-2000 dated 25.01.2001
12 th	301-9/2000-TRAI(Econ) dated 25.01.2001
13 th	303-4/TRAI-2001 dated 01.05.2001
14 th	306-2/TRAI-2001 dated 24.05.2001
15 th	310-1(5)/TRAI-2000 dated 20.07.2001
16 th	310-5(17)/2001-TRAI(Econ)dated 14.08.2001
17 th	301/2/2002-TRAI(Econ) dated 22.01.2002
18 th	303/3/2002-TRAI(Econ) dated 30.01.2002
19 th	303/3/2002-TRAI(Econ) dated 28.02.2002
20 th	312-7/2001-TRAI(Econ) 14.03.2002
21 st	301-6/2002-TRAI(Econ) dated 13.06.2002
22 nd	312-5/2002-TRAI(Eco) dated 04.07.2002
23 rd	303/8/2002-TRAI(Econ) dated 06.09.2002
24 th	306-2/2003-Econ dated 24.01.2003
25 th	306-2/2003-Econ dated 12.03.2003
26 th	306-2/2003-Econ dated 27.03.2003
27 th	303/6/2003-TRAI(Econ) dated 25.04.2003
28 th	301-51/2003-Econ dated 05.11.2003
29 th	301-56/2003-Econ dated 03.12.2003
30 th	301-4/2004(Econ) dated 16.01.2004
31 st	301-2/2004-Eco dated 07.07.2004
32 nd	301-37/2004-Eco dated 07.10.2004
33 rd	301-31/2004-Eco dated 08.12.2004
34 th	310-3(1)/2003-Eco dated 11.03.2005
35 th	310-3(1)/2003-Eco dated 31.03.2005
36 th	312-7/2003-Eco dated 21.04.2005

37 th	312-7/2003-Eco dated 02.05.2005
38 th	312-7/2003-Eco dated 02.06.2005
39 th	310-3(1)/2003-Eco dated 08.09.2005
40 th	310-3(1)/2003-Eco dated 16.09.2005
41 st	310-3(1)/2003-Eco dated 29.11.2005
42 nd	301-34/2005-Eco dated 07.03.2006
43 rd	301-2/2006-Eco dated 21.03.2006
44 th	301-34/2006-Eco dated 24.01.2007
45 th	301-18/2007-Eco dated 05.06.2007
46 th	301-36/2007-Eco dated 24.01.2008
47 th	301-14/2008-Eco dated 17.03.2008
48 th	301-31/2007-Eco dated 01.09.2008
49 th	301-25/2009-ER dated 20.11.2009
50 th	301-24/2012-ER dated 19.04.2012
51 st	301-26/2011-ER dated 19.04.2012
52 nd	301-41/2012-F&EA dated 19.09.2012
53 rd	301-39/2012-F&EA dated 01.10.2012
54 th	301-59/2012-F&EA dated 05.11.2012
55 th	301-10/2012-F&EA dated 17.06.2013
56 th	301-26/2012-ER dated 26.11.2013
57 th	312-2/2013-F&EA dated 14.07.2014
58 th	312-2/2013-F&EA dated 01.08.2014
59 th	310-5 (2)/2013-F&EA dated 21.11.2014
60 th	301-16/2014-F&EA dated 09.04.2015
61 st	301-30/2016-F&EA dated 22.11.2016
62 nd	301-30/2016-F&EA dated 27.12.2016
63 rd	312-1/2017-F&EA dated 16.02.2018
64 th	301-20/2018-F&EA dated 24.09.2018
65 th	301-03/2020-F&EA dated 03.06.2020

Note 2.- The Explanatory Memorandum explains the objects and reasons for Telecommunication Tariff (Sixty Sixth Amendment) Order, 2021.

EXPLANATORY MEMORANDUM

1. Section 11(2) of the Telecom Regulatory Authority of India Act, 1997 empowers the Telecom Regulatory Authority of India (hereinafter referred to as the Authority) to notify rates for various telecommunication services. In exercise of these powers, the Authority has been notifying tariffs for various telecommunication services including Unstructured Supplementary Service Data (USSD) based mobile banking and payment service. The tariffs for USSD based mobile banking and payment service have been regulated in the form of ceiling tariffs prescribed by the Authority under item (8) of Schedule II of the Telecommunication Tariff Order 1999, as amended from time to time.
2. In December, 2011, DoT allocated a USSD code *99# to Department of Financial Services (DFS) for mobile banking services through the USSD gateway of National Payment Corporation of India (NPCI) and asked the Telecom Service Providers (TSPs) to connect to it as per the requirement of service in consultation with NPCI. In April, 2012, TRAI mandated that every TSP shall facilitate the banks to use USSD to provide banking services to its customers in not more than two stage entry of options in the case of USSD. In November, 2012, NPCI launched a USSD Gateway (National Unified USSD Platform) for enabling mobile banking through the USSD channel. The Authority through the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013, increased the maximum number of stages for completing a mobile banking transaction from two to five, primarily to increase the number of banking services available to USSD consumers.
3. In November 2013, through Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013, the Authority prescribed a ceiling tariff of Rs. 1.50 per USSD session for USSD-based mobile banking service and established a framework to facilitate the agents of the banks to interface with the access service providers for use of USSD to provide mobile banking services.
4. Subsequently, in November 2016, with a view to facilitate mobile banking through USSD for financial inclusion, the Authority revised USSD ceiling tariff through the Telecommunication Tariff (Sixty First Amendment) Order, 2016 and the Mobile Banking (Quality of Service) (Second Amendment) Regulations, 2016. This led to USSD-based tariff ceiling for banking and payment services to reduce from Rs. 1.50 to Rs. 0.50 per session and the number of stages were increased from five to eight stages per USSD session. The Authority also suggested various mechanisms for the NPCI/Banks to popularise this service viz. improvement in software

feature, design user-friendly menu, increase consumer awareness, develop Unified USSD platform to support transaction across all payment platforms, to increase usage and popularity of this service.

5. With a view to encourage digitization of payments and enhancing financial inclusion through digitization, the Reserve Bank of India (RBI) constituted a High-Level Committee on Deepening of Digital Payments (CDDP) under the Chairmanship of Sh. Nandan Nilekani. The committee in its Recommendation 72 aimed at Improving USSD usage. The recommendations *inter alia* stated that “*In order to improve usage of USSD, the committee recommends charges for USSD usage be further rationalised and this technology be made feature rich. Rationalizing of USSD charges: There is need to relook at USSD SMS charges with a view to reduce its price and increase its adoption and popularity.*”
6. In view of the above recommendations, RBI urged TRAI for a follow-up action on the Recommendation no. 72 of CDDP on rationalization of USSD charge and provide the required regulatory framework for the same.
7. From time to time, NPCI has also acknowledged that since users are not charged for any other mobile banking app but only USSD so this could be the main reason for low adoption, hence, advocated waiving off these charges to help in its faster adoption.
8. Further from the financial inclusion perspective, Department of Financial Services (DFS) also supported the recommendations made by the High-Level Committee on CDDP and the suggestions given by NPCI. In this regard, DFS has also requested the Authority for waiving off USSD charges to facilitate faster adoption of this service by common people especially in rural/ difficult areas, the segment of population for whom the Pradhan Mantri Jan Dhan Yojana (PMJDY) Accounts scheme has been established to promote financial inclusion.
9. While the appropriate level of tariff per USSD session is being deliberated upon, it is relevant to mention that in the recent years, the trend in telecom industry has shifted towards bundled offers wherein telecom companies are selling two or more products as one combined product or service package. The “bundled offerings” include, *inter alia*, voice, data, SMS, and content. These are presently available across almost all product types and for almost all packages of different validity periods and are gaining popularity.
10. However, a customer opting for a bundled offer needs to have a separate monetary value to avail the USSD service. More so, even the minimum amount spent for a monetary value recharge, is generally much higher than the charges incurred for a USSD transaction. Thus, consumer has to spend more amount than his requirement for a USSD transaction. It is also noted that the consumer is being charged for both successful as well

as failed transactions. This unnecessarily puts extra financial burden on the customer, given the potential popularity of USSD amongst rural, under-privileged and low-income groups.

11. Further, rationalization of USSD charges to bring it in line with other services, requires examination of the present level of tariffs for the major services being offered by the TSPs. As per the information furnished by the TSPs to the Authority, the level of tariffs for Wireless service for the Quarter Ending June 2021 are given in **Table 1.1** below:

Table 1.1: Average tariffs for Wireless service for the Quarter Ending June 2021

Item	Value for Wireless service
Average tariff for outgoing voice call (Average outgo per outgoing minute)	Re. 0.04 per minute
Average tariff for outgoing SMS message	Re. 0.01 per SMS

12. The table above indicates that the present tariff per USSD session for mobile banking offered by TSPs is several times higher than the average tariff for 1 minute of outgoing voice call, or 1 outgoing SMS. The relatively high charge for USSD is thus acting as an impediment in increasing the number of transactions despite significant improvement in success rate of transactions. Considering the decline in charges for other services, the rationalization of USSD charges is required to increase the number of USSD transactions.
13. Therefore, the Authority is of the view that in order to protect the interests of the USSD target user groups and to promote digital financial inclusion, rationalisation of these charges is a necessity.
14. In line with the foregoing, the Authority proposes to revise the framework for USSD based mobile banking and payment services by prescribing a “Nil” charge per USSD session for mobile banking and payment service, while keeping the remaining aspects unchanged. The Authority may review the charge after a period of two years, based on experience gained.