

To:

All Telecom Access Providers.

**Subject: Direction under Section 13 read with Section 11(1)(b)(i) & (v) and Section 11(1) (d) of the TRAI Act 1997 - Credit Limit for Post-paid subscribers.**

It has come to the notice of the Authority that most of the Access Service Providers have a system of fixing a credit limit to their post-paid customers and in case where the usage exceeds the credit limit, connection to such customers are barred causing hardships and inconvenience to the customers. Further, it has also been observed that some operators do not intimate the customer about his credit limit. With a view to streamline the procedures in prescribing the Credit Limits and the need for consumer transparency, the Authority has obtained feedback from service providers on the existing practices.

2. On perusal of the information received from service providers, the following position has emerged:

- i) The system of prescribing credit limit is widely prevalent in the industry mainly with a view to minimising bad debts.
- ii) Different criteria are adopted by operators to arrive at the credit limit applicable for individual subscribers. The most commonly used criteria are:-
  - Security Deposit
  - Age on network.
  - Payment history
  - Usage Pattern
  - Status of the subscriber.

The credit limit applicable for the subscribers also changes from time to time depending on changes in one or other criterias mentioned above.

- iii) Currently some operators do inform the subscribers about the applicable credit limit; some operators do so only on request and certain operators do not intimate the subscribers in advance.

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- iv) When the usage of the subscriber reaches the credit limit set for him/her, a notice is given through SMS/tele-calling and a time limit is given for making payment lest the services are debarred. On the failure of the subscriber in making timely payment or the usage exceeding the credit limit, the services are barred.
- v) Though the normal payment in the post-paid category is in accordance with the billing cycle, subscribers are required to make interim payment to make their service active in cases where the usage exceeds prescribed credit limit.

- vi) Subscribers have the facility of enhancing their credit limits by various means, the most important being payment of additional security deposit. Prompt payment of bills, standing instructions, additional information to prove credit worthiness etc. can also be used by the subscribers to increase the credit limit.

3. The Authority recognises the fact that there is a need for operators to fix credit limit for individual subscribers with a view to minimise the possibilities of bad debts. The Authority also appreciates the fact that credit limits applicable for subscribers would vary depending on the credit worthiness of a subscriber as perceived/assessed by the operators. In the circumstances, the Authority does not consider it necessary to prescribe the quantum of credit limit or to specify the criteria or the manner of determining credit limit. These matters would continue to be left to the discretion of the operators.

4. The Authority is however, concerned about the lack of adequate transparency and inconveniences caused to subscribers due to sudden and unexpected disruption of services when the usage and other applicable charges of a subscriber exceeds the credit limit set for him. Subscribers do have a genuine grievance when disconnection takes place without proper notice particularly in situations where they are not informed in advance of the credit limit and the procedure to be followed to avoid disruption of service. There is, therefore, a need to prescribe certain minimum procedure to be followed uniformly by all operators to enhance the level of transparency for subscribers in the matter of credit limit for post-paid subscribers.

5. Keeping in view the above and having considered the prevailing system and procedure, the Authority in exercise of the powers conferred upon it under section 13 read with paras (i) and (v) of clause (b) and clause (d) of sub-section (1) of section 11 directs all Telecom Access Providers that:

- i) The credit limit set for a post-paid subscriber shall be intimated to him in advance. The initial credit limit shall be intimated within 7 days of activation of the service for the new subscribers.
- ii) The subscriber shall be given full information in advance on the consequences of usage and other applicable charges exceeding the credit limit as well as the manner in which the credit limit set for them could be enhanced.

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- iii) When the usage and other applicable charges reaches 80% of the credit limit, an intimation to this effect shall be provided to the subscriber. The consequences of his usage exceeding the credit limit including the possibility of disconnection shall also be informed to the subscriber.
- iv) On receipt of the intimation, the subscriber shall have the option to make interim payments in whole or in part or to restrict his further usage so that the credit set for him is not exceeded.
- v) Services to the subscriber shall not be disrupted until and unless the credit limit fixed for a subscriber is exceeded despite adequate intimation about the same.
- vi) Irrespective of the level of credit limit, the services of a subscriber shall not be disrupted as long as the amounts due is below the amount of his security deposit.
- vii) For all the existing post-paid subscribers, the credit limit shall be intimated to them, if not already done.

6. A compliance report in this regard shall be sent to the Authority within 15 days from the date of issue of this Direction.

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