

303-11/2003-TRAI (Econ.)  
Dated: 16<sup>th</sup> January 2004

**To: All Cellular Service Providers/  
COAI.**

**Subject: Directive on carry forward of unused balance during grace period  
applicable at the time of recharge for cellular prepaid subscribers.**

Sir,

The Authority has in the recent past received complaints from prepaid cellular subscribers alleging forfeiture of unused balance available in the cellular recharge coupons even in cases where the recharges were made within the grace period as intimated at the time of purchase of recharge coupons. The Authority examined the issues raised in the complaints with reference to the existing provisions of Telecommunication Tariff Orders.

2. Telecommunication Tariff Order (hereinafter referred to as 'The Order') states "*If there is an amount that is unused at the end of validity period, this amount should be carried over to the renewed card, if such renewal is done within a reasonable, specified period*". While the Tariff Order has provided for carry forward of unused balance, if the renewal is within a specified period, flexibility has been provided to the operator to determine such specified period during which the carry forward facility is available. Once the operators specify such reasonable period (which is generally referred to as 'Grace Period') the mandatory provision regarding carry forward of unused balance comes into effect. Modification of the grace period or the period for which the carry forward facility was initially stated to be available after specifying the same for a recharge coupon, will have the effect of defeating the mandatory provision for carry forward of unused balance. While the operators may be at liberty to prospectively revise the period during which carry forward facility is extended, applying such reduction to those subscribers who have already recharged, would be unfair and against the spirit of the Order.

3. The action of operators in reducing the grace period retrospectively is not only against the spirit of the Order, but is also illogical. When a customer purchases/recharges a coupon he is given to understand existence of certain basic features attached to that coupon which inter alia include:

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- i) Validity period;
- ii) Grace period; and
- iii) The fact that unused balance can be carried forward during the grace period allowed to him.

4. The directive issued by TRAI vide letter No. 101-25/2001-MN dated 11/7/2002 inter-alia makes it mandatory for all cellular operators to provide information on the above features as part of standard terms and conditions for prepaid cards. In fact these features influence the mind of the subscriber while purchasing the recharge coupon and also on his usage pattern. Any attempt on the part of the operators to change the above features in a manner that adversely affects the subscriber would amount to violation of contractual obligation and also violation of the spirit and objective of the Order. The flexibility given to the operators to determine the period during which carry forward facility is available, must be restricted for prospective application i.e. recharges made after revision of such period.

5. The Authority has decided that the carry forward of unused balance to prepaid subscribers has to be allowed during the grace period applicable at the time of recharge irrespective of subsequent downward revision in the grace period i.e. any change in the grace period should be applied prospectively. It has also been decided that the cellular service providers shall make refunds to the subscribers of the amounts, if any, that were forfeited due to the reason that the applicable grace period was revised after the contractual date.

6. Therefore, the Authority, in exercise of powers vested in terms of Section 13 read with Section 11(1)(b) and 11(2) of the TRAI Act, 1997 as amended by TRAI (Amendment) Act, 2000, hereby directs all cellular service providers to implement the decisions as stated in para 5 above. A compliance report on the above shall be sent to the Authority by 16<sup>th</sup> February 2004 indicating details of the amount so refunded. In case no refund is due, a 'Nil' report shall be sent within the time limit specified above.

**Yours faithfully,**

**( Harsha Vardhana Singh )  
Secretary-cum-Principal Advisor  
Tel. No. 26167448**

