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EXTRAORDINARY, PART III, SECTION 4**

TELECOM REGULATORY AUTHORITY OF INDIA

NOTIFICATION

New Delhi, the 7th April, 2022

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 EIGHTH AMENDMENT)
ORDER, 2022
(No. 3 of 2022)**

1. Short title, extent and commencement:
 - (1) This Order may be called the Telecommunication Tariff (Sixty Eighth Amendment) Order, 2022.
 - (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
66 th	C-3/7/(5)/2021-FEA-1 dated 27.01.2022
67 th	C-3/7/(5)/2021-FEA-1 dated 31.03.2022

Note 2 – The Explanatory Memorandum explains the objects and reasons for the Telecommunication Tariff (Sixty Eighth Amendment) Order, 2022.

EXPLANATORY MEMORANDUM

1. The Telecom Regulatory Authority of India (hereinafter referred to as the Authority) is established under the Telecom Regulatory Authority of India Act, 1997 (TRAI Act). Section 11(2) of the TRAI Act *inter alia* states: “*Notwithstanding anything contained in the Indian Telegraph Act, 1885 (13 of 1885), the Authority may, from time to time, by order, notify in the Official Gazette the rates at which the telecommunication services within India and outside India shall be provided under this Act including the rates at which messages shall be transmitted to any country outside India*” thereby empowering the Authority to notify rates for various telecommunication services.
2. 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. The purpose of the present amendment to the TTO is to revise the framework for USSD based mobile banking and payment services. This explanatory memorandum aims to provide the rationale and reasons for issuing this amendment.
3. In December, 2011, Department of Financial Services (DFS) was allocated USSD code *99# by the Department of Telecommunication (DoT) for mobile banking services through the USSD gateway of National Payment Corporation of India (NPCI). In April, 2012, TRAI mandated that every Telecom Service Provider (TSP) should 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. In 2013, 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.
4. The Authority through Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013, 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. Further, with a view to facilitate mobile banking through USSD for financial inclusion, the Authority reduced the USSD- based ceiling tariff for banking and payment services from Rs. 1.50 to Rs. 0.50 per session through the Telecommunication Tariff (Sixty First Amendment) Order, 2016 and increased the number of stages from five to eight stages per USSD session through the Mobile Banking (Quality of Service) (Second Amendment) Regulations, 2016. The Authority also suggested various mechanisms viz., improvement in software features, design of user-friendly menu, increase in consumer awareness, developing Unified USSD platform to support transactions across all payment platforms to the NPCI/Banks to increase usage and popularity of this service.
5. Subsequently, the Reserve Bank of India (RBI) constituted a High-Level Committee on Deepening of Digital Payments (CDDP) with the objective of encouraging digitization of payments and enhancing financial inclusion through digitization. The committee recommended further rationalization of USSD charges to increase its adoption and popularity. RBI urged the Authority for a follow-up action on the recommendations made by CDDP and provide the required regulatory framework for the same.

6. Government of India, Department of Financial Services (DFS) also supported the recommendations made by the High-Level Committee and requested 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. Following a request from the DFS in this regard, the Authority initiated a consultation process to further rationalize USSD charges.
7. Accordingly, the Authority issued draft Telecommunication Tariff (66th Amendment) Order, 2021 on 24th November, 2021 proposing “Nil” charges per USSD session for mobile banking and payment service. The comments and counter comments on the draft Order were sought from the stakeholders by 8th December, 2021 and 17th December, 2021 respectively. In response, one association, four service providers and one organization furnished their comments and one organization submitted its counter comment.
8. Some stakeholders have contended that since USSD transactions make use of their network and infrastructure, they incur capex investment as well as operational expenditure in providing this service. They further argued that in case this service is made free of cost, they must be adequately compensated for this expenditure by banks through NPCI. Additionally, a few stakeholders suggested that in case USSD charges are removed then the regulatory obligations related to this service should also be done away with.
9. One stakeholder also suggested that the charges for USSD should be brought down in a phased manner to ascertain any direct correlation between the revised pricing and uptake of the USSD services.
10. Some stakeholders have favored the removal of charge to aid digital financial inclusion.
11. In order to rationalize USSD charges to bring them in line with other services, the present level of tariffs for the major services being offered by the TSPs was examined. The present level of tariffs for wireless service for the quarter ended September, 2021 is indicated in the Table below:

Table: Average tariffs for wireless service for the quarter ended September, 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
Note: The above figures are based on data submitted by the TSPs to the Authority	

12. The above table clearly indicates that the present ceiling tariff of Rs. 0.50 for each USSD session for mobile banking is quite high as compared to the average tariff for one minute of outgoing voice call as well as for one outgoing SMS.
13. Also, in terms of revenue, the total revenue generated through USSD mobile banking sessions is quite small at approximately 0.00007% of the total revenue of the industry.
14. It is also pertinent to note that the information furnished for two consecutive quarters of F.Y 2021-22 by the TSPs providing this service indicates that the USSD

sessions for self-care service¹) constitute 99.5% of the total USSD sessions and the remaining miniscule share of 0.5% pertains to USSD sessions for mobile banking and payment services.

15. It is logical to assume that the network cost involved in handling USSD self-care service session is the same as the cost for USSD mobile banking and payment session. Still these self-care USSD sessions are available without any charge to the end-users whereas USSD mobile banking and payment services are being charged at the ceiling tariff.
16. Further, one operator is providing USSD non-self-care service free of charge at present whereas, other operators are charging at the ceiling tariff of Rs. 0.50 per session. On analysis of the information available, it is observed that the number of USSD mobile banking and payment sessions, for the operator that doesn't charge, is four times the number of sessions initiated at ceiling tariff. Thus, it can be assumed that the users prefer the operator providing this service free of charge. This substantiates the analysis of the Authority that a reduction in charge for this service may help popularize this service and increase its adoption.
17. The Authority is of the view that since the USSD target users are generally low-income rural population who are still using feature phones, imposing no charge for USSD service can have a positive impact on number of USSD transactions, which will be a significant step towards achieving digital financial inclusion. It will also not impact the revenues of the industry substantially, especially when similar transactions for self-care services are being provided free by the service providers. Therefore, the Authority has decided to do away with the charges prescribed for USSD for mobile banking and payment service, while keeping the remaining aspects unchanged. The Authority will continue to keep a watch on the progress of service and may review the charge after a period of two years.

¹ USSD based self-care service refers to the self-care/ self-help/ self-support services offered by the telecom service providers to their subscribers through the use of USSD. This service is used by USSD subscribers to seek information on pre-paid balance, validity period, details of tariff plan etc. by dialing a USSD code.