



## **AUSPI'S RESPONSE TO TRAI CONSULTATION PAPER NO. 5/2011 ON MOBILE VALUE ADDED SERVICES**

We welcome the Authority's initiative to come out with a consultation process on Mobile Value Added services and giving the stakeholders an opportunity to share our opinions/inputs.

The Authority had earlier examined the issue of licensing or registering MVAS operators and in its recommendations on Growth of Value Added Services dated 9.2.2009 and had preferred a least intrusive and minimal regulatory framework. AUSPI also supports the Authority's viewpoint and feels that no separate category of licence for value added services should be recommended.

The current environment of MVAS services is operating with full transparency and providing better quality of content to the users. The content developers are working in a creative environment and licensing may hurt them as well as the associated industry. Also as content providers do not own telecom infrastructure, it would not be appropriate to license them under the Indian Telegraph Act, 1885.

In case of Revenue sharing and pricing, the same can be subject to mutual negotiation between various entities involved in the value chain.

AUSPI would like to emphasize that the prevalent licensing conditions of the UASL with regard to provision of value added services are quite uniform and transparent and requires no further modification.

Our issue wise submissions are as follows:

### **ISSUES FOR CONSULTATION**

*3.1 Whether the current provisions under various licences (UASL, CMTS, Basic and ISP) are adequate to grow the MVAS market to the desired level? If not, what are the additional provisions that need to be addressed under the current licencing framework?*

AUSPI feels that the current provisions are adequate for the growth of MVAS market. The Authority has notified various provisions from time to time to address the various issues pertaining to MVAS. The current ecosystem for MVAS has been working for more than a decade and has grown manifolds in term of MVAS start-ups in various fields.

*3.2 Is there a need to bring the Value Added Service Providers (VASPs) providing Mobile Value Added Services under the licensing regime?  
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*3.3 If yes, do you agree that it should be in the category of the Unified Licence as recommended by this Authority in May 2010? In case of disagreement, please indicate the type of licence alongwith the rationale thereof.*



Value added services is not a provision of telecom Services, therefore AUSPI strongly feels there is no need to bring the Value Added Service Providers (VASPs) providing Mobile Value Added Services under the licensing regime. The activity is not covered under the Section 4 of the Indian Telegraph Act, 1885 and therefore licensing of VAS may not be correct. To offer any value added services like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce etc, only infrastructure of access providers is required i.e. the content providers are mere aggregators and do not own infrastructure, therefore, their licensing under Indian Telegraph Act is not required.

**The creation of a separate licensing regime for mobile VASPs would be analogous to doing the same for the innumerable companies providing innovative Internet-based services. Like their Internet-based counterparts, mobile VASPs rely on an ability to innovate quickly and promote their products swiftly. An entirely new and VASP-focused licensing regime would be antithetical to the objective of creating an environment in which VASPs can perform at their true potential.**

TRAI has earlier examined the issue of licensing or registering MVAS operators and in its recommendations on Growth of Value Added Services dated 9.2.2009 and has preferred least intrusive and minimal regulatory framework. No separate category of licence for value added services has been recommended by the Regulator. In view of the clear recommendation & provisions of IT Act, 1885, the need for relooking this subject is not required & the situation remains settled. This is the reason that MVAS in India is still at the nascent stage.

There are various types of content and service providers and there is an entire supply chain for content, because of which it would be a difficult & humungous task to devise and cover each kind of content provider by a suitable license.

The content providers 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. Content regulation shall be subject to Information Technology Act, 2000, Cable TV Act, RBI guidelines.

**In view of above, bringing the MVAS player under any licensing agreement is not required.**

3.4 *How do we ensure that the VAS providers get the due revenue share from the Telecom Service providers, so that the development of VAS takes place to its full potential? Is there a need to regulate revenue sharing model or should it be left to commercial negotiations between VAS providers and telecom service providers?*

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3.5 *At the same time, how do we also ensure that the revenue share is a function of the innovation and utility involved in the concerned VAS? Should the revenue share be different for different categories of MVAS?*

AUSPI feels, the revenue sharing between the various stakeholders should be left to the commercial negotiations and mutual agreement between the various stakeholders. Interfering into the commercial negotiations would destroy the free play of market forces. Also, the commercial arrangements are guided by the



demand, acceptability of the product, technical arrangements on the network and other support services like billing arrangements, marketing agreement etc.

The growth of VAS will eventually be determined only by market dynamics and customer pull. It is not necessary to disclose/ publish the terms and conditions of the agreement that the telecom service providers have entered into an agreement with the VAS provider as it is in the interest of the both telecom service provider and VAS provider.

In a highly competitive telecom market like India with the presence of 12-15 operators in every service area .The VAS providers have adequate choice and negotiating power and existing revenue sharing model with Service Providers is working well.

*3.6 Do you agree that the differences come up between the MIS figures of the operator and VAS provider? If yes, what measures are required to ensure reconciliation in MIS in a transparent manner?*

The flexibility to handle the operations with respect to managing transactions on Customer accounts, the Service provider has the following scenarios that are possible to emerge :

- VAS Billing is offline/non real time
- There are waivers posted on customer request
- In case of post-paid customers, billing errors are encountered.
- Some other operational issues which may come up from time to time
- Contractual penalty application on VASP on account of violations or customer complaints

From the VASP perspective, issues likely to emerge

- Wrong billing configurations
- Wrong MIS
- Not including penalty and other contractual deductions
- Operational issues at VASP end.

It is not possible to eliminate such differences considering the two entities work on different platforms of Database. Most agreements cover how such differences need to be addressed and the same are normally adequate to handle such situations. Generally agreements also contain the manner in which disputes are to be resolved. **Thus, there is no need of regulatory intervention.**

*3.7 (i) Does existing framework for allocation of short codes for accessing MVAS require any modifications? Should short codes be allocated to telecom service providers and VAS providers independently? Will it be desirable to allot the short code centrally which is uniform across operators? If yes, suggest the changes required along with justification.*

*(ii) Should there be a fee to be paid for allotment of short code?*

AUSPI believes that the existing regime wherein the short code is allocated by telecom operators as authorized by DoT within the framework of National



Numbering Plan is working well and should be continued with. Allocation of Common Short Codes to the VAS providers would have several implications, as in some cases it would be technically difficult and may not be even feasible.

**It is recommended that the DOT may retain few common number series which may be required to launch common Utility Services or other Government related e-governance services across all Operator platforms. Other than these short codes all codes may be allowed to be issued by concerned service providers only.**

Therefore no short codes should be opened unless VAS provider approaches the network service provider and establishes the commercial arrangements and technical compatibility as per mutually agreed terms & conditions.

- 3.8 *Is there a need to provide open access to subscribers for MVAS of their choice? If yes, then do you agree with the approach provided in para 2.46 to provide open access? What other measures need to be taken to promote open access for MVAS? Suggest a suitable framework with justifications?*

Open Access to VASP already exists as he can have his wap-site/mobile client, take a 10 digit short-code or toll-free no for Voice and SMS. However in such cases there cannot be any revenue share and VASP needs to find a way to charge customers through banking and other non service provider channels. **No further provisions on this account are recommended.**

Unless the VASPs are venturing into large scale operations, it has not been found feasible for a small entrepreneurial VASP to engage into establishment of a complete Commercial customer level accounts and Billing infrastructure which requires interface with Banks and much preparedness other than just content to launch the service/ application.

**The existing arrangement that VAS provider must have the access to consumer through Telecom service providers should be continued.**

- 3.9 *What measures are required to boost the growth of utility MVAS like m-commerce, m-health, m-education & m-governance etc. in India? Should the tariff for utility services provided by government agencies through MVAS platform be regulated? 4.10 Any other suggestions with reasons thereof for orderly growth of mobile value added services?*

AUSPI identifies the following measures *to boost the growth of utility MVAS like m-commerce, m-health, m-education & m-governance etc.:*

Government agencies are engaged in providing new services to the citizens using ubiquitous mobile connectivity. The government should take lead to provide more MVAS services in the field of commerce, education, health, governance etc. For example, Information services for many departments, like weather alerts for farmers, important tips for farming, inputs of pricing for seed purchase etc are essential inputs beneficial to masses and have a wide acceptance as well as utility.

Information regarding departments should be made available to citizens via text on their mobile phones. The services are made available either on-demand,



wherein the citizen can send in the query via text, to which the answer will be send, or through subscribed services.

***Active integration of relevant Government bodies to dwell upon such opportunities to provide maximum online assistance to the public will ensure success of the Mobile VAS segment. The various areas that may be explored are :***

**m-Commerce**

Stock Updates, Banking Updates, Banking transactions, Information on various investment portfolios. The Government and RBI have taken number of policy decisions which would facilitate and enhance adoption of m-banking services.

Rather than imposing any additional fees for e-transactions, it would be more useful to provide incentives for e-transactions to encourage take up and adoption. The Government should recommend to all State Governments to waive sales tax on goods and services that are transacted through electronic/mobile mode (m-commerce or e-commerce) for next 5 years. This recommendation should be then followed with legislation to ensure execution by the State Governments.

**m-education**

Results, Admission details, Exam schedules, general updates on career opportunities and vocational training, school and college interactive transactions, School-Parent engagement initiatives.

**Law enforcement and Governance**

Providing real time information, immediate reporting, reducing delayed access of complaints/ alerts from rural areas. The SMS-based information disbursal by law enforcement and governance authorities would reduce Turnaround time for correctives and hence result in a better and more secure system.

**Service Delivery & Complaint Redressal**

Quality of Service and Customer Satisfaction being the key concerns of the Government coupled with transparency, the MVAS platform provides an excellent medium to showcase the transparency with respect to civil bodies also present in every geographical unit in the country. Few examples of assisting Citizens through MVAS would be Registration of Births and deaths, land, issuance of Ration card and Information disbursal on various Tax categories.

Over and above they are also an efficient source of communication Citizens to report to authorities for any service requests.

***The above are just a few basic examples of applicability of VAS for the betterment of Society.***

AUSPI feels there is no need for regulating tariffs for utility services provided by govt. agencies through MVAS platform as the growth of VAS will eventually be determined only by market dynamics and customer pull and is working fine in the current scenario.

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