



ANNUAL REPORT

2013-14

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Chairman's Message



Mr. Himanshu Kapania
Chairman, COAI

Time to position for the next Telecom Revolution – Broadband

I have been fortunate to witness the development of the Indian mobility industry from its nascence to its present stature on the world stage. The past few years have seen transformational changes in the telecom landscape, and we need to gear up to ensure the next big leap can be made – for the benefit of consumers, industry and society in India. From fixed line to wireless, from dial-up to an 'Always On' streaming, the ride for Indian users has been exciting, and it has been my privilege to have led the dialogue with the Regulator, Department, Government, Media & others on behalf of the association at this critical juncture.

As I now demit the position of the Chairman of the foremost industry association, I would like to share my thoughts on where we stand today and the challenges & opportunities the telecom industry faces.

1. The Unfinished Journey of Subscriber Growth:

The past 4 years have seen VLR penetration grow from a nominal 42.8% in September 2010 to 63.8% in March 2014 – a creditable growth in spite of the hurdles faced. Of the 791 MN active VLR subscribers (TRAI March 2014 report), over 570 Mn are with COAI members, demonstrating the commitment of each of our members to grow the sector. In spite of being the 2nd largest mobile country globally by subscribers, this 63.8% penetration [India's Population is 1240 Mn] compares poorly with the world average @ 95.4%. Clearly, there is plenty of headroom for growth in the next 4-5 years. The challenge being, most of the new users will be from the rural heartland and the industry needs active Government & DoT support to connect these millions of rural unconnected Indians.

2. Low Share of Global Revenues:

With 791 Mn active users, India has made major strides on subscribers additions, but unfortunately is a pygmy in global 'revenue terms'. While Indian subscribers account for 11% of global subscribers (6.86 Bn, GSMA, CY 2013), Indian mobility revenue accounts for a meager 2.6% (USD 27 Bn, TRAI, CY 2013) of Global Revenue (USD 1,034 Bn, GSMA, CY 2013). This is because we Indian telecom operators offer amongst the lowest tariffs in the world – on an average 1/4th of the global average. This situation is now being exacerbated by the slowing pace of industry growth – down to single digit (9.3% for FY 2014 and 9.2% for FY 2013).

3. India still a 'Discoverer' in Mobile Internet Adoption:

Instead of geographical boundaries, digital lifestyle adoption divides the world sharply today. India & the African continent are seen as **"Discoverers"** [$<10\%$ 3G users], against **"Digital Pioneers"** [USA, Japan, etc.; $>20\%$ LTE users], **"Connected Players"** [Western Europe; $>50\%$ 3G usage] and **"Fast Growers"** [China, Russia, SE Asia & others; $>30\%$ 3G users]. India lags behind even its APAC peers by over 75% on 'average mobile internet Usage per Subscriber' [APAC 973 MB/Sub, India 242 MB/Sub].

The present 220 million Indian Mobile Internet users are expected to grow to 500 million in the next 3-4 years and if mobile internet Usage per Subscriber were to catch up with the present APAC levels, then we COAI members primarily

have to deliver a mind boggling mobile data capacity growth from present 50 Petabytes to ~500 Petabytes per month. Naturally, this 10 times growth of mobile data will require huge investments and substantial quantities of contiguous blocks of spectrum to meet consumer demand.

4. A Financially Stressed Industry:

- a. Low Returns on Investment - Based on the last publicly declared financial information, we estimate the telecom industry (incl. BSNL/MTNL) has a total Consolidated Gross Block of Rs. 734,805 Crore. This large telecom infrastructure investment made by private & Government operators unfortunately generates a meager less than 1% RoI. This is disappointing for a country which is seeking additional telecom infrastructure investment to boost its GDP. COAI members lead the way with a Consolidated Gross Block of Rs. 376,637 Crore of the total national telecom outlay and remain committed towards further development of Indian mobility infrastructure.
- b. High Government Levies - The present model where the Telecom Operator pays duties and levies (Spectrum Usage Charge, License Fee, Service Tax, etc.) amounting to 22-26%, is highest in the world and unsustainable. It would be worthwhile here to note the Government levies in some of the South Asian countries is as low as – 2.5% + GST + Cost Recovery Charges on SUC in Pakistan, 1.3% of Turnover + 1.1% of Investment + VAT in Sri Lanka, 6.5% in Malaysia and approx. 3.5% in China, etc.

5. Limited and Expensive Spectrum:

Which brings us to possibly the most contentious, yet vital, subject for the industry – spectrum. India has the poorest spectrum allocation globally. Against an average of 64.4 MHz per operator in APAC region, India has only 13.8 MHz per operator. With such low spectrum allocation, the country, consumer & media expect telecom operators to create magic with no call drops and manage exponential mobile data growth, which is practically not possible.

I believe there is an urgent need to recognize the current state of the industry and reduce the reserve price for spectrum, increase quantum of spectrum supply and review the overall duties and levies being imposed. The mobile industry is financially stressed & highly leveraged at over Rs. 240,000 Crore based on last financial statements.

Way Forward for Indian Telecom:

Backed by a massive mandate, I believe the new Government has made a positive start, including declaring its intent to support infrastructure development in the country. My suggestions on the way forward for the Government as regards Indian telecom infrastructure development include:

A. Embrace the Digital Revolution

While India currently lags in digital metrics on adoption and usage, we need to acknowledge

that we are on the threshold of what is possibly the world's largest Data explosion. More people in this country, than anywhere else in the world, will have not only their first internet experience but also their first broadband experience on mobile in the next 4-5 years.

We need to facilitate this growth by building the infrastructure 'i-ways' – world class mobile broadband networks across the length and breadth of the nation – required to run high speed data traffic, key to drive India's next round of economic progress. COAI is at the forefront of this effort to empower the common Indian and our members remain aligned to the Government's NTP 2012 vision of 'Broadband for All'.

B. Progressive Spectrum Policy Regime

The mobile broadband driven future needs a progressive spectrum regime that will support:

- i. Availability of large quantum of spectrum on 800, 900, 1800 and 2100 MHz bands
- ii. Expansion of 900 MHz to 35 MHz, release additional 15-20 MHz in 1800 & 2100 MHz bands
- iii. Harmonization of existing fragmented spectrum to create 5MHz+ contiguous blocks
- iv. Market supporting Spectrum Trading and Spectrum Sharing policies
- v. Higher allocation of spectrum for access and microwave (backhaul) at affordable rates

C. Industry Consolidation

We need to welcome the natural consolidation process to make Indian telecom operators healthier, thereby benefiting consumers by letting operators invest in latest technologies and services. 'Merger & Acquisition' policies & procedures have to be aligned to assist consolidation of the telecom industry.

D. Infrastructure Status for Telecom

Mobility is no more about privileged access but is an essential infrastructure service which runs the nation's economy and empowers Indian citizens. We look forward to Indian Telecom industry getting all the benefits of infrastructure industry status including uninterrupted grid power, tax benefits and preferential access to debt. This will catalyze the process of nation building through rapid expansion of mobile broadband networks.

E. Green Telecom – Sustainability

Indian Telecoms have already initiated a range of 'green' activities including experimenting

with alternate power for running cell-sites, passive infrastructure sharing, moving from indoor to outdoor BTS, etc. The journey of reducing carbon footprint and contributing to the communities we operate should continue and we hope to garner Government support for sustainability initiatives by operators instead of proposed expensive & unrealistic RET norms presently under consideration.

To have a win – win – win situation is the need of the hour, and I look forward to COAI & its Secretariat working alongside the Regulator, Department of Telecom, Finance Ministry, Planning Commission and other expert bodies to continue this journey to build 'world class telecom infrastructure' and meet the aspirations of new age Indian consumers.

I wish Marten Pieters the best as he takes over as the new Chairman of COAI at this critical juncture. Also, my best wishes to Rajan Mathews & team to continue the good work and accelerate the pace in the journey the association members have adopted, leading to transformation of lives of Indian consumers and benefiting Indian society.

Vice Chairman's Message



Mr. Marten Pieters
Vice Chairman, COAI

The past few years had been tough for the industry with intensive competition, predatory pricing, unstable macro environment, and industry growth was adversely impacted by the same. However, change is around the corner. The industry suffered for a few years but now we see light at the end of the tunnel. The government has taken some bold steps having reduced spectrum pricing for the last round of auctions; and having accepted the recommendations for the new M&A rules. It seems that there is higher awareness that this industry had gone in the wrong direction; and that it does not augur well for the government and the country to have a weak telecom industry.

Some challenges however, still remain. As a sector, telecom is heavily taxed in India. This has to be rationalized. Once that happens, companies will actually be able to invest the money in fresh roll-outs and better service

networks. The telecom industry is a big source of revenue for the government - we pay almost 28 percent of our revenues to the government every year. Plus, when operators spend huge money to build and run networks, they contribute to the growth of the economy. Hence, the government should be interested in a successful telecom industry. Unfortunately, COAI's presentation to the Government through the pre-budget memorandum on this critical concern was left unaddressed yet again.

Another major hurdle for the industry which still needs critical attention is the availability of spectrum. While many parts of the world have moved to 40/50 or even 100 MHz spectrum per operator, we are still struggling with an average of 12 MHz. This mindset is another problem because the government thinks 12 MHz is more than enough. In my view, this mindset is holding the country back, and we need to change this. The industry has consistently been

urging the government to free more spectrum for commercial usage and auction it.

The recently concluded auctions have left the already financially troubled industry with an increased debt burden. Spectrum in India is expensive compared to the rest of the world: we pay a lot per MHz in an auction and then five per cent of revenues in the form of spectrum usage charges. This invariably has consequences for the industry. The payments to the government will be funded by debt and to pay for this debt, either tariffs will need to go up or operators will have to cut back on service levels and investments. The industry has not yet recovered from the excesses of the 2010 auction and this auction combined with others expected in the next couple of years, will further worsen the industry's health.

There is a need for a clear roadmap for the telecom sector, especially on spectrum related issues. There needs to be a timetable for future auctions which require an environment where companies take bidding decisions based on hard information and not desperation. In the near future the industry will need a fresh cycle of investments by operators for future spectrum needs; and investments to utilize recently bought spectrum and also for the exponential growth in data volume.

Amidst the continuing issues, however, there was some reason for motivation and encouragement for the sector. The emergence of promising uptake of data services was the most positive highlight for 2013-14. The era of transition from voice to data services has begun in India. Data

is growing at an exponential rate (over 70% YoY growth) and we see this trend continuing in the future. Also keeping in mind the limited reach of banks, especially in rural areas (only 38% Indians have a bank account) we see immense potential in services like Mobile payments which are being increasingly demanded by customers.

But the adoption of data technology depends on multiple factors like spectrum availability, smartphone ecosystem (pricing and penetration) and evolution of customer usage behavior. Hence, it is important that additional 3G spectrum is made available to service all markets effectively. The need and scope for growth in 3G has been higher in metros with more evolved users and higher smartphone penetration due to better purchasing power. Data and especially 3G usage in rural and smaller cities is still at a nascent stage, but is likely to pick up with more affordable smart phones to fulfill their information and entertainment needs, while voice would still be the main stay.

4G has entered the Indian landscape and will take some time to capture a main stay position in the market. Nonetheless, the process has been initiated and it is just a matter of time before the infrastructure and affordability factor comes in place to drive the technology uptake in the public.

In parallel, traditional voice business, with an actual industry penetration of around only 60% still has headroom for growth. One has to remember that voice and data need separate pipes for being really effective. The revenue mix in India will continue to be skewed towards

voice but the share of data will also grow at a fast pace.

Subsequently, Machine-to-Machine technology is rapidly evolving in the Indian market and it is a massive business opportunity in the long run. According to estimates by Cisco, it is expected that there would be 60 billion machines globally and 5 billion in India by 2020. This would be another focus area for the industry in the coming years.

It is good to see a new government coming with a very clear mandate, a government that clearly seems to have business as part of its strategy to drive the country forward. Hope is high now for the industry and I am optimistic that the new government will quickly start to address some of the blocking factors for stronger economic growth.

COAI continues to be active in representing the industry concerns and take up the important issues at the right forums. COAI was especially instrumental in convincing the government to reconsider the high reserve prices of spectrum for the last auctions and while the price cut was not at par with the industry's expectations, it was still a step in the right direction. COAI has also been leading the initiative in educating people

and creating awareness on the facts related to EMF emissions from mobile towers, which has been a concern area for the public lately. A number of programmes have been organised by COAI in association with the Center, State Governments, Municipal Authorities, Experts, Medical professionals, Academicians, RWAs, and the Media throughout the year to sensitize the public.

I would like to congratulate the entire COAI team for their continued dedication and zeal towards achieving the industry objectives and hope for more of such accomplishments to follow in the year ahead.

On a concluding note, I would like to thank all our member organisations for actively participating in the industry's interest and taking a unified stand on all major industry issues for the betterment of the industry. I would also like to convey my regards to Himanshu for his guidance, commitment and leadership for the industry during such challenging times. Finally, I would like to thank Rajan for his dynamic and successful guidance of the COAI Secretariat which has worked so enthusiastically and successfully towards the industry's benefit.

DIRECTOR GENERAL'S REPORT



Mr. Rajan S Mathews

Director General, COAI

The past year 2013-14, has been a turnaround year for the industry! In recognition of the growing convergence of the industry, COAI rebranded and repositioned itself as a body representing the interests of this larger converged ecosystem. This represents a significant shift in COAI's overall vision and objectives. The new logo represents the transition from a dominant voice to a dominant data environment and a converging mobility business which calls for a more inclusive approach to the entire sector.

What started as an Association of telecom service providers in the country in early 1994 has today expanded to be a thought leader in the industry, with members including mobile service providers, telecom infrastructure players, telecom equipment manufacturers amongst others and is still expanding to include other allied and critical stakeholders of the sector. We believe that our new brand image

will help us in positioning our self to lead the opportunities of the new era in the sector, in tune with the emerging trends and demands of the customers.

I am also elated that along with COAI, the industry itself is also showing a renewed vigour this year. The industry which was facing the most challenging and unstable time for the past few years seems to be recovering from the gloom. This year saw the emergence of the industry from two years of policy and regulatory uncertainty, disruption and drift.

The year witnessed some emerging stability in policy making as well as positivity in the regulatory environment. The new telecom minister has stated that the Government will focus on making the sector more transparent, will work for consumer interest and also to restore investors' confidence. We believe that the new Government will instil a nurturing

environment in the sector, focus on nation building and incent the industry to achieve the next Telecom revolution in Broadband.

Amidst these emerging optimistic times, I present the Annual Report for the year 2013-2014.

STATUS ON POLICY AND REGULATORY ISSUES

Recent events in the Indian telecom industry indicate a positioning of the business for the future. The sector is emerging from a dark period of pessimism and disappointment and operators are drawing out growth strategies as regulatory clarity emerges for the sector. The Government did announce some significant initiatives - like the much-awaited policy on mergers and acquisitions and permitting of 100 per cent foreign investment in the sector - which will drive Indian telecom in the years to come.

However, there are still many issues that the Government needs to consider and resolve for the industry. The Government needs to provide a long term clear, stable, predictable, development oriented and investor friendly policy regime which recognizes the long term nature of the investments and long project maturity requirements of the telecom sector.

After the last two failed auctions, the beginning of 2014 saw the successful auction of spectrum. However, going forward there is a need for a clear roadmap for future auction/ further

release of spectrum in various bands. To get the maximum value of spectrum, the Government needs to auction spectrum at reasonable reserve prices and let the market discover its final price with full transparency as to all spectrum that will be made available now and in the future. Excessive fees need to be reduced as they can restrict participation and result in unsold spectrum, impacting objectives of mobile broadband access to everyone. In the coming year, we are expecting that reasonable and practical guidelines on spectrum trading and spectrum sharing will be operationalized.

The sector is currently burdened with various duties & levies at the Union as well as State levels. Since the sector contributes to long-term positive impact on GDP and socio-economic and inclusive development, such gains outweigh the short-term contributions to the Government exchequer through high multiple levies. Hence, there is an urgent need for reviewing, and rationalizing levies and taxes on the sector, which stand as high as 30% as compared to an average of 50% for countries in the South East Asia region.

In addition to the high duties and levies, the sector also faces a high penalty regime. We believe that the Government is working towards refining the overall penalty structure and making a suitable Appellate system. In this context, it is important to assess the severity of the incident before imposition of any financial penalty. Any concerns or issues that arise in this regard should be examined on its merits and imposition of a penalty should be

considered only when it is clearly established without doubt that there is willful conduct for the purpose of non-compliance on the part of the licensee.

Since the telecom sector has been granted infrastructure status, the benefits of the same should be provided to the sector, like providing power at an industry priority level to support the network infrastructure which is the backbone of all communication. Another important aspect is adoption of uniform Right of Way across all States at a uniform and reasonable cost, for the installation of Mobile Towers, laying of Optic Fiber Cable (OFC), etc. As mobile towers, and OFCs are critical to communication services and continuous connectivity of telecom network, any unreasonable or high charges will only add to the cost of provisioning the services.

Regulation will need to be “light touch” and “cost/benefit” oriented to re-invoke the vigour of the Indian telecom sector. A policy to ensure that National Development goals are met through dynamic market play and advancing technology is the need of the hour. Transparent policy on license and spectrum, and support for opening of new business models and segments will be of importance to this.

We continue to emphasize that the Government’s outlook should be on the benefit of all the stakeholders in the country and all policies should be drafted only after ensuring that the same is being fulfilled.

INDUSTRY INITIATIVES AND ACHIEVEMENTS

During the year, COAI dealt with various issues of importance to the industry:

Spectrum Issues: Last year saw much focus and attention on spectrum issues, which continued from the previous year. COAI made submissions to TRAI on its Papers on the valuation and reserve price of 800, 900 and 1800 MHz bands. COAI made representations to the Government seeking reduction in spectrum valuation, low reserve price to spectrum valuation ratio, flat spectrum usage, spectrum trading and adoption of e-GSM band. It was also pointed out that the Government has been following the policy of “technology neutrality” since 1999 and the assumption that the spectrum held by the telecom service providers is not liberalized is flawed. After two rounds of “failed” auctions, the Government was successful in its auction of 900 and 1800 MHz spectrum after the TRAI’s recommendation to lower Reserve Prices.

COAI at various forums stated that the guiding principles governing the Spectrum Usage Charge must ensure that the total cost of spectrum is equitable for all TSPs across the entire period of the license. The current SUC regime leads to anomalous results; creates a non-level playing field; penalizes larger operators; discourages mergers and represents a significant burden on the industry. In addition to these disadvantages we believe that the current policy of escalating charges, which is

unique to India, discourages the purchase of spectrum; perpetuates the inefficient use of spectrum; distorts spectrum auctions; skews technology choices and, ultimately, may result in lower revenues for the government. A flat SUC as opposed to an escalating charge will also ensure a level playing field as well as long term benefits to the exchequer.

EMF and Tower Related Issues: This year saw heightened activity from certain vested interests around misleading claims on EMF. This resulted in increasing fear and concern among citizens. To counter this, COAI and DoT worked to address these factual inaccuracies on EMF. In August 2013, the DoT had issued Advisory Guidelines for State Governments on clearance for installation of mobile towers. The DoT was in discussions with the industry and the State Governments for finalization of these guidelines. The previous drafts had certain adverse clauses; however, the final Advisory issued by DoT has incorporated the significant points from the industry. The document advises all the State Governments to follow these norms so that there is a uniform approach on the issue, and which should be adopted by all the State Government across the country. This will facilitate quicker proliferation of mobile services through the entire country.

The matter of what the industry perceived as “erroneous and inappropriately high level of penalties” imposed by the TERM Cells for what they interpreted as non-compliance to the DoT/ EMF norms, was taken up with Hon’ble MoC&IT. As a result of several substantiated representations by the industry, the DoT

issued a new penalty regime for EMF. It is a comprehensive document with clear in-use case scenarios for penalties and has incorporated almost all the industry recommendations. This circular of DoT has brought much desired clarity in terms of the various dates for compliance and on many of the filed issues. These norms are applicable on a prospective basis and hence, should help resolve this issue for prospective submission of self-certificates. COAI believes the rationale for prospective application of the norms for penalties should also be applied retrospectively, as there is no rationale for treating the same compliance issues differently prospectively or retrospectively.

The alleged health hazard from EMF emissions has been taken cognizance by some of the premier institutes of India. In a submission to the DoT, 25 leading academicians from the prestigious IITs and IISc in India have urged the Government to exercise caution to avoid ad-hoc decisions regarding restrictions of mobile tower locations and avoid unnecessary panic and fear among citizens. The academicians have laid emphasis on the fact that the World Health Organization (WHO) itself has stated that considering the very low exposure levels and research results collected; there is no convincing scientific evidence which shows weak EMF emissions from mobile phone towers cause any health effect.

The legal fraternity is also now recognizing that there are no health hazards from mobile towers. This is visible from the decision of the Kerala High Court bench, which has observed on July 11 that there was no proof whether the

telecommunication towers affect the health of the people or not. The Hon'ble High Court, Allahabad, Lucknow Bench constituted a Committee to evaluate the issue and provide a Report. The Committee stated that the present prescribed precautionary (1/10th of ICNIRP) EMF safe exposure limits are adequate and need no further change at this stage and DoT is taking adequate steps to ensure safety of the citizens of the country.

The EMF matter is now before the Hon'ble Supreme Court and the matter is expected to be adjudicated shortly.

Unified License: Guidelines for grant of Unified License and License Agreement for Unified Licensing was issued by the DoT on August 19, 2013. The initial Unified license (new regime) mandated operators to migrate all their telecom licenses to the new regime on expiry of even one licence in any of the circles. COAI, vide its submissions to the Government, stated that migration should be optional at the choice of the licensee and not coercive based on extraneous events. Consequently, the DoT amended its guidelines to include that operators will not be mandated to migrate their entire license in case of expiry of one of their licenses in a particular circle. Various other submissions have also been made to the Government on other clauses of the UL. We are still coordinating with DoT to get more clarity on these issues.

Preferential Market Access for Domestic Manufacturing: In July 2013, the Prime Minister's Office stated that the PMA policy

covering private sector needs to be reviewed and presented to the Cabinet. Since the time the initial Gazette Notification was issued in February 2012 on PMA, the COAI has been on record that we support the encouragement of Domestic manufacturing as a National priority in the country, however, not in the manner proposed by the Government. COAI also wrote to the PMO stating that it was heartening to see that the PMO noticed and raised appropriate concerns in the draft PMA policy. COAI had been raising these concerns with various Ministries and also strongly believed that there is no co-relation between mandating Preferential Market Access (PMA) and security of telecom networks and services. COAI believed that the attempt to link the local manufacturing to security consideration is inappropriate as security cannot be guaranteed simply by requiring equipment to be manufactured in India through a mandate of PMA. Indeed, it is not where but how a product is manufactured that matters. COAI has encouraged the Government to adopt an incentivized and non-discriminatory approach to PMA instead of the mandatory quota oriented approach with its stipulated penalty provisions.

Telecom Commercial Communications Customer Preference (TCCCPR): As per the TCCCPR thirteenth amendment, the financial disincentives on each complaint against a service provider was very high. COAI requested TRAI to relax the financial disincentive provision and proposed the adoption of a common Standard Operating Procedure (SOP) for the SMS signature verification solution across all the operators and stated that the SOP

when adopted by the industry will improve the efficacy of the signature verification solution. As a result of the adoption of the above, the number of complaints on a weekly basis was significantly reduced from 12,848 for the week ending – August 22, 2013, to only 4,046 for the week ending 17th November 2013. In light of the same, the Authority decided to reduce the level of penalties to implement a graded financial disincentive framework with effect from September 16, 2013.

Telecom Consumers Protection: TRAI vide its letter dated September 9, 2013, asked all the operators not to auto renew the STV's (Special Tariff Vouchers) after expiry of their validity. COAI submitted that there is a substantial advantage under the STVs and therefore, the non-renewal of the STV on an automatic basis would lead to customers being deprived of tariff benefits. This, in turn, would lead to a large number of complaints. COAI requested TRAI to allow auto renewal for all SMS and Data packs having validity of more than 5 days. In light of the same, TRAI accepted COAI submissions to allow renewal of STV's for the SMS and Data packs (having validity more than 7 days) through Opt-in facility (by taking one time explicit consent of the consumer for such renewals through a prescribed procedure).

USSD Based Mobile Banking Services: COAI submitted its response to the TRAI Consultation Paper on 'USSD-based Mobile Banking Services for Financial Inclusion'. On November 26, 2013, TRAI released the Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013 prescribing a ceiling tariff for the use of USSD

for USSD-based mobile banking services and the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013. Operators and NPCI started working towards drafting a common agreement. Meetings are being held between member operators, COAI, AUSPI, NPCI, IBA, TRAI and Department of financial Services (DoFS) to arrive at a common agreement. Most of our member operators have signed agreement with NPCI.

Full Mobile Number Portability: TRAI issued its recommendations on the Full Mobile Number Portability, i.e. PAN India Number Portability. It was heartening to see that TRAI agreed to all the suggestions provided by COAI and its members. The TRAI has stated that the TSPs will be given 6 months' time for implementation of Full MNP. After the Full MNP (inter service area portability) is implemented, the Recipient operator will forward the porting request to the MNPSP of the zone to which the original number range holder (the TSP to which the number originally belonged before its porting) belongs. Some modifications have been suggested in the MNP service license to facilitate inter-service area porting (Full MNP). The testing fee for testing the various scenarios in Full MNP was recommended to be reduced to 25% of the current prescribed Fee for TSPs and MNPSPs. This matter is presently under review by DoT.

Telecom Consumers Complaint Redressal: TRAI is in the process of introducing a Regulation to address the issue of consumer complaint redressal. COAI made the submissions to TRAI to make the process more accessible

for the consumers. We requested for making available multiple channels for subscribers to express his/her grievance such as Call Centre number, Walk in complaint centres, Walk in to any Store, Letter (through post/courier/personal visit), E-mail as opposed to only SMS. TRAI was also requested to allow ONLY the written communication (email, letter, fax) to be accepted as a model for making an appeal to the Appellate Authority.

Regional Workshops: COAI along with AUSPI had been organizing regional level workshops with DoT on security related issues as well as EMF and tower issues. In the chain of Regional workshops, the ACT/EMF workshop for the Northern Region was held at Jaipur on July 4-5, 2013 and for the Western Region was held on February 6-7, 2014 at Goa. There was good representation from DoT/TERM/LEAs/State Government officials and the industry. Many operational issues were discussed, which were sought by DoT as written representation, enabling them to take necessary action in the matters highlighted. The two favorable outcomes of these workshops were the new EMF penalty regime and resolution of the issue of Greyscale photographs.

Legal Issues: On one side, the industry got a landmark judgment from the Hon'ble TDSAT allowing the 3G ICR arrangements. The TDSAT has recognized the stand of the telecom operators on the basis of which they made aggressive bids for 3G spectrum stating that such arrangements are governed by the license conditions of the service providers and not the band of spectrum that they possess. The

judgment is in favour of the customers as it will benefit them in terms of having more choices. Besides this, the operators can also now freely invest in network coverage.

In a setback for the industry, the Hon'ble Supreme Court ruled that the Comptroller and Auditor General (CAG) of India has the right to audit the receipts of telecom operators that share revenue with the government for use of spectrum. This ruling has the potential to significantly impact the telecom sector in India. Though the SC has also upheld the limitation on the audit imposed by the Delhi HC order, i.e., CAG has limited scope to audit only that revenue on which government fees is computed, however, we believe that the order is far-reaching and will slow down the working of the sector. The concern is regarding the multiple audits by multiple agencies (DoT, TRAI, SEBI and now CAG), increasing the costs and time to operators and also increasing the scope of CAG to private entities. By the logic of the court, every tax payer should also be subject to audit by the CAG, in addition to the IT Dept. This ruling will become a larger issue for Corporate India and not just for mobile operators. We hope that the CAG will undertake its audits in the light of these concerns.

Finance Issues: COAI has made detailed representation to the Finance Ministry vide its Pre Budget recommendations on both direct and indirect taxes. Recommendations on direct taxes included issues like, amendment in the definition of 'Royalty' in Income Tax Act, 1961 as introduced in Finance Bill 2012, applicability of TDS on margins of market intermediaries in the

telecom sector and tax treatment of Periodic Revenue Share License Fee paid to Govt. of India by Telecom Companies. Recommendations on indirect taxes included issues like, Cenvat Credit on business related expenses and CSR related spends, refund of unutilized Cenvat credit Services, etc. COAI is also engaging with the Government on the matter of Goods & Service Tax. Various representations have been made to facilitate the Government to come with the GST model which will be industry friendly and will benefit all the stakeholders. COAI has also been representing the issue of high levies and duties on the sector with the DoT, Ministry of Finance and various trade associations and chambers.

Telecommunications Standards Development Society, India (TSDSI) initiative: In order to ensure that India developed and registered IPR are properly monetized and included in global standards, COAI spearheaded an industry initiative to set up an Indian Standards body to represent India's interests in various international standards bodies such as ITU, 3GPP, IEEE, ETSI, etc. COAI led the Standards Initiatives along with TCOEs, 23 Indian Industries, 20 MNCs, 3 Industry Associations, 10 premier Academic Institutes and R&D organizations that are actively working towards the telecom standardization activities. A total of 8 Working Groups have been formed to cover Radio Access, Backhaul, Core Network, Machine To Machine (M2M) communication, Devices, Green Telecom, Services, Applications, Systems and Architectures (SASA) and Special Interest Group (SIG). Approximately 15 work items are being addressed by these WGs.

Telecom Sector Skills Council of India (TSSCI): In order to meet the increasing need of well qualified and trained candidates for the industry, COAI, as the lead promoter along with TCOEs and ICA set up the TSSCI under the aegis of National Skills Development Council (NSDC). In the last one year since its inception, TSSC has developed 26 Qualification Packs with maximum coverage in Telecom Sector and has started training youths in India through its 83 Affiliated Training Partners. 17th Aug 2013, marked the inauguration of the first batch of candidates to start training on standards prepared by TSSC. As on 31st Mar 2014, TSSC had enrolled 29,470 candidates in 9 job roles covering 22 states/UTs. In addition, TSSC also signed MoUs with 120 industry partners which included all major telecom companies, thus ensuring their participation in skill building activities and acceptance of TSSC certified manpower for employment.

OTHER ACTIVITIES OF THE ASSOCIATION

COAI continued in its endeavor to be at the forefront of national and international events held in the year 2013-14, including Mobile World Congress at Barcelona, ITU events, etc. that addressed issues and matters of interest to our members and industry.

COAI also partnered in various **Seminars and Workshops** on issues of interest and benefit for its members and the industry and for creating awareness amongst the consumers. COAI and its members also continued active participation in organizations such as CII,

FICCI, ASSOCHAM, NASSCOM, GSMA, 3GPP, ITU among others, as well as activities of many telecom events in India.

COAI took a more direct approach in reaching out to activists and media and creating counter voices against the activists on the topic of EMF through credible resources. COAI continued its dedicated efforts towards mitigating the negative activism and misconceptions on emissions from mobile towers. The Association was successful in reaching out to international experts and medical institutions/associations to garner support and engagement in the advocacy activities.

The **COAI Executive Council** headed by the Chairperson, Mr. Himanshu Kapania, Vice Chairman, Mr. Marten Pieters and comprising senior representatives from all member operators, met several times over the last year to deliberate on a variety of issues impacting the industry. They were ably assisted by proficient advice from the various **Working Committees** that had been set up in COAI.

In conclusion, I would like to convey my deep appreciation and thank **all the Committees and Working Groups** and their **Chairmen and Vice Chairmen** for their expert leadership and significant contribution towards various industry issues and helping the Association in representing them suitably at various forums.

I would like to personally **thank the Chairman, Mr. Himanshu Kapania**, for his personal involvement and support in all the activities

and initiatives of the Association for the last year and we request his continued support and guidance in future as well. I also thank the **Vice Chairman, Mr. Marten Pieters** for all the support, guidance and international experience that he has provided during his tenure.

I would especially like to record my deep appreciation to the unfaltering efforts and support of the **COAI Secretariat** team who have always been fully committed to the task before us and have always been ready to take up new challenges for the Association and execute them smoothly, efficiently and with excellence.

GROWTH DRIVERS FOR FUTURE

As stated earlier, we are hopeful for better times in the coming year, especially with the new Government taking charge. The telecom industry and the Government need to work together to attract investments and exploit advances in technology. With the success in voice-connectivity being carried forward to data and emerging technologies including cloud computing, we at COAI are aware of the dynamism that will be required and the Regulatory initiatives by the Government and TRAI which will have long term benefits for the industry.

We believe that with positive changes, the telecom industry will see a significant growth from core 3G to 4G, along with increase in network coverage and competition in coming years. Operators are also exploring

new business model like mobile money, M2M, surveillance, cloud storage, OTT messaging, authentication services and mobile advertising.

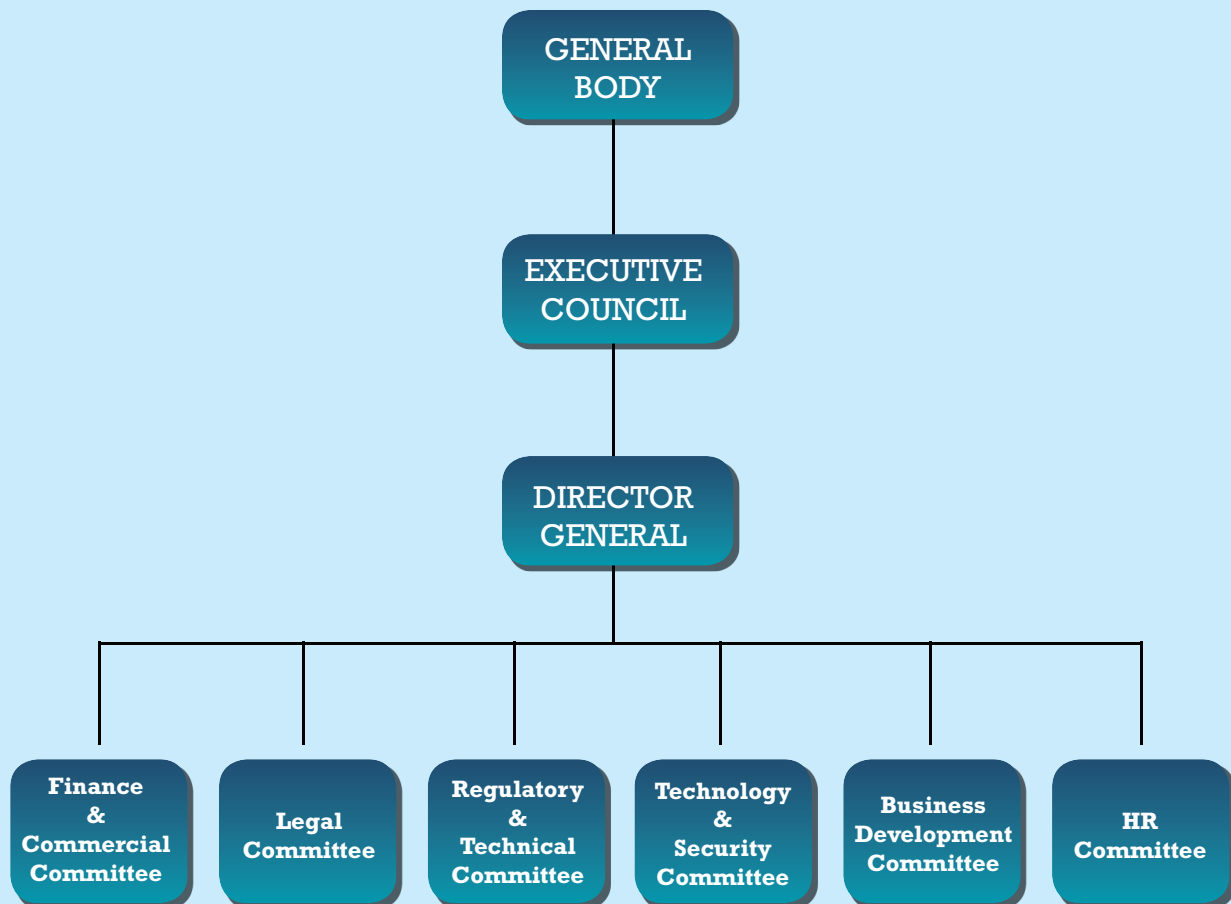
Telecom and mobile communications are enabling other industry sectors such as banking, energy, education, health etc. We are moving towards making telecom a pivotal industry in enabling industry convergence.

In the coming year, as the number of connected devices and transactions multiply, the market will move to the big data era, where high volume transaction processing, warehousing and analytical capabilities will matter. Big data analytics will provide immense opportunities to enhance customer experience, and thus to

differentiate in a highly competitive market. Operators focusing on customer experience through campaigns around better network, speed and innovative products and services will generate substantial incremental revenue, which will lead to long term sustainability.

COAI is committed to working closely with the Government to ensure that the interests of the customers and the investors in the industry are developed, protected and enhanced. We also would be working on the upcoming issues in keeping pace with the world to enhance the effectiveness of the Association as a Thought Leader in the telecom industry and prepare it for continued leadership in the coming year.

COAI STRUCTURE



Working Groups and Special Projects

- **ACT (Apex Advisory Council for Telecom in India)**
- **EMF Sub-Committee**
- **Working Group on Spectrum**
- **Payments Through Mobile (Mobile Banking and Financial Inclusion)**

COAI Secretariat

Mr. Rajan S Mathews, Director General
Mr. Vikram Tiwathia, Associate Director General
Mr. J Jena, Associate Director General - TCOE + Special Projects
Mr. V.K.Cherian, Senior Director - Communications
Mr. Saurabh Puri, Director - Research & Analysis
Mr. Gopal Mittal, Director - Commercial & Finance
Ms. Vertika Misra, Assistant Director
Ms. Garima Kapoor, Manager
Mr. Kshem Kapoor, Manager
Ms. Amrita Anand, Manager - Legal & Regulatory
Mr. Hemant Narain, Manager - Legal & Regulatory
Mr. Desh Raj Bhadana, Manager - Administration
Mr. Kaustuv Sircar, Deputy Manager - Communications
Ms. Sugandha Berry, Assistant Manager
Ms. Neeti Mathur, Assistant Manager - Communications
Ms. Anandhi Nair, Assistant Manager - DG office
Ms. G Lalitha, Sr. Office Executive
Ms. Sanki Lalwani, Sr. Executive
Ms. Neetu Sharma, Executive

TEAM COAI

The COAI team comprises of a lean yet dynamic, proficient team of committed professionals who work with the zeal to excel in meeting the objectives of the industry. The Secretariat's competence and productivity are appreciated and acknowledged by one and all who have worked with the Secretariat, which includes the various Governmental departments, the Regulator, other industry associations, as well as, member and non-member organisations alike.

Apart from the core telecom issues, the versatile team has also developed knowledge and expertise in the various allied domains to cater to the enhanced requirements of the expanding eco-system of the COAI membership. The Secretariat keeps setting higher standards of performance and builds on its level of competence by scaling newer challenges every year emanating from the complexities of emerging networks, applications, standards, regulatory and

government policies, etc. Apart from learning at work, the team engages in various knowledge and skill enhancement workshops and training sessions. Team visits to members' facilities are also organised to stay updated on the state of the art technological advancements and for a better understanding of the technical processes in the sector.

The COAI team has been strengthened this year with Ms. Neeti Mathur joining as Assistant Manager – Communications, while the team bid farewell to Mr. Sahil Raina.

The Secretariat is thankful to all its members for their valuable guidance, contribution and consistent support towards its efficient functioning and productivity.



COAI Members

COAI Core Members



Aircel Ltd.



Bharti Airtel Ltd.



Idea Cellular Limited



Telewings Communications
Services Private Limited



Videocon
Telecommunications Ltd.



Vodafone India
Limited

COAI Associate Members



Alcatel Lucent India Limited



CISCO Systems India Pvt. Ltd.



Ericsson India Pvt. Ltd.



GTL Infrastructure Ltd.



HUAWEI
Huawei Technologies Co. Ltd.



IBM India Pvt. Ltd.



Indus Towers Ltd.



Intel Corporation



Nokia Solutions and
Networks India Pvt. Ltd.



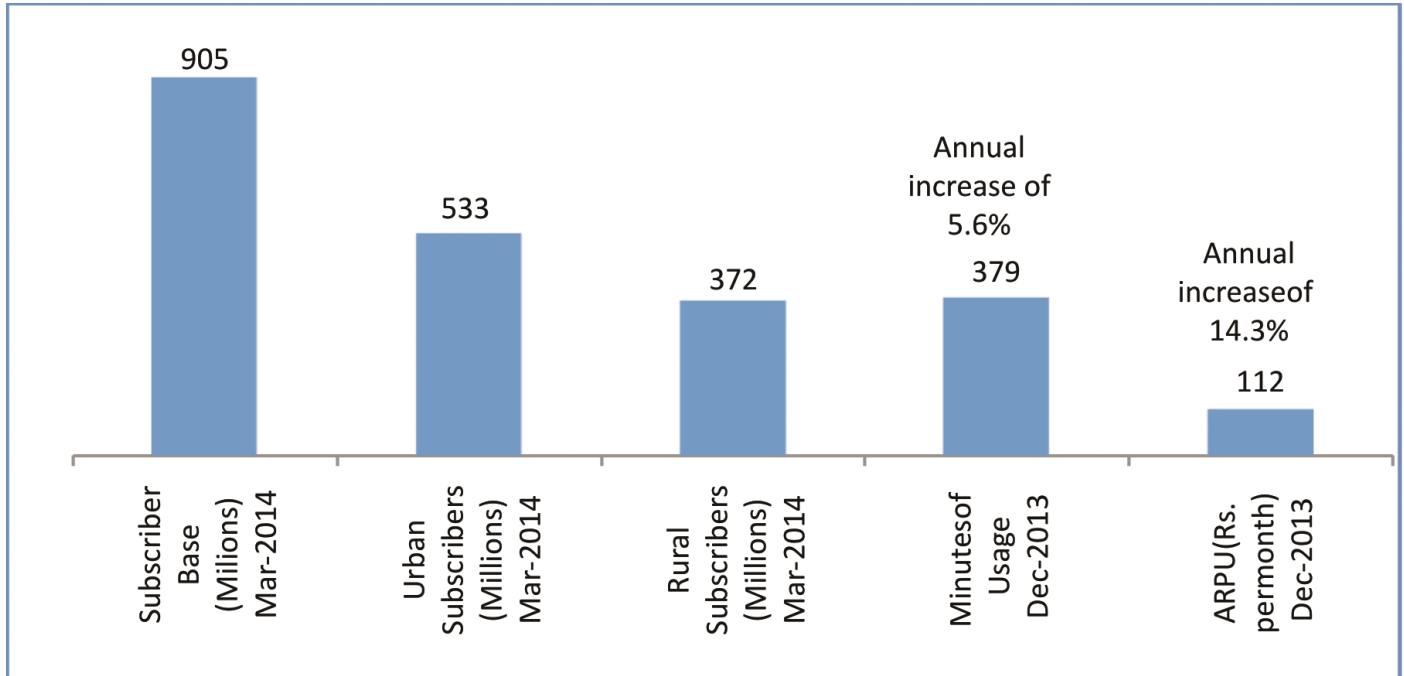
Qualcomm India Pvt. Ltd.



ZTE India Pvt. Ltd.

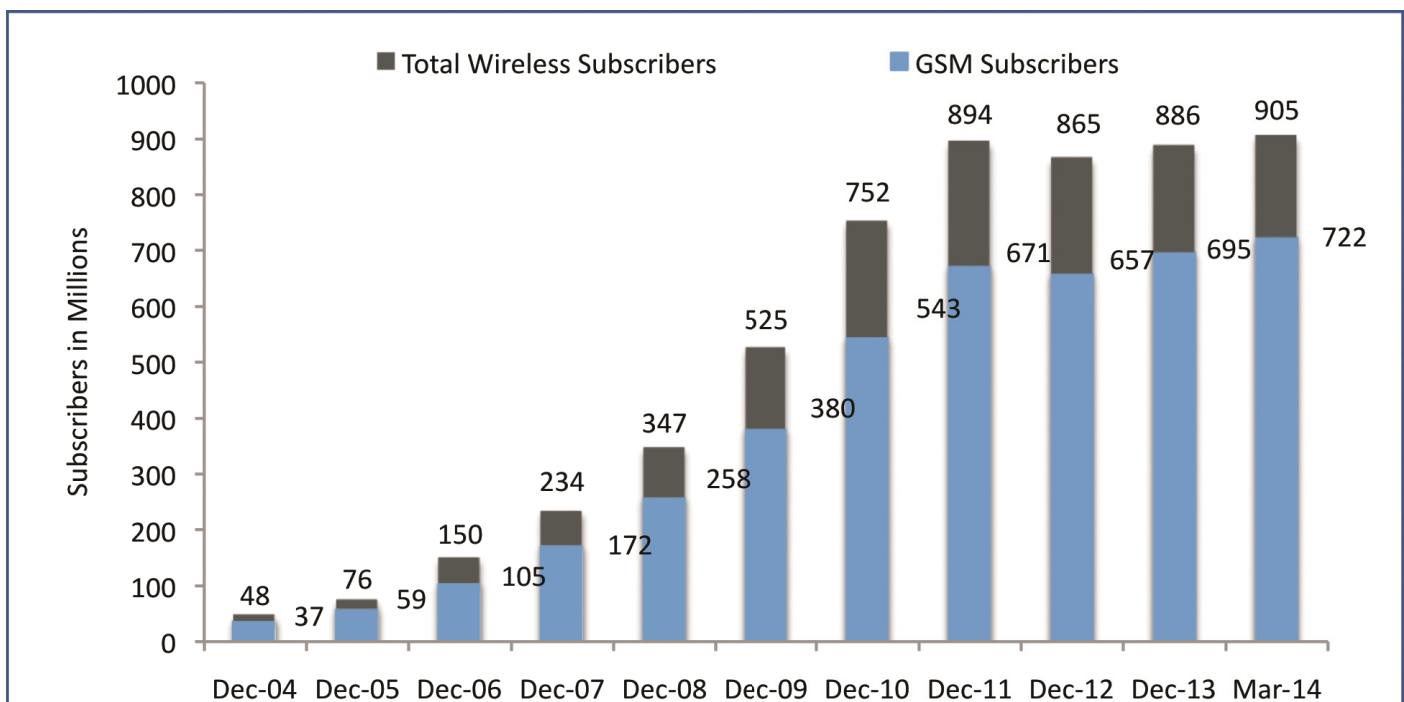
Indian GSM Cellular Industry- An Overview

A. Growth of Wireless Industry in India



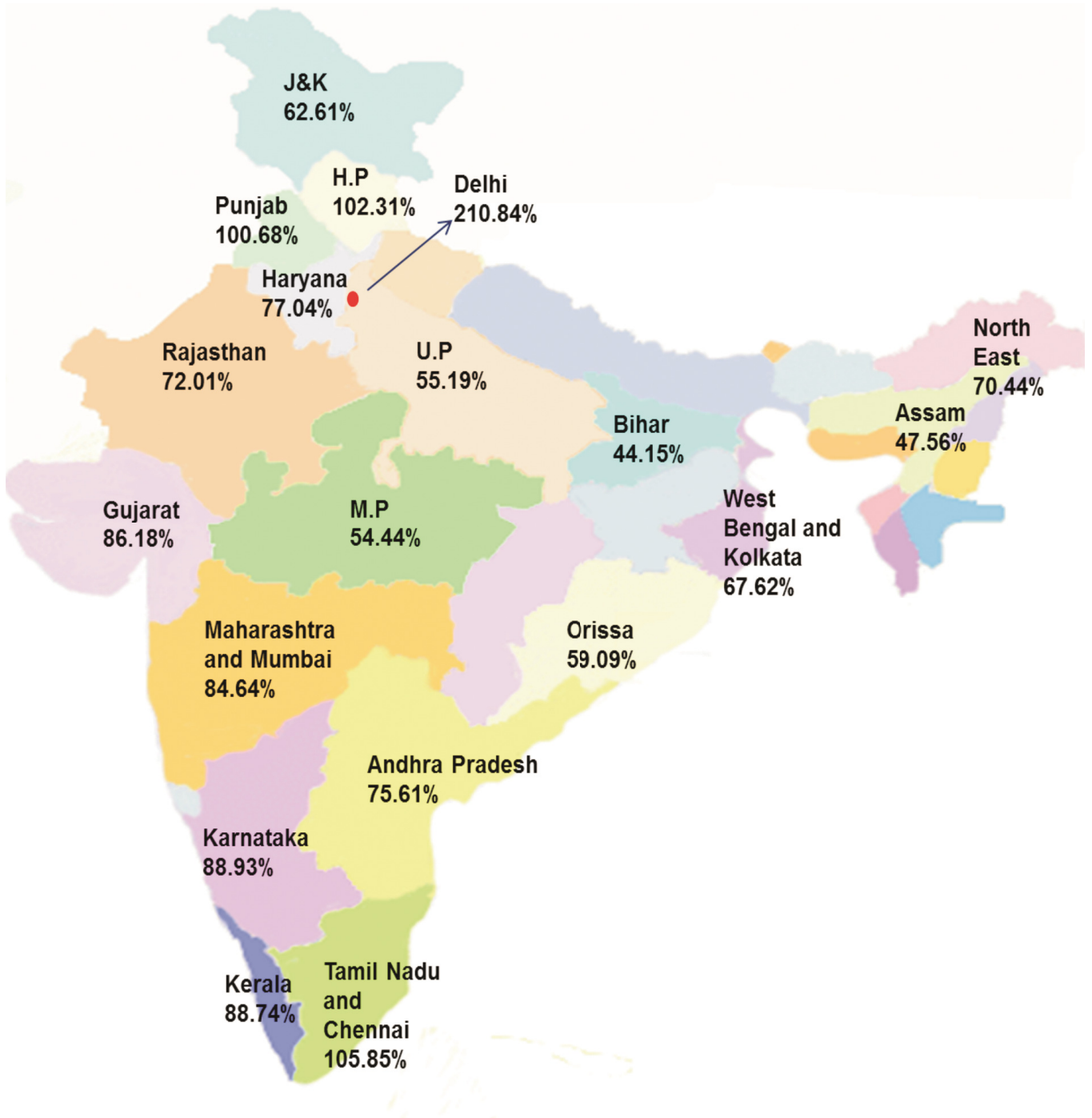
Source: TRAI Subscription Data and Performance Indicator report

B. All India Total Cellular and GSM Cellular Subscriber Base



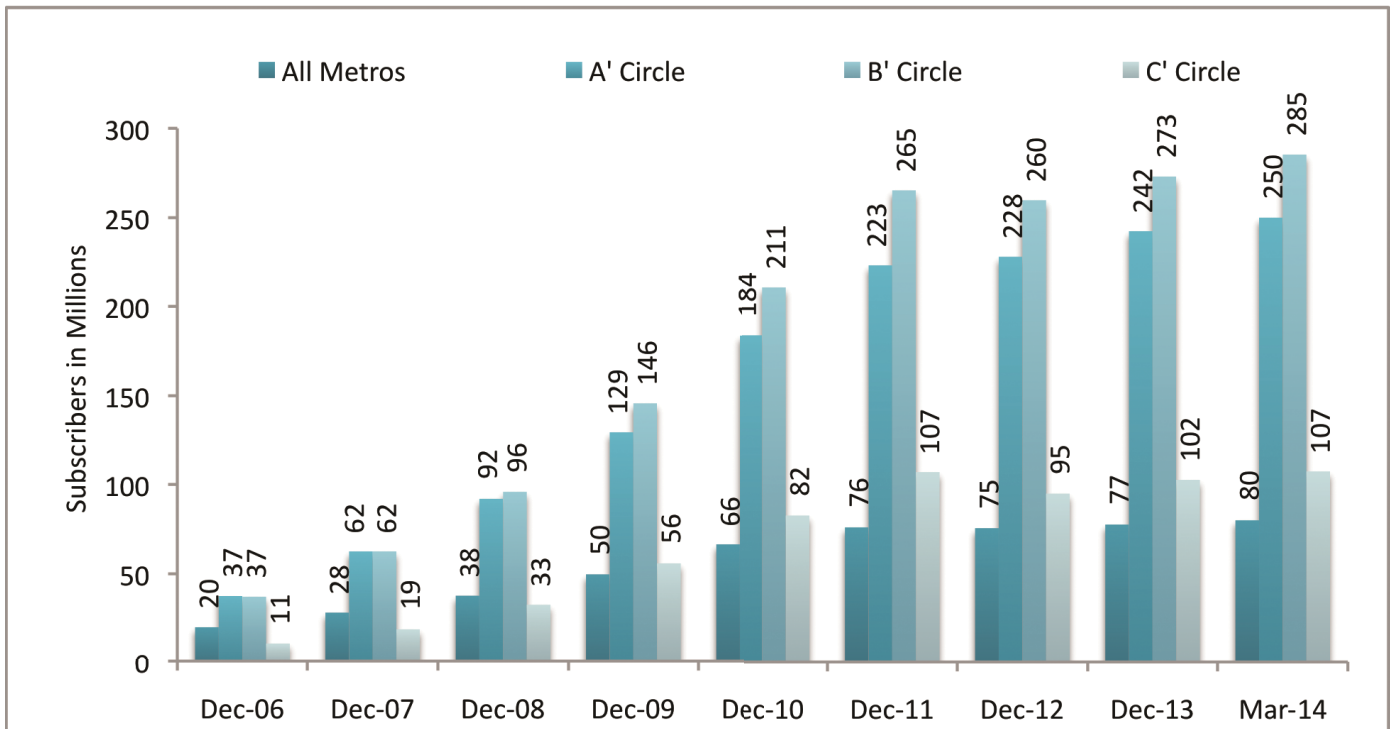
Source: TRAI and COAI

C . Wireless Tele-density Across Telecom Circles – Dec-2013



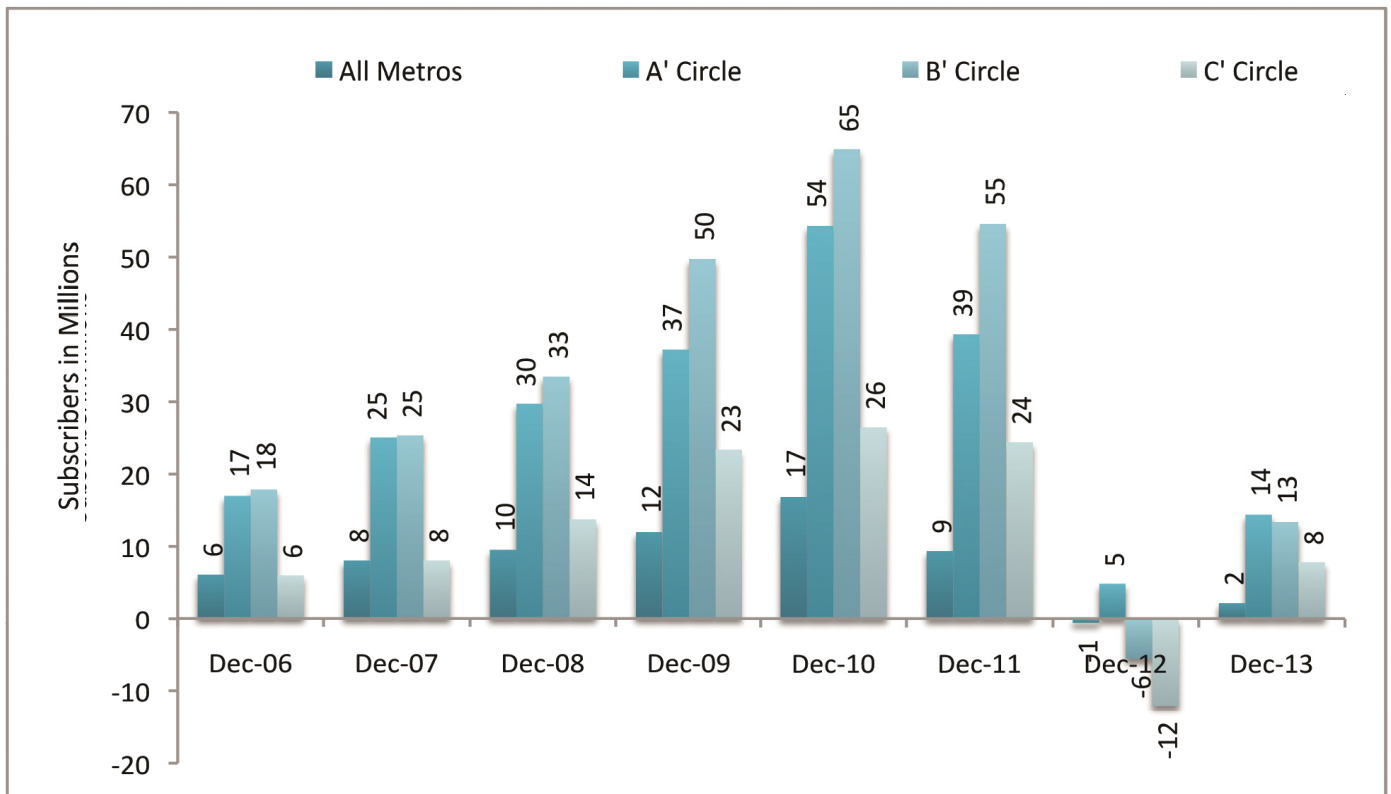
Source: TRAI - Performance Indicator report

D. All India GSM Cellular Subscriber Base – Circle wise



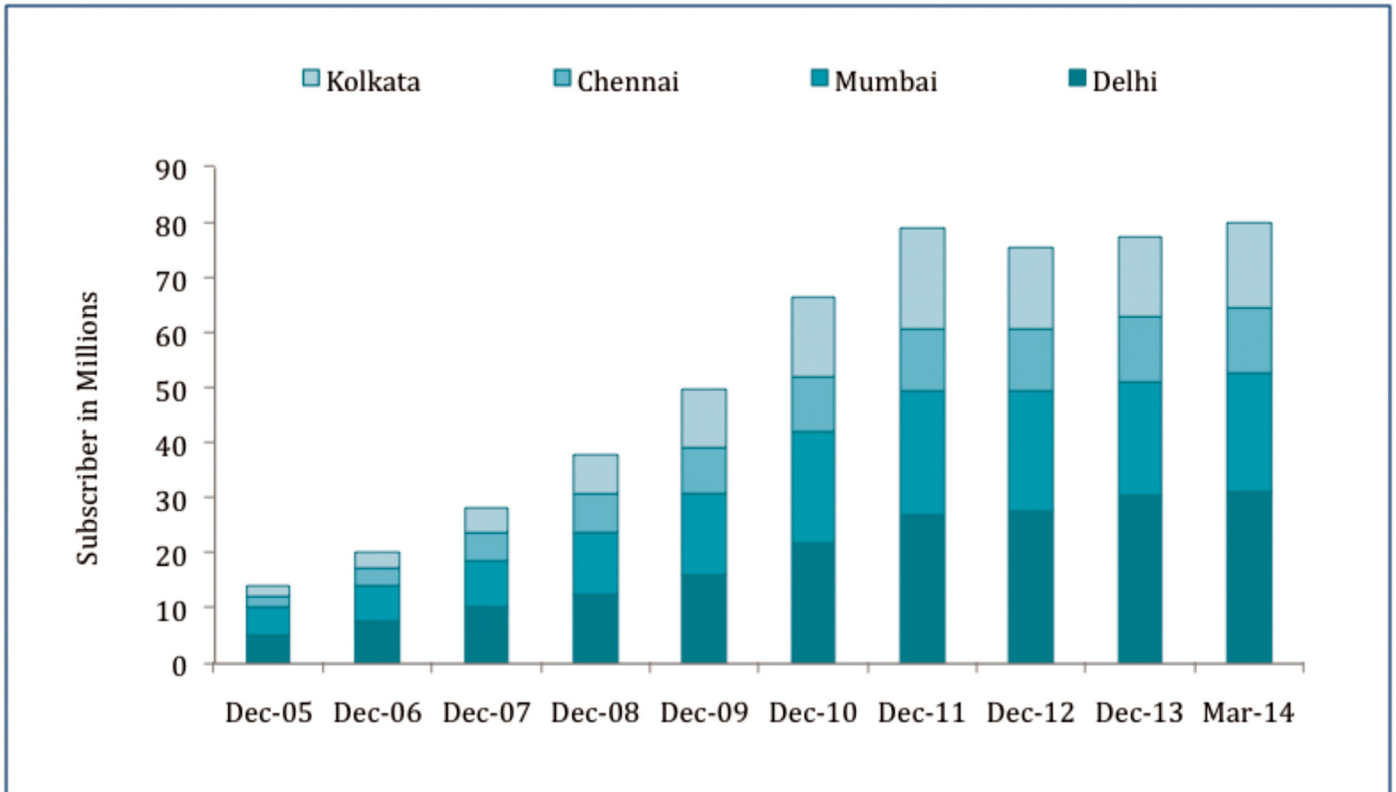
Source: COAI

E. All India GSM Cellular Subscribers – Annual Net Additions



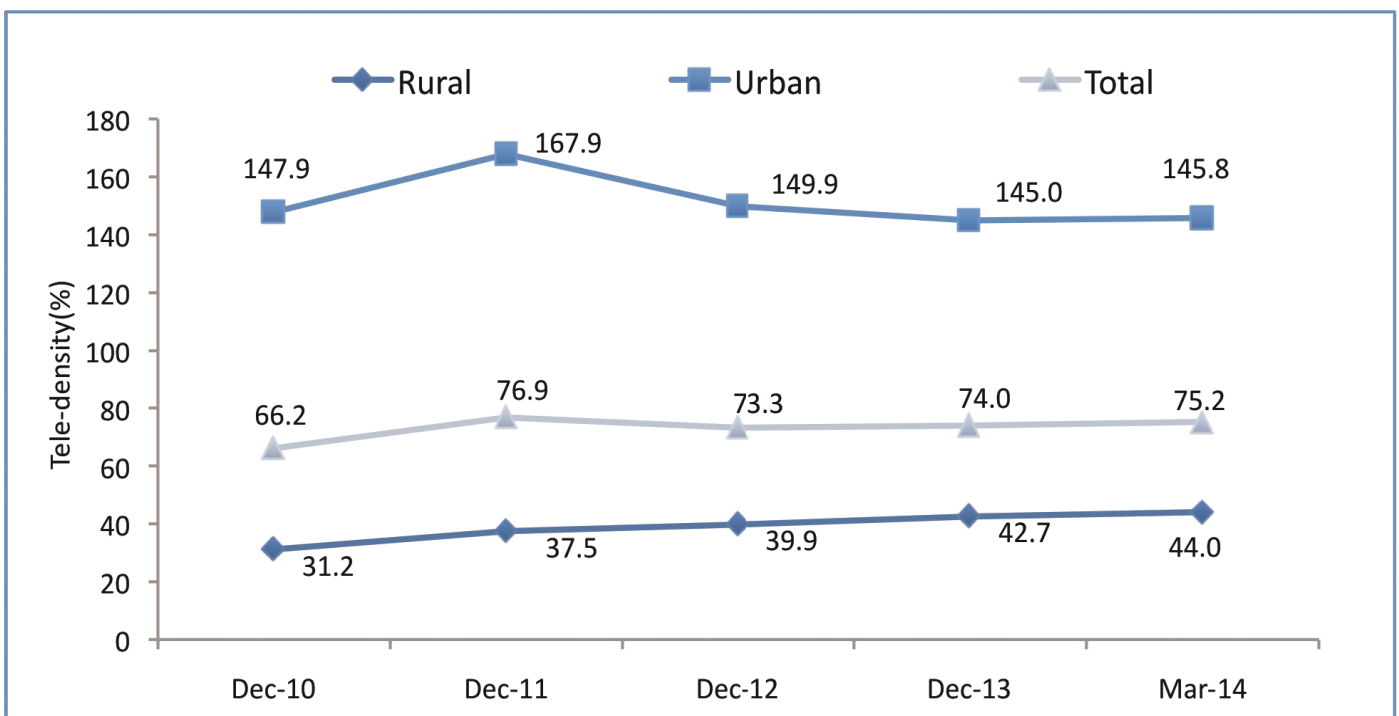
Source: COAI

F. All India GSM Cellular Subscribers – Metros



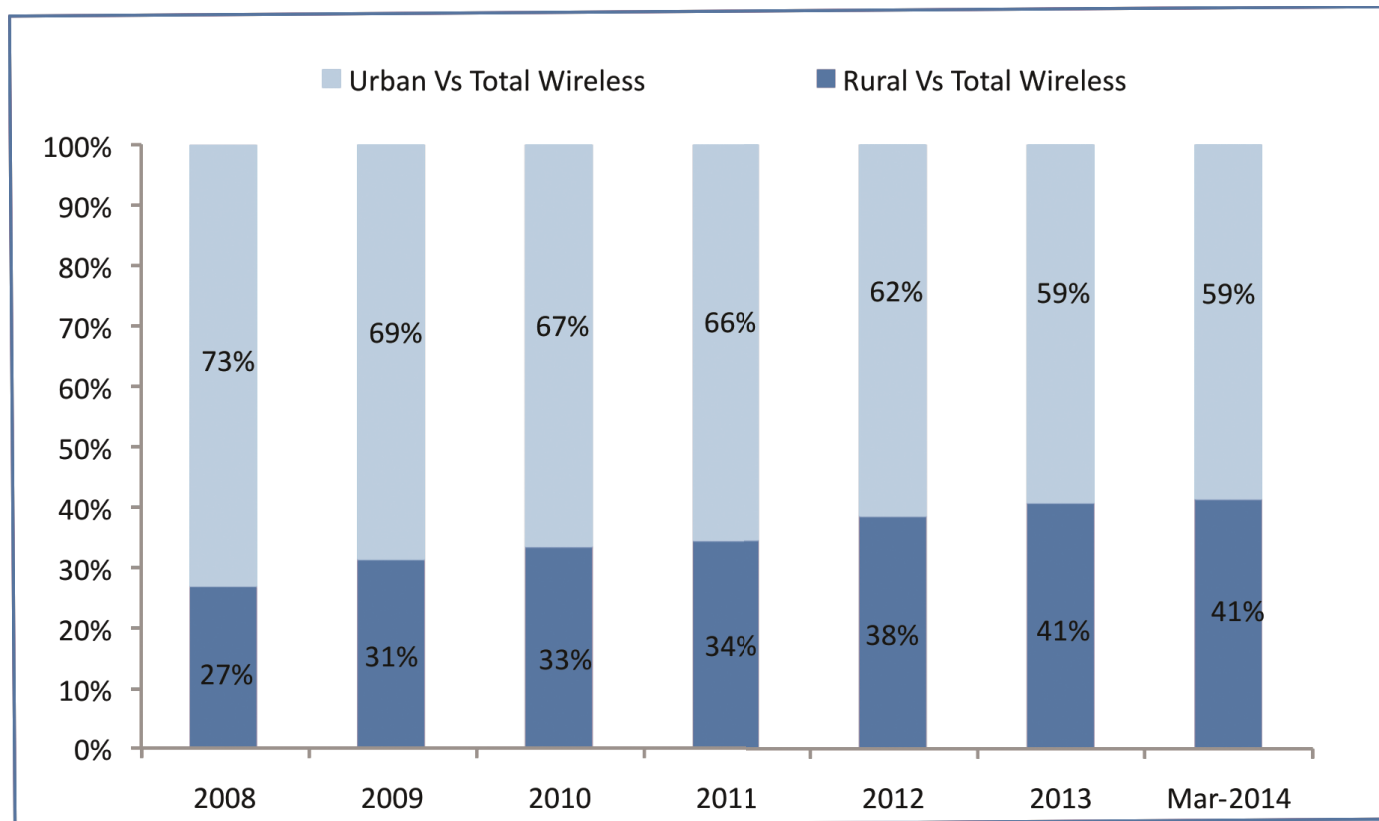
Source: COAI

G. Tele-density (%)



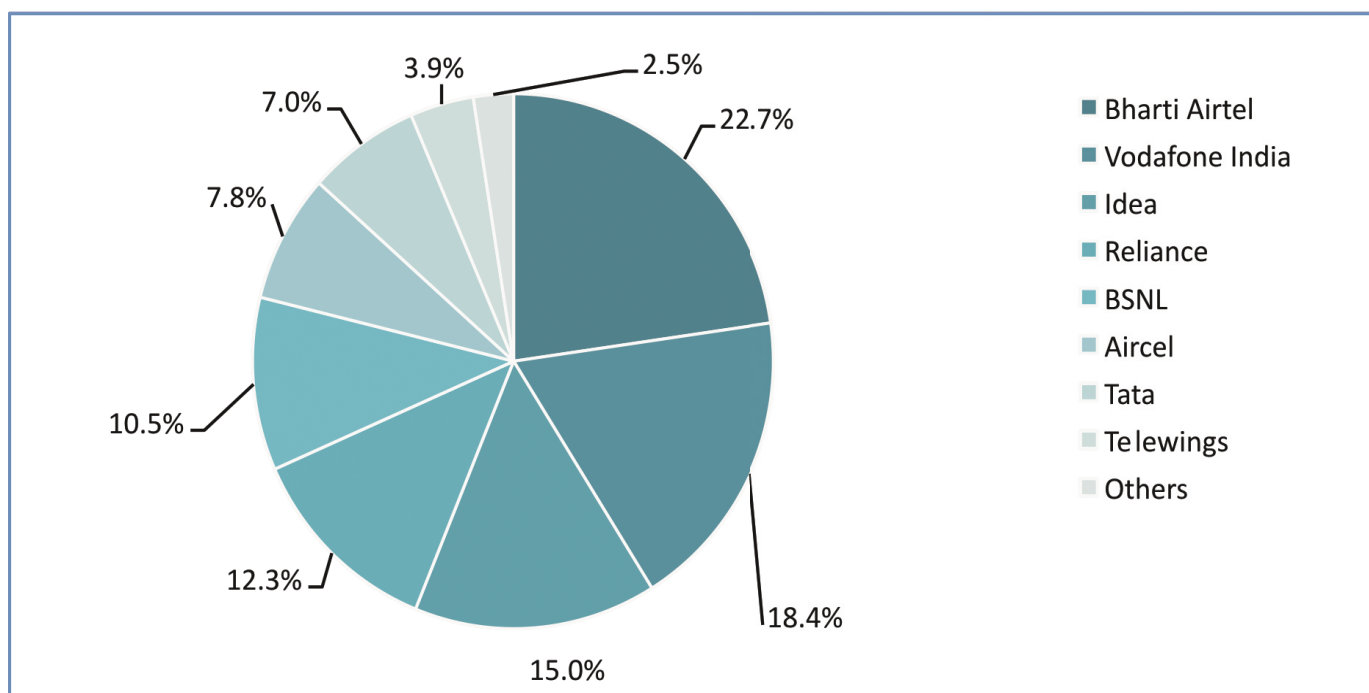
Source: COAI

H. Wireless Rural Subscribers as % to Wireless Subscriber Base



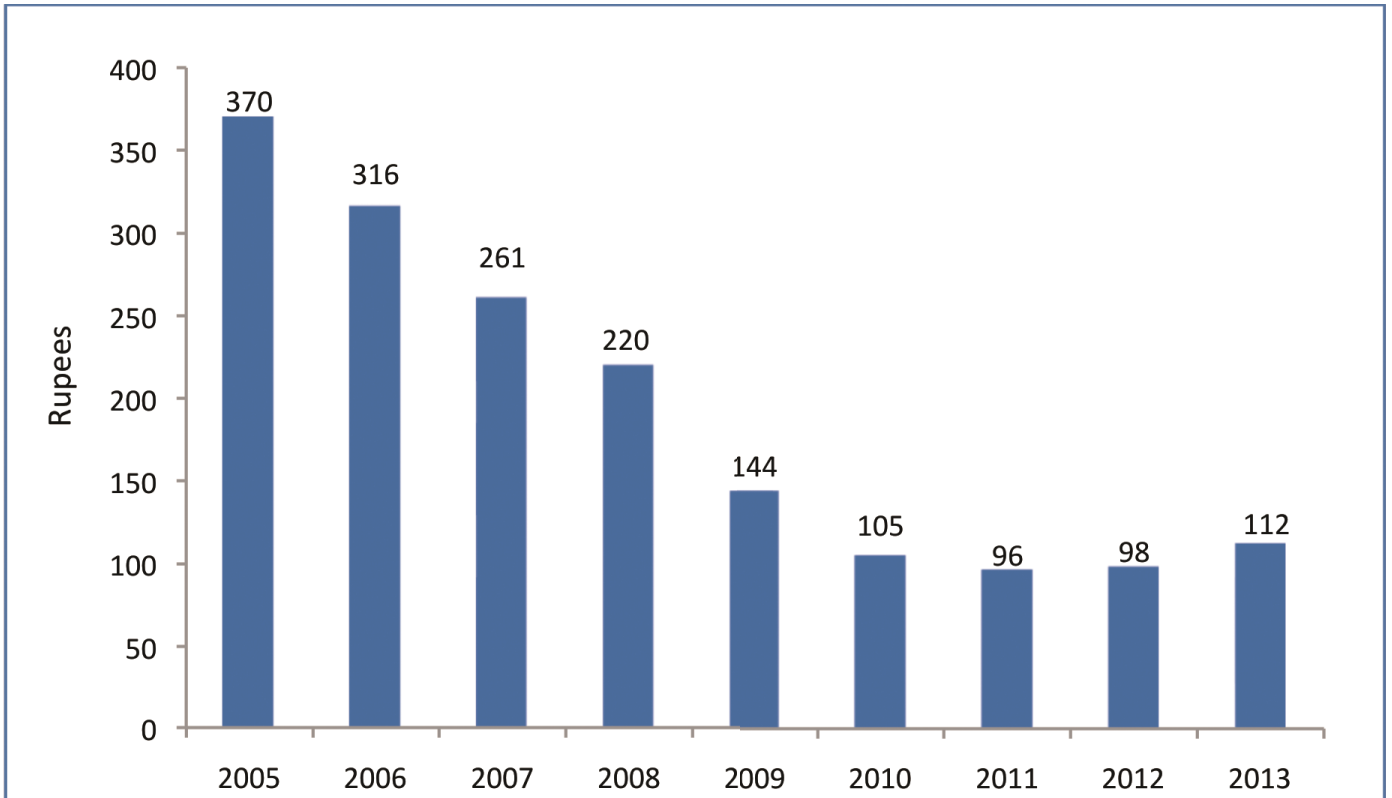
Source: TRAI

I. Market Share of Wireless Operators (Mar-2014)



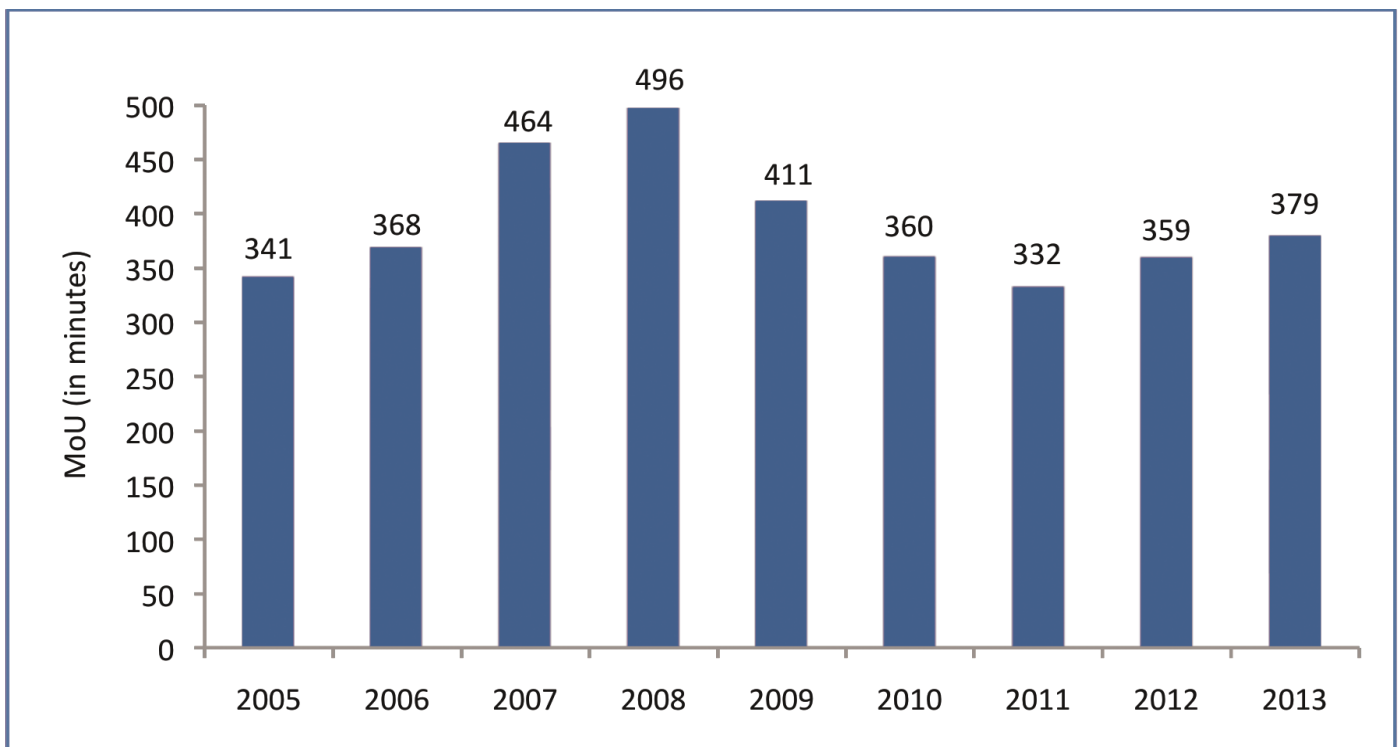
Source: TRAI

J. Average Revenue Per User



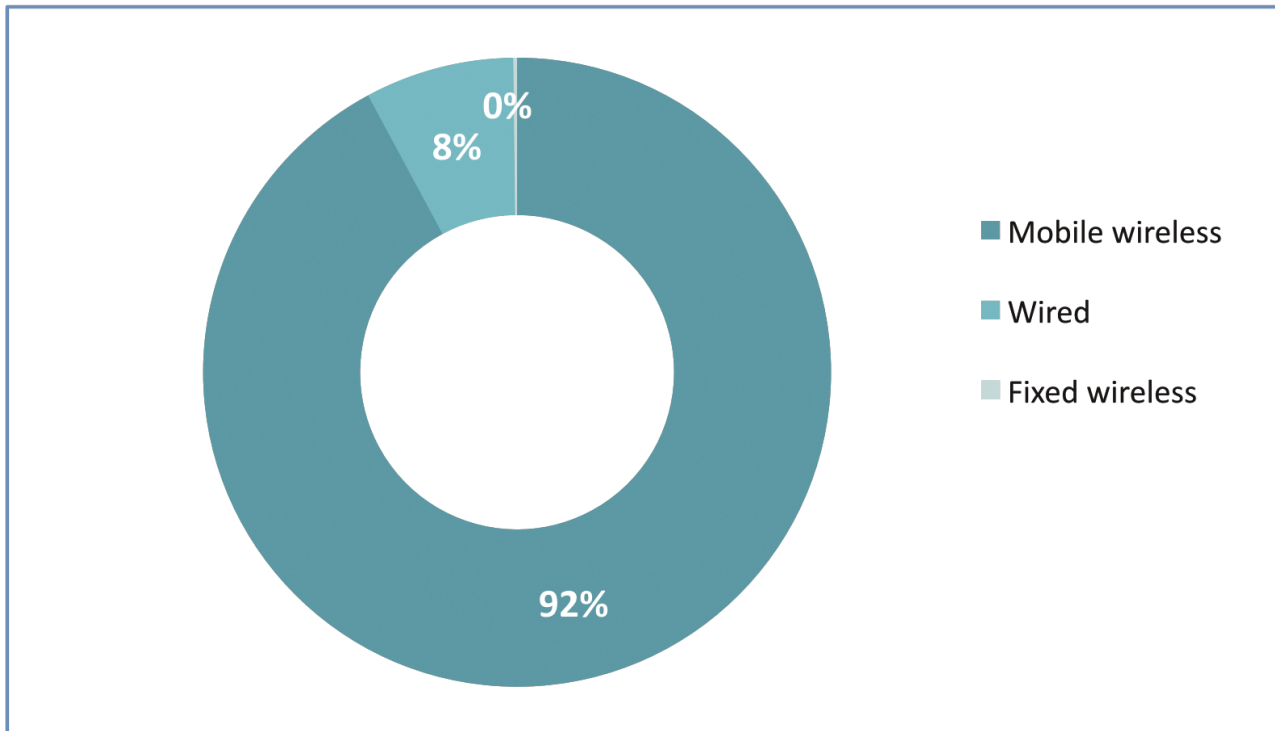
Source: TRAI Performance Indicator Report - Dec'13

K. Minutes of Usage Per Subscriber Per Month



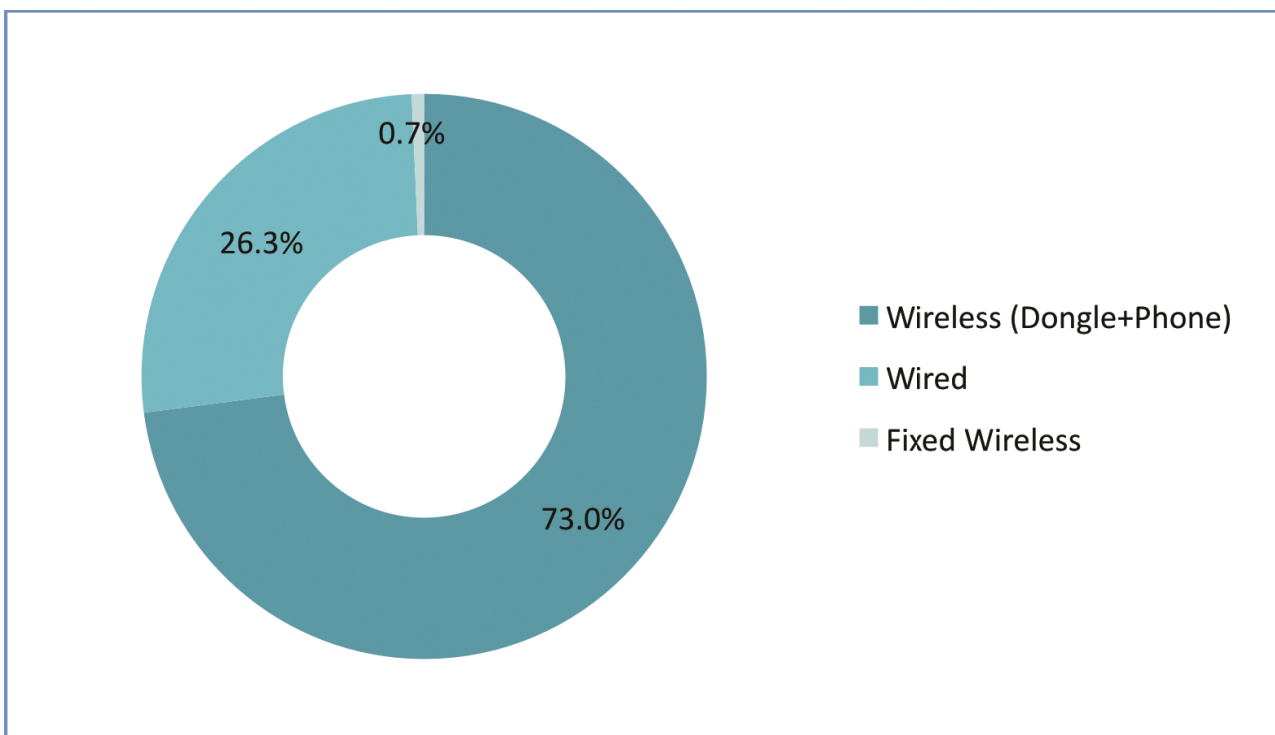
Source: TRAI Performance Indicator Reports

L. Composition of Internet subscribers – Mar 2014



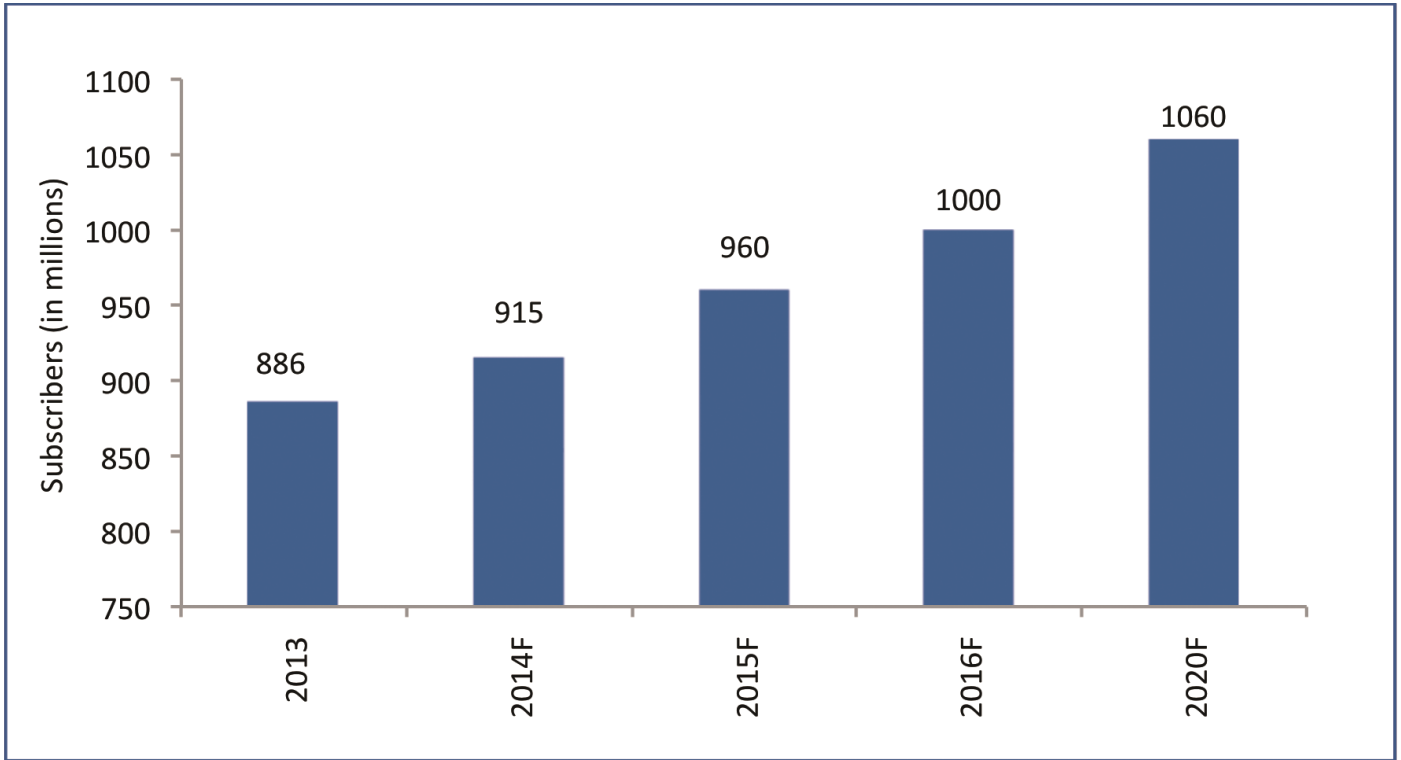
Source: TRAI Performance Indicator Report - Dec'13

M. Broadband Access: Share of Different Technologies (Dec-2013)



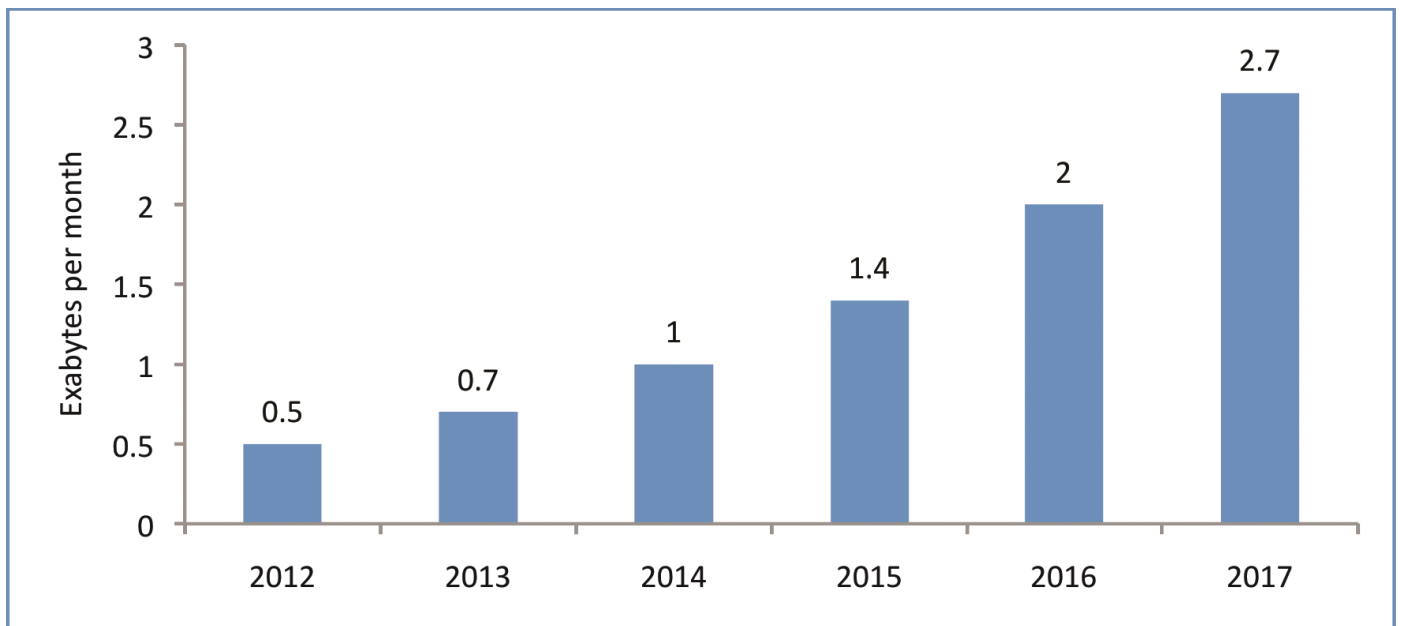
Source: TRAI Performance Indicator Reports

N. Total Wireless Subscribers- Future Projections



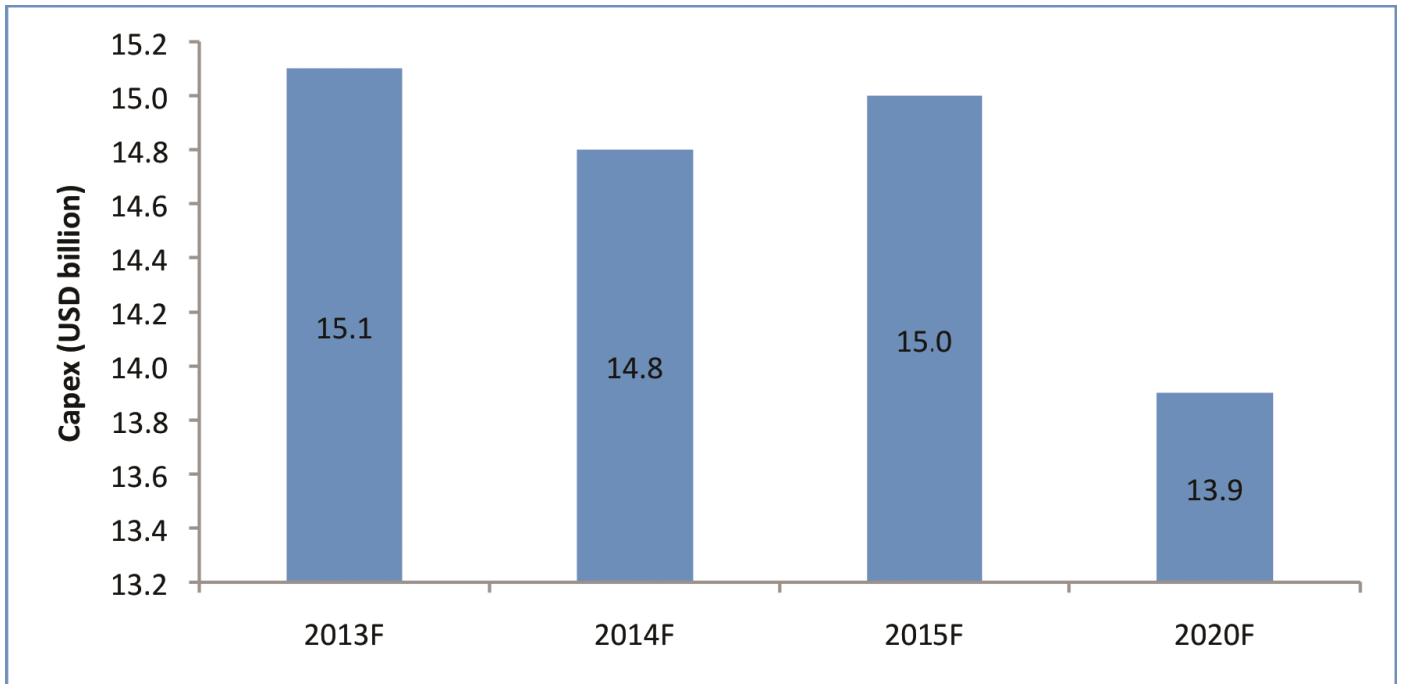
Source: TRAI, COAI Estimates

O. India IP Traffic Growth/Top-Line



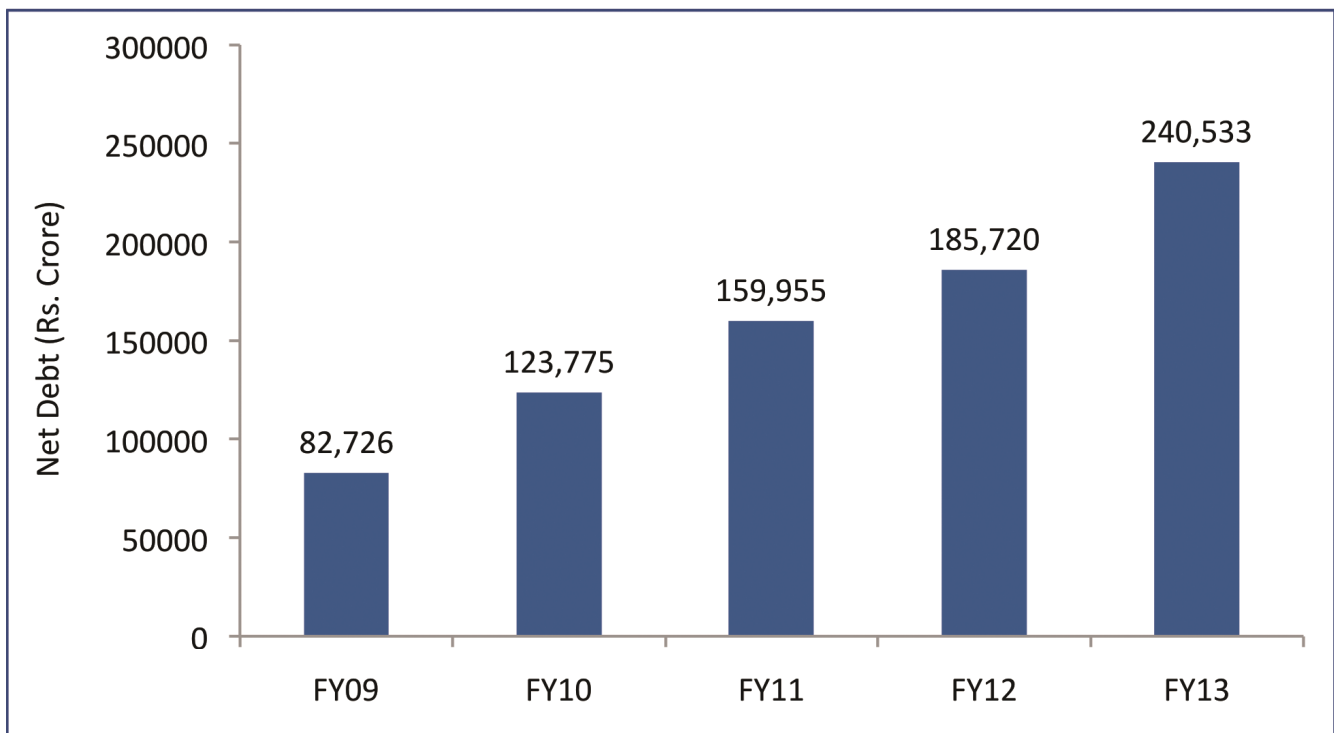
Source: CISCO

P. Capital Expenditure



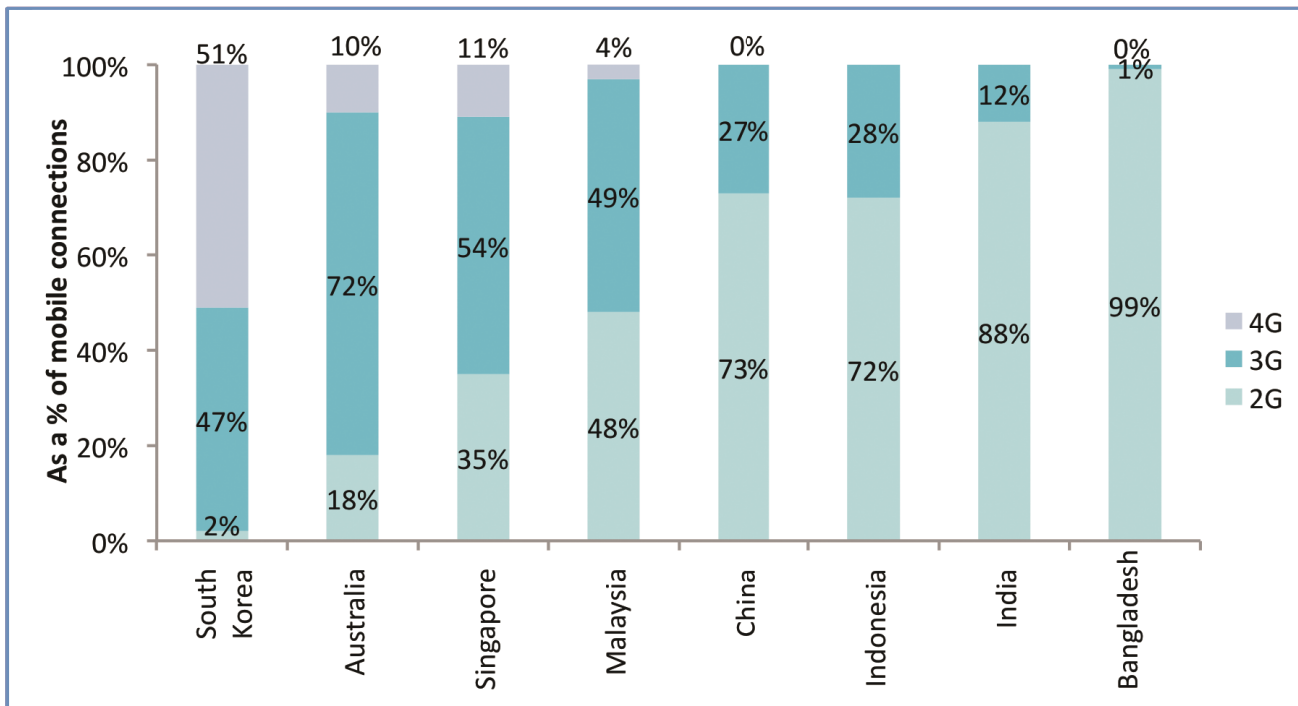
Source: Huawei

Q. Debt of Telecom Industry



Source: PwC

R. India Yet to Transition to 3G and 4G



Source: GSMA Intelligence 2013 estimates

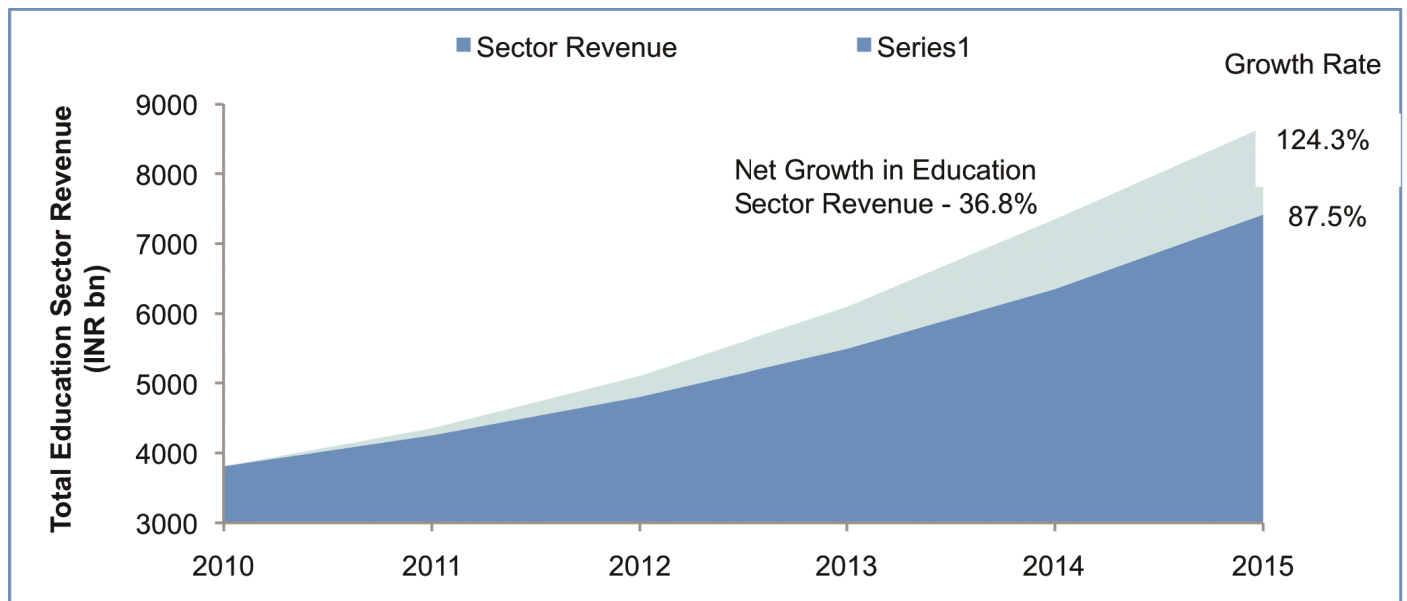
S. Spectrum distribution in India is below

INTERNATIONAL BENCHMARKS			AMOUNT OF SPECTRUM DISTRIBUTED WITHIN BANDS (MHz)					Total Spectrum	Average Spectrum Holding per OpCo
	SUBSCRIBER DENSITY	SUBSCRIBER GROWTH	800/900	1800	2100	2300	2600		
CLUSTER A	AUSTRALIA 3 / km ²	3%	2 x 45	2 x 60	2 x 60 20 TDD	91 TDD	2 x 70	296.0	98.7
	SOUTH KOREA 441 / km ²	1%	2 x 40	2 x 30	2 x 60	54 TDD	0	184.0	61.3
	SINGAPORE 6854 / km ²	1%	2 x 30	2 x 70	2 x 59.4 15.1 TDD	50 TDD	2 x 24 42 TDD	204.0	68.0
CLUSTER B	MALAYSIA 48 / km ²	4%	2 x 50	2 x 75	2 x 60	90 TDD	2 x 70 40 TDD	300.0	75.0
	INDONESIA 11 / km ²	1%	2 x 45.25 10 TDD	2 x 75	2 x 60	100 TDD	0	230.3	46.1
CLUSTER C	BANGLADESH 4135 / km ²	12%	2 x 45	2 x 67.2	2 x 25	100 TDD	0	187.2	37.4
	INDIA 102 / km ²	11%	2 x 38.6 (28.6-38.6)	2 x 31.4 (30.8-50.2)	2 x 20 (20-25)	40 TDD (40)	0	110.0	13.8

Best
Average
Worst

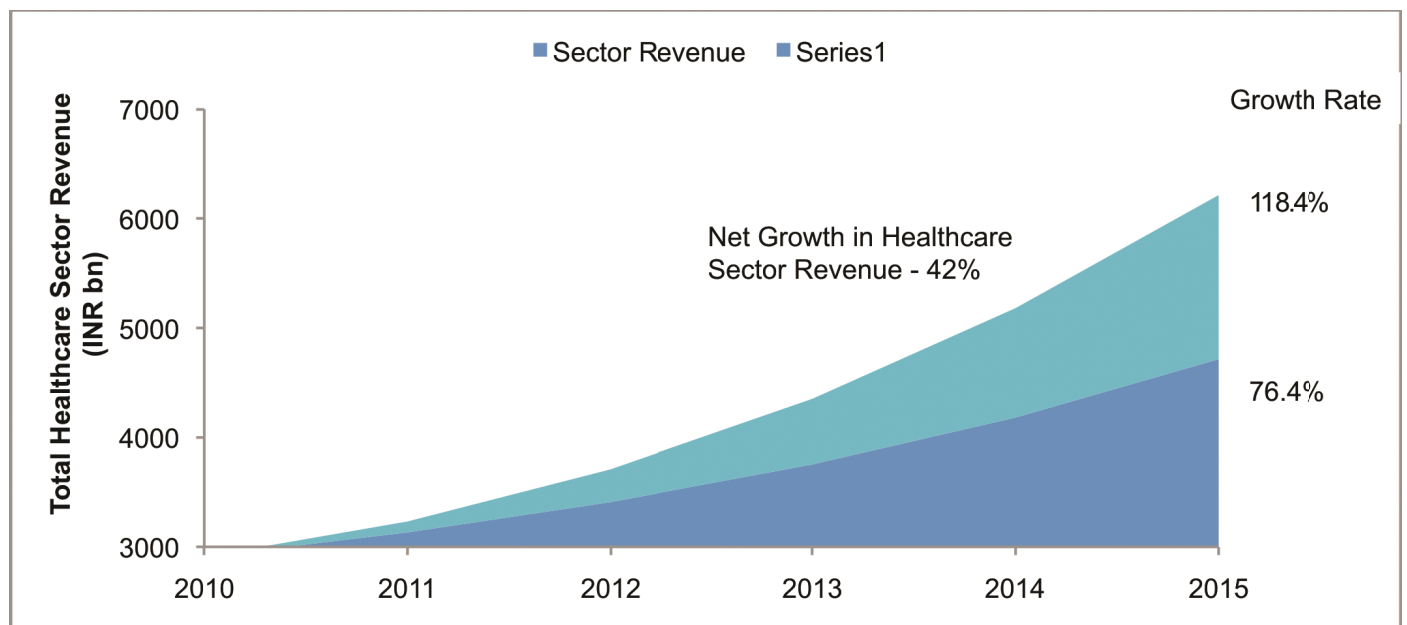
Source: GSMA Intelligence; country regulators; BCG analysis

T. Contribution of Telecom to Education



Source: Analysys Mason

U. Contribution of Telecom to Healthcare



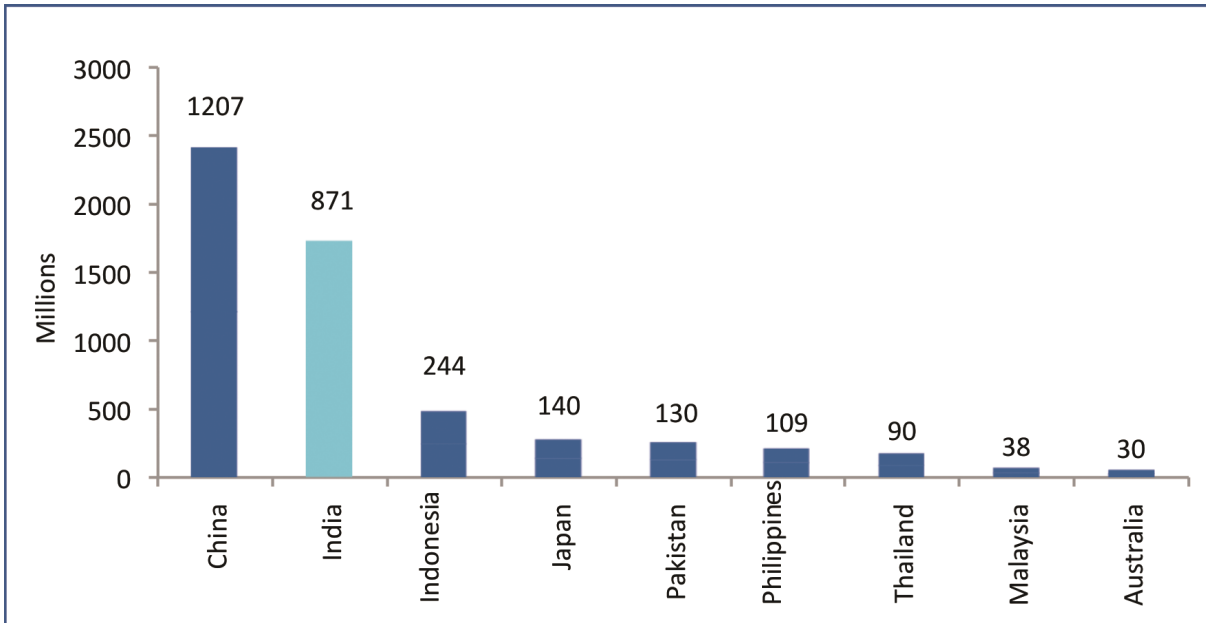
Source: Analysys Mason

A 10% increase in Broadband penetration leads to:

- 1.4% increase in GDP
- 37% increase in education revenue
- 42% increase in healthcare revenues

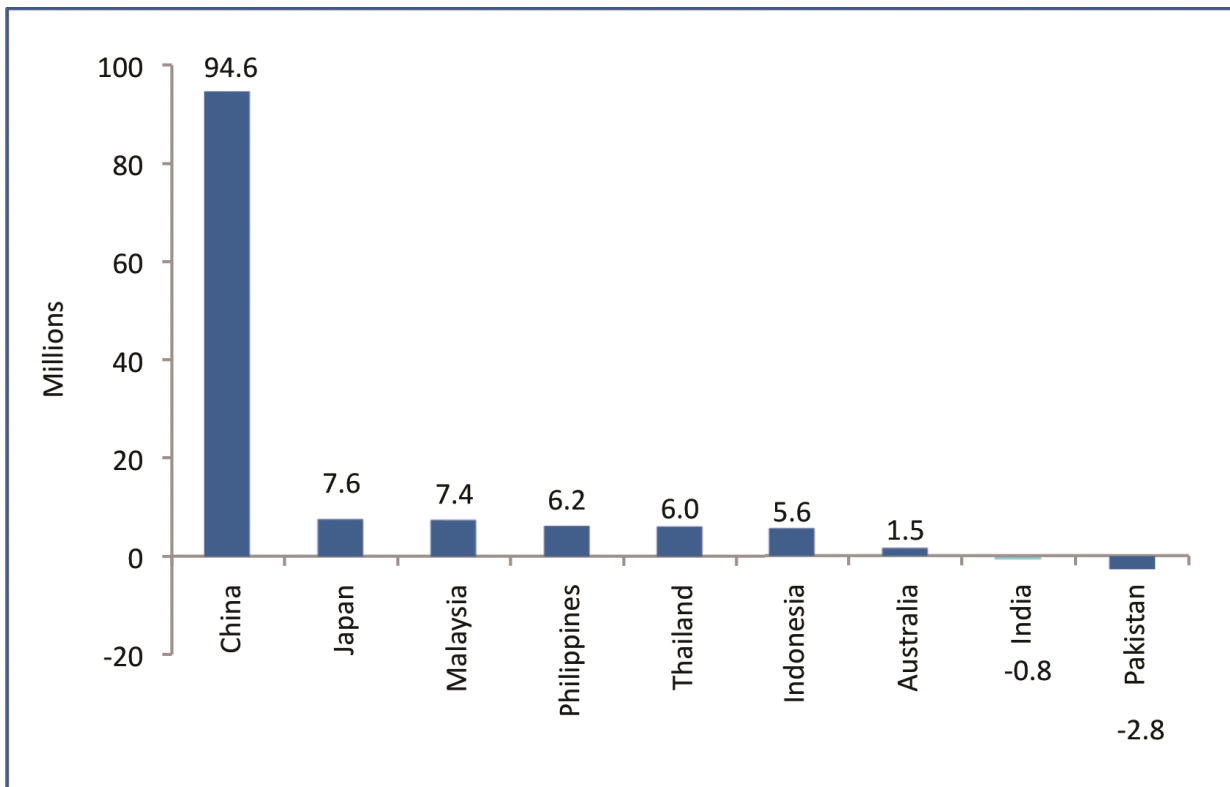
International Trends (Asia Pacific Region)

A. Subscriber Base (in millions) – Dec'13



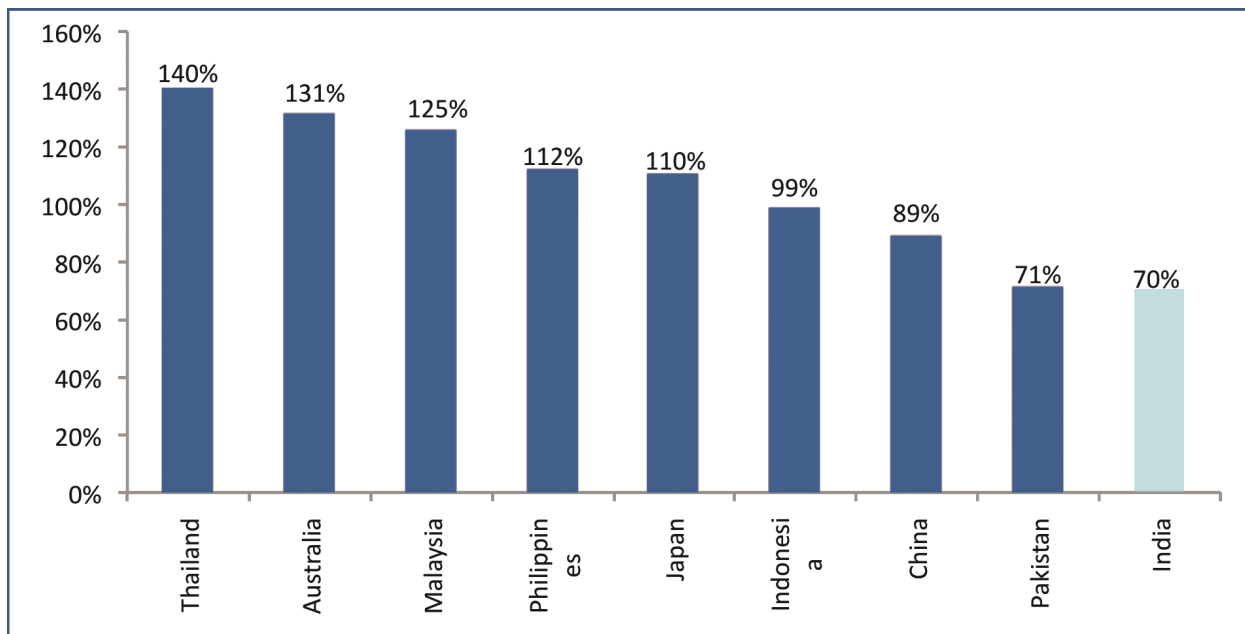
Source: Merrill Lynch Global Research Dec- 2013

B. Subscriber Additions (in millions) during 2013, Jan'13-Dec'13



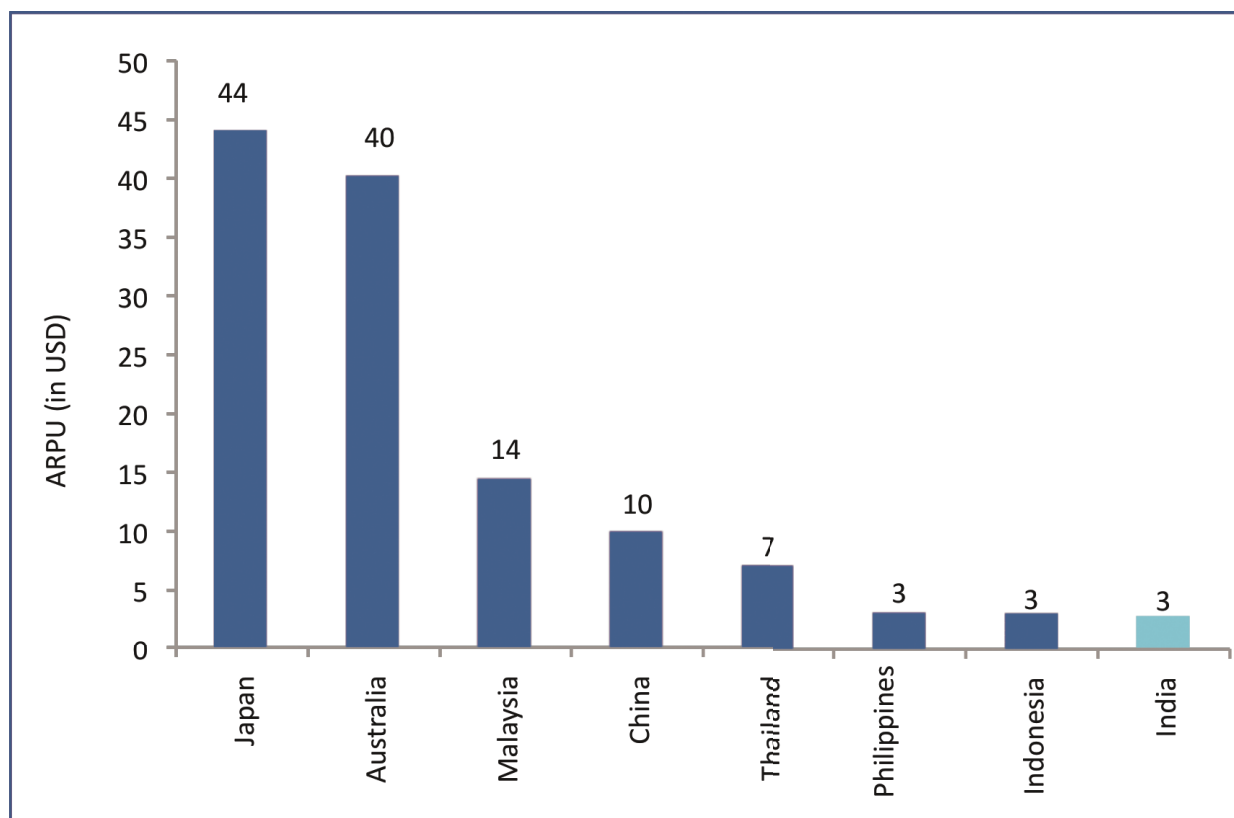
Source: Merrill Lynch Global Research Dec- 2013

C. Wireless Penetration



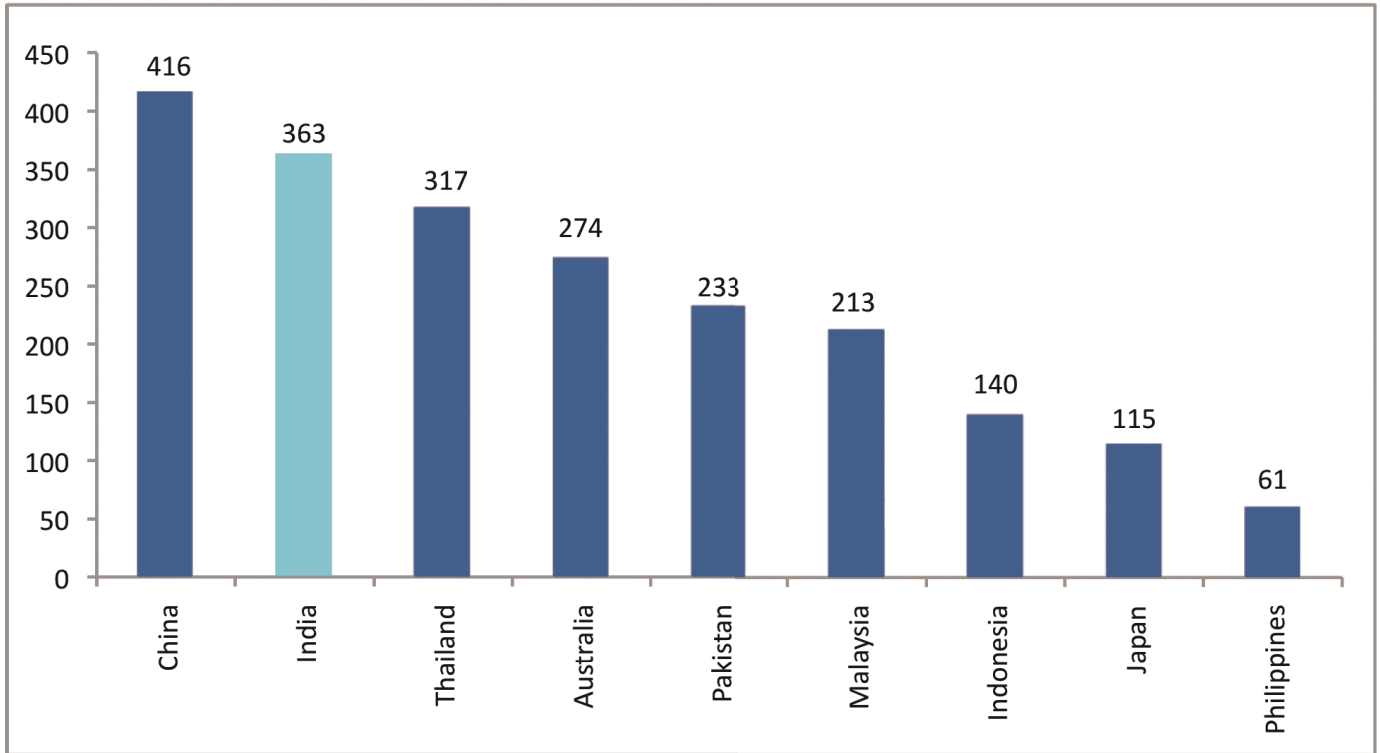
Source: Merrill Lynch Global Research Dec- 2013

D. Average Revenue Per User (in USD)



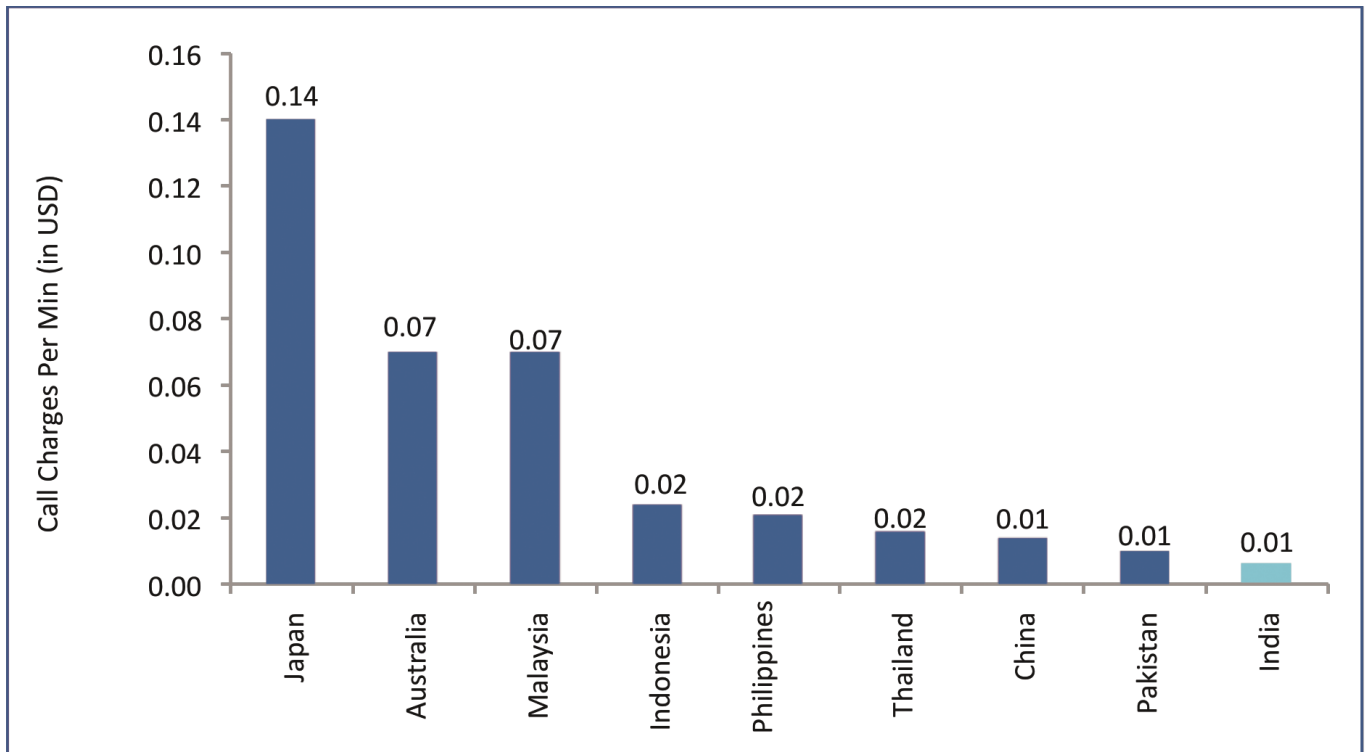
Source: Merrill Lynch Global Research Dec- 2013

E. Average Minutes of Usage Per Subscriber Per Month



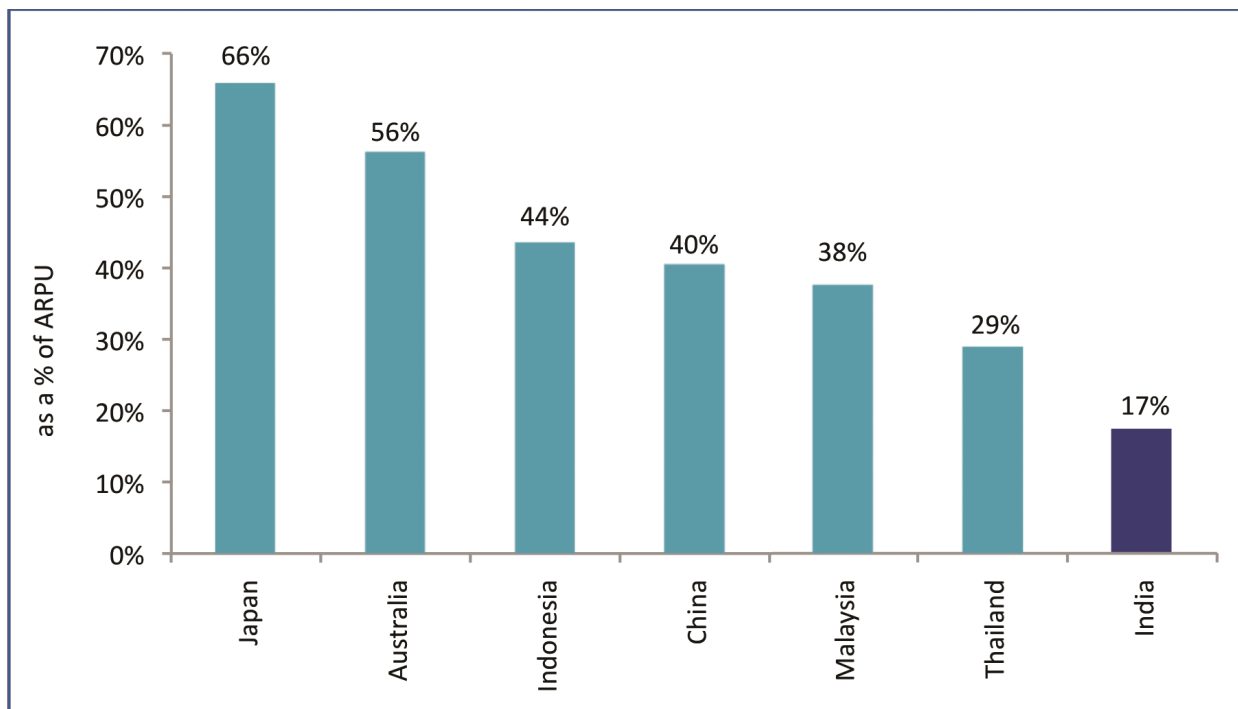
Source: Merrill Lynch Global Research Dec- 2013

F. Rate per Minute



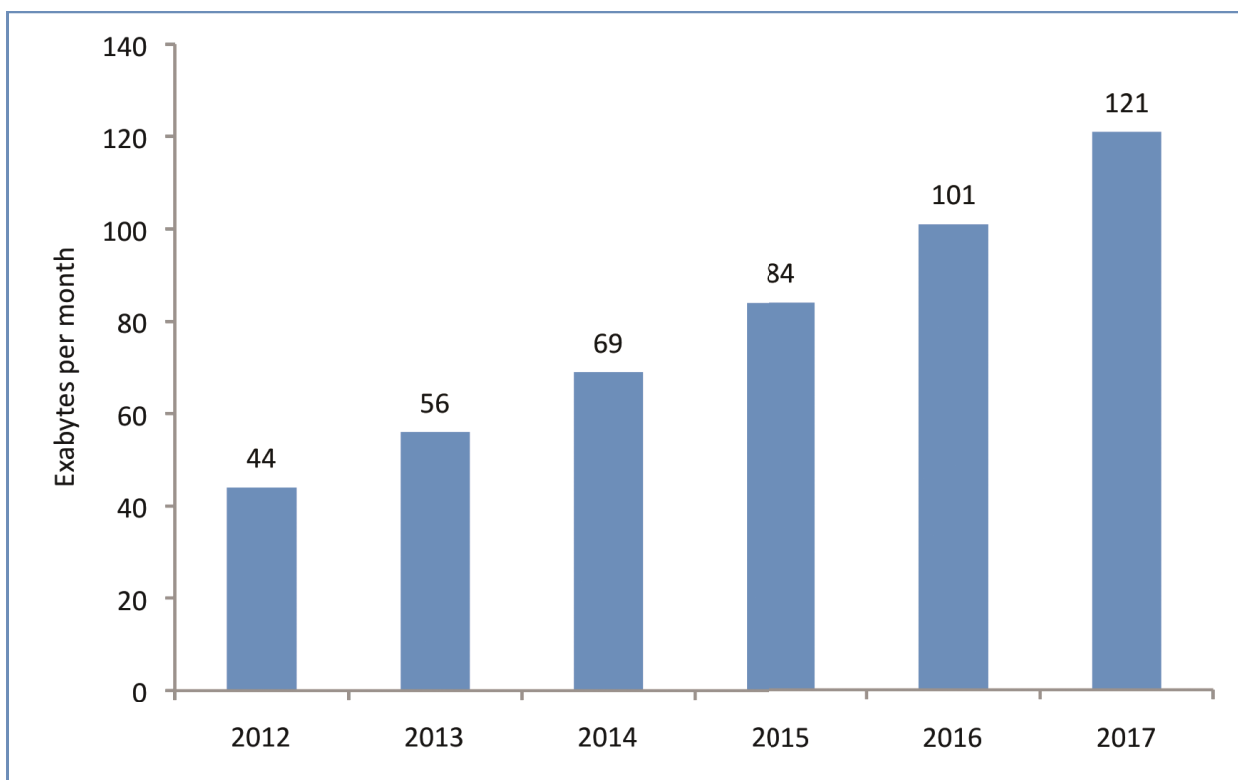
Source: Merrill Lynch Global Research Dec- 2013

G. Data as a % of ARPU



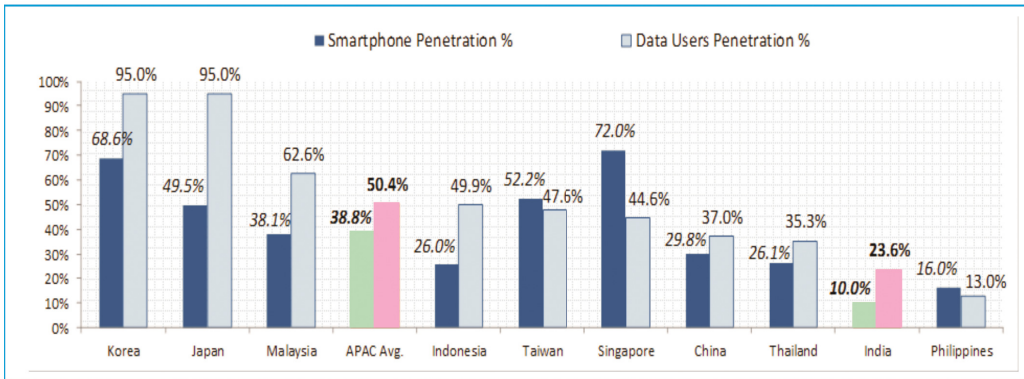
Source: Merrill Lynch Global Research Dec- 2013

H. Global IP traffic Growth/Top-Line



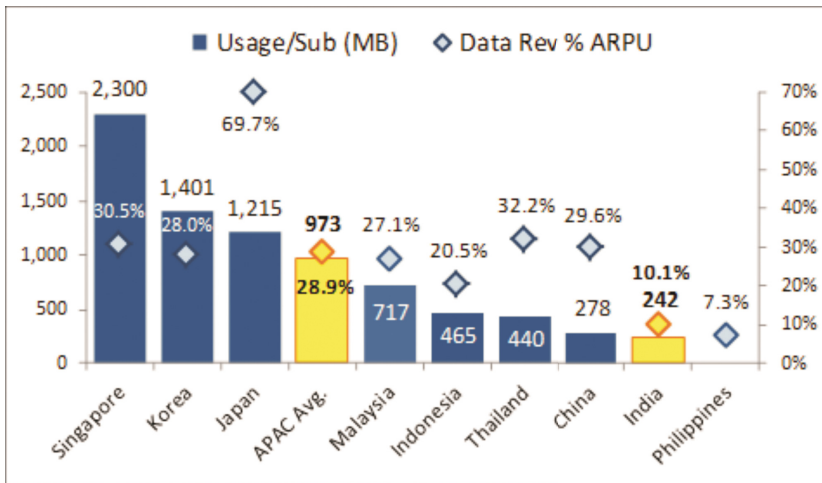
Source: CISCO

I. Smartphone Penetration and Data Users Penetration – Dec 2013



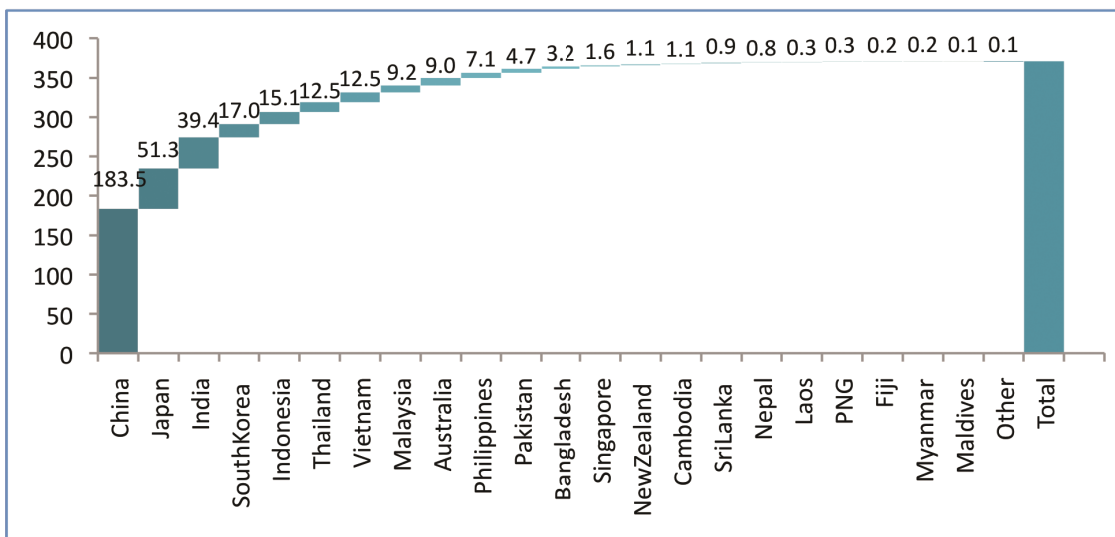
Source: UBS Global Research Report – APAC Telecom Sector, dated 27th Feb 2014

J. Usage/Sub and Data Revenue as a % of ARPU – Dec 2013



Source: UBS Global Research Report – APAC Telecom Sector, dated 27th Feb 2014

K. Infrastructure Investment



Source: GSMA Intelligence estimates 2012-13

Significant Achievements for Year 2013-2014

Security and Subscriber Verification Related Issues

DoT Instructions on Greyscale Photo: Post repeated efforts from the industry, the DoT issued instructions on the issue of scanned greyscale photographs as part of the subscriber database on March 3, 2014. The instruction stated that the Scanned photograph (greyscale/black & white) of the subscriber maybe submitted by TSPs in two separate sets of CDs/DVDs/Hard Disk(s) - one containing scanned black & white (grayscale) photograph, and another containing the rest of the data as required for the verification process. These instructions were applicable from 9.11.2012, and TSPs are required to submit the data, if not already submitted within a time period of 3 months. However, it was also stated that non submission of scanned coloured photographs by TSPs from 9.11.2012 till the issue of these instructions shall not be treated as non – compliance. The issuance of this instruction has also resolved the Rajasthan penalty issue and has brought substantial financial saving to the members.

Preferential Market Access (PMA): In July 2013, the Prime Minister's Office stated that the PMA policy covering private companies needs to be reviewed and presented to the Cabinet. Since the time the Gazette Notification was issued on PMA for Government procurement, the COAI has been reiterating that while we

support the encouragement of Domestic manufacturing as a National priority in the country, it should not be done in the manner as proposed by the Government. COAI also wrote to the PMO stating that it was heartening to see that the PMO has noticed and raised appropriate concerns in the draft PMA policy. COAI had been raising these concerns with various Ministries and also strongly believed that there is no co-relation between mandating Preferential Market Access (PMA) and security of telecom networks and services. COAI believed that the attempt to link the local manufacturing to security consideration is inappropriate as security cannot be guaranteed simply by requiring equipment to be manufactured in India through a mandate of PMA. Indeed, it is not where but how a product is manufactured that matters. COAI has encouraged the government to adopt an incentive based and non-discriminatory approach to PMA which moves away from unrealistic targets and penalties.

Regulatory Issues

Amendment in the Unified License (UL): Guidelines for grant of Unified License and License Agreement for Unified Licensing was issued by the DoT on August 19, 2013. The initial Unified license (new regime) mandated operators to migrate all their telecom licenses to the new regime on expiry of even one licence in any of the circles. COAI, vide its submissions to the Government, stated that migration

should be optional at the choice of the licensee and not coercive based on extraneous events. Consequently, the DoT amended its guidelines to include that operators will not be mandated to migrate their entire license in case of expiry of one of their licenses in a particular circle. Various other submissions have also been made to the Government on other clauses of the UL. We are still coordinating with DoT to get more clarity on these issues.

Guidelines on installation of Mobile Towers: In August 2013, the DoT had issued Advisory Guidelines for State Governments on clearance for installation of mobile towers. The DoT was in discussions with the industry and the State Governments for finalisation of these guidelines. The previous drafts had certain adverse clauses; however, the final Advisory issued by DoT has incorporated all the recommendations from the industry. The document advises all the State Governments to follow these norms so that there is a uniform approach on the issue, and which should be adopted by all the State Government across the country. This will facilitate quicker proliferation of mobile services through the entire country.

Report of the Committee constituted in compliance to the directions of Hon'ble High Court, Allahabad: An Office Memorandum was uploaded on the DoT website conveying the decision on the Report of the Committee constituted in compliance to the directions of Hon'ble High Court, Allahabad, Lucknow Bench. The committee was setup by the GoI which submitted its report on 17th January 2014 on the issue relating to "EMF Radiations from

Cell Phone Towers & Mobile Handsets". The report has been accepted and the decision in consideration of the same is conveyed vide this Office Memorandum. Few important decisions are as under:

- The present prescribed precautionary (1/10th of ICNIRP) EMF safe exposure limits are adequate and need no further change at this stage
- DoT has already taken adequate steps in regard to granting of permissions for siting mobile towers vide guidelines to State Govt. & TERM Cells w.e.f. 01.08.2013. In order to make the deterrence stronger, the penalty for violation of EMF norms from BTS towers by TSPs has been increased from INR 5 to 10 Lakhs/BTS/incidence/Operator w.e.f. 20th November 2013
- Dept. of Science & Technology and ICMR shall carry out/facilitate extensive studies on prolonged use of mobile phones to conclusively determine sensitivity of EMF radiations/possible health hazard risk of EMF radiation, which at present is not proven
- Concerned Government departments like DoT, Health, Environment etc. shall spread public awareness on EMF through print, electronic media and other communication modes like market research, surveys, workshops & seminars, etc.
- DoT will participate in international deliberations including with WHO, in order to get latest updates on this subject

DoT will create National EMF web portal to provide public access to the status of compliance, of the EMF norms, of all BTSs/mobile towers in the country and related information.

The Telecom Commercial Communications Customer Preference (Fourteenth Amendment) Regulations, 2013: As per the TCCCPR thirteenth amendment, “If on verification of a complaint, it is found that the UCC has been sent by a subscriber who is not registered as a telemarketer, the service provider is liable to pay financial disincentives of Rs.5000/- on each complaint”. COAI met with Mr. Ramchand, Pr. Advisor (TRAI) to discuss the above issue wherein COAI had requested TRAI to relax the financial disincentive provision and proposed the adoption of a common

for the week ending – August 22, 2013, to only 4,046 for the week ending 17th November 2013. In light of the same, the Authority vide its 14th amendment to The TCCCPR Regulation dated December 3, 2013, decided to reduce the level of penalties and implement the graded financial disincentive framework with effect from September 16, 2013 (*as given in figure below*)*

Telecom Consumers Protection (Seventh Amendment) Regulations, 2013: TRAI vide its letter dated September 9, 2013, asked all the operators not to auto renew the STV’s after expiry of their validity. COAI vide its letter dated September 11, 2013, submitted that there is a substantial advantage to consumers under the STVs and therefore, the non-renewal of the STV on an automatic basis would lead to customers being deprived of tariff benefits.

*

Description	No of average complaints about service provider per week			
	0-50	51-300	301-700	>700
Financial Disincentive (per complaint in Rs.)	Rs. 0.00/-	Rs. 1000/-	Rs. 2000/-	Rs. 5000/-

Standard Operating Procedure (SOP) for the SMS signature verification solution across all the operators. A joint industry meeting was held with TRAI on the issue on October 31, 2013, wherein the SOP was discussed. Further, COAI vide its letter dated November 18, 2013, submitted to TRAI, the SOP to be adopted by the industry to improve the efficacy of the signature verification solution. As a result of the above, the number of complaints on a weekly basis was significantly reduced from 12,848

This, in turn, would lead to a large number of complaints. COAI requested TRAI to allow auto renewal for all SMS and Data packs having validity of more than 5 days. In light of the same, TRAI made the following amendment to the Telecom Consumers Protection Regulations: “Renewal of STV’s may be allowed for the SMS and Data packs (having validity more than 7 days) through Opt-in facility (by taking one time explicit consent of the consumer for such renewals through a prescribed procedure)”.



USSD Based Mobile Banking Services:

TRAI issued a Consultation Paper on 'USSD-based Mobile Banking Services for Financial Inclusion' on September 20, 2013, and we submitted our response on the same on October 4, 2013 and counter comments on October 11, 2013. These responses highlighted certain technical issues in scaling up USSD services, QoS measurement issues, tariff requirements, etc.

On November 26, 2013, TRAI released the Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013 prescribing a ceiling tariff for the use of USSD for USSD-based mobile banking services and the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013.

Operators and NPCI started working towards drafting a common agreement. Meetings are being held between member operators, COAI, AUSPI, NPCI, IBA, TRAI and Department of financial Services (DoFS) to arrive at a common agreement. Most of the members have signed the agreement with NPCI.

Full Mobile Number Portability: TRAI issued its Recommendations on the "Full Mobile

Number Portability" i.e. PAN India Number Portability on September 25, 2013. TRAI agreed to all the suggestions provided by COAI and its members. Some of the key recommendations are as below:

- After the Full MNP (inter service area portability) is implemented, the Recipient operator will forward the porting request to the MNPSP of the zone to which the original number range holder (the TSP to which the number originally belonged before it's porting) belongs
- The TSP will be given 6 months' time for implementation of Full MNP
- Some modifications have been suggested in the MNP service license to facilitate inter-service area porting (Full MNP)
- The testing fee for testing the various scenarios in Full MNP may be reduced to 25% of the current prescribed Fee for TSPs and MNPSPs

New EMF Penalty Norms by DoT: As a result of several substantiated representations by the industry, the DoT issued a new penalty regime for EMF vide its letter no. 800-15/2010-VAS, dated 20.11.2013. It is a comprehensive document with clear in-use case scenarios for penalties and has incorporated almost all the industry recommendations. This circular of DoT has brought clarity in terms of the various dates for compliance and on many of the filed issues. These norms are applicable on a prospective basis and hence, should help resolve this issue for prospective submission of self-certificates. COAI expects to get similar relief for retrospective cases.

Implementation of TRAI VAS Directive dated July 4, 2011: As per clause 9 (i) of the said Directive, all the Service Providers were required to obtain confirmation from the consumer through consumer originated SMS or e-mail or FAX or in writing within twenty four hours of activation of the VAS. The impact of this Directive if implemented in full would have been a loss of around INR 11000 crore to the mobile industry.

COAI proposed alternate solutions to implementing Clause 9 (i) of the TRAI Directive, wherein all operators would:

- **Option 1:** Bringing VAS charging and subscription engine in house
- **Option 2:** Put in place 3rd Party Consent Gateway (CG) within its own premises

The second option of 3rd party consent gateway was accepted by TRAI. However, TRAI asked all the Service Providers to have this consent gateway at the vendor's premises. This requirement of TRAI to have the consent gateway at the vendor's premises had substantial impact on the timelines and cost for the implementation of this solution.

After several discussions with the industry, TRAI agreed to the following:

- All the Service Providers have to implement the 3rd Party Consent Gateway for the second activation (managed by any third party vendor)
- The Gateway can be on Service Provider's premises



- All Service Providers need to implement the solution by July 10, 2013

The above solution has been implemented by all the member operators of COAI.

Review of Tariff for National Roaming: TRAI initiated its consultation process on “Review of Tariff for National Roaming on February 25, 2013. The following approaches were proposed by TRAI for the national roaming tariff Regulation:

- Tariff for national roaming service should be under forbearance
- The tariff for national roaming service should be the same as that in the home service area, i.e. Home Price Rule (HPR)
- The ceiling tariff for national roaming service should be reduced in line with the current costs
- The tariff for incoming calls while on national roaming should be made zero and the costs should be recovered from the tariff of outgoing calls while on national roaming

The impact on revenue, in case approach of HPR was to be implemented, **ranged from INR 1800 crore to INR 2200 crore.**

COAI in its response to TRAI requested for the following approach to be followed:

- Tariff for national roaming service should be under forbearance

However, in case TRAI still feels that national roaming tariffs need to be regulated than

following approach should be adopted by TRAI:

- The ceiling tariff for national roaming service should be reduced in line with the current costs and TRAI should allow Special Tariff Vouchers (STV's) & Combo Vouchers (CV's) for the roaming tariff benefits of the subscriber.

Consequently, TRAI vide a TTO dated June 17, 2013, agreed to the industry's proposal and issued the following instructions:

- Reduced Ceiling tariffs in line with prevailing market rates
- Allowed STV's and CV's for roaming tariff benefits
- Mandated operators to offer the following plans:
 - ♦ Roaming Tariff plan (RTP): in which the charges for outgoing voice calls and outgoing SMS, both local as well as long distance (inter-circle), shall not change while on roaming, however incoming calls will be charged while on roaming. There will be no fixed charge for this plan.



- ◆ Roaming Tariff plan (RTP - FR): in which the charges for outgoing voice calls and outgoing SMS, local as well as long distance (inter-circle) and incoming calls shall not change while on roaming. This will be in lieu of a fixed charge which can be determined by the operator

Other Issues:

SMS in Indian Languages: The 3rd World Wide Web Community (W3C) meeting was held at the DIT office on December 20, 2012. Our members submitted nominations for the meeting resulting in a fair amount of representation from the member operators due to the active involvement of the Business Development Committee (BDC). We submitted the details of encoding schemes and compression techniques used by different operators to DeitY-T. The operators submitted the overall report on SMS testing for inter-circle and intra-circle and the results were found to be satisfactory by the DeitY.

ACT/EMF Workshop for Northern Region: In the chain of Regional workshops, the ACT/EMF workshop for the Northern Region was held at Jaipur on July 4-5, 2013. There was good representation from DoT/TERM/LEAs/State Government officials and the industry. Many operational issues were discussed, which were sought by DoT as written representation enabling them to take necessary action in the matters highlighted. The issue regarding EMF penalties was discussed in detail during the workshop and as a follow up of the same, DoT issued the detailed EMF Penalty circular.

ACT/EMF Workshop for Western Region:

The ACT/EMF workshop for the western region was held on February 6-7, 2014 at Goa with satisfactory participation from DoT/TERM/LEAs/State Government officials and the industry. Many operational issues were discussed and DoT appreciated many issues raised by the industry. During this workshop, there was a specific session on tower related issues where the state authorities were apprised of the DoT Advisory on installation of towers. Also, as a follow up of this workshop, DoT issued the circular on grayscale photograph. It is acknowledged that this continuous dialogue with DoT through regular ACT Workshops helps both sides to understand such issues and get adequate resolution for smooth working.

Media & PR:

EMF Advocacy: COAI took a more direct stance in reaching out to activists and media and creating counter voices against the activists on the topic of EMF through credible resources. COAI continued its dedicated efforts towards mitigating the negative activism and misconceptions on emissions from mobile towers. The Association was successful in reaching out to international experts and medical institutions/associations to garner support and engagement in the advocacy activities. A few initiatives taken by the Association in this regard were:

Engagement with Delhi Medical Association: COAI has been able to engage the Delhi Medical Association (DMA) and entered into an agreement with them for a series of

educative and informative programmes in Delhi related to dispelling myths associated with EMF emissions from mobile towers. Two programmes were conducted by the DMA wherein COAI addressed the medical community on the issue and the esteemed doctors from the DMA also addressed the media on the subject.

Support from credible IIT Academicians:

In a submission to the DoT, 25 leading academicians from the prestigious IITs and IISc in India have urged the government to exercise caution to avoid ad-hoc decisions regarding restrictions of mobile tower locations and avoid unnecessary panic and fear among citizens. The academicians have laid emphasis on the fact that the World Health Organization (WHO) itself has stated that considering the very low exposure levels and research results collected; there is no convincing scientific evidence which shows weak EMF emissions from mobile phone towers cause any health effect. The Times of India, Mumbai edition also carried a news item on this.

Media Briefing Session, Ghaziabad:

A Media Briefing session on the topic ‘Truth Behind Mobile Tower Emissions’ was organized by COAI to quell the negative publicity on health hazards from mobile towers. The event was attended by print media from various publications as well as electronic media such as ET Now, CNBC and Aaj Tak. COAI made an elaborate presentation on EMF issues and clarified the myths pertaining to mobile towers. The coverage was widespread and the key message was successfully disseminated

that mobile towers pose no such health threats and is an important tool for communication and development in the modern times.

Kerala HC order: A Kerala High Court bench observed on July 11 that there was no proof whether the telecommunication towers affect the health of the people or not. A Press Release was issued by COAI appreciating this order from the Kerala High Court and carried in over 48 print editions across India.



“Mobile Phones and Public Health” book launch by Prof. Michael Repacholi, Former WHO expert on electromagnetic fields:

Many experts like Dr. Vasant Natarajan, Dr. Parthasarathy, Dr. Bhavin Jhankaria, Dr. Jack Rowley, and Prof. Michael Repacholi were approached and engaged to contribute



articles for a book on EMF emissions from mobile towers published by Delhi based Har Anand Publications. The book was launched in the presence of media by Prof. Michael Repacholi at Delhi, Mumbai and Bangalore. Many media interactions were scheduled with him and excellent coverage received across India in national mainlines, online and regional news mediums. Exclusive interviews of Prof. Repacholi were done with TOI, HT, ET, BS & PTI. Prof. Repacholi met and addressed Tata Memorial Cancer Hospital doctors and IMA doctors at Mumbai. He also met DoT officials in Delhi sharing his views on myths about EMF emissions.

Multi-Stakeholder Workshop in Kolkata:

COAI, in association with the Bengal Chambers of Commerce, held a multi-stakeholder workshop on EMF at Kolkata on 18th July 2013 with participation from Government, academia, medical community and media. A lot of information exchange took place and the concerns from several participating groups were addressed satisfactorily. There was positive media attendance and coverage on the same.

EMF Perception Study by TNS Research:

A pan-India Mobile Tower Radiation Perception Assessment Study was commissioned by COAI and conducted by TNS Research agency. The key objective was to understand the levels of awareness on EMF emissions from mobile phones and tower antennae amongst various audience groups. Interesting findings emerged and the industry decided to address the concern areas accordingly.

BMC’s new mobile tower policy: Post media reports of arbitrary clauses in the draft mobile tower policy being developed by the Brihanmumbai Municipal Corporation, a letter was sent to Mr. Sitaram Kunte, Municipal Commissioner, MCGM with a copy to CM’s office. Arbitrary clauses in the draft mobile tower policy were pointed out and the need for industry and Centre’s participation in the consultation process strongly suggested in the letter. The CM’s office acknowledged receipt of the letter. Additionally, the DoT wrote to the Chief Secretary, Government of Maharashtra, strongly recommending that the state guidelines for tower installation be in line with the Central guidelines issued by DoT.

Engaging Dr. Vasant Natarajan, Professor, IISc – Bangalore:

The COAI team engaged Dr. Vasant Natarajan of IISc Bangalore, who agreed to share with us his articles and views on the topic of EMF emissions in mobile telephony and also allowed us to promote his articles for advocacy purpose. Prof. Natarajan’s



article was placed in several publications. A Press Conference was also arranged in Bangalore on Myths of Cell Phone Radiation with Mr. Vasant Natarajan addressing the media on the issue.

Engaging Indian Pediatrics Association:

A Media Symposium was conducted in collaboration with the Indian Pediatrics Association (IAP) on “Impact of EMF Emissions from Mobile Towers on health” at Kochi. A presentation was made to the attending doctors by COAI representative, which was very well received. The doctors also discussed on the topic with a positive, factual, scientific outlook. The programme was well covered by mainline and regional media journalists.



Joint Press Conference on Maharashtra Tower Guidelines: In wake of the issues being faced in Maharashtra with regard to the mobile tower installation policy, COAI did a joint Press Conference with TAIPA explaining the facts, the industry position, and urging the State Govt. of Maharashtra for implementing uniform tower guidelines across the state.

Engagement with Maharashtra Govt.:

Meetings were held in Mumbai with the State Chief Secretary, IT secretary, Chief Engineer (BMC), and CPRA regarding Maharashtra Tower Policy and to discuss the EMF emissions issues. While the Govt. departments seemed rational and understanding of the issue, work needs to be done on BMC to address the issue of tower installations and operations.

Latest WHO and French Government advisory:

COAI took the initiative to promote the latest WHO and French Government advisory stating that there is no evidence of health risks with mobile phone usage. The news item received good coverage in online and print mediums.

RWA engagement:

Many meetings were held with RWAs in various areas of the Delhi/NCR region such as Laxmi Nagar, Mayur Vihar, New Friends Colony, Panchsheel Enclave, Vasant Vihar, Gurgaon, Noida, to share our views and address their concerns around EMF emissions



and public health. Testing of tower emissions in Laxmi Nagar area and Nirman Vihar metro station were done on request and the emissions were found to be compliant with the existing norms.

Participation in Public forum:

Representatives from COAI Participated in CFBP - Mobile Tower Seminar to counter the misconceptions and myths being propagated by activists in such public forums.

Public hearing by activists in Ahmedabad:

COAI participated in a “Public Hearing” in Ahmedabad organized by IFSE with support from celebrity Mallika Sarabhai. COAI managed a speaking slot and conveyed the facts and industry views. Views of COAI spokesperson were carried by the media.

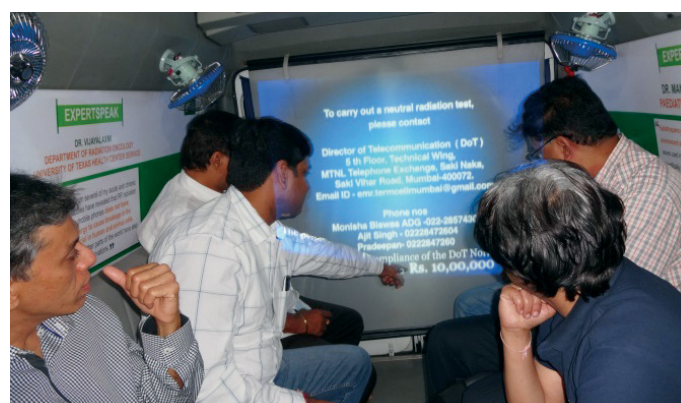
Panel discussion on “Myths of Radiation” at Nehru Science Center, Mumbai:

COAI Coordinated and participated in a panel discussion organised by the Nehru Science Centre in Mumbai. COAI representatives successfully rebutted activists like Girish Kumar, Juhi Chawla and Prakash Munshi from

their alarming positions. The support of former Atomic Energy Commission Chairman Dr. Sukumar Banerjee in ridiculing the claims of the activists of the alleged “harm”, and Prof. Hosur of TIFR, strongly criticising Prof. Girish Kumar for ridiculing ICNIRP scientists were the highlights.

Media briefing session in Pune: A Media Briefing Session regarding EMF issues was conducted at Pune wherein public concerns were being reported. COAI representatives addressed the media on the industry position and facts on the issue. It was attended by mainlines and regional media people and satisfactory coverage received.

RWA Advocacy van in Mumbai: The RWA Advocacy van campaign was flagged off in Mumbai with radiologist Dr. Mehool Mehta at Lalbaug/Parel. A meeting was arranged with doctors on the spot and queries were addressed. The response was positive. More meetings are being conducted with the van travelling to various RWAs and the experts addressing the concerns and queries of the residents and educating them on the issue of EMF emissions.

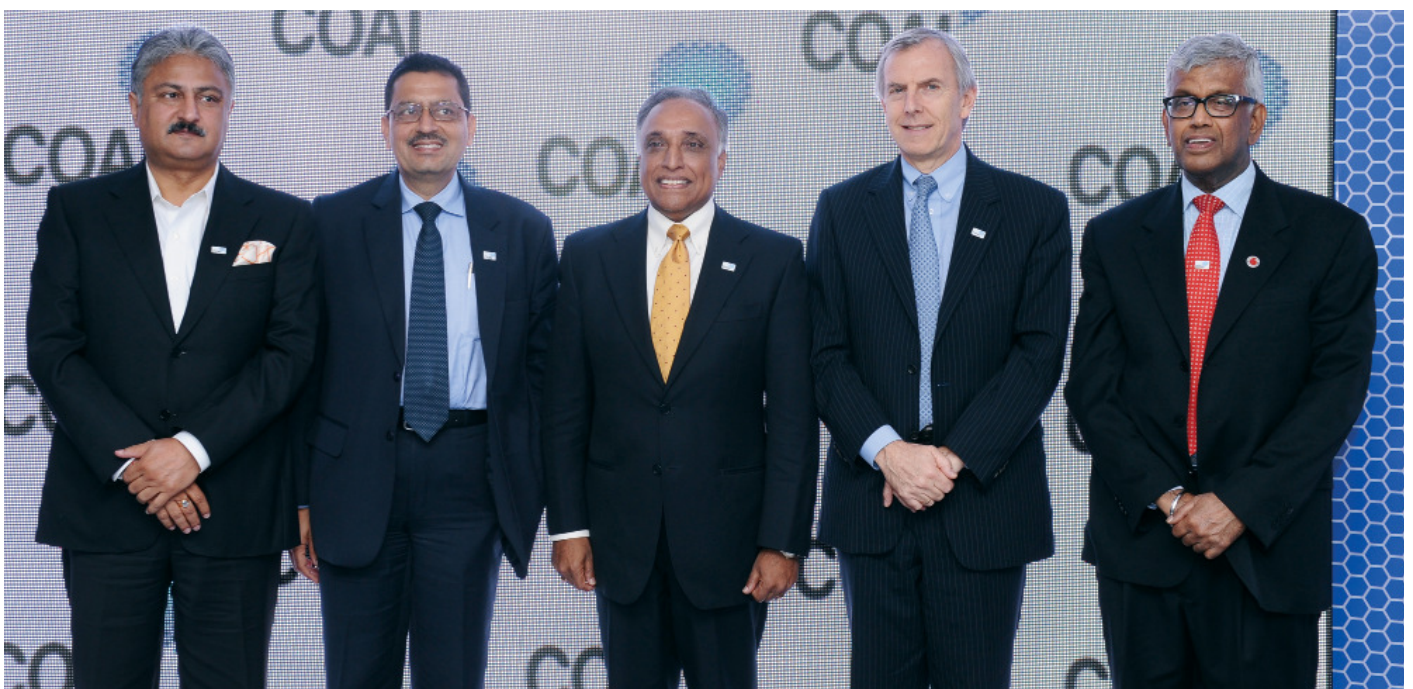


Rebranding of COAI: COAI, updated its logo and brand identity, positioning itself to lead the opportunities of the new converged era in the sector and in tune with the emerging trends and demands of the customers. The Association has expanded its membership to include mobile service providers, telecom infrastructure players, telecom equipment manufacturers among others and still expanding to include other allied and critical stakeholders of the sector. In tune with this growth, size and convergence of the industry, COAI underwent a makeover of its brand image and identity to continue to play the role of a thought leader for the industry. The new brand identity of COAI was launched along with the new website on 18th October 2013, with the Minister's message included in the programme. The event was attended by the industry, government, media and other associates in good numbers.

2G Spectrum auction issue: The 2G auctions ended just as COAI had predicted, with limited

players coming into the market to bid, and extremely muted bidding with several circles having no bidders at all. This reinstated COAI's views on the auction that an artificially high reserve price that bore no congruence to market realities was the key reason for the failure. Also, COAI's repeated efforts in bringing to light the implications of the Supreme Court's judgement brought forth the clarification that the entire quantity of freed spectrum needs to be put up for auction.

Spectrum Usage Charge issue: With the DoT and the EGoM's declarations on the upcoming auctions, COAI consistently pursued the government to consider its rationale on implementing a uniform SUC for all players as suggested by TRAI to ensure a level playing field. In its letter to the DoT, COAI pointed out the anomalies present in the suggested slab-wise charge system. COAI also issued a press release to the media sharing the view that continuing a discriminatory Spectrum Usage



Charge regime will hurt the Auctions. Both the letter and the press release was well covered by the media.

ITI - COAI workshop: COAI collaborated with ITI for a workshop on standardization of telecom equipment and technology. The workshop was well received by representatives from the industry, government and other relevant stakeholders.

Finance:

AGR - Submission of documents in support of deductions claimed through Statements of Revenue and License Fee: Some CCA (Controllers of Communication Accounts) offices reported to DoT that the operators are not submitting the required documents as proof of payment of deduction claimed through quarterly statement of Revenue and License Fees in time. Vide this circular, DoT directed the operators to submit the required documents within 15 days of submission of quarterly license fees along with the statement of Revenue and License Fees. Senior representatives of COAI and AUSPI members met with the DDG (LF) on 19th December 2013, and made a detailed presentation on the issue. DDG (LF) agreed to consider many points of the representation and also to conduct region wise interactive sessions between Local CCA's and members. The last meeting was held in Orissa on 7th February 2014. DoT issued clarification on two points and the other points are being followed up with the DoT. The next meeting is expected in Hyderabad.

Goods & Service Tax (GST): Various representations were made on the issue of GST to TRAI, DoT, MoF, etc. and COAI is playing a supportive part helping the Government to introduce and implement a GST model which will be industry friendly.

PAN card from Foreign operators As per the provisions of Indian Income Tax laws ('IT Act'), every person receiving receipts from India that are subject to tax withholding in India, is mandatorily required to quote his/her PAN to the person responsible for making payments, failing which the person responsible to make payments is under an obligation to withhold taxes at a rate that is higher than the prescribed rate for tax withholding.

COAI sent a representation to GSMA advising foreign operators to acquire PAN in India and to inform them that by doing so, Foreign Telecom Operators (FTO) would not be required to set up an office or any other fixed place of business in India. PAN can be applied for with the operator's home country address.

Entertainment Tax in UP: The State of Uttar Pradesh sent notices to members asking details of their revenue with the intent to impose Entertainment Tax. COAI sent a common draft reply to enable members to send the same reply by the members to State of UP.

Apart from the above, COAI F&C Committee made representation to the Finance Ministry by way Issues Related to Direct and Indirect Tax.

S. No.	Issue
1	Amendment in the definition of 'Royalty' in Income Tax Act, 1961 as introduced in Finance Bill 2012
2	Clarification to end incorrect interpretation and unnecessary litigation faced by the Telecom Industry on the treatment of Periodic Revenue Share License Fee paid to Govt. of India by Telecom Companies
3	Applicability of TDS on margins of market intermediaries in the telecom sector
4	Availability of tax holiday under section 80IA in case of merger / demerger of telecom companies
5	Carry Forward of Business Losses on Merger Under Section 72a Of The Act
6	Exemption Under Section 10(23g) of The Act In Respect of Certain Income of Companies Investing In Telecom Sector
7	Mergers & Acquisitions: Fair valuation in case of demerger:
8	Domestic Transfer Pricing:
	8.1 Increase in threshold limit [Section 92BA]
	8.2 Advance Pricing Agreement Scheme (APA) for Domestic Transfer Pricing
	8.3 Benefit of corresponding adjustment in taxable income of other party

Issues related to Indirect Tax

S. No.	Issue
1	Renewable Energy Systems Deployments in Telecom Sites
2	Supply of Telecom & other Equipment's & Provision of Services for Universal Service Obligation Fund (USOF) Schemes
3	Cenvat Credit on business related expenses
4	Cenvat credit on CSR related spends
5	Time limit for receipt of payment in case of Export of Services
6	Payment of Service tax on import of services from abroad
7	Services provided to Jammu & Kashmir (J&K)
8	Refund of unutilized Cenvat credit
9	Realignment of rate of retention of Cenvat in case of removal of goods after put to use
10	Exemption of Customs duty on Optic Fiber Cable ('OFC')
11	'Entertainment' – Negative List

COAI Reports/Submissions

COAI Submissions to TRAI:

TRAI'S consultation paper on review of tariff for national roaming: COAI in its response to TRAI requested for the following approach to be followed :

- Tariff for national roaming service should be under forbearance.
- However, in case TRAI still feels that national roaming tariffs need to be regulated then the ceiling tariff for national roaming service should be reduced in line with the current costs and TRAI should allow Special Tariff Vouchers (STVs) & Combo Vouchers (CVs) for providing roaming tariff benefits to the subscribers.

Implementation of TRAI VAS directive dated July 4, 2011: COAI vide its said submission proposed a new solution as an alternate to implementing Clause 9(i) of the TRAI Directive. The following options were suggested by industry:

- **Option 1:** Bringing VAS charging and subscription engine in house
- **Option 2:** Put in place 3rd Party Consent Gateway (CG) within its own premises

The second option of 3rd party consent gateway was accepted by TRAI. However TRAI asked all the Service Providers to have this consent gateway at the vendor's premises. This requirement had substantial impact on the

timelines and cost for the implementation of this solution.

COAI submission to the draft telecom consumers complaint redressal (second amendment) regulations, 2013: COAI made following submission in its response to TRAI:

Accessibility of the Complaint Centre of the telecom operator to its consumers through SMS for 1st Tier complaints as well as appeals: Our member operators have made available multiple channels for subscribers to express their grievance and the same are listed as follows:- Call Centre number, 1909 for UCC complaints, Walk in complaint centres, Walk in to any Store, Letter (through post/courier/personal visit), E-mail.

It was submitted that SMS is too short a medium to file an appeal (limited to 160 characters) and hence the customer's grievance cannot be captured in this limited / restricted form. Free flow text in SMS cannot be allowed as this will not get properly understood when the message is received leading to further dissatisfaction among the customers. Thus, we requested TRAI not to mandate the registration of complaints via SMS.

Accessibility of the Complaint Centre to the consumers in person: We agreed to this clause of the draft Regulation that the operators would ensure accessibility of their complaint center to the consumers in person at various

touch points. Further, we believe that our members can possibly provide the addresses and other details of their nodal offices in order to facilitate the accessibility of the complaint center to their consumers in person.

Acceptance of the Appeal through a written communication: We request TRAI to allow ONLY the written communication (email, letter, fax) to be accepted as a model for making an appeal to the Appellate Authority.

Representation on auto renewal feature on STVS (SMS & Data Packs): COAI in its representation to TRAI on the issue of the auto renewal feature on the STV's submitted that in majority of the cases the customer is extremely comfortable with the STVs that he is subscribed to and therefore perceives the STV tariff as the default tariff. There is a substantial advantage under the STVs and therefore the non-renewal of the STV on an automatic basis would lead to customers being deprived of tariff benefits and which in turn would lead to a large number of complaints. Hence TRAI should not disallow auto renewal of STVs.

TRAI consultation paper on USSD based mobile banking services for financial inclusion: TRAI issued a Consultation Paper on 'USSD-based Mobile Banking Services for Financial Inclusion' on September 20, 2013. We submitted our question-wise response on the same on October 4, 2013 and counter comments on October 11, 2013.

On November 26, 2013, TRAI released the Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013, prescribing a

ceiling tariff for the use of USSD for USSD-based mobile banking services and the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013.

Submission on TRAI's consultation paper on "Revenue Sharing Arrangements For Calling Card Services": COAI in its response to TRAI consultation paper submitted that the revenue arrangements between TSP's and NLO's/ILDO's should be left for mutual negotiation between the Access providers and NLD/ILDO's.

Submission on Termination charge on incoming international calls to India: COAI in its submission to TRAI requested the Authority to increase the Termination Charge on Incoming International Calls to India. COAI submitted that permitting an increase in the international termination rates would:

- Improve the profitability of domestic operators at a time when profitability is declining (although, given the competitiveness of the market we would expect some of this benefit to be passed back to customers)
- Will help to reduce the pricing arbitrage currently existing in favour of foreign operators which have built up over the years. This will help in improving the profitability of domestic operators which is under severe financial burden and subsequently in the long run it will be advantageous to the Indian telecom consumer since the benefit will be passed on to the consumer
- Increase India's foreign exchange flows; if the termination rates are increased to Rs 1/

min (+ Rs 0.60/min) India should earn an additional \$ 700 million p.a. (we do not believe that an increase of this magnitude will have a material effect on the volume of inbound calls)

Submission on Telecom Commercial Communications Customer Preference (Fourteenth Amendment) Regulations, 2013 (10 OF 2013):

COAI made a joint industry representation along with AUSPI on the TCCCP Regulation and made the following submissions to TRAI:

- No Financial disincentive be imposed once the TSPs have complied with TRAI Regulations
- Rationalization of the graded slabs as highlighted above (in case TRAI still wants to punish the TSPs already in compliance with Regulations)
- TRAI to give LSA wise breakup of the complaints in their show cause notice. However the slabs will be applied on the aggregate basis
- Exclusion of UCC complaints originated through Voice for imposing the penalty

The Authority should consider taking legal action against the unregistered telemarketers who are responsible for the whole menace of UCC, besides cautioning them through media against such misuse of their telecom resources

TRAI draft “The Telecom Commercial Communications Customer Preference (15TH Amendment) Regulation, 2014”: COAI

made the following submissions to TRAI on the said draft Regulation:

- The telecom operators should not suffer from “financial disincentive”, if at a later date, the TRAI, upon examination of the efforts made by the “entities”, orders for restoration of their connection. The telecom operators have no recourse to adjustments of the amount of the “financial disincentive” from the TRAI.
- With regard to the charging of Rs. 500 per connection from “Entity”, we would like to submit that it would not be prudent to take any reconnection charge from the customers as it is not meant for any revenue generation and hence we don’t recommend any such charging. Since all the administrative work and cost with respect to reconnection of the resources will be borne by the telecom operators, the entity should pay the reconnection charges to the telecom operators and not to the TRAI

COAI Submissions to DoT:

Comments on Standard Operating Procedure (SOP) for telecommunication services during emergency and disasters: COAI provided its comments on the draft SOP issued by DoT on the Telecommunication services during the emergency and Disaster.

Representation to MOC and DOT on guidelines for grant of Unified License and license agreement for Unified Licensing: COAI made the following requests to MOC and DoT on Unified License:

- The current guidelines for the grant of the Unified license issued by DoT on August 19, 2013 and the license agreement for the Unified licensing should be kept in abeyance and be referred back to TRAI for its comprehensive review. DoT should make specific reference to TRAI to give its Recommendations on issues like compulsory migration
- The guidelines to be finalized by DoT only after prior detailed discussion with the licensees in the Open House with the Hon'ble minister and the comprehensive review of the issues on UL by TRAI
- Migration should be optional at the choice of the licensee and not coercive based on extraneous events
- "No worse off" principle should be applied while finalizing the terms and conditions for migration to UL in order to ensure that the licensees are "no-worse off" and the onerous and open ended obligations against TSPs are removed
- Since license and Spectrum has been delinked, there is no rationale to have references to frequency, allocation, charges, use, technology, etc. in UL. These references should be removed from UL and included in Wireless Operating License (WOL). A draft of the WOL for the de-linked spectrum should be a part of the migration guidelines
- DoT should assess the severity of an incident before imposing any financial penalty. An Appellate process should be instituted at DoT and any concerns or issues that arise due to any non-compliance of the license conditions by the operator should be

examined on merits by DoT. Imposition of a penalty should be considered only when it is clearly established without doubt that there is willful conduct for the purpose of non-compliance on the part of the operator

Representation on definition of Gross Revenue/Adjusted Gross Revenue: COAI made representation to DoT with regard to the definition of Gross Revenue (GR)/ Adjusted Gross Revenue (AGR) for the Unified License. COAI requested DoT to seek the recommendations of TRAI by sending a reference to Authority seeking its inputs on the revenue to be taken into account for calculating GR/AGR for levying of license fee.

Submission on Foreign Trade Policy (FTP) 2014-19: COAI in its response to DoT on the Foreign Trade policy submitted that the issue of higher termination charge on Incoming ILD calls to India should be part of the Foreign Trade Policy 2014 -19. COAI further submitted that TRAI should increase the Termination Charge on Incoming International Calls to India. This will lead to higher Foreign exchange inflow/ earnings.

Submission on the issue of roaming charges in regard to Israel: COAI in its response to DoT on the issue of roaming charges in respect of Israel made the following submission:

- We request DoT not to interfere in the international roaming rates deciding mechanism which is under forbearance and decided by the respective service providers through mutual commercial agreements based on the prevailing market conditions.

DoT should not regulate/reduce the Roaming Charges in regard to Israel In-roamers to India.

- DoT should request TRAI to review the industry case for higher termination charges for the international incoming calls.

Representation on licensing of IP-1 providers: COAI made following submission to DoT vide its representation to DoT on the issue of Licensing of IP-1 Providers:

- In adherence to the legal principles of the limits of “licensing” allowed under the Indian Telegraph Act of 1885; the avoidance of imposing a double license fee on the same revenue stream of operators and in accordance with sound principles of the imposition and collection of government revenue, we request that IP-1 companies not be Licensed.
- Notwithstanding the above and without prejudice to our rights, if DoT should still choose to license IP-1 companies, then UASL, CMTS and other service providers under unified licensing regime should be permitted to deduct charges paid to IP-1 operators from Gross revenue for computing AGR for the purpose of license fee, spectrum usage charges, microwave charges and all other AGR based payments.

Regulatory Issues

DoT Committee on Penalties: DoT had called a meeting on January 17, 2014 to discuss its proposal on penalties. The industry worked

hard on the DoT presentation to make out a structured approach towards overall penalties on the industry. After continuous meetings for three days between the industry and DoT, a final meeting with MoC was held on Jan 23, 2014. The meeting was successful wherein MoC appreciated the coordinated work between DoT and the industry and stated that the DoT should work towards refining the overall penalty structure and making a suitable Appellate system. It has been proposed to make a slab wise penalty structure as each instance of non-compliance may not be so severe to call for maximum penalty. Thus, it should be examined on merits and imposition of a penalty should be considered only when it is clearly established without doubt that there is wilful conduct for the purpose of non-compliance on the part of the licensee. A final DoT Circular in this regard is awaited.

3G Testing: The TEC had issued test procedure for testing 3G networks of the operators in August 2012. There have been various requirements in the test procedure which are practically not possible to implement. Interactions were held with TERM Cells to highlight the concerns and after mutual discussions, some solutions have been proposed. These are being taken up with DoT/TEC so that relevant changes are made in the test procedure. COAI has been aggressively following up on this issue since only about one year is left to complete the roll out obligations by the operators. Similarly, for the BWA operators, the DoT/TEC till date has not issued any test procedure. It has been highlighted to DoT. The issue is being actively taken up with DoT.

Universal Single Number Based Integrated Emergency Communication And Response System:

TRAI issued a Consultation Paper on the subject on March 15, 2013. COAI submitted that there is a requirement for an easy to remember, single emergency number through which one can reach to the desired help agency. It was also suggested that 100 is the most popular & easy to remember number, being used by public from decades, hence the most preferred number for this. We should continue with the current numbering plan for a specific time period and then discontinue after necessary and adequate publication of the universal number by the Government. It was also brought to the notice of the Authority that such an Integrated Emergency Communication and Response System would have challenges of implementation like providing location, interconnection/IUC issues, etc. The Authority was requested to kindly take note of these issues discussed further in our response while formulating the final recommendations.

EMF and Tower Related Issues

Parliamentary Committee on EMF:

A Parliamentary standing committee on information technology was set up on “Norms for setting up Telecom Towers, its harmful Effects and Setting up Security Standards in expansion of telecom facilities”. Detailed representation was made to the committee regarding the EMF exposure standards being followed in the country, also stating that they are one of the most stringent in the world. It was submitted that the telecom service providers are in full conformity/compliance

with the EMF levels required to ensure health and safety. The various international reports, studies, especially those of WHO, etc. were also cited. Regarding the installation of mobile towers, it was communicated to the committee that the DoT is in the process of issuing uniform guidelines on the subject for all the states and the same should be adopted all across the states to maintain uniformity of process to be followed. The committee had invited the industry to make a presentation on July 24, 2013. A joint presentation by COAI & AUSPI was made to committee. All the queries were responded satisfactorily and the committee was also receptive of the industry requests. However, the final recommendations made by the Committee were not positive.

Spectrum Issues

Spectrum Valuation and Reserve Price:

TRAI issued a consultation paper on Spectrum Valuation and Reserve Price on July 23, 2013. PricewaterhouseCoopers (PwC) was appointed as an independent consultant to carry out Pan-India spectrum valuation and suggest a suitable reserve price. COAI responded on the consultation paper by asking for reduction in spectrum valuation, bottom-up valuation of spectrum, low reserve price to spectrum valuation ratio, flat spectrum usage, spectrum trading and adoption of e-GSM band. COAI requested the Authority not to go-ahead with spectrum refarming and also auction the E-GSM band. It was also submitted that the Government has been following the policy of technology neutrality since 1999 and the assumption that the spectrum held by the

telecom service providers is not liberalized is flawed. TRAI issued its recommendations on the subject on September 9, 2013, and arrived at a valuation of INR 2,059 cr/MHz for 1800 MHz band. The Authority also recommended that the reserve price for 1800 MHz spectrum should be the lower of the two figures - 80% of the average valuation or the price realized in November 2012 auction - in each LSA.

Reserve Price for Auction of Spectrum in the 800 MHz Band:

TRAI issued a Consultation Paper on Reserve Price of 800 MHz band on December 30, 2013. COAI submitted to the TRAI that to get the maximum potential of this band, it should be auctioned as E-GSM band. This is also in line with international practices. With diminishing interest of stakeholders in CDMA, technology, it would be best suited to auction this band as E-GSM band and make the auction open for all the telecom service providers. With these views, the reserve price of 800 MHz band spectrum should be kept similar to the 900 MHz band. TRAI issued its recommendations on the subject on February 22, 2014 recommending the reserve price of 800 MHz spectrum should be fixed at 80% of the average valuation. The Authority also recommended the reserve price for 800 MHz band at a valuation of INR 2,685 Cr/MHz for Pan India.

3G Spectrum Availability: With respect to the DoT and the Ministry of Defence (MoD) agreeing to equally share 300 MHz in the 1700-2000 MHz spectrum band, COAI suggested a more realistic sharing of this band so that it becomes useful for all the stakeholders including Defence and the Indian telecom

industry. As per the earlier sharing model, no more spectrum for 3G would be available for the telecom industry. COAI has made various representations to DoT, MoC, Finance Ministry, Commerce Ministry and Defence Ministry regarding the suggested change in sharing arrangement so that the spectrum becomes useful for all stakeholders. COAI is pursuing the matter with these ministries to get 3G spectrum freed for early auction by the DoT.

Spectrum Usage Charges:

COAI made various submissions to the Government for flat Spectrum usage charges. COAI at various forums stated that the guiding principles governing the Spectrum Usage Charge must ensure that the total cost of spectrum is equitable for all TSPs across the entire period of the license. The current SUC regime leads to anomalous results; creates a non-level playing field; penalizes larger operators; discourages mergers and represents a significant burden on the industry. In addition to these disadvantages we believe that the current policy of escalating charges, which is unique to India, discourages the purchase of spectrum; perpetuates the inefficient use of spectrum; distorts spectrum auctions; skews technology choices and, ultimately, may result in lower revenues for the government. A flat SUC as opposed to an escalating charge. This will also ensure a level playing field as well as long term benefits to the exchequer. The transition to a flat rate is eminently feasible (and desirable) as it would address both the problems - the anomalies as well as the disincentives on acquiring spectrum. The application of a flat rate as a percentage of AGR for SUC would not only

simplify and rationalize the levy structure, but would also remove the disincentives to mergers, acquisitions and spectrum sharing and trading which are inherent in the present regime. In addition, opportunities for arbitrage that exist between different bands and technologies would cease to exist.

SECURITY ISSUES

Centralized Monitoring System: DoT issued a license amendment (vide letter dated 11th Oct 2013) to provide MPLS connectivity to CMS requiring TSPs to provide this connectivity at their own cost in terms of dark optical fibre. In the absence of dark optical fibre, this connectivity to be provided in terms of 10Mbps bandwidth upgradable to 45 Mbps. In response, the industry submitted that regarding the dark optical fibre connectivity, it will not be possible for the TSPs to provide this connectivity owing to various issues including the subsistent Right of Way issues also involving huge Capex. Providing connectivity up to PoP of MPLS network of CMS in the form of dark fiber at TSPs own cost in the name of national security is unjust and the Government should bear the entire cost as part of the CMS project of this connectivity as this was initially envisaged in

the CMS project. Notwithstanding this, in the interest of implementation of the project as an interim measure, the TSPs may be able to provide up to 10 Mbps connectivity to the nearest MPLS, on temporary basis/ till the time BSNL is able to provide connectivity as desired by C-DOT in terms of dark fiber /10/45Mbps bandwidth.

Verification of Mobile Subscribers Using Aadhaar as valid Proof of Identity/Address:

The issue has been taken up with DoT, MHA and UIDAI to get instructions regarding use of Aadhaar as valid PoI & PoA through the AAP (Aadhaar Authentication Process). Telecom service providers have already submitted the feedback of 100% successful Proof of Concepts (PoC) of using Aadhaar as a valid Proof of Identity/Address, ensuring secure identification, verification and traceability of subscriber as required under license. In light of the successful PoC our submissions to Ministry of Home Affairs and Department of Telecommunication, MoC&IT, we requested UIDAI for taking this further with the concerned Government agencies to kindly issue suitable instructions to permit verification of a mobile subscriber through the Aadhaar online authentication process as an alternate to the present paper based process.

COAI Media Desk

Amongst many critical industry issues last year, COAI's thought-leadership and strong representation of the industry views and its official voice emerged as a clear success for the Association. Some major policy and regulatory issues, especially related to spectrum, Mergers & Acquisitions policy, telecom towers policy, etc. were addressed with COAI playing an active part in all.

Throughout the 2 rounds of spectrum auctions held in 2013-14, COAI consistently shared its views and analysis with the media and maintained the industry position in its representation to the various departments and committees of the government to ensure transparency and objectivity in the process. The industry's strong appeal and rational

approach led to the government's decision to review its pricing procedure for spectrum and consequently bring down the reserve price substantially.

Another major issue being faced by the industry was that of independent bylaws being formed by various state governments and municipal/local authorities on installation of mobile towers. COAI took it up with the Center and the DoT clarified that the emission norms are a Central subject and would be dealt by the DoT appointed TERM Cells only. DoT also advised the State Governments to align their tower installation policies in line with the Central guidelines issued by the DoT on 1st August 2013. The DoT's statement was promoted in the media through COAI. COAI also initiated



dialogues with several State Governments and local authorities on the issue, urging them to align their tower installation policies with that of the DoT.

COAI also played an active part in educating and sensitizing the public on the issue of EMF emissions from mobile tower antennae and handsets. Several media workshops, RWA meetings and representations were made apart from engaging experts from the academia and medical community on the issue.

Brief summary of the key media initiatives undertaken by COAI during the year

Rebranding of COAI: COAI, updated its logo and brand identity, positioning itself to lead the opportunities of the new era in the sector, in tune with the emerging trends and demands of the customers. The Association has expanded with members including mobile service providers, telecom infrastructure players, telecom equipment manufacturers among others and is still expanding to include other

allied and critical stakeholders of the sector. In tune with this growth, size and convergence of the industry, COAI underwent a makeover of its brand image and identity to continue to play the role of a thought leader for the industry. The new brand identity of COAI was launched along with the new website on 18th October 2013, with the Minister's message included in the programme. The event was attended by the industry, government, media and other associates in good numbers.

2G Spectrum auction issue: The 2G auctions ended just as COAI had predicted, with limited players coming into the market to bid, and extremely muted bidding with several circles having no bidders at all. This reinstated COAI's views on the auction that an artificially high reserve price that bore no congruence to market realities was the key reason for the failure. Also, COAI's repeated efforts in bringing to light the implications of the Supreme Court's judgement brought forth the clarification that the entire quantity of freed spectrum needs to be put up for auction.

Spectrum Usage Charge issue: With the DoT and the EGoM's declarations on the upcoming auctions, COAI consistently pursued the government to consider its rationale on implementing a uniform SUC for all players as suggested by TRAI to ensure a level playing field. In its letter to the DoT, COAI pointed out the anomalies present in the suggested slab-wise charge system. COAI also issued a press release to the media sharing the view that continuing a discriminatory Spectrum Usage Charge regime will hurt the Auctions. Both the



letter and the press release was well covered by the media.

Media Briefing Session, Ghaziabad: A Media Briefing session on the topic 'Truth Behind Mobile Tower Emissions' was organized by COAI to quell the negative publicity on health hazards from mobile towers. The event was attended by print media from various publications as well as electronic media such as ET Now, CNBC and Aaj Tak. COAI made an elaborate presentation on EMF issues and clarified the myths pertaining to mobile towers. The coverage was widespread and the key message was successfully disseminated that mobile towers pose no such health threats and is an important tool for communication and development in the modern times.

Kerala HC order on telecom towers: A Kerala High Court bench observed on July 11, 2013, that there was no proof whether the

telecommunication towers affect the health of the people or not. A Press Release was issued by COAI appreciating this order from the Kerala High Court and carried in over 48 print editions across India.

Multi-Stakeholder Workshop in Kolkata: COAI, in association with the Bengal Chambers of Commerce, held a multi-stakeholder workshop on EMF at Kolkata on 18th July 2013 with participation from Government, academia, medical community and media. A lot of information exchange took place and the concerns from several participating groups were addressed satisfactorily. There was positive media attendance and coverage on the same.

Engaging Dr. Vasant Natarajan, Professor, IISc, Bangalore: The COAI team engaged Dr. Vasant Natarajan of IISc Bangalore, who agreed to share with us his articles and views on the



topic of EMF emissions in mobile telephony and also allowed us to promote his articles for advocacy purpose. Prof. Natarajan's article was placed in several publications. A Press Conference was also arranged in Bangalore on Myths of Cell Phone Radiation with Mr. Vasant Natarajan addressing the media on the issue.

“Mobile Phones and Public Health” book launch by Prof. Michael Repacholi, Former WHO expert on electromagnetic fields:

Many experts like Dr. Vasant Natarajan, Dr. Parthasarathy, Dr. Bhavin Jhankaria, Dr. Jack Rowley, and Prof. Michael Repacholi were approached and engaged to contribute articles for a book on EMF emissions from mobile towers published by Delhi based Har Anand Publications. The book was launched in the presence of media by Prof. Michael Repacholi at Delhi, Mumbai and Bangalore. Many media interactions were scheduled with him and excellent coverage received across India in national mainlines, online and regional news mediums. Exclusive interviews of Prof. Repacholi were done with TOI, HT, ET, BS &



PTI. Prof. Repacholi met and addressed Tata Memorial Cancer Hospital doctors and IMA doctors at Mumbai. He also met DoT officials in Delhi sharing his views on myths about EMF emissions.

Engagement with Indian Medical Association (IMA)-Mumbai West:

COAI engaged with the Indian Medical Association (IMA) Mumbai West and supported them with facts and information to do a press conference at Mumbai related to dispelling myths associated with EMF emissions from mobile towers. The conference received commendable media coverage in mainlines and regionals with the doctors upholding the views of WHO and ICNIRP. The media covered the event with excellent results.



Joint Press Conference on Maharashtra Tower Guidelines: COAI did a joint Press Conference with TAIPA urging State Govt. of Maharashtra for implementing uniform tower guidelines across the state.

Engaging Indian Pediatrics Association: A Media Symposium was conducted in collaboration with the Indian Pediatrics Association (IAP) on “Impact of EMF Emissions from Mobile Towers on health” at Kochi. A presentation was made to the attending doctors by COAI representative, which was very well received. The doctors also discussed on the topic with a positive, factual, scientific outlook. The programme was well covered by mainline and regional media journalists.

Latest WHO and French Government advisory: COAI took the initiative to promote the latest WHO and French Government advisory stating that there is no evidence of health risks with mobile phone usage. The news item received good coverage in online and print mediums.

Media briefing session in Pune on EMF: A Media Briefing Session regarding EMF issues was conducted at Pune. It was attended by mainlines and regional media people and satisfactory coverage received.

Public hearing by activists in Ahmedabad: COAI participated in a “Public Hearing” in Ahmedabad organized by IFSE with support from celebrity Mallika Sarabhai. COAI managed a speaking slot and conveyed the facts and industry views. Views of COAI spokesperson were carried by the media.

Panel discussion on “Myths of Radiation” at Nehru Science Center, Mumbai: COAI Coordinated and participated in a panel discussion organised by the Nehru Science Centre in Mumbai. COAI representatives successfully rebutted activists like Girish Kumar, Juhi Chawla and Prakash Munshi from their alarming positions. The support of former Atomic Energy Commission Chairman Dr. Sukumar Banerjee in ridiculing the claims of the activists of the alleged “harm”, and Prof. Hosur of TIFR, strongly criticising Prof. Girish Kumar for ridiculing ICNIRP scientists were the highlights.

Media placement of Allahabad High Court appointed Committee’s report on emissions from mobile towers: A report submitted by a 13-member committee constituted by the Department of Telecommunications (DoT) based on an Allahabad High Court order dated January 10, 2012 observed that there is no cause of alarm with regard to possible ill-effects on human health by electromagnetic field (EMF) emission from cellphone towers and cellphones because the safety limits adopted in India take into account all biological effects of radiation. The Mumbai media reported the Committee’s findings categorically pointing out the vested interests of Prof. Girish Kumar in creating undue panic on the topic of EMF emissions from towers while serving his business needs alongside his daughter Neha’s business. Consequently, IIT Bombay issued a statement distancing itself from Prof. Kumar and clarifying that his opinions are personal and not endorsed by the IIT. We promoted the news through our media agencies.

Media Coverage Snapshots

16 MAD DAY METRO 31.08.2013 MUMBAI www.mad-day.com

The Whys and the Watts



A seminar on nuclear radiation had activists being called alarmists; statements on scientists who sell their souls and an actor who had her knowledge questioned

COAI says Govt Plan to Mandate BSNL, MTNL Connections for Govt Units, Staff Anti-competitive



OUR BUREAU NEW DELHI
GSM industry body COAI has written to department of telecom (DoT) against implementing a proposal mandating government staff and enterprises, to use only the networks of state run telecom operators BSNL and MTNL, saying any such proposal will be anti-competitive.

"We once again reiterate that any such move would be arbitrary, incorrect and unjustified and would be anti-competitive and against all principles of level-playing field," Rajan Mathews director general COAI said in a letter to telecom secretary, M.P. Ferozqui. A copy of the letter was reviewed by ET. To enhance the falling revenues of BSNL and MTNL, the government had proposed that union ministries, public sector undertakings and autonomous bodies preferably use the networks of these telecom operators.

"Proposing preferential treatment to



Speakers at a direct effect on our cellular structure...

not an issue in number portal

Mumbai: Cellular Operators Association of India (COAI) director general Rajan S. Mathews has told TOI that he is "open" to reducing cellphone tower radiation levels in Mumbai, provided there is a scientific basis.

"At a national level, choice will be a boon, as over the longer term it will lead to some decline in multiple SIM behaviour," Kamlesh Bhatia, research director at Gartner, concurred.

"At a national level, adds to the convenience of the people who relocate from person or professional reasons," he said.

"Full MNP is another step choice will be a boon, as over the longer term it will lead to some decline in multiple SIM behaviour," Kamlesh Bhatia, research director at Gartner, concurred.

COAI Seeks 100% FDI in Telecom

COAI said, "The telecom industry is sensitive to the public health concerns of India-Mumbaikars. Despite following norms set out by the WHO, the ITU and the Govt. of India, certain misconceptions are being spread among the public. Tower Installation Policy for the State of Maharashtra, 2011, is being reviewed to take into account the latest international standards and to address the concerns of the public."

Time to set telecom abuzz

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Panel Discussion on Radiation: Myths & Realities

New Delhi, Dec 16: The Director of Telecom in moving towards a flat spectrum usage charge regime is likely to discourage deployment of spectrum. This is a concern of the Cellular Operators Association of India, the GSM service providers lobby group.

"Continuation with the existing charge regime will cause untold and irreparable damage to the telecom sector," wrote Rajan Mathews, director general of COAI.

The telecom regulator had proposed a uniform rate of 5% for all technologies including 2G, 3G and 4G, and a maximum charge of 5% of the adjusted gross revenue of operators for non-auctioned spectrum.

Tralokhi said that the flat spectrum usage charge (SUC) acts as a disincentive for any merger or acquisition, spectrum sharing and trading as well as spectrum reuse. It also discourages operators from investing in additional spectrum. It also discourages operators from investing in additional spectrum. It also discourages operators from investing in additional spectrum.

Not migrating to flat spectrum charge will deter buyers: GSM body to DoT

TRAI had proposed a uniform rate of 5% for all auctioned spectrum and a maximum charge of 5% of the adjusted gross revenue of operators for non-auctioned spectrum.

"Any lowering of the SUC will be detrimental to the business of operators leading to higher spectrum bids," said Mathews. He added that if the adjusted gross revenue will be hindered, the introduction and taking up of spectrum trading will be affected.

Earlier, Vodafone India had a letter to finance minister Chidambaram pointing out that SUC was making it difficult for operators to get their hands on spectrum. The company is not in favour of a flat SUC for all technologies deployed in spectrum. "It would actively impact its growth,"

India, Europe join hands to roll out 5G services

The technology will be available to help you download movie files

Country	Frequency Limit (mW/m²)
India	450
Russia	100
China	100
Italy	100
Switzerland	42
Belgium	24

Location-based services to be \$5b business

LOCATION-BASED services sector has potential to achieve \$2-5 billion size in the next two to three years provided some issues related to application, devices, IP rights and privacy are addressed, industry body COAI said.

FASTER MOBILE TECH IN INDIA

The European Telecommunications Standards Institute is currently setting standards for 5G in partnership with experts from India.

A 5G service can download an 800 MB file in one second, which compares with the 40 seconds that 4G technology offers today.

With such high speeds, cab drivers, among others, who have tele-road, came out of the queue, many such stand in line.

KERALA ADOPTS DOT TOWER GUIDELINES

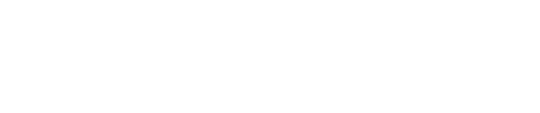
With most states waging a tug-of-war in drafting a new policy governing installation of mobile towers, the Kerala government decision to accept the Central guidelines in totality has come as a welcome change for most telecom operators.

COAI Seeks 100% FDI in Telecom

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Rajan Mathews (left), director general, Cellular Operators Association of India (COAI) and Tink Raj Dutt, senior director, Tower and Infrastructure Providers Association (TIPA) during the press conference at Taj Mahal hotel in Coimbatore.

GSM user base rises to 68.80 cr in Nov: COAI

New Delhi, Dec 16: The GSM subscriber base in the country rose marginally in November to reach 68.80 crore, with 48.87 lakh new users added during the month, industry body COAI said on Monday.

The subscriber base had stood at 68.31 crore at the end of October 2013. Cellular Operators Association of India (COAI) said.

Market leader Bharti Airtel added the maximum

COAI FOR UNIFORM SPECTRUM CHARGES

COAI said the current policy of escalating charges discourages purchase of spectrum, "distorts spectrum usage charge (SUC)."

"Different SUC for different spectrum bands creates anomalies and discrimination apart from creating non-level playing field," COAI said in a letter to telecom secretary M.F. Ferozqui.

टेलिकॉम सेक्टर में शत-प्रतिशत एफडीआई को मंजूरी

कोई भी देश बिना एफडीआई के नहीं बढ़ सकता है। एफडीआई को बिना शर्त मंजूरी देना ही एकमात्र रास्ता है जो भारत को अर्थव्यवस्था में तेजी देगा। एफडीआई को बिना शर्त मंजूरी देना ही एकमात्र रास्ता है जो भारत को अर्थव्यवस्था में तेजी देगा। एफडीआई को बिना शर्त मंजूरी देना ही एकमात्र रास्ता है जो भारत को अर्थव्यवस्था में तेजी देगा।

COAI Efforts on Security Matters

CCRA Status to STQC

The International Common Criteria Conference (ICCC) 2013 was held at Orlando, Florida last year in September 2013. CC Administration had announced the recognition of “Common Criteria - Recognition Arrangement” (CC-RA) to India at this event. COAI had participated at this event along with senior Indian Government officials. This was done after the completion of the CCRA audit of the Indian Scheme and India has now become an “authorizing” nation from a “consuming” nation. This will enable India to join the league of a select group of nations that have been accorded the CCRA status of this internationally recognized security regime under the CC programme. This means that India, through STQC, has now been authorized to certify independent Testing labs in India that wish to certify IT Equipment for compliance with global “common criteria” standards. This has been achieved after a lot of dedicated work by the STQC and Department of Electronics and Information Technology (DeitY), Government of India, working in close cooperation with COAI members.

The Common Criteria is the driving force for the widest available mutual recognition of secure IT products. India has been working to ensure that security evaluations of ICT products are performed to consistent, globally-acceptable security standards like Common Criteria (CC) – an ISO Standard, and certifications that are mutually acceptable globally under CCRA.

Internationally, the CC framework is managed and operated through a CCRA. Presently, 26 member countries are part of CC arrangement including US, UK, Germany, France, Japan, South Korea, etc. of which 17 have the CCRA status.

As per the License amendment of May 31, 2013, all network equipment inducted in the network by a telecom company are to be tested against the relevant standards like CC, 3GPP, etc. Moreover, an Indian lab has to be set up to perform this job. CCRA status to STQC is the first step in this direction. Indian companies will now have to set up test facilities in India. COAI will be working with the members and the DoT/DeitY to facilitate the establishment of these labs in India.

Joint Working Group on Cyber Security

The highest security body in India, the NSCS (National Security Council Secretariat in the NSAs office), had formed the Joint Working Group on Cyber Security. As part of its work, a Sub-Group headed by COAI was given the responsibility of making a proposal for the setting up of Testing and Certification lab in India.

COAI prepared a report for the JWG with the proposal to set up a testing facility in India. The recommendations included proposals on prioritization of telecom equipment for certification, infrastructure, policy and regulatory, baseline cost, potential location(s). COAI is also working with the DoT on

identification of the relevant standards against which the equipment is required to be tested.

Telecom Security Council of India (TSCI)

The license amendment on security issued by DoT in May 2011 suggested setting up of TSCI. The industry deliberated on the issue and the Licensees unanimously agreed that TSCI should be structured on the lines of the very successful model of ACT (Apex Advisory Council for Telecom in India). ACT has been working very effectively since many years resolving issues related to subscriber verification and security, between various stake holders like TSPs, DoT & MHA.

The aim of the TSCI is to be a voluntary forum for increasing the telecom network security assurance levels and share common issues as appropriate. All the licensees who have a clause in their license suggesting the setting up of a TSCI would voluntarily endeavor to participate in this forum. The TSCI will constitute committees and working groups, as and when required. The participants will include all licensed telecom service providers including DoT and Government nominated members.

Accordingly, a proposal on these lines has been submitted to DoT jointly by ACTO, AUSPI, COAI and ISPAL.

Security Standardization Efforts at 3GPP

COAI is actively working at national as well as international levels to get the best suited standards to be adopted for India to address the emerging security issues in the country. India as a country is leading the international efforts on telecom network security.

The security needs of the Indian telecom environment are being projected by the Indian Government and industry at the highest levels and the solutions on standards based approach are being discussed and attended at international standards bodies.

Due to COAI's concerted efforts, a high level delegation from DoT attended the last 3GPP on SECAM (Security Assurance Methodology). The Indian requirements were understood and aligned with this international body.

The present SECAM document studies methodologies for specifying network product security assurance and hardening requirements, with associated test cases, when feasible, of 3GPP network products used in telecom networks.



Telecom Centres of Excellence “Empowering India towards Global Telecom Leadership”

COAI has been instrumental in setting up 8 TCOEs under the leadership of DoT in premier Academic Institutes for promoting R&D to help indigenous manufacturing.

Achievements of TCOEs:

- a) The TCOEs have been effectively working on over 80 Projects over the last 5 years and have come out with 19 Patents including 5 US patents, 14 IPRs, 41 Research Papers aiding policy advocacy and 39 Commercialization Ready Technologies.
- b) 5 Technologies have been launched in the Operators' network.
- c) 1 Technology “Variable Phase Power Plant” developed by BITCOE-IIT Kanpur was successfully field tested in the live network of BSNL at Hyderabad. This technology enhances the overall long-term running cost efficiency of power plants, in telecom exchanges situated in rural areas, by optimizing the usage of diesel generators and battery.
- d) Network Opex Optimization developed by TICET - IIT Bombay is successfully taken up by a B.Tech student of IIT

Bombay by incubating a firm named as “Panchsheel Research Pvt. Ltd.” The technology aims at optimizing the Operational Expenses of the Wireless Network of the Service Providers.

1. Standardization Activities:

- a) TCOE India has signed a MoU with IEEE-SA with the objective to jointly promote telecom standards in the country. Towards this, IEEE SA and TCOE India will conduct 6 Months Standards Internship Program to spread the standards awareness among the students community. Together both will also conduct Wi-fi Carrier Grade course to create right skillset in the domain for the demand forecast of approximately 2-3 Lakhs people in next 2-3 years.
- b) IITCOE- IIM Ahmedabad conducted a workshop on “Activities and R&D Roadmap for the next five years for TCOE India: Achieving Objectives of NTP 2012” at IIM Ahmedabad on 6th July 2013 to draw focus of the Industry, Academia and Govt. to participate in TCOEs activities.

c) COAI led the Standards Initiatives along with TCOEs and, 23 Indian Industries, 20 MNCs, 3 Industry Associations, 10 premier Academic Institutes and R&D organizations are actively working towards the telecom standardization activities. A total of 8 Working Groups (WGs) are defined to cover Radio Access, Backhaul, Core Network, Machine To Machine (M2M) communication, Devices, Green Telecom, Services, Applications,

Systems and Architectures (SASA) and Special Interest Group (SIG). Approximately 15 Work Items are being addressed by these WGs.

Come join TCOEs as Associate Sponsors, Project Sponsors and Research & Technology Partners. For more information, please visit www.tcoe.in



TELECOM SECTOR SKILL COUNCIL (TSSC)

Our Vision

TSSC is committed to developing world class skilled manpower for the Telecom industry.

Our Objectives

TSSC, a not for profit organization in PPP mode, will be responsible for charting the human resource requirement in the value chain of the telecom sector. The main objectives of the TSSC are to undertake following in close coordination with the industry & potential employers:

- Undertake occupational mapping and skill gap analysis
- Develop National Occupational Standards (NOS) that feature skill competency standards and qualifications
- Facilitate refining the existing curricula to align it with NOS, obtain approval from industry experts and promote building of delivery capacity
- Plan and institutionalize an effective system for training of trainers

- Steer the affiliation and accreditation processes to enable quality assurance in training at par with international standards
- Create an assessment framework to award tamper proof certifications to trainees

Current Progress

To further this initiative, TSSC has developed 26 Qualification Packs with maximum coverage in Telecom Sector and has started training youths in India through its 83 Affiliated Training Partners. 17th Aug 2013 marked the inauguration of 1st batch of candidates to start training on standards prepared by TSSC. As on 31st Mar 2014 TSSC had enrolled 29470 Candidates in 9 job roles covering 22 states/UTs. In addition, TSSC also signed MoUs with 120 industry partners which included all major Telecom companies, thus ensuring their participation in skill building activities and acceptance of TSSC certified manpower for employment.



During last one year TSSC organised various skill conclaves across India to mark its footprints and spread its skill initiative in Telecom Sector. TSSC celebrated its first Anniversary on 14th Jan 2014, which was presided over by Shri M F

Farooqui, Telecom Commissioner & Secretary (T). The event also witnessed Secretary (T) & Shri N Ravishankar IAS, Administrator (USOF) accepting the role of Chief Mentor and Mentor of TSSC, respectively.



Update on Telecom Standards Development Society, India (TSDSI)

COAI spearheaded the industry initiative to set up an Indian Standards body to represent India's interests in various international standards bodies such as ITU, 3GPP, IEEE, ETSI, etc. and ensure that India developed & registered IPR are properly monetized and included in global standards. COAI led the Standards Initiatives along with TCOEs, 23 Indian Industries, 20 MNCs, 3 Industry Associations, 10 premier Academic Institutes and R&D organizations, to work actively in the areas of Radio Access, Backhaul, Core Network, Machine to Machine (M2M) Communication, Green Telecom, etc.

This joint effort of COAI and the Industry intensified the need for a national telecom standards body that could lead India as a major contributor in emerging technologies like 5G. Thus, the Government announced the establishment of TSDSI (Telecom Standards Development Society, India) during the Global Standards Collaboration (GSC) Meeting held from May 12-15, 2013 at Korea. TSDSI was registered with the legal status of a Society on 7th January 2014 at New Delhi, India, and is a coming together of the Govt., telcos, manufacturing companies, technical services companies R&D organizations and academic

institutions on a common platform. TSDSI strives to follow the best practices of knowledge sharing, consultations and consensus building to make standards which address special needs of the Indian consumers and help equipment manufacturers and operators fulfil those needs in ways that are beneficial to both. TSDSI is committed to Global Standards and is ready to collaborate with all Telecom SDOs of the world for sharing of knowledge and experience. It has already signed Cooperation Agreements with ARIB, ATIS, CCSA, ETSI, TTA, TTC and GCF. TSDSI has also been granted the Observer status at 3GPP. TSDSI is leading its efforts in contribution towards 5G technology and is gaining momentum in leading this emerging technology globally. Towards this, a number of technical issues are being actively discussed under working groups for Radio Networks, M2M and Core Networks.

COAI urges all the telecom stakeholders, Govt. and Non-Govt., to support the standardization efforts to lead India at global standards forums. COAI, on-behalf of its membership, extends all possible support to the standardization efforts of the country with a dream to make India a favored business destination again.

Legal Updates: April 2013 – March 2014

Joint Industry Petition on delay in submission of self-certificates: TDSAT

A joint industry petition on EMF penalty for delayed submissions has been filed in TDSAT stating that DoT cannot levy any penalty on the basis of Circulars dated 13.08.2010, 27.08.2010, and/or 03.11.2010 or any other circular on ground of delay in submission of the Self Certificates for the BTS sites installed prior to 11.10.2012.

On August 30, 2013, the Tribunal directed that DoT will not take any coercive action till next date.

The matter is coming up next on July 9, 2014.

TRAI Jurisdiction (Batch Matters): Supreme Court

When these cases were listed before the Supreme Court, the parties agreed that the preliminary issue relating to jurisdiction of the TDSAT to entertain challenge to the regulations framed by TRAI may be decided before the questions framed vide order dated 6.2.2007 are taken up for consideration. Thereupon, the Court decided to hear the arguments on the following question:

“Whether in exercise of the power vested in it under Section 14 (b) of the Act, TDSAT has the jurisdiction to entertain challenge to the regulations framed by the Authority under Section 36 of the Act.”

On December 6, 2013, the judgment on this issue was pronounced stating inter alia:

- In exercise of the power vested in it under Section 14(b) of the Act, TDSAT does not have the jurisdiction to entertain the challenge to the regulations framed by the Authority under Section 36 of the Act.
- Aggrieved person shall be free to challenge the validity of the regulations framed under Section 36 of the Act by filing appropriate petition before the High Court.

CAG audit on Telecom Companies: Supreme Court

COAI and AUSPI had filed writ petitions challenging the jurisdiction of CAG to audit telecom companies.

On January 6, 2014, the judgment in this matter was pronounced wherein the Hon’ble Delhi High Court held inter alia:

Telecom Licensees have undertaken the accounting responsibility for the Central government and therefore, the accounts of licensees, in relation to the revenue receipts can be said to be the accounts of the Central government and thus subject to a revenue audit as per Section 16 of the CAG Act.

Rule 5 of TRAI Rules 2002 and Section 16 of the CAG Act fit perfectly into the constitutional scheme of every rupee flowing into the Consolidated Fund of India, by way of revenue, to be audited by the Comptroller and Auditor General of India.

Joint Industry photo on colour scan & missing date on PoI/PoA : TDSAT

A joint industry petition has been filed on the issue of imposition of penalty on embedded scanned coloured photograph in the Subscriber Database and absence of date on documents of PoI/PoA by Rajasthan TERM Cell. The petition prays that DoT should be restrained from levying any penalty for non-submissions of scanned photographs (coloured) of the subscriber in the subscriber database to be submitted to the TERM Cell and/or Law Enforcement Agency on monthly basis. The petition further seeks that DoT be restrained from levying any penalty merely because of absence of date on the photographs or documents of proof of identity and/or proof of Address.

On January 28, 2014, TDSAT directed that DoT shall not take any coercive measure for enforcement of the impugned circular till the next date.

The matter is coming up next on July 11, 2014.

Reliance & TTSL Petition on Start-up and additional Spectrum: TDSAT

In June 2012, Reliance moved to TDSAT seeking additional spectrum up to 6.2 MHz. Similarly, TTSL also filed two petitions (seeking additional 1.8 MHz spectrum and start up spectrum) in TDSAT. The petitions contended inter alia that Reliance and TTSL have a binding subsisting contractual right of 6.2 MHz spectrum and therefore DoT should earmark the specific spectrum / frequencies in respect of balance of the contracted spectrum i.e. 1.8 MHz in GSM for Reliance and TTSL before proceeding with

the auction process. TTSL also sought initial start - up spectrum in Circles where they have not been allotted the same.

COAI filed its impleadment application in both the petitions and the Tribunal held that for an effective adjudication in the main matter, COAI should be heard. The Tribunal further said that as no relief has been claimed against COAI, it may not be necessary to add them as parties to these petitions but they are allowed to intervene in the matter.

The judgment in these matters was pronounced on January 31, 2014, wherein the Tribunal dismissed the petition filed by TTSL and Reliance seeking additional GSM spectrum while holding that the approval for dual technology granted in their favour and the consequent amendments in their licenses have come under cloud and it will be highly unsafe to make those licenses the basis for allocation of additional spectrum which is scarce natural resource and an invaluable national asset.

North East/ Assam Subscriber Verification Petitions: TDSAT

In January 2012, a joint industry petition was filed challenging the exclusion of Voter's Identity Cards issued prior to 2008 and the Caste and Domicile Certificates issued by the Village Panchayat Head and equivalent authority from the list of acceptable documents as Proof of Identity and Address and also imposing penalties for granting validation to the pre-paid subscribers acquired on the basis of the above documents.

The judgment in this matter was pronounced on November 1, 2012 whereby petition was allowed in so far as the penalties imposed upon the Petitioners on the ground that reverification of the CAFs had been carried out by them relying on or on the basis of the Gram Panchayat Certificates, Caste Certificate & Voter ID Cards.

It was observed that though reverification as per procedure of 30.09.09 till 31.03.11 had been accepted in the body of the judgment but the final conclusion did not record the same. The judgment also did not record any direction for refund.

Therefore on the same day, COAI moved an application seeking inclusion of above two aspects wherein the prayer seeking mentioning of acquired customers in the concluding paragraph was allowed.

On May 7, 2014, The Tribunal while disposing of the petition along with all misc. applications stated:

- It is not open to DoT to impose any penalty on the service providers in the service areas of Assam and North-East for the period 20.1.2011 to 31.3.2011 either on the issue of acceptability of the three documents, namely, Caste and Domicile certificates issued by the State Government, Gram Panchayat Certificate and voter ID cards issued prior to 2008 or more importantly, for the manner of verification of the existing pre-paid subscribers prior to 31.3.2011.

- This order shall apply regardless of the fact whether the CAFs monthly audits are carried out prior to 31.3.2011 or after that date.
- The necessary refunds in terms of the Tribunal's judgment dated 1.11.2012 in Petition No.15 of 2012 read with this order will be made to the service providers within two months from today.

BSNL Petition on Port Charges: Delhi High Court

BSNL filed a writ petition in Delhi High Court, praying that the TRAI Regulations 2012 on Port Charges be set aside and that members of COAI and AUSPI be directed to pay the port charges in terms of the rates agreed under the Interconnect Agreements.

On February 28, 2014, the Hon'ble Delhi High Court directed the following:

- Bills to be raised as per 2012 Regulations i.e. Rs 4000 and Rs 10,000 per port. Service Tax to be levied as per 2012 Regulations
- Undertaking to be furnished within two weeks from the date of the Interim Order (i.e. 28.02.2014) undertaking to pay for the differential between 2012 rates and the contracted rate (@Rs. 55000 / port) in case of Petitioner being successful in their claim and in such case Interest is to be paid @ 9%
- Bank Guarantee is to be furnished for new ports for the differential between 2012 rates and the contracted rate (@ Rs. 55000 / port).

The matter is coming up next on July 14, 2014.

About COAI

COAI was constituted in 1995 as a registered, non-governmental society. The Association is dedicated to the advancement of modern communication through the establishment of world-class mobile infrastructure, products and services and to delivering the benefits of innovative and affordable mobile communication services to the people of India.

Over the years COAI has emerged as the official voice for the Indian telecom industry and interacts directly with Ministries, Policy Makers, Regulators, Financial Institutions and Technical Bodies. It provides a forum for discussion and exchange of ideas between these bodies and the Service Providers, who share a common interest in the development of mobile telephony in the country. COAI collaborates with other Industry Associations such as CII, FICCI, ASSOCHAM, AUSPI, ISPAI, VSAT association etc., with the objective of presenting an industry consensus view to the Government on crucial issues relating to the growth and development of the Indian telecom Industry.

COAI's core membership includes private cellular operators, namely - Aircel Ltd., Bharti Airtel Ltd., Idea Cellular Ltd., Telewings Communications Services Pvt. Ltd., Videocon Telecom and Vodafone India Ltd. operating across the whole country.

Having started as an Association for mobile service providers, COAI has today expanded to be a thought leader in the telecom and broadband industry, with members including cellular service providers, telecom

infrastructure players, and telecom equipment manufacturers; and still expanding to include other allied and critical stakeholders of the sector.

COAI's present Associate Members include – Alcatel Lucent India Ltd., Cisco Systems India Pvt. Ltd., Ericsson India Pvt. Ltd., IBM India Pvt. Ltd, GTL Infrastructure Ltd., Huawei Technologies Co. Ltd., Indus Towers Ltd, Intel Corporation, Nokia Solutions and Networks Pvt. Ltd., Qualcomm India Pvt. Ltd. and ZTE India Pvt. Ltd.

Further, COAI has dedicated itself towards the training of skilled manpower to ensure efficient and optimum utilization of human resources to the industry. COAI has played a major role in the setting up and operations of the Telecom Sector Skill Council (TSSC) in India under the aegis of the National Skills Development Corporation (NSDC). TSSC is registered under the Societies Registration Act 1860, with members from COAI, ICA, TCOE, NSDC, TAIPA, AUSPI, Govt., Telecom Industry and Academia.

COAI also played a major role in setting up the Telecom Centers of Excellence (TCOE) set up in Public Private Partnership (PPP) mode, with the Government, the Academia and the Industry working together for the sustained growth and progress of the country. The key objective of TCOEs are to create synergy amongst the academia, telecom industry and the government for creation of new services/ applications, generation of IPR, development of manufacturing capability, global telecom

standardization activities, and promotion of entrepreneurship.

COAI was instrumental in the formation of the Telecommunications Standards Development Society, India (TSDSI), which aims at developing and promoting India-specific requirements, standardizing solutions for meeting these requirements and contributing these to international standards. The TSDSI contributes to global standardization in the field of telecommunications by maintaining the technical standards and other deliverables of the organization, safe-guarding the related

IPR, helping create manufacturing expertise in the country, and providing leadership to the developing countries in terms of their telecommunications-related standardization needs.

COAI also interacts with various international organizations such as ITU, GSMA, UMTS, TTA, ITIC, GSA, MMF, Digital Europe, WWRF and 3GPP etc.; Country Embassies as well as the Press & Media to ensure that the issues pertaining to the mobile phone industry are discussed, understood and debated on a wider platform.