



# COAI

ANNUAL REPORT 2014-15



# Accelerating on the i-way





**COAI**

2014-2015  
ANNUAL REPORT



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## CHAIRMAN'S MESSAGE

**A**s I conclude my tenure as Chairman of COAI and CEO & MD of Vodafone India, I would like to say that the last six years have been both fulfilling and challenging for me. It has been a pleasure and a privilege to be a part of this vibrant industry, operating in a very dynamic market.

A major development last year was the launch of the Digital India initiative, which aims to prepare the country for a “knowledge economy”; basically leveraging Information Technology for bringing in efficiency and transparency in the functioning of government departments. The key takeaways from the initiative would be increased uptake and penetration of the digital communications services via enriched broadband and massive outreach of the services while plugging the coverage gaps in the country at the same time.

One of the primary pillars of Digital India, the Broadband Highways or I-ways, envisages a nationwide National Information infrastructure and extensive coverage in both rural as well as urban areas by 2017. Connectivity is to be provided to more than 42,300 villages so that there are no coverage gaps in administrative implementation by the government. Simultaneously, Common Service Centres (CSCs) are to be made available across 2,50,000 villages across the country by March 2017 and 1,50,000 post offices are to be connected as Multi-Service Centres to serve the citizens.

We strongly believe that the same is possible by an active partnership and mutual efforts from the government and the industry.

While the Industry is more than willing to contribute and play its role in achieving the above, it would certainly require the Government's enabling support for crafting a viable and sustainable industry structure. For this, a predictable and stable regulatory and policy environment that ensures an investor-friendly climate, protection of existing investments, service continuity, availability of adequate, appropriate and contiguous spectrum, etc. would be a pre-requisite. The sooner the government removes the policy obstacles on the I-way, the faster the country will move to “Digital India”.

As the Digital India programme is set on the basic platform of availability of quality broadband services, the government needs to look and resolve the issues pertaining to availability of contiguous spectrum, ROW issues, backhaul, etc. which are critical for the broadband proliferation (especially mobile broadband) in India. Operators in India have one-third spectrum than their peers globally who have achieved high mobile broadband penetration. Going forward, there is a need for a clear roadmap for future auctions/further release of spectrum in various bands. There also is an urgent need to harmonise site approvals/rights of way (RoW) procedures so as to lower the costs and expedite the process.

Use of wireless for providing last mile broadband access is critical. In addition to backhaul, such access requires a large number of towers and small cells. Non-discriminatory access to government land and street infrastructure (street lights, etc.) for putting up such towers and small cells is needed. In order to improve the efficiency of resources and reach the masses, such infrastructure should be allowed to be deployed, especially if it is shared among two or more broadband service providers.

The industry is facing acute issues with regard to installation of towers for our antennae, in addition to local guidelines which are restrictive in nature. The unwarranted fears of public health on telecom towers have played havoc with the expansion and capacity building of the mobile networks across India. The adoption of the DoT Tower Guidelines by all States is also the need of the hour, as several State governments have started devising independent state-specific bylaws towards the procedure for installation of towers. This leads to unwanted delay and complexities in rolling out the requisite network infrastructure at the state and local level.

COAI has been leading numerous initiatives in educating people and creating awareness on the facts related to the EMF emissions from mobile towers. A number of programmes have been organized by COAI in association with the Central & State Governments, Municipalities, medical professionals, academicians, RWAs and the media, to sensitize the stakeholders and the public at large. However, we believe that the industry efforts need to be complimented with equal participation and representation from the Government in order to reassure the citizens of their safety.

To promote investments in the telecom sector, the Government of India liberalized the FDI to 100 percent in August 2013. The horizon for FDI now appears to be promising. During 2001-14, the telecom sector accounted for about seven percent of the total FDI inflows in the

country. It has also been the 3rd highest contributor in FDI in the last decade with close to INR 59,000 crore FDI (Since Apr'00 till Oct'13).

However, investors have cited that the execution risk in India is much higher than in any other country. The M&A guidelines need to be revised as M&A Guidelines issued in February 2014, are unlikely to encourage consolidation due to unrealistic caps and step up of prices for spectrum allocated outside of the recent auctions. In addition, spectrum trading and sharing norms need to be issued expeditiously.

The government will also have to realise that there is an urgent need to rationalize the taxes and levies in the sector, which aggregate presently to 30 percent of the revenues earned by telecom companies, as compared to about 5% in other Asia-Pacific (APAC) countries. License fees and spectrum usage charge (SUC) account for about 12% of adjusted gross revenue (AGR). Introducing a flat SUC (Spectrum Usage Charge) of 1% should provide some relief to the operators. The USO Fund levy (Universal Service Obligation Fund) of 5% should also be gradually reduced to 1% as operators meet the revised contractual roll out obligations which now covers the rural areas.

Telecom has been the most transformational technology of recent times in India, and needs to be nurtured further for the benefit of the nation. Today, the Indian telecom sector accounts for the 2nd largest private sector investment in infrastructure with INR 1,53,000 Crore of investment (during 10th & 11th plan), apart from the two spectrum auctions held in February 2014 and March 2015, causing pay-outs from the industry of INR 61,200 crore and 1,10,000 crore respectively. Further, the industry is one of the highest contributors to the public exchequer with over INR 14,500 crore/annum by way of license fees and spectrum usage charge.

Moreover, the industry provides employment to over 7.3



lakh people directly and to over 20 lakh people indirectly, boosting employment and skill development in the nation. The Twelfth Plan envisages investment in the Telecom Sector of INR 943,899 crore, of which 92% is expected to come from combined foreign sources and private sector. Coupled with the ambitious targets of the Government's "Digital India" programme, the pay outs of the recently concluded spectrum auctions, and the high taxes and levies applicable to the Indian TSPs, this will put considerably heavy financial pressure on the industry.

On the brighter side, however, we have witnessed a great uptake in data services — especially with 3G. If growth in the telecom sector in the last few years was a consequence of the voice revolution, growth in the coming years will be driven by the increasing uptake of data services making mobile smartphones the continued preferred platform for promoting socio-economic development in the country. Overall data grew at 72% in 2014, catalyzed by 3G growth at 114%. 3G data usage is expected to grow further as operators continue to invest in expanding and strengthening 3G networks, coupled with a surge in the availability of smartphones priced below \$150.

As an industry, we witnessed some highs and lows last year. While on one hand, we witnessed high subscriber growth, rapid uptake of data services, the emergence of new technologies, innovations in terms of applications and solu-

tions, and acceptability and rising demand of the new and advanced technologies by the consumers; on the other hand, the industry was stressed with struggle for sustaining of businesses, limited spectrum, shrinking margins, declining profitability and extremely trying taxes & penalties levied on the industry.

Meanwhile, COAI has continued to be the thought leader for the industry, and we feel that it must be nurtured and empowered further, given the increasing role of the Association in the converged scenario of the ICT industry.

As the Chairman of the COAI, it has been a journey of leading and learning, and I am happy that we were able to achieve so much as an industry association in the last few years. I am happy that I was given the opportunity and responsibility to front end the industry's efforts through the COAI office.

I thank the COAI members for their guidance, support and efficient leadership of the industry. The industry is safe in the hands of such committed and pragmatic leaders. I would also like to thank Mr. Gopal Vittal, the present Vice Chairman of COAI for his valuable support, and the COAI secretariat for efficient and effective performance.

**MARTEN PIETERS**  
**CHAIRMAN**



## VICE CHAIRMAN'S MESSAGE

India has leapfrogged fixed line technology. Today, India has over 915 million mobile customers, but a mere 29 million fixed line customers. India will probably be the first mobile first Internet market. More than 80% of internet users are found using a mobile to access it and for nearly 60%, the mobile is the only form of internet access. More than 110 million smartphones are expected to be shipped next year in India making it one of the fastest growing markets in the world. Social media and e-commerce applications are being adopted at an unprecedented rate.

The impact that this has on the society is immense — from providing access to otherwise unreachable markets, to spreading the growth of financial services, from providing access to information to improving productivity. The government has recognized this potential by launching programs such as Digital India and Smart Cities. But we have a long way to go before these become a reality. Less than 100 million customers use mobile broadband today. Delivered speeds are often less than 1 Mbps making the experience sub par.

We have the technology to deliver a great network experience, with 3G and 4G LTE. However, these technologies need one basic raw material — large amounts of spectrum.

While spectrum availability is a global issue, in India, the issue is more acute. Indian operators hold an abysmally low quantum of spectrum, approx. 13MHz on average, which contrasts strikingly with international counterparts in developed markets e.g. [EU allocation (92.6MHz), UK (82.2MHz), US (96MHz)]. Asian operators too hold significantly higher spectrum than the Indian operators, e.g. Bangladesh (37.4MHz), Malaysia (75MHz), Australia (98.7MHz).

The reason for this acute problem in India, is because a significant portion of commercial spectrum is held by defence and other government departments. Whatever little spectrum remains is further divided amongst 8-9 operators, many of which are small and carry very little traffic. With the new government initiating dialogue across the ministries of finance, telecom and defence, we hope that this issue will be resolved expeditiously and more spectrum made available for commercial use.

Broadband services require at least 5MHz of contiguous spectrum. Today, much of the spectrum available with operators is non-contiguous. The Government must play a facilitating role in swapping of spectrum across operators so that the holdings can be made contiguous and the much needed broadband services can be rolled out in the spectrum available with the operators.



Notifying the guidelines for spectrum trading and sharing can further help maximize utilization of spectrum by ensuring that the operators with little traffic are able to monetize their unused spectrum. Further, the current M&A guidelines need to be revised, particularly those around caps on spectrum holdings and market share to ensure actual consolidation happens.

The industry has consistently urged the government to address these issues so as to enable a healthy growth of the industry. COAI has once again played a crucial role, and led the industry on issues of common and critical interest. Several representations and recommendations from the industry to the government and the stakeholders have been spearheaded by the Association, leading to fruitful and effective results. The Association will continue to pursue the industry's common objectives and make representations to the government in the interest of sustainable and profitable growth of the industry.

With the exponential growth of data, we foresee a greater role for the Association in line with the evolving ecosystem of telecoms services, the convergence of different verticals relevant to the sector, and the growing number of our members from these verticals.

On a final note, I would like to convey my regards to all our member operators for working together towards all major industry issues, thus making significant contributions to the development of the industry and nation. Also, I would like to thank Marten for his bold leadership and commitment towards key issues, and his enthusiastic and tireless support throughout the year. Last but not the least, my utmost compliments and regards to the COAI team, ably steered and led by Rajan, to greater heights year after year.

**GOPAL VITTAL**  
VICE CHAIRMAN



## DIRECTOR GENERAL'S REPORT

**T**he year 2014-15 was an astounding mélange of increasing regulatory certainty but heightened business uncertainty for the telecom industry.

On one hand, we witnessed forward looking recommendations from the Regulator on trading and sharing of spectrum, proposal on uniform SUC, Broadband, etc., which brought in additional clarity to new investments as well as action into the sector. However, we also witnessed a spectrum auction structured to extract maximum money from the industry, which has led to an increased financial burden on the industry. The operators have already invested billions of dollars in license fees, spectrum fees and network roll-outs, yet the industry makes negative returns on the capital invested. Post the auction, the financial situation has dimmed considerably.

In August 2014, the new government launched the Digital India initiative – a programme to transform India into a digital empowered society and knowledge economy. The industry estimates the country would need an additional capital outlay of about INR 500,000 crore over the next five years in spectrum, new technology, equipment, towers, optical fibre backbone, etc., to meet the PM's vision of Digital India, and connect 1 billion Indians to the exciting world of Internet.

India has over 950 million mobile subscribers — the second largest in the world. This growth was enabled by innovation across the ecosystem — in our ever expanding complex networks, outsourcing models, infrastructure sharing, innovative pricing structures — that allowed operators to offer customers some of the most innovative and affordable call rates in the world.

We need the same spirit to connect a billion Indians to the Internet under the Digital India programme. This means innovations across the ecosystem – affordable smartphones, more efficient networks, even more broad ranging applications (especially in areas such as education, health, governance) and pricing flexibility – that promotes greater digital inclusion. Only then can our citizens in rural India, or from a lower economic strata, be empowered through internet access.

Going forward, the industry will continue to labour hard to recuperate from the heavy financial burden due to the exorbitant winning prices of the spectrum auction as well as the investments needed to make significant progress towards the ambitious targets of Digital India set by the Government.

The need of the hour, therefore, would be to have policy and regulatory stability along with financial relief from



high Government taxes and levies to enable the industry to invest in growth of data services and connectivity to all.

Amidst these challenging times, I present the Annual Report for the year 2014-2015.

### Status on Policy and Regulatory issues

The major initiative of the Government this year was the announcement of Digital India, which is transformational in nature and would ensure that Government services are available to citizens electronically. There is a major thrust on exploiting the ICTs to empower the masses, which will have significant involvement of telecom industry and potential to further enhance business avenues. The DoT has also initiated discussions on measures to enable Digital India, including Broadband, Right of Way, Internet of Things, review of NOFN project, etc.

The Government will have an active role to facilitate these policy requirements so as to ensure sustained growth for the industry. With the new Government in place, the industry is hopefully looking towards efficient policy changes, open and transparent Government functions, along with effective implementation of the programs, in order to sustain growth in this critical sector.

COAI is committed to the Digital India story and will work towards inclusive and affordable Internet access for every Indian. We believe that our role is to enable all services to reach customers across the country. One of the key factors to enable this is that the same rules must apply to the same types of services, including Mobile and IP Voice services. This is the only way to ensure digital inclusion and bring about social and economic good to the common man.

COAI has made submissions to the Government stating that the Telecom sector can contribute meaningfully and substantially to the digitization drive. There are various processes at DoT which can be simplified to save on the

resources, paper and man-hours and will directly help promote efficiency in faster clearances, lead to considerable customer convenience, transparency, simpler processes and cost savings through digitization initiatives. It was highlighted that despite having online systems for many approvals, DoT still has processes dominated by paper forms and hard copies. The efficiencies of an online process gets immediately negated the moment the whole process is duplicated through an offline mode, entailing submission of hard copy paper printouts. A paperless approach should be followed, e.g., paperless activation of telephone connections, e-bill instead of paper bill given to postpaid customers, online submission of EMF self-certificates and online SACFA and WPC clearances. We hope that the Government would fast track digitization of these initiatives.

On the regulatory front, the year saw recommendations from the Regulator on a host of issues like spectrum trading and sharing, Broadband, emergency communication, AGR, etc.

The industry is now awaiting these to result in favourable policy measures by the Government. In the coming year, we expect the same regulatory certainty to prevail to ensure that the sustained growth of the industry, which has translated into affordable consumer tariffs, innovative offerings, enhanced technology, increased rural penetration, and attraction of domestic and foreign investments; continues its previous growth story.

The auction of March 2015, was unprecedented in terms of the fact that the auction was designed in a manner wherein the operators were forced to bid exorbitantly high amounts, in order to get back their spectrum to ensure their business continuity. Apart from the 2100 MHz band, all other spectrum bands auctioned were already being used by operators and were being re-auctioned, hence, aggressive bidding from the operators, especially for the 900 MHz spectrum, was inevitable.

The resulting increased financial burden will lead to a drastic recasting of the financial structure and business plans of the industry. Since spectrum mortgage has not been allowed by the Government till date; and further, due to the dire financial straits of the industry, the banks/financial institutions are shying away from lending to the industry; making it extremely difficult for the industry to raise funds for pay-outs of the spectrum cost and network investment. Also, the government's proposal for a Special Finance Arm to address the funding requirements of the sector has not materialized yet. Hence, the operators will not be left with much choice but to increase the tariffs so as to meet the financial commitments to the Government.

To enable the industry to get back on the growth trajectory, COAI is hopeful that the Government will rapidly move into implementation mode with the involvement of industry to address the key issues including spectrum sharing, trading, mergers and acquisitions, broadband initiatives, etc. COAI is committed to working with the Government in achieving this objective. 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 gestation horizon of the telecom sector.

We continue to emphasize that the Government and Regulator's outlook should be to 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:** The Government garnered about INR 1,10,000 crore for the Government from the operators, in comparison to the INR 82,000 crore expected by the Government to be generated from the auction held in

March 2015, leading to almost a 33% hike in the realized prices. While the auction process is completed, the final result of the auction will be subject to the Hon'ble Supreme Court's verdict on matters relating to the auction that are presently pending with them.

COAI made several representations to the Government including PMO, DoT, TRAI and various other ministries regarding the shortage of spectrum and its repercussions. It was submitted that the spectrum offered for the auctions held in March was severely limited and unless immediate steps were taken on an urgent footing to make available adequate spectrum in the upcoming auctions, there would be a real danger as there will not be sufficient spectrum to meet the broadband objectives of the Government.

The operational environment surrounding spectrum is still not clear as the Regulator has provided its recommendations on some of the issues like Spectrum sharing and trading, but the Government has not issued policies on these. Moreover, revised guidelines on Mergers & Acquisitions are also awaited from the DoT. COAI believes that the principle stated in NTP-2012 of "internationally harmonized spectrum" is the key going forward. COAI is also actively involved in the ITU activities on spectrum harmonization and identification of additional bands for IMT services.

**EMF AND TOWER RELATED ISSUES:** The issues related to activism against Mobile towers and the misconceptions associated with EMF emissions from antennae of mobile towers have escalated in the country and COAI committed greater resources and effort towards engaging the various stakeholders involved and educating them with the credible scientific facts on the issue. The Association was successful in reaching out to a number of relevant government departments, local civic authorities, medical professionals, academia, and media; and engaged them to help allay the misplaced fears of health effects of EMF. COAI supported the Second International Conference on



“Health & Safety aspects of Mobile Telecommunications” organized by ASSOCHAM on November 17, 2014. The event was successfully conducted by aligning national and international stakeholders, experts from medical fraternity, and technocrats on one platform on EMF issues. COAI also conducted many EMF Advocacy workshops and medical fraternity workshops in various parts of the country including Hyderabad, Ahmedabad, Vijayawada, Mumbai, Pune, Delhi, etc. Several RWA meets were also organized to spread awareness on EMF exposure to the general public.

On the legal front also, there were favourable decisions from Kerala, Madras and Gujarat High Courts. Vide their orders, the courts clarified that there is absence of evidence to prove health hazards from mobile towers and allowed installation of towers in these states.

COAI also aligned with various state Governments including Kerala, Chandigarh, Madhya Pradesh, Maharashtra, Andhra Pradesh, etc. to align on their state tower policies.

**GREEN TELECOM:** DoT issued a Directive on January 23, 2012, on “Implementation of Green Technologies in Telecom sector” setting the RET deployment and the carbon footprint reduction targets for all the telecom operators. On the request of COAI, an Inter-ministerial committee, under the aegis of DoT, was constituted to examine the Renewable energy deployment in the Telecom sector.

The COAI team effectively coordinated with other associations and members with regard to the representation made to the Inter-Ministerial Committee (IMC) of DoT. Consequently, the IMC agreed to the request of the industry and recommended that the DoT Directive dated January 23, 2012, needs to be recalibrated. The IMC has also recommended that penalty should not be linked to the achievement of the RET Targets.

**ADJUSTED GROSS REVENUE (AGR):** The major issue

faced in this matter was the different interpretation of the CCA/DoT on the determination of AGR and the logistical issues, i.e. their demand of various kinds of documents as a proof from operators for getting back the pass through money. The industry made detailed submissions to the Regulator in response to a Consultation Paper. TRAI has considered the request of the industry and agreed to the exclusion of the positive list from the GR (Gross Revenue) to arrive at ApGR (Applicable Gross Revenue) and to introduce a system of LfDS (License Fee deducted at Source) and develop an e-portal for submission of LF and SUC.

**TERMINATION CHARGE FOR INCOMING INTERNATIONAL CALLS:** COAI made several representations to TRAI regarding the increase of the termination charge for incoming international calls, submitting that the blended termination rate paid by Indian operators is around INR 3.50/min for outgoing international calls, compared to the 40 p/min termination rate received by them on international incoming calls. COAI also submitted that there is need to bridge the gap between the blended termination rate paid by Indian operators for outgoing international calls and termination rate received by them on international incoming calls. COAI suggested that the ILD termination charge needs to be increased from 40 paise per minute. As a result of our representations, the TRAI increased the ILD termination rates to 53 paise per minute vide its Regulation dated February 23, 2015.

**PAYMENT BANKS:** Since April 2011, COAI undertook a very active advocacy for the spread of financial inclusion and mobile banking services in the Indian Economy. COAI represented the industry concerns and positions on several occasions and at several forums such as TRAI, DoT, Ministry of Finance (MoF) and Reserve Bank of India, and undertook advocacy workshops organized by Indicus Analytics. We also engaged with NPCI and as a result, all the players across the industry have been able to sign uniform bilateral agreements with NPCI for provision of USSD based mobile banking services. We responded to the RBI

draft guidelines on Payments Banks. Consequently, the RBI finally came out with the guidelines on Payment Banks and allowed cash out. All the major TSP members have applied for the Payment Bank licence.

**FULL MOBILE NUMBER PORTABILITY:** COAI spearheaded the industry sub-committee in the meetings with the DoT committee looking after various issues such as technical issues, testing related issues, project plan & timelines. On the request of the Industry, the DoT has agreed to do away with the call related testing. This has reduced a considerable amount of testing related costs for our members along with considerable logistical issues, e.g. sharing of numbers, sharing of SIMs, etc. Members have started the porting process testing and COAI is co-ordinating with all the members to get this completed. Full MNP will be shortly implemented in India.

**AADHAAR BASED E-KYC:** COAI had been taking up the issue of subscriber verification, based on Aadhaar authentication process, with the Government for many years. Due to various issues involved in the manual process, the industry advocated for a paperless approach for quite some time.

This year, the DoT finally issued detailed guidelines on conducting Proof-of-Concept on E-KYC for subscriber verification. It was recognized that the entire sales acquisition process should be made completely paperless by adopting Aadhaar based activation and using digital data to remove the dependence on paper forms. As a result, the digitized forms and related documents can be stored and retrieved very efficiently.

This paperless instant activation process will significantly enhance customer satisfaction as it will give them an added advantage of instant activation. The PoC has been successfully completed by the operators. We are now in discussions with DoT regarding the learnings from the PoC and the improvements required in the process. Post this evaluation, DoT would be issuing guidelines on E-

KYC through Aadhaar for the country.

**SECURITY ISSUES:** COAI, along with AUSPI, under the aegis of ACT, has been successfully handling the issue of subscriber verification, Lawful interception and monitoring, and other security related issues. The license amendment on security issued by DoT in May 2011, suggested setting up of a TSCI (Telecom Security Council of India). The industry deliberated on the issue and the licensees unanimously agreed that the TSCI should be structured on the lines of the very successful model of ACT. A joint proposal for the same was submitted to DoT for setting up of a TSCI as a voluntary endeavour.

COAI also coordinated with DoT on security issues related to SIM card vulnerabilities as well as personalization of SIM cards. The industry viewpoints were clearly articulated with the Government.

This year, COAI also approached CERT-In to include the telecom service providers in the cyber drill conducted by them. The participating members of COAI were rated between Good and Excellent.

**LEGAL ISSUES:** This year most of the legal filings by the industry were due to ambiguity in DoT Circulars, leading to differential interpretations by the TERM Cells, and hence misplaced penalties. The industry did get some favourable orders from the Courts including BSNL demand for Bank Guarantees for IUC payments, where the Hon'ble TDSAT has directed BSNL to keep the impugned circular in abeyance. On the issue of EMF testing fees, the Hon'ble TDSAT stated that the fee should be per site and the present amount charged by DoT is too high, and also, the DoT cannot charge the operators on a notional or a retrospective basis.

On the issue of imposition of penalty for EMF on missing/absent signages, the Hon'ble TDSAT directed DoT not to take any coercive measure for enforcement of the im-



pugned demand notices/invocation of Bank Guarantee till the next date. On the Maharashtra tower policy, the Hon'ble Bombay High Court directed that no municipal or local authority, shall take any coercive action under the impugned Regulations and that all authorities shall accept applications in accordance with the DoT Guidelines.

**FINANCE ISSUES:** COAI 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', applicability of TDS on margins of market intermediaries, Expenditure on Specified Business under section 35AD, Investment in new plant and machinery – Section 32AC, and Tax incentives to Telecom Infrastructure Service Providers. Recommendations on indirect taxes included issues like Cenvat Credit on business related expenses, statutory mandated expenses, removal of equipment used in telecommunication network, removal of goods as waste and scrap by provider of service, SIM Cards — as capital goods, and amendment of registration/declaration related compliances in respect of concessional rate of central sales tax in respect of goods used in telecommunication network.

COAI is also engaging with the Government on the matter of Goods & Service Tax (GST). 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. Several representations with regard to submission of documents in support of deductions claimed through Statements of Revenue and License Fee were made by COAI. It was highlighted that various CCAs are having their own interpretation on different matters, which is neither uniform nor consistent. The DoT was requested to set-up a standard process in the matter and also issue clarifications to CCA offices in order to carry out the activity in a more objective way by making the process and requirements uniform across the circles. In response to the representation made by COAI,

the DoT issued clarifications on some of the points. For rest of the points, COAI is coordinating with DoT.

**TELECOM CENTRES OF EXCELLENCE (TCOE):** Recently, the TCOE India General Body, under the Chairmanship of Secretary (T), Department of Telecommunications, Government of India, has approved a New Project Management Framework for TCOEs. The New Framework draws a methodology for access to projects by the TCOEs through a competitive process.

A central Steering Committee headed by a visionary person of national eminence will steer the new framework. These projects or Research Problems can be given by Industry, Academia, Entrepreneurs and Government through an online submission process. The mechanism is put in place to maximize the effectiveness and efficiency of the research outcomes which can be taken up by the Manufacturers and Entrepreneurs to the market. A new website of TCOE India incorporating the new framework has been developed.

**TELECOM SECTOR SKILLS COUNCIL (TSSC):** 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 TSSC under the aegis of National Skills Development Council (NSDC). In its last year of operation, TSSC trained 2,12,458 candidates in 12 job roles, thus certifying 1,47,299 candidates through 245 Training Partners, covering 24 states/UTs & 161 cities/Towns.

TSSC is a major contributor in skilling of youth. TSSC has also partnered with 17 Universities/Academia, 11 State Governments and 140 industry partners, which include all major Telecom companies, thus ensuring their participation in skill building activities and acceptance of TSSC certified manpower for employment. Introduction of skilling in Universities has been a path-breaking milestone for TSSC considering the fact that Vocational Skilling is only implemented by Training Partners.

### Other Activities of the Association

COAI continued in its endeavor to be at the forefront of national and international events held in the year 2014-15, including Mobile World Congress at Barcelona, ITU events, etc. that addressed issues and matters of interest to our members and industry.

One of the major events organized by COAI was the multi stakeholder workshop in coordination with ITU. The ITU-T provided India with the opportunity to host the meeting of the SG5 on "Environment and Climate Change". The DoT organized the same in coordination with COAI, ICA and TAIPA. COAI organized a round table on "Mobile Telephony and Public Health" on EMF issues in the second half of December 14, 2014. The CM of Kerala, Mr. Oommen Chandy inaugurated the event and IT Secretary of the State, Mr. PH Kurian presided over the panel discussion. Government officials were successfully engaged to align Government of India and industry with WHO, ITU and rest of the telecommunications industry on EMF issues, and to put forth the scientific and safety regime adopted by the Government of India and industry. COAI also engaged DoT and ITU to organize a session on "The other side of ICT convergence - EMF exposure and issues" and "Issues related to EMF and the potential role of standards and policies in EMF management" on December 15, 2014.

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.

This year, Reliance Jio Infocomm Ltd. joined COAI as its core member, taking the count to seven core members for COAI. To keep pace with the growing ecosystem of a converged communications industry, COAI continued to ex-

pand its Associate Membership by inducting new members such as Apple India Pvt. Ltd., Facebook India Online Services Pvt. Ltd., Google India Pvt. Ltd. and Microsoft Corporation India Pvt. Ltd.

The **COAI Executive Council** headed by the Chairperson, Mr. Marten Pieters, Vice Chairman, Mr. Gopal Vittal 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 competently assisted by expert advice from the various **Working Committees** that had been set up in COAI.

In the end, I want to express my deep appreciation for to **all the Committees and Working Groups** and their **Chairmen and Vice Chairmen** for their unstinted support and cooperation. We are grateful to you all for taking time out of your busy schedules to contribute towards various industry issues and helping the Association in representing them in a proficient and timely manner.

I would like to personally **thank the Chairman, Mr. Marten Pieters**, for his personal involvement and support in all the activities and initiatives of the Association for the last year. We also bid adieu to him from the Indian telecom industry. His international perspective on all the issues helped us a lot in aligning our views and taking Indian telecom sector to a global arena. I also **thank the Vice Chairman, Mr. Gopal Vittal**, for all the support, guidance that he has provided during his tenure. Both of them have generously given their time and resources to provide personal support and guidance for the Association.

I would like to record my profound gratitude to the **COAI Secretariat** team which has always extended excellent support and assistance in all our endeavours. I appreciate their willingness and dedication in taking up new projects and contributing successfully towards it. I deeply appreciate all of their efforts in contributing significantly to all the achievements of COAI.



### Growth Drivers for Future

Going forward, we expect 2015 to bring about consolidation, as well as restore vitality within the sector. The trends in 2015 are expected to include customized solutions for consumers along with availability of content and applications in vernacular languages.

The industry will also need to work closely with the Government, international standards bodies and the Civil Society in promoting security while also ensuring the legitimate rights of consumers for privacy. While the Security interests of Government are paramount, the costs of such initiatives and programmes should not ride on the fragile financial shoulders of the service providers.

Increasing usage and demand for services from rural consumers will also drive interest and investments towards network expansion and upgrade of services. Rural inclusion will help bridge the urban-rural divide, developing the rural scenario, thereby presenting vast employment and investment opportunities in the sector.

In 2015, India is expected to step up aggressively towards achieving the Digital India dream of the new Government. All stakeholders of the telecom value chain — from telecom / broadband service providers to network equipment providers to end-user equipment providers — will have to be involved for successful implementation of the initiative. The private sector will have a significant role to ensure that all the requirements of the programme are made available.

The emergence of robust mobile broadband will help accommodate the emerging breed of services such as Converged services, M2M communications, cloud services, over-the-top services, etc.

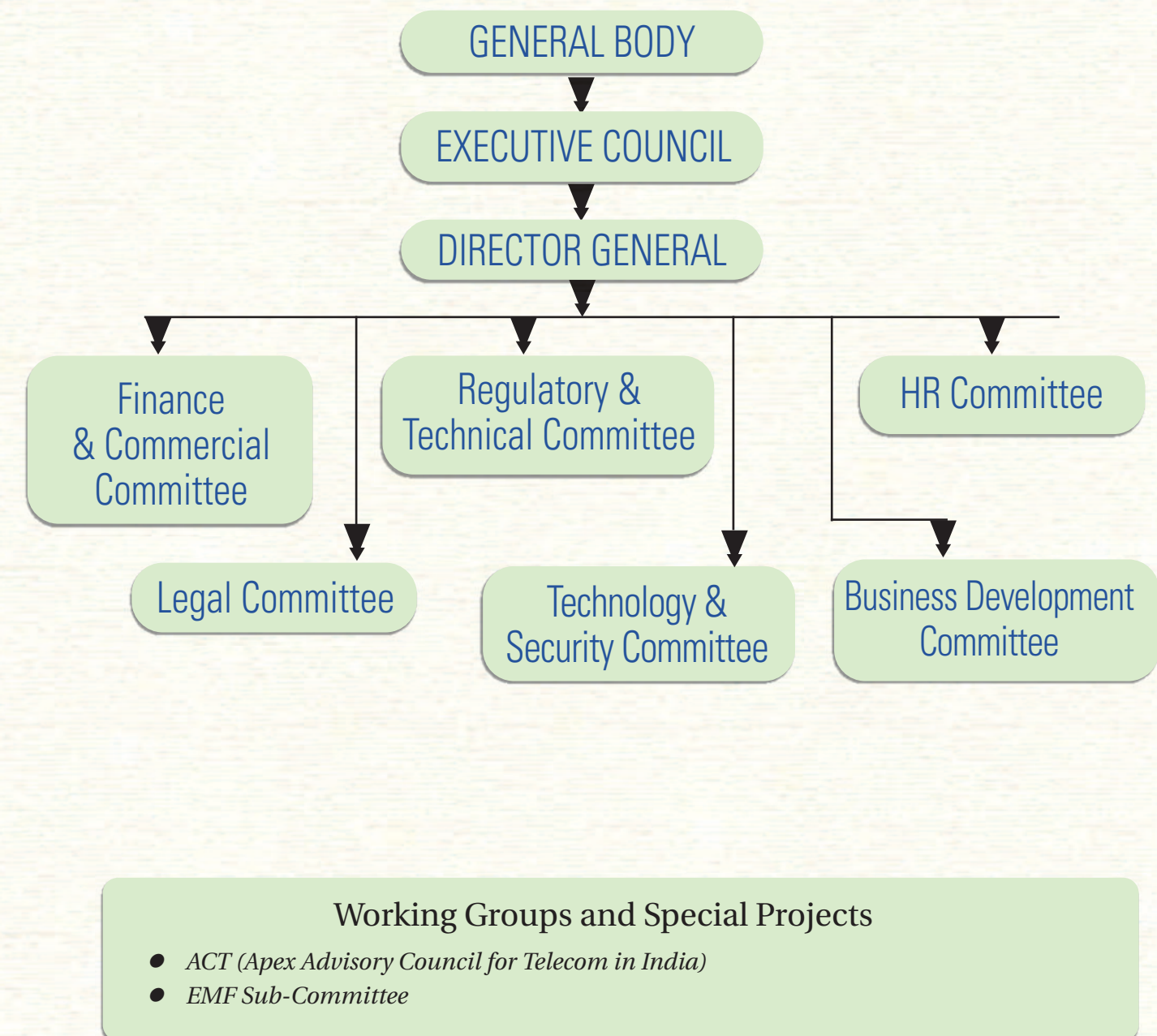
Financial inclusion and direct transfer benefits will be driven by m-banking services. The m-governance agenda, once implemented, will also open new investment avenues as the common man is empowered through connectivity.

With the new Government in place, the industry is hopefully looking towards helpful policy changes, along with effective implementation of the same, in order to sustain growth in this critical sector.

With the Government setting ambitious GDP growth targets of 6-7%, implementation of Smart Cities, focus on tackling inflation, and facilitating a digital economy for the country, telecom operators in India have reason to be optimistic.

COAI is committed to working closely with the Government as well as other stakeholders to ensure that these targets of the Government are successfully met and the interests of the customers and the industry are developed.

**RAJAN S. MATHEWS**  
DIRECTOR GENERAL





## COAI SECRETARIAT

Mr. Rajan S. Mathews, Director General

Mr. Vikram Tiwathia, Deputy Director General

Mr. J Jena, Deputy 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, Deputy Director — Technology & Security

Ms. Garima Kapoor, Sr. Manager — Research & Analysis

Mr. Kshem Kapoor, Sr. Manager — Research & Analysis

Ms. Amrita Anand, Sr. Manager — Legal & Regulatory

Mr. Hemant Narain, Manager — Legal & Regulatory

Mr. Desh Raj Bhadana, Manager — Administration

Mr. Kaustuv Sircar, Deputy Manager — Communications

Ms. Sugandha Berry, Deputy Manager — Technology & Security

Ms. Neeti Mathur, Assistant Manager — Communications

Ms. Anandhi Nair, Assistant Manager — DG Office

Ms. Sanki Lalwani, Senior Executive - Technology & Security

Ms. G Lalitha, Sr. Office Executive

Ms. Neetu Sharma, Executive - Commercial & Finance

Ms. Deepa Ahya, Reception

## TEAM MEMBERS



The COAI team includes dynamic, highly skilled professionals with a must-do attitude and remarkable proficiency in their respective verticals. Lean and yet highly competent, the Secretariat packs a punch in every activity undertaken towards the cause of the industry. Regular coordination with the Government, Regulator, relevant Centre and State Government departments, and other stakeholders, have established appreciation and recognition of the Secretariat's efficiency and professional prowess, both within, and outside the industry.

This year, Ms. Deepa Ahya joined the COAI team as Receptionist, adding to the Secretariat's strength.

The Secretariat is thankful to all its members and highly appreciates their valuable guidance, mentoring and constant support towards its efficient functioning and productivity.



## COAI CORE MEMBERS



Aircel Cellular Ltd



Bharti Airtel Ltd.



Idea Cellular Limited



Reliance Jio Infocomm Ltd



Telewings Communications  
Services Pvt. Ltd



Videocon Telecom



Vodafone India Ltd.

## COAI ASSOCIATE MEMBERS



Alcatel-Lucent

Alcatel Lucent India Ltd.



Apple India Pvt. Ltd.



CISCO Systems India Pvt. Ltd.



Ericsson India Pvt. Ltd.



Facebook



GTL Infrastructure Ltd.



Google India Pvt. Ltd.



IBM India Pvt. Ltd.



indus  
TOWERS  
Indus Towers Ltd.



Huawei Technologies  
Co. Ltd.



Intel Corporation



Microsoft Corporation  
India Pvt. Ltd.



Nokia Networks



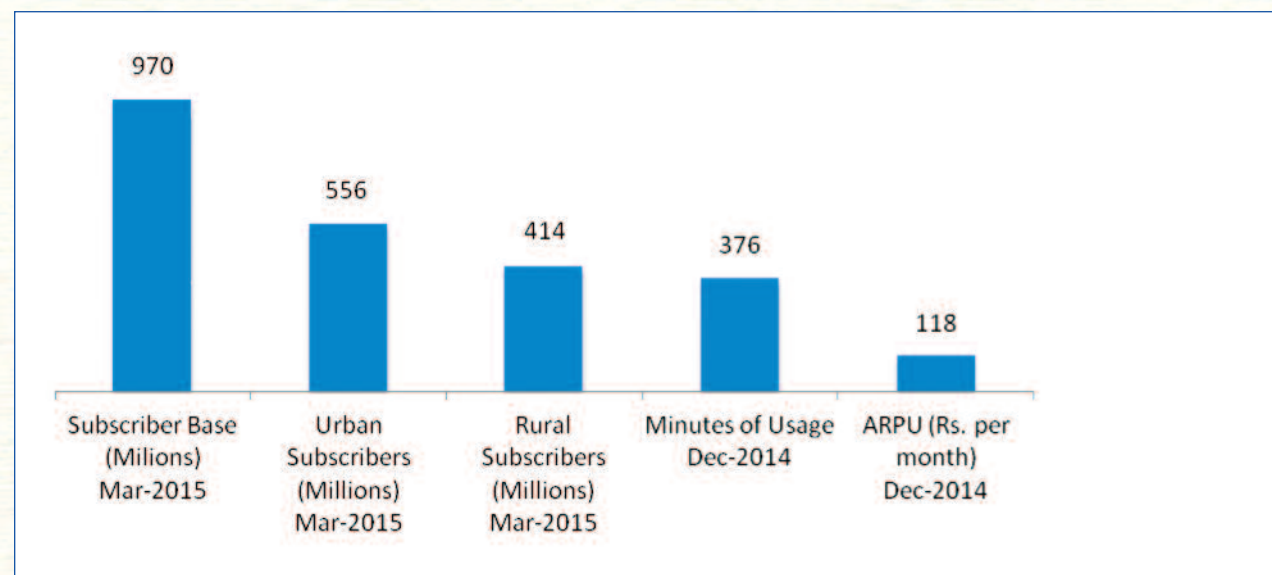
Qualcomm India Pvt. Ltd.



ZTE India Pvt. Ltd.

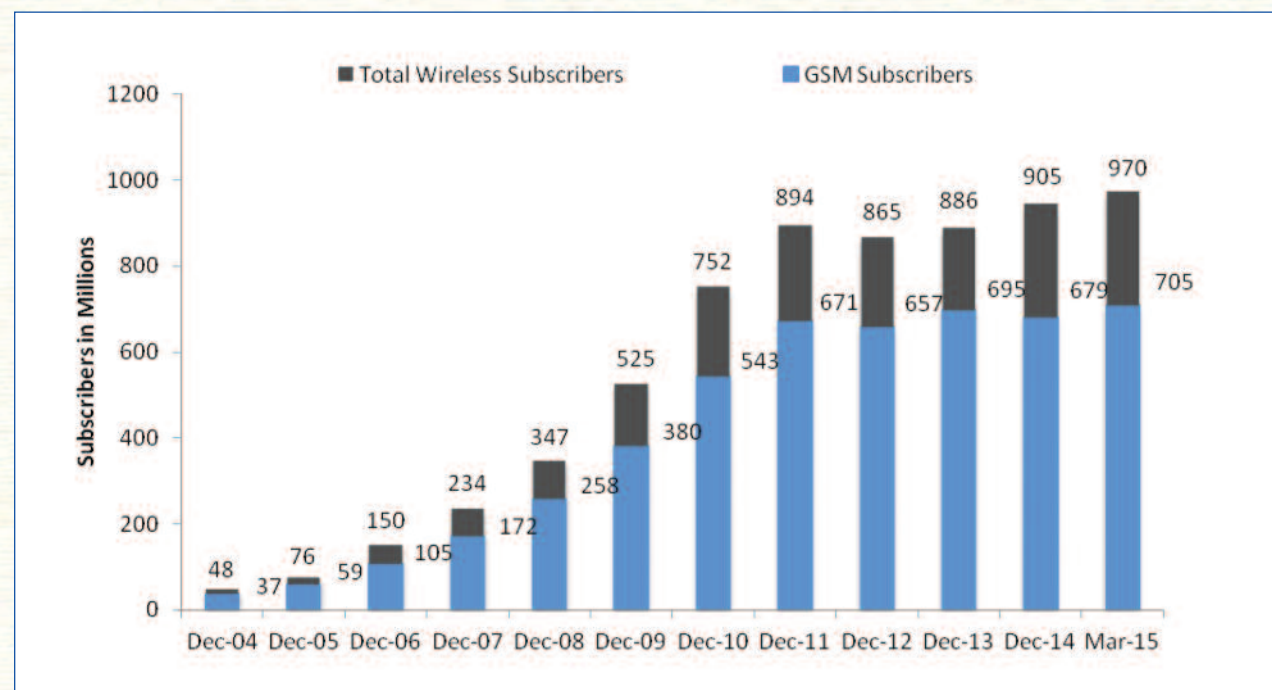


### Wireless Industry in India



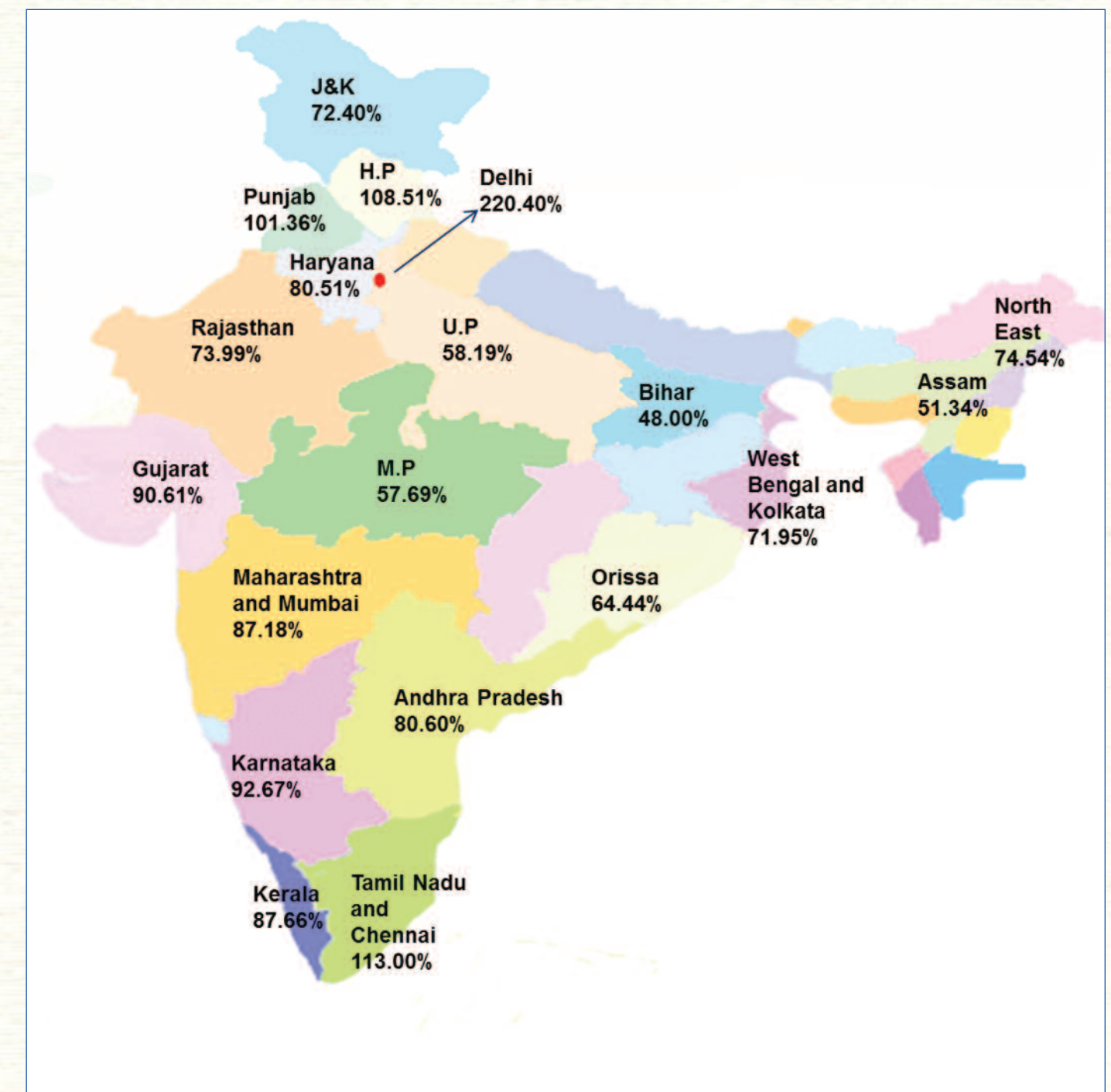
Source: TRAI Subscription Data and Performance Indicator Report

### All India Total Cellular and GSM Cellular Subscriber



Source: TRAI and COAI

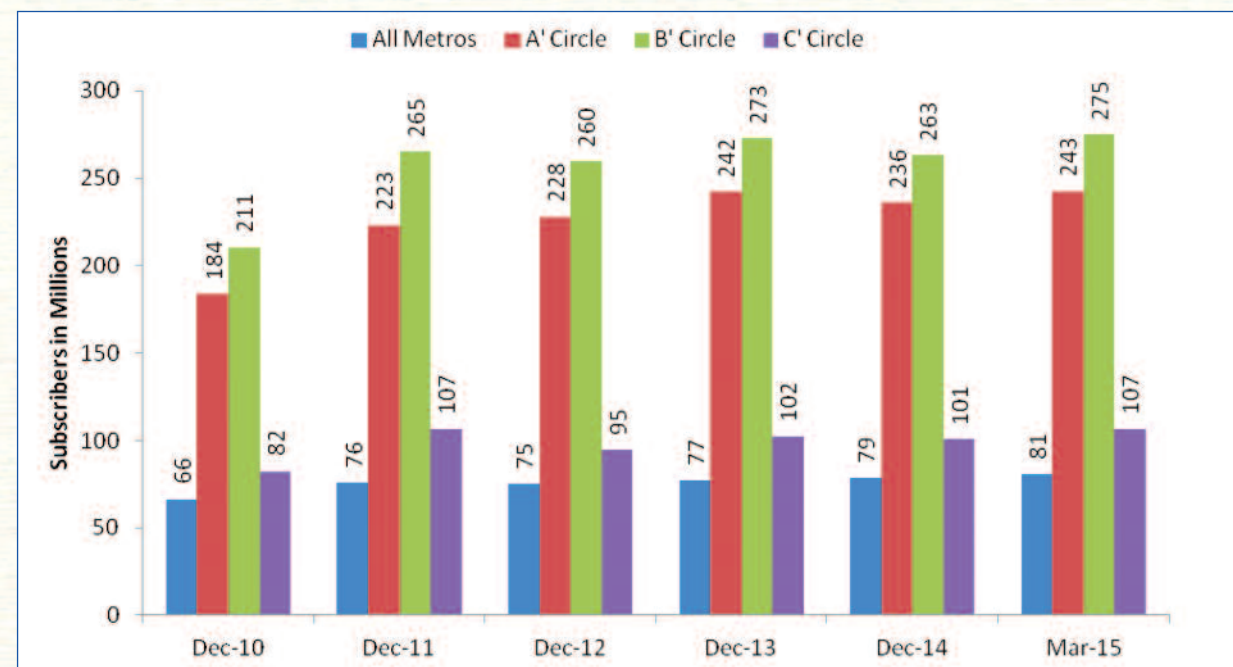
### Wireless Tele-density Across Telecom Circles – Dec 2014



Source: TRAI - Performance Indicator Report

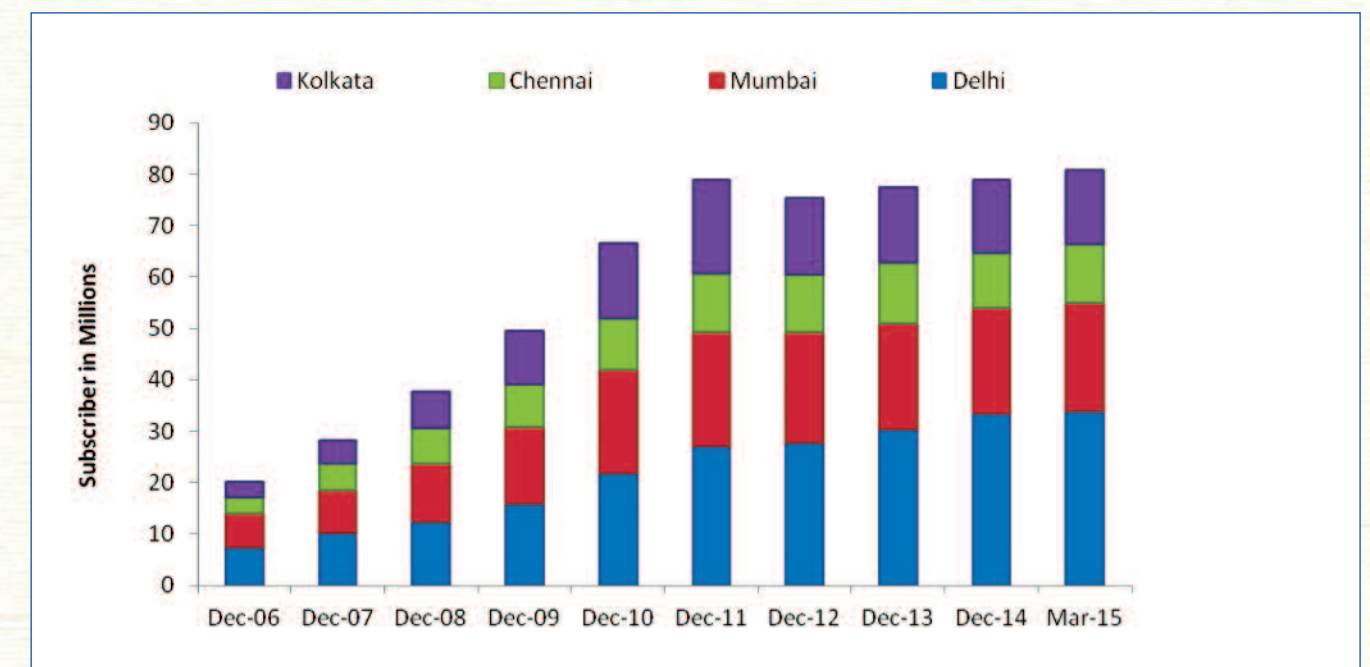


### All India GSM Cellular Subscriber Base – Circle wise



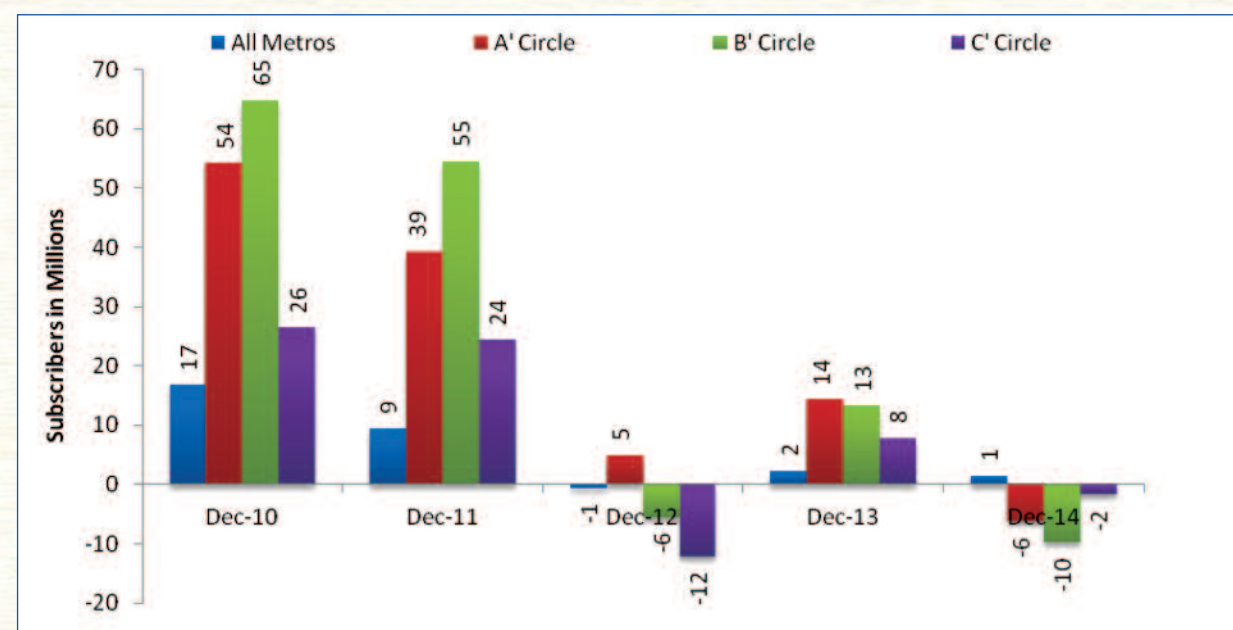
Source: COAI

### All India GSM Cellular Subscribers – Metros



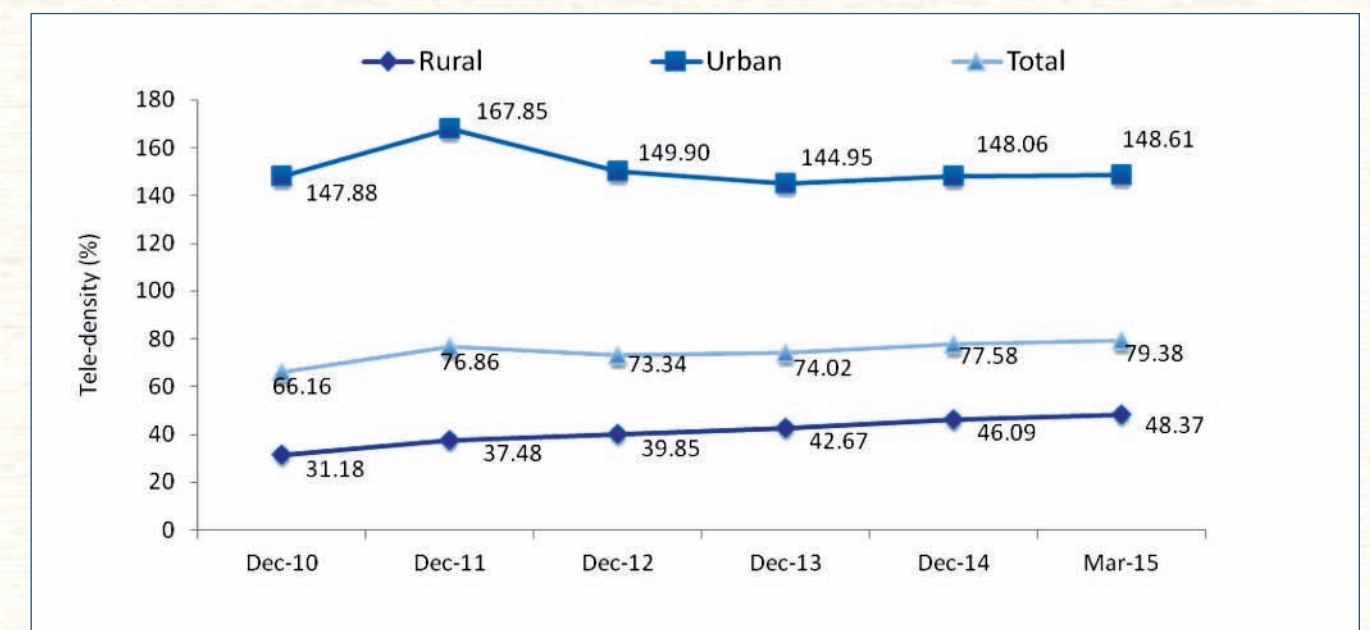
Source: COAI

### All India GSM Cellular Subscribers – Annual Net Additions



Source: COAI

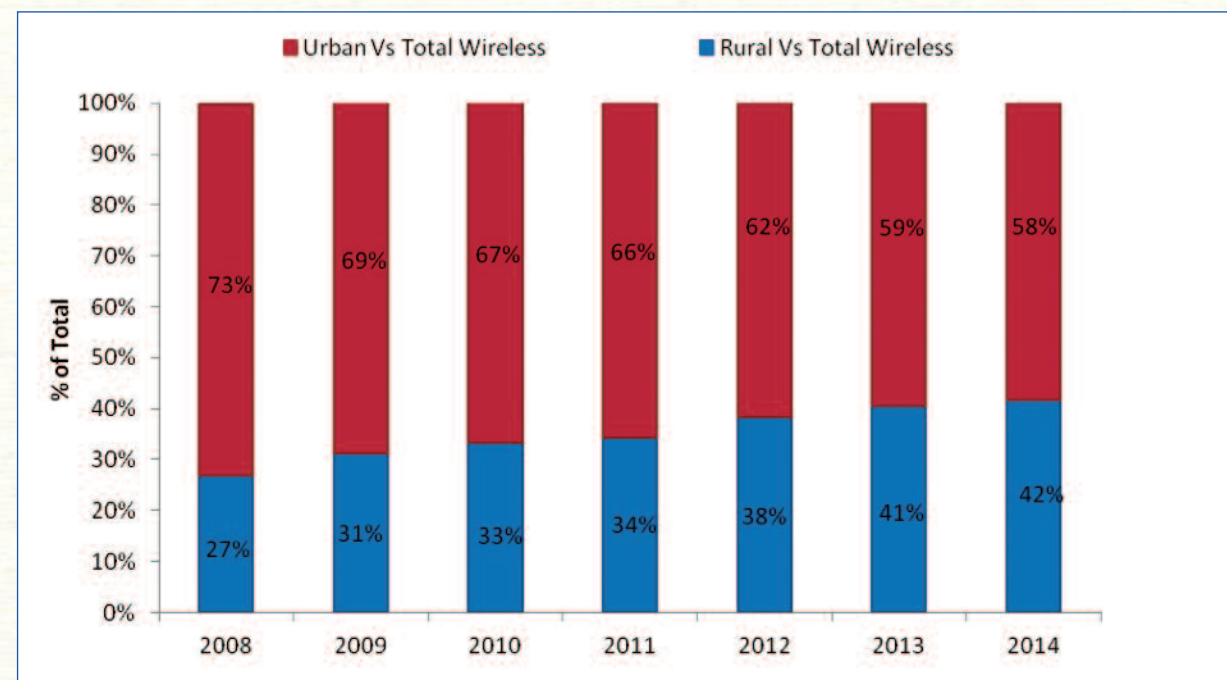
### Tele-density (%)



Source: TRAI

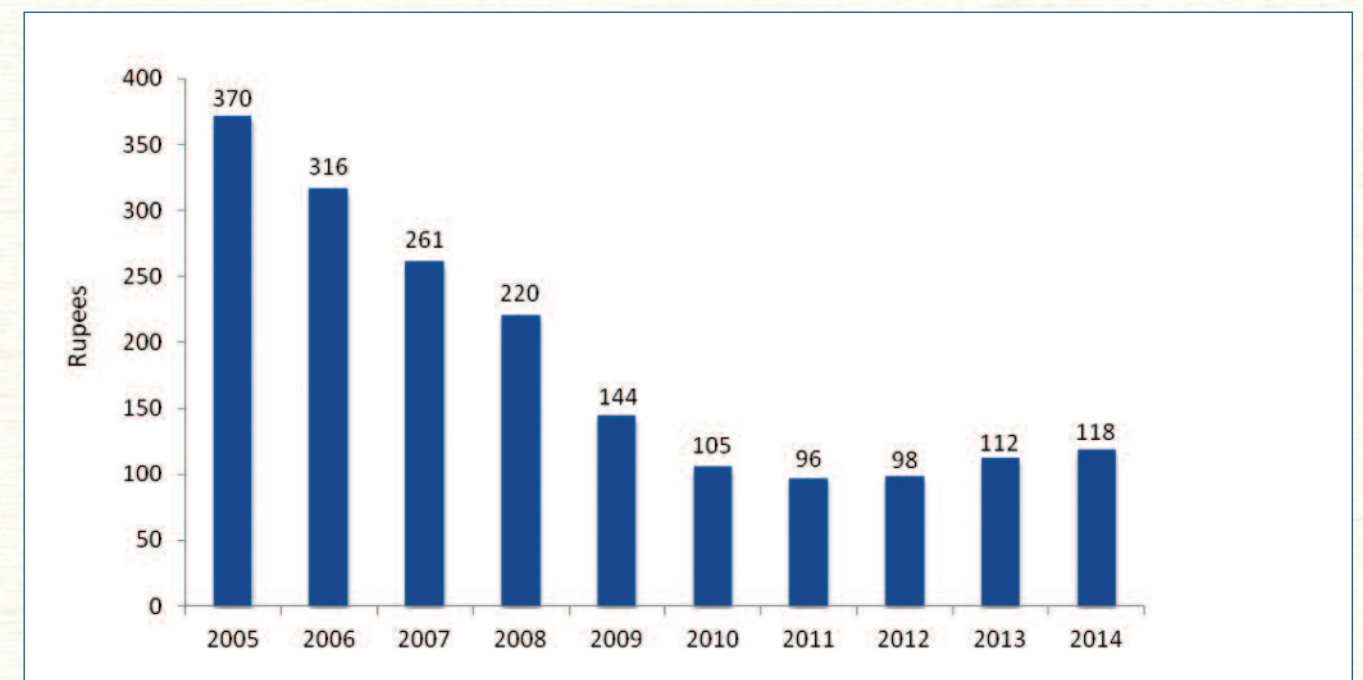


### Wireless Rural Subscribers as % to Wireless Subscriber Base



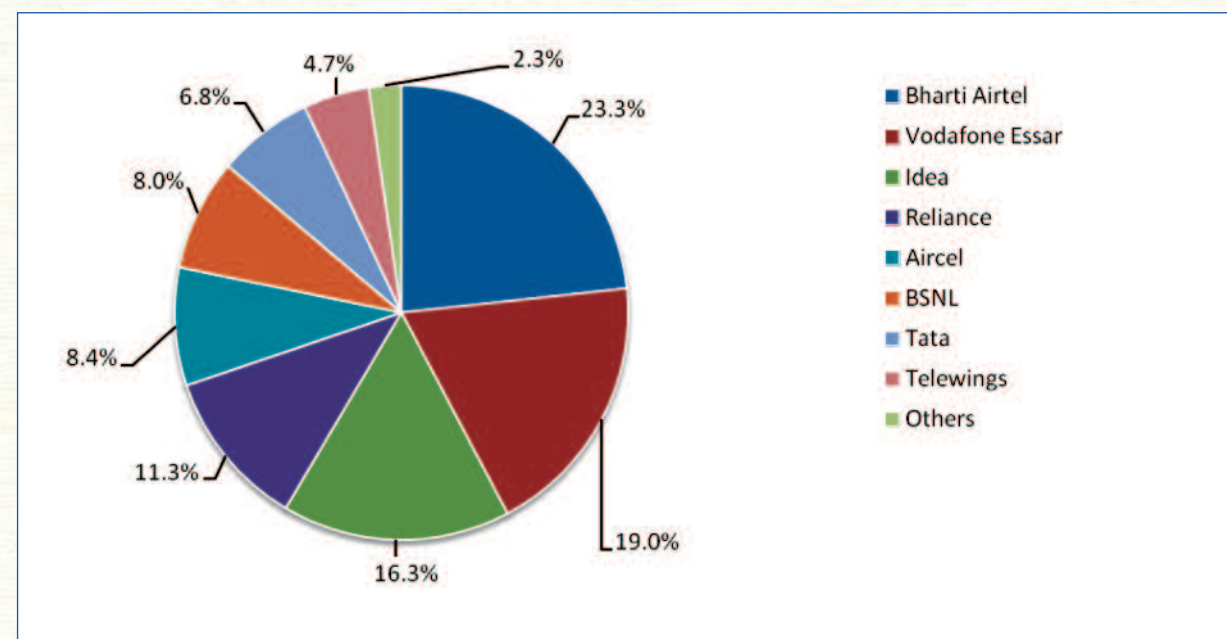
Source: TRAI (Year Ending – December)

### Average Revenue Per User



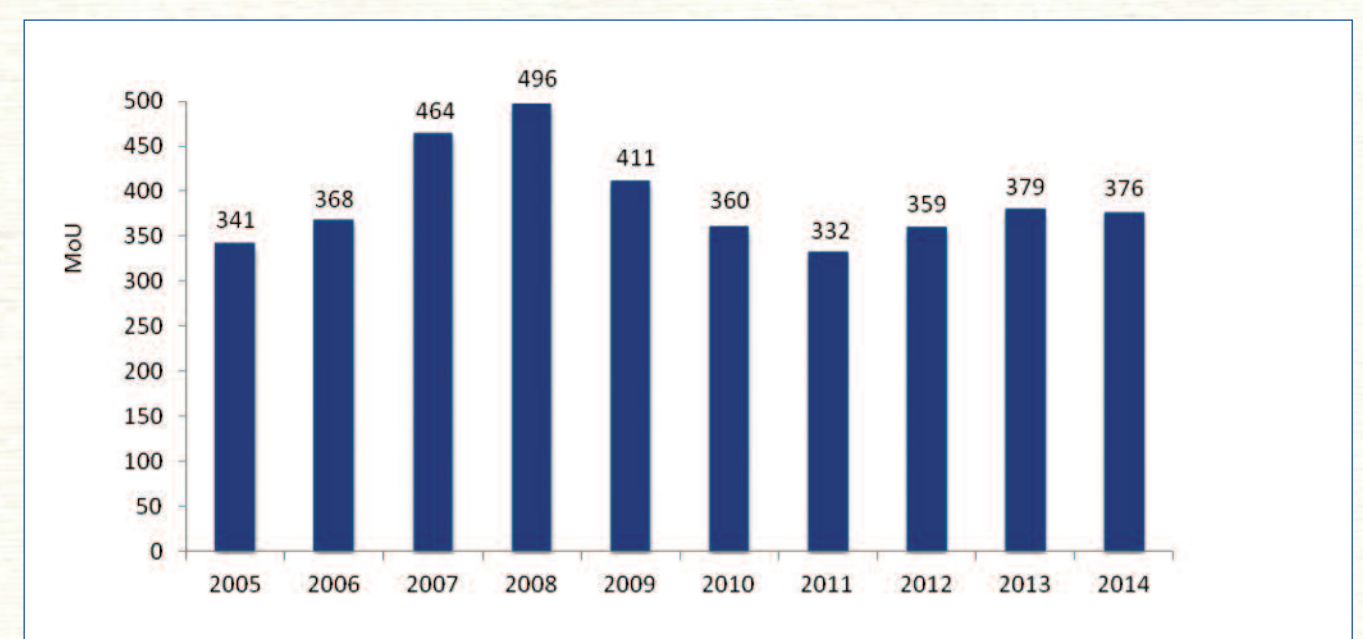
Source: TRAI Performance Indicator Report (Year Ending – December)

### Market Share of Wireless Operators – Mar 2015



Source: TRAI Subscription Data

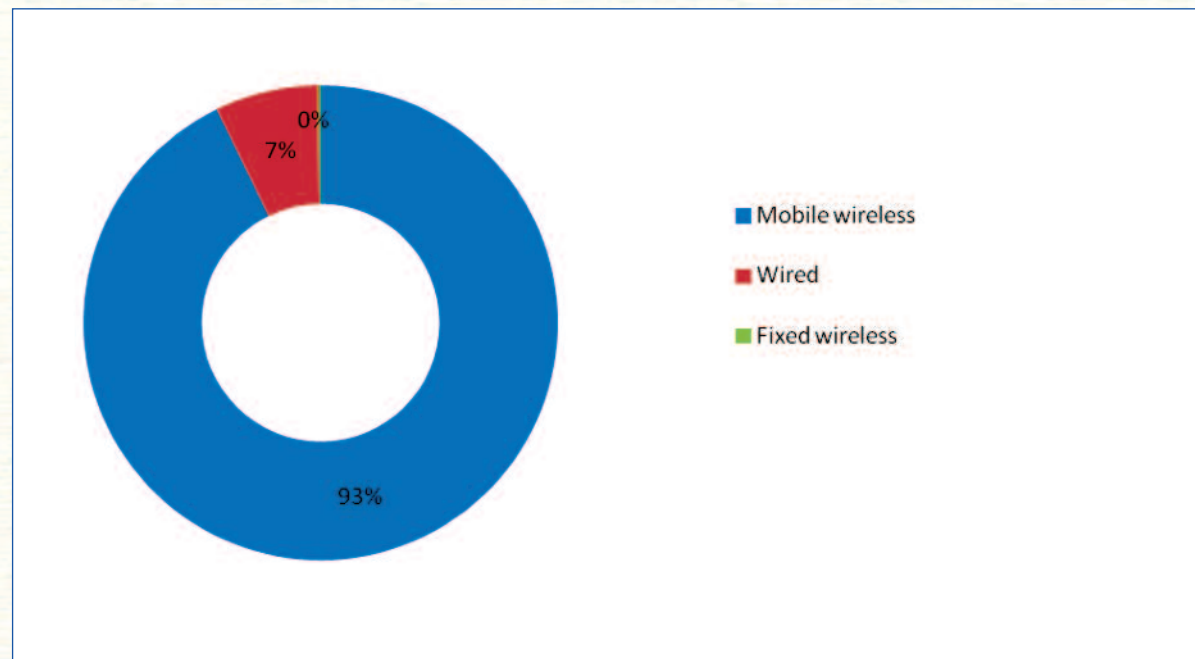
### Minutes of Usage Per Subscriber Per Month



Source: TRAI Performance Indicator Report (Year Ending – December)

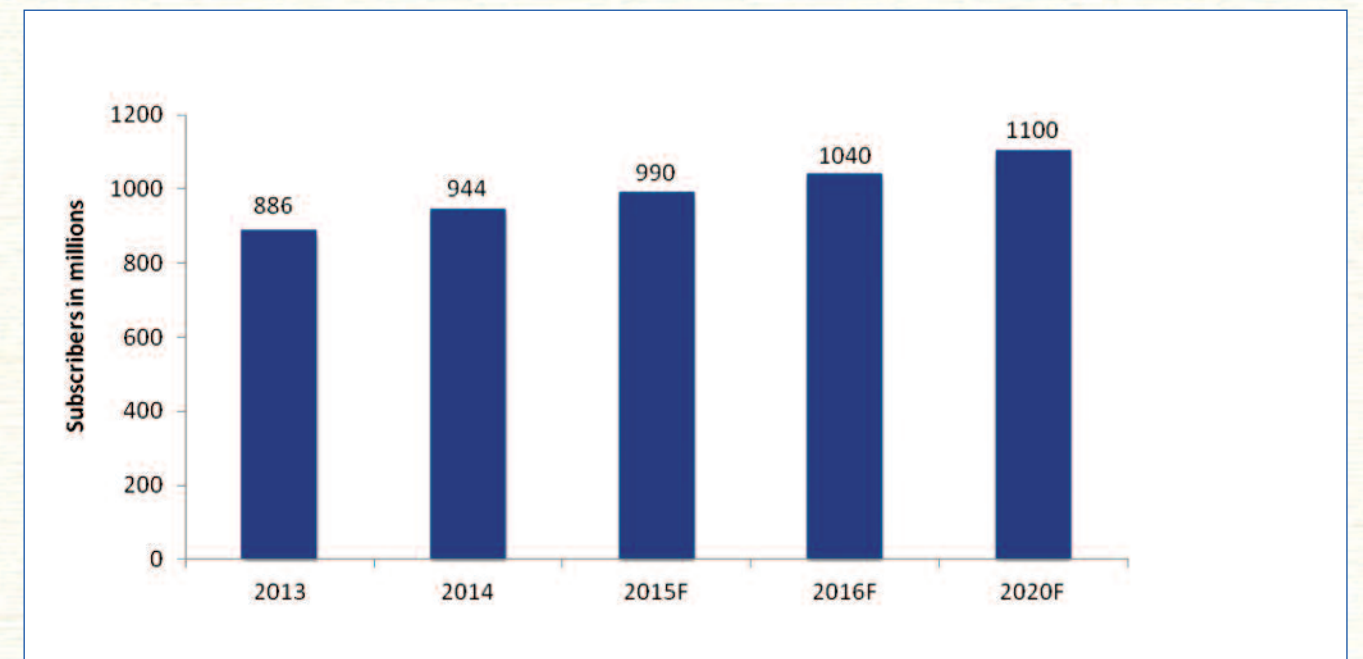


### Composition of Internet Subscribers – Dec 2014



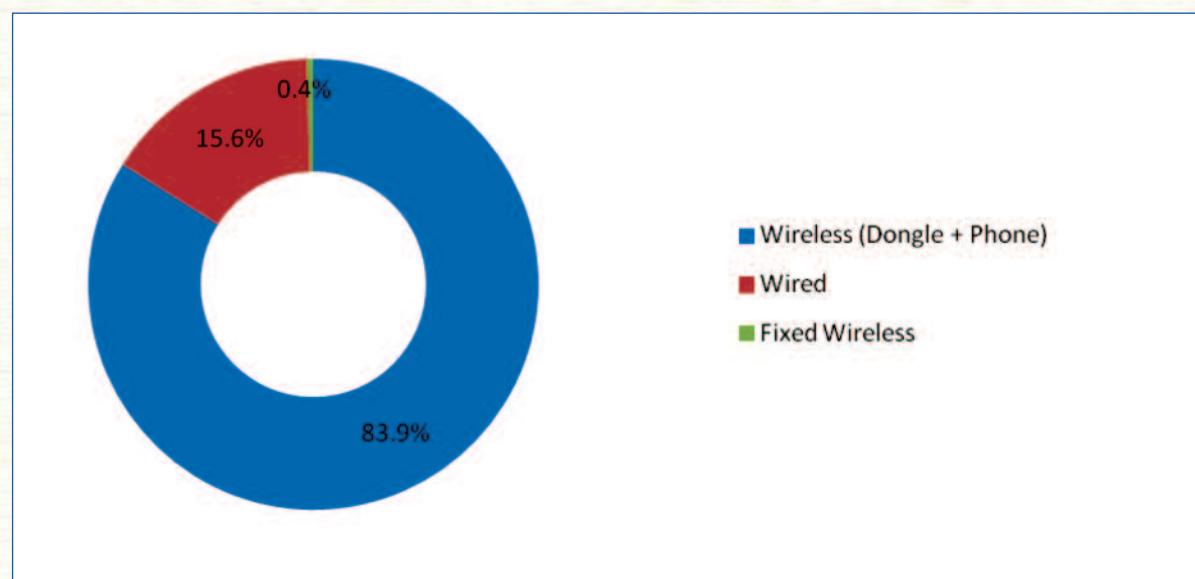
Source : TRAI Performance Indicator Report

### Total Wireless Subscribers- Future Projections



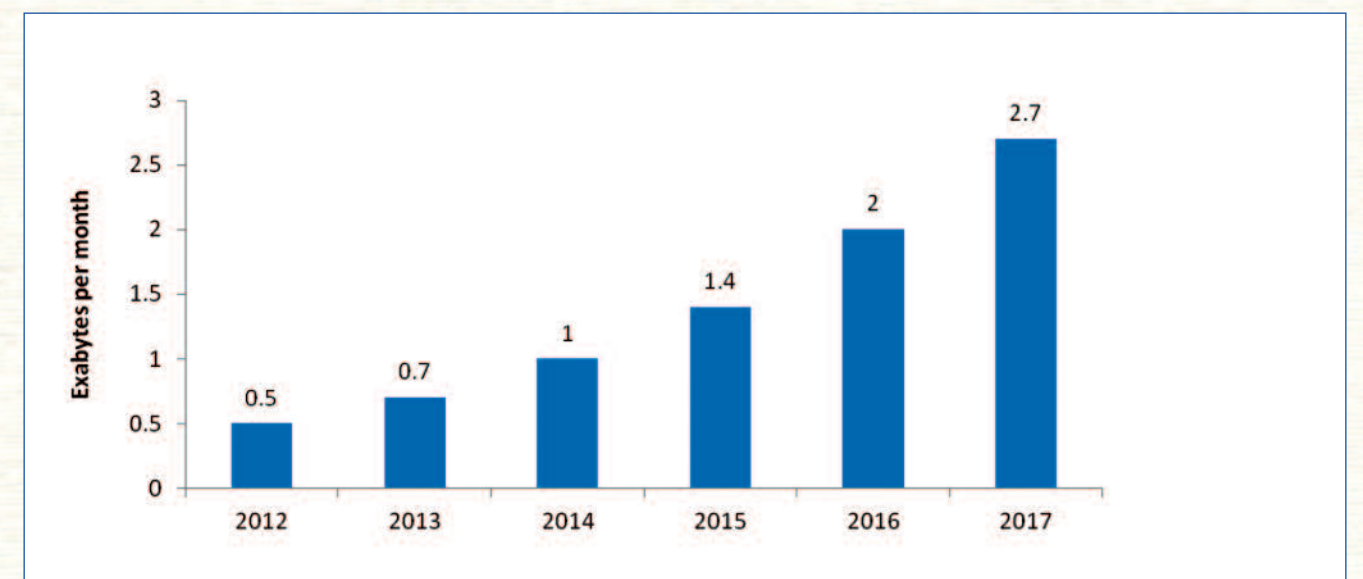
Source: TRAI, COAI Estimates (Year Ending December)

### Broadband Access: Share of Different Technologies – Mar 2015



Source: TRAI Subscription Data

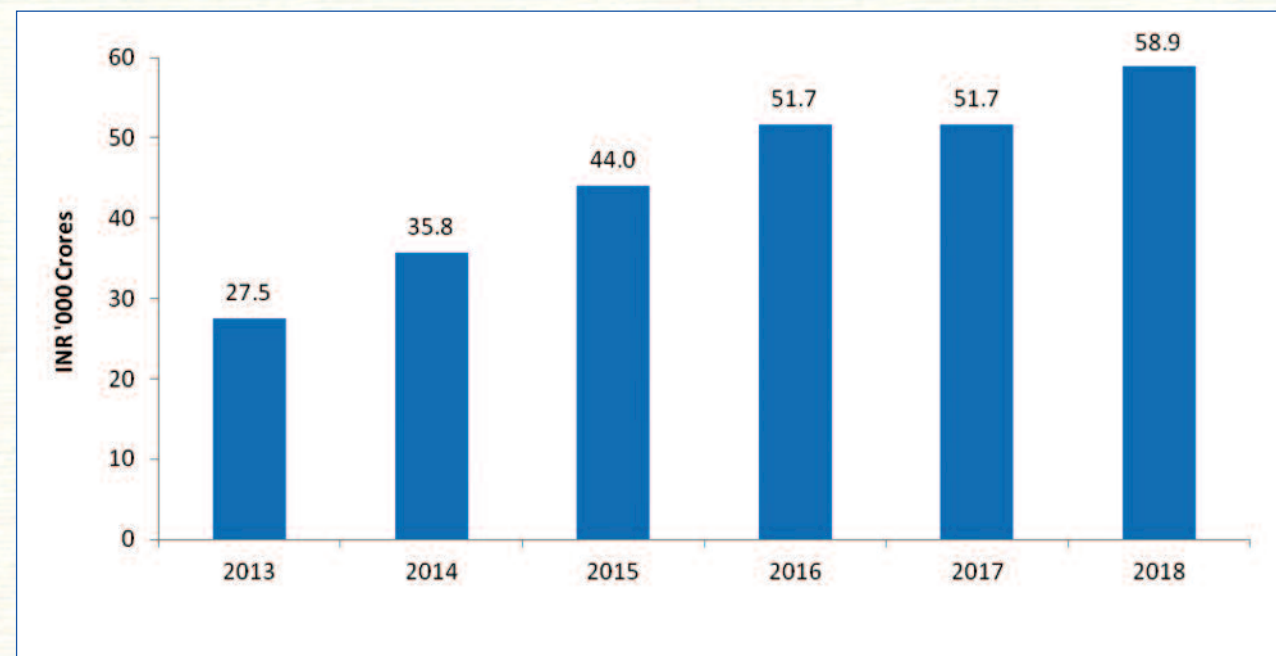
### India IP Traffic Growth/Top-Line



Source: CISCO (Year Ending December)

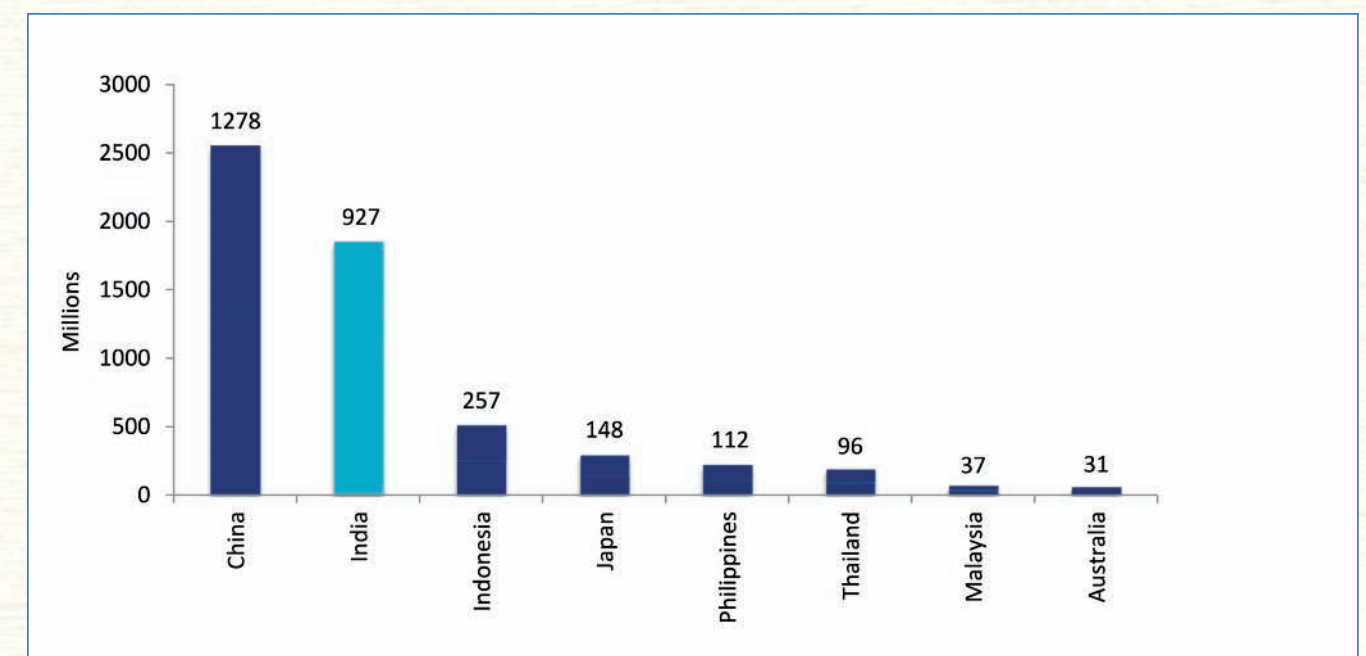


### Capital Expenditure



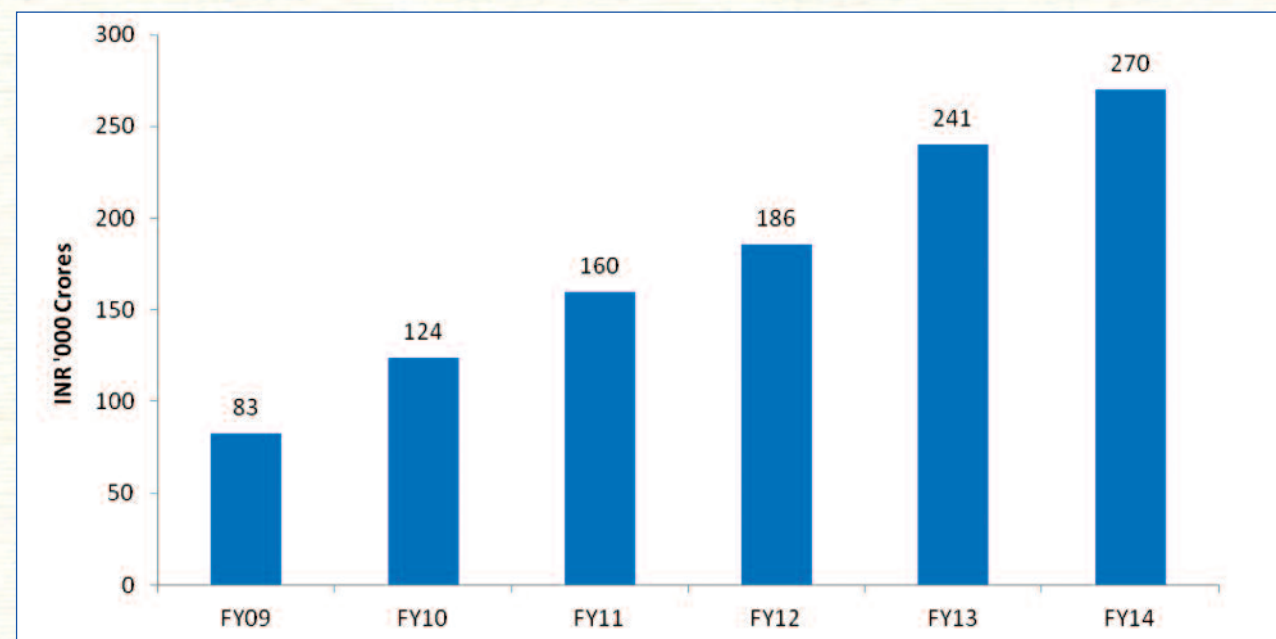
Source: Ovum (Year Ending December)

### Subscriber Base (in millions) – Sept 2014



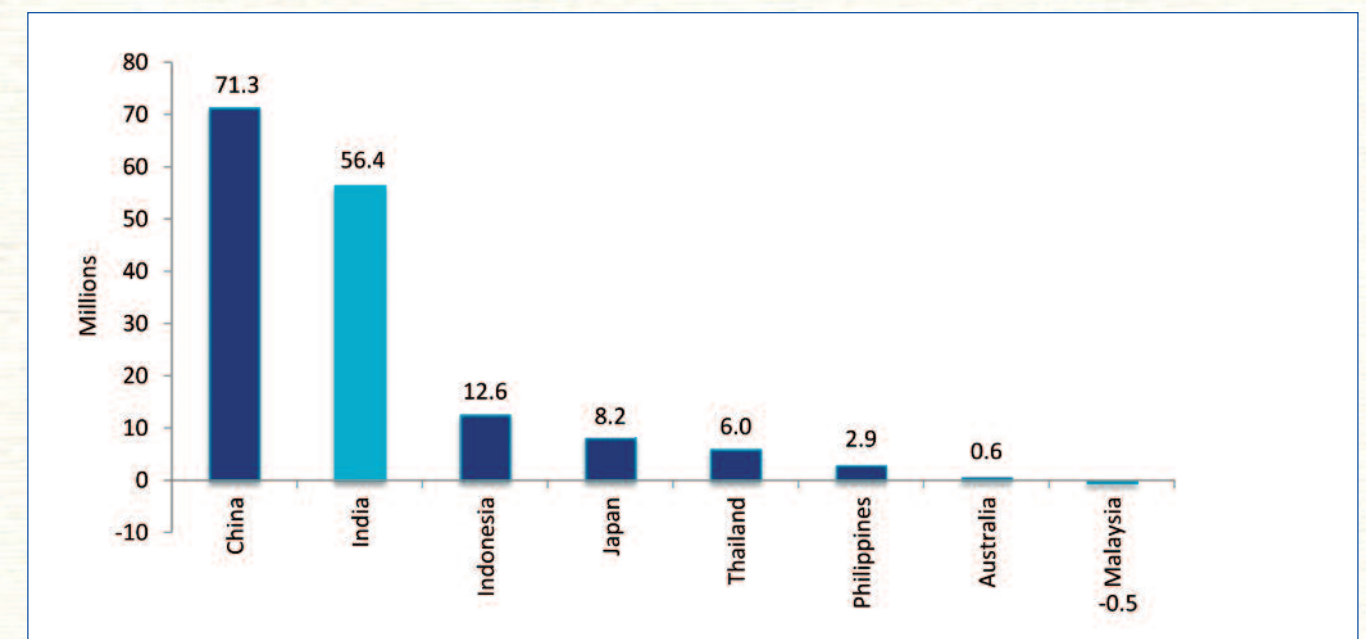
Source: Merrill Lynch Global Research Sep-2014

### Debt of Telecom Industry



Source: Annual Reports, Ministry of Corporate Affairs

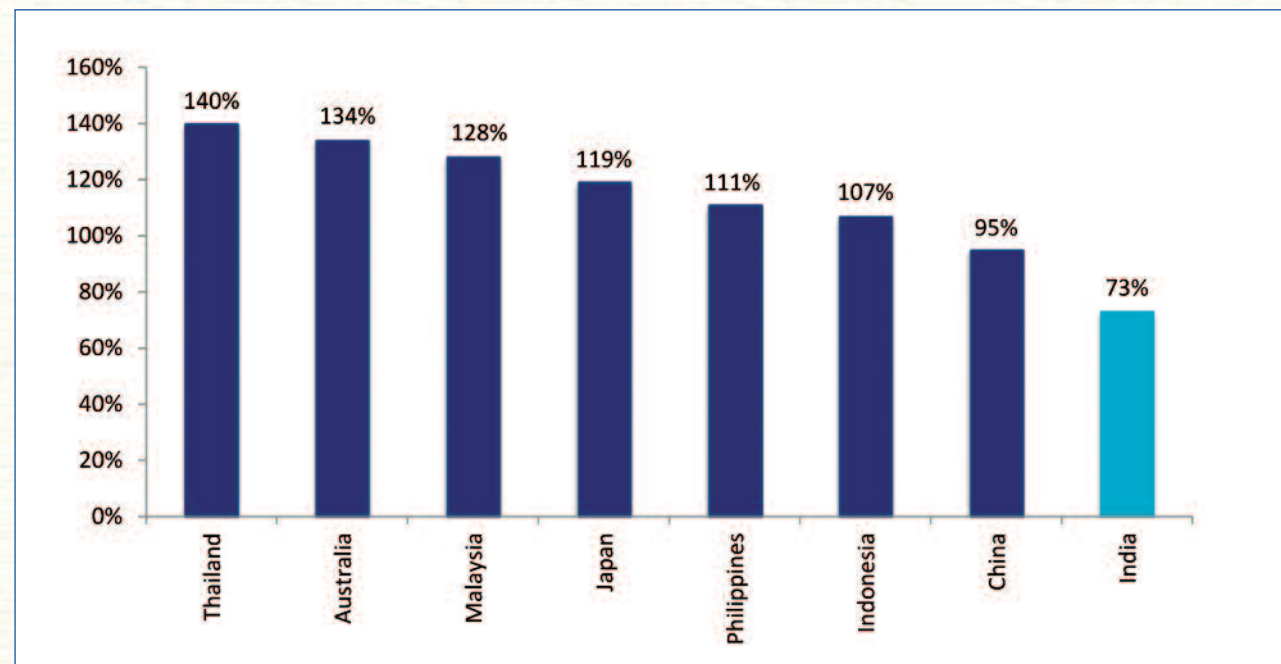
### Subscriber Additions (in millions) during Sept 2013 – Sept 2014



Source: Merrill Lynch Global Research Sep-2014

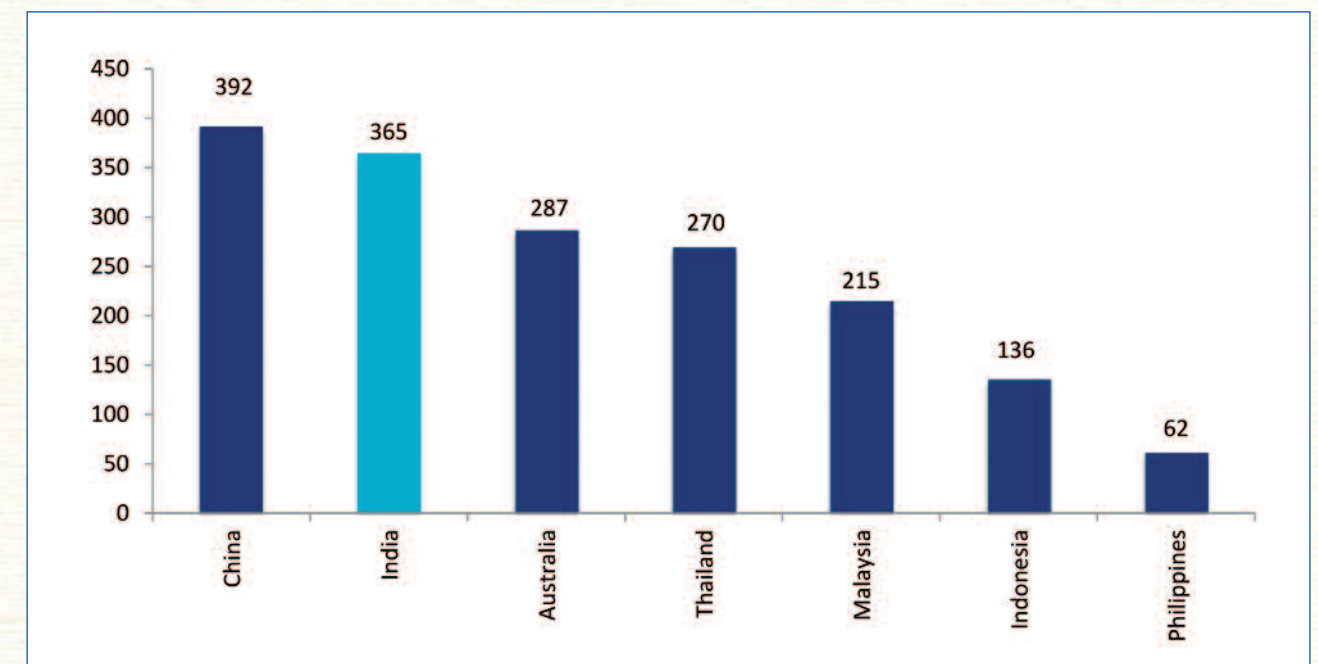


### Wireless Penetration



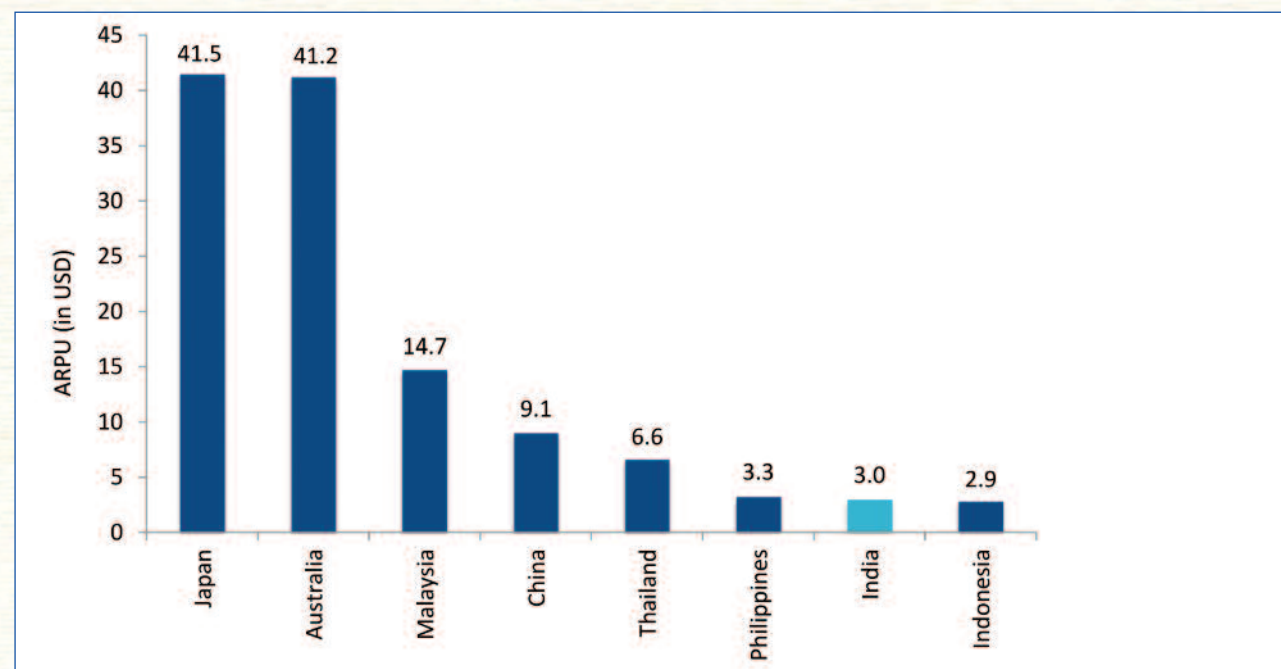
Source: Merrill Lynch Global Research Sep-2014

### Average Minutes of Usage Per Subscriber Per Month



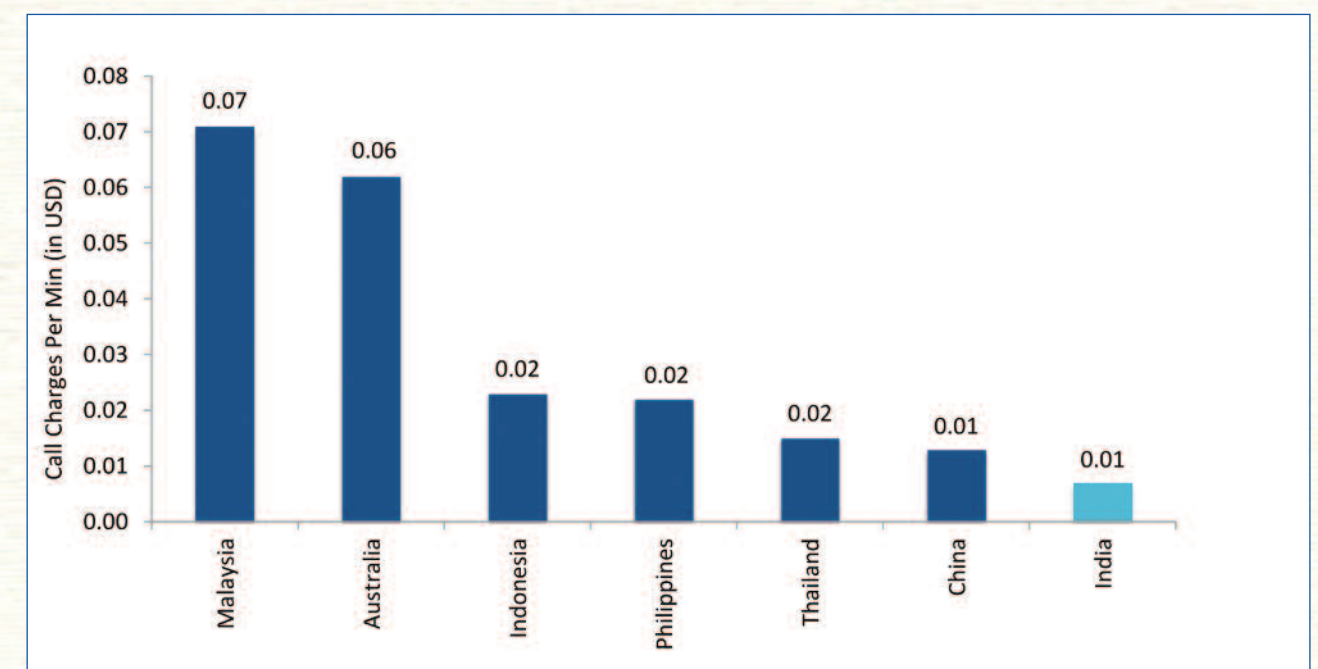
Source : Merrill Lynch Global Research Sep-2014

### Average Revenue Per User (in USD)



Source: Merrill Lynch Global Research Sep-2014

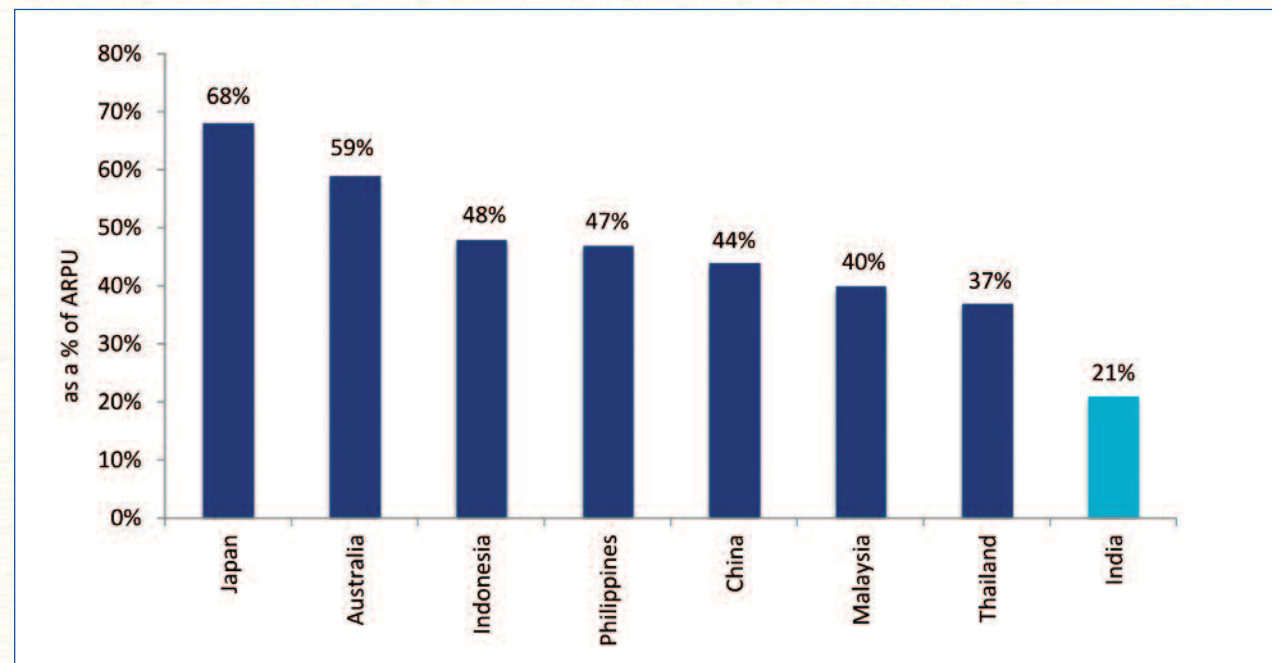
### Rate per Minute



Source: Merrill Lynch Global Research Sep-2014

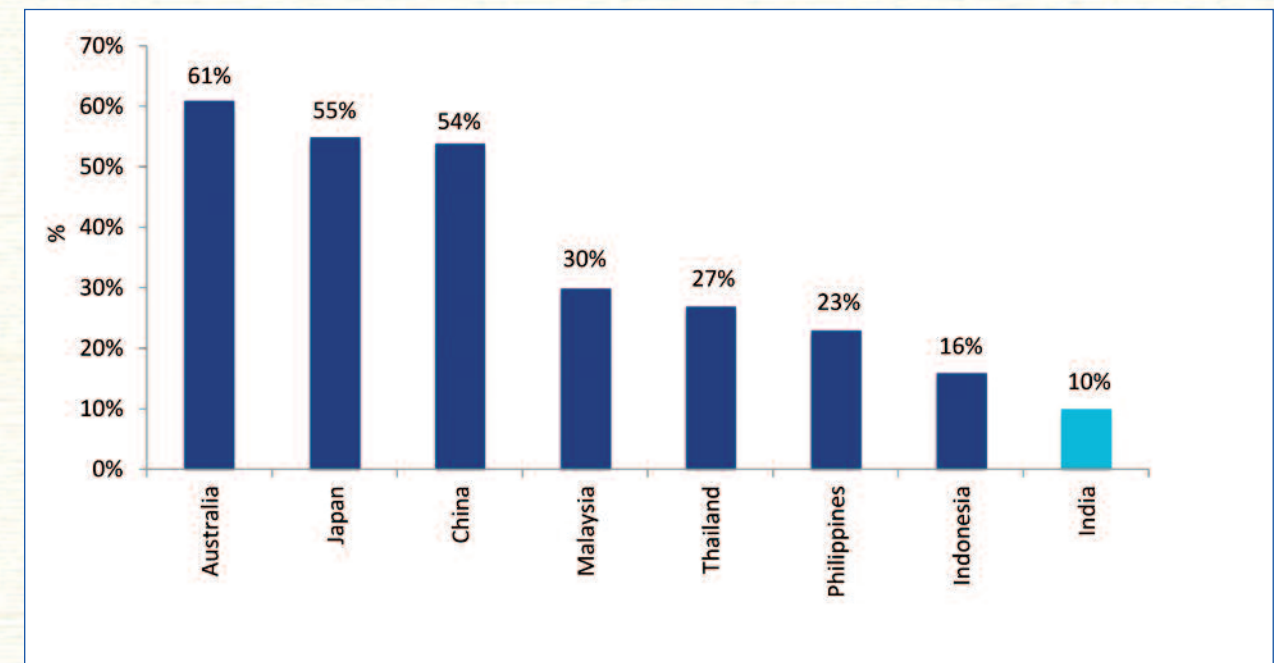


### Data as a % of ARPU



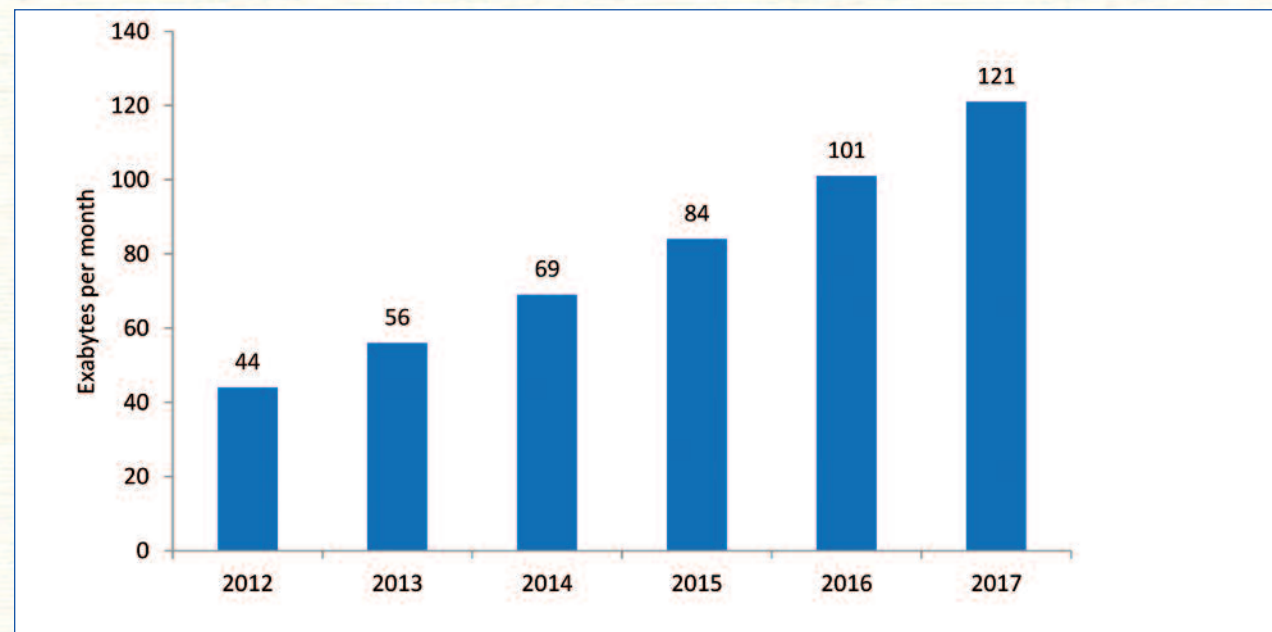
Source: Merrill Lynch Global Research Sep-2014

### Smartphone Penetration – Sept 2014



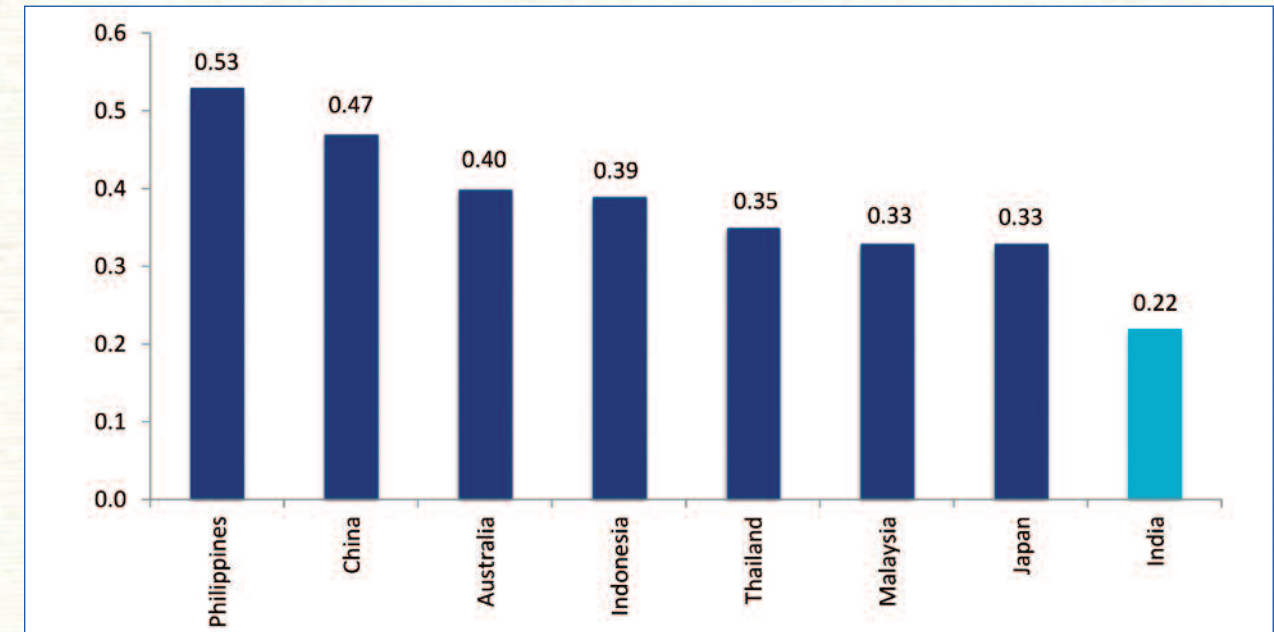
Source: Merrill Lynch Global Research Sep-2014

### Global IP traffic Growth/Top-Line



Source: CISCO

### Herfindahl-Hirschman Index (HHI) – Sept 2014



Source: Merrill Lynch Global Research Sep-2014



### Security and Subscriber Verification Related Issues

**AADHAAR NUMBER TO BE MENTIONED ON THE CAF:** DoT had issued instructions to the TSPs to collect Aadhaar numbers along with CAFs of mobile phone applications and store the same in the database. There were certain clauses in the instructions on which COAI sought clarifications from the DoT. The DoT provided clarifications and accepted the industry request, which included a time period of three months for modification in the CAF for capturing Aadhaar number at a designated place. It was also clarified by DoT that in case the subscriber provides an incorrect Aadhaar number, the telecom service provider will not be held liable for the same.

**PROOF OF CONCEPT ON E-KYC FOR SUBSCRIBER VERIFICATION:** COAI had been taking the issue of subscriber verification, based on Aadhaar authentication process, with the Government for many years. Due to various issues involved in the manual process, the industry advocated for a paperless approach. This year, the DoT finally issued detailed guidelines on conducting Proof-of-Concept on E-KYC for subscriber verification. It was recognized that the entire sales acquisition process should be made completely paperless by adopting Aadhaar based

activation and using digital data to remove the dependence on paper forms. As a result, the digitized forms and related documents can be stored and retrieved very efficiently. This paperless instant activation process will significantly enhance customer satisfaction as it will give them an added advantage of instant activation. We are now in discussions with DoT regarding the learnings from the PoC and the improvements required in the process.

**CYBER DRILL BY CERT-IN:** The Cert-In, under the DeitY, conducts Cyber Drills for many organizations on regular intervals. This year, COAI approached Cert-In to include the telecom service providers in the cyber drill. Simulated attacks are made by Cert-In on the networks of the participating organizations and the organizations have to respond on these attacks. This is a confidential exercise and the results of the drill are shared confidentially with the particular participating organization. The drill was conducted in December 2014. Amongst our members, Airtel, Idea and Vodafone participated in the drill. Cert-In released the results of the Cyber Drills, in which, all our participating members were rated between Good and Excellent.



### Policy Issues

**SPECTRUM ISSUES:** COAI took up various spectrum issues with the Government in the past year. This included responses to TRAI Consultation Papers on 2100, 1800, 900 & 800 MHz spectrum. The issue of shortage of spectrum was taken up at the level of the PMO also. The issue of non-allocation of microwave carriers for previous auctions was raised with the Government as well. The issue of spectrum swap in the 2100 MHz band with Defence department was extensively taken up with various ministries. The TRAI and Defence agreed to the proposal of

swapping 15 MHz in the 2100 MHz band and the same has been freed by the Defence. Detailed submissions were also made to the DoT and TRAI on the issue of availability of "clean" (interference free) spectrum in 2100 MHz band in the last auction. DoT and the Cabinet decided to include 5 MHz of 2100 MHz spectrum in the March 2015 spectrum auction, and the remaining 15 MHz are to be auctioned later in the year.

**SPECTRUM USAGE CHARGES (SUC) FOR VARIOUS SPECTRUM BANDS:** The Letters of Intent (LOI) issued by



DoT earmarking the frequencies in 900 MHz and 1800 MHz spectrum acquired by TSPs in the February 2014 auctions, stated that the SUC would be based on the clause as per the NIA. The NIA was issued prior to the Cabinet decision on SUC and envisaged an escalating SUC as a percentage of AGR. The Cabinet decision of January 31, 2014, stated that the spectrum acquired in the current auction will be charged at 5% of the AGR. In cases of combination of existing spectrum in this band and spectrum acquired through the auction, the weighted average will apply to the entire spectrum held by the operator in 900 MHz and 1800 MHz band. COAI submitted to the DoT for confirmation, that the SUC on spectrum won in the recent auction would be applied based on the Cabinet decision. As a caution before the conduct of the auction in 2015, COAI requested to the Government to issue the details of chargeable SUC on all bands so that there is clarity to the TSPs before the auction. DoT clarified that the SUC would be applicable as per the Cabinet decision. DoT also issued the final SUC regime on February 5, 2015, before the March spectrum auction.

**NUMBER SERIES:** There is a shortage of number series and DoT decided to allocate MSC codes of the quashed licenses of 2012, in the same circle, to the fresh applications received from different TSPs for meeting their requirements for business continuity. It was submitted to DoT that the 60 million numbers of the fresh number series available with DoT, should be allocated to TSPs where the above option is not feasible. However, this can meet the requirement of MSC Codes for a limited short term period only and it is imperative that a long term solution be found for the industry. Based on industry submissions, DoT issued fresh MSC codes to the operators. However, for long term, suggestions were made to the DoT on the need for reorganizing the existing Numbering Plan, and implementing the TRAI recommendations of 2010 to create new mobile series, so as to reorganize the fixed line series and remove exclusivity of levels, so as to get the number series made available for mobile services. Based on industry submissions and continuous follow ups, the DoT replaced the allocated MSC codes with fresh MSC codes.



### Regulatory Issues

**GREEN TELECOM:** DoT issued a directive dated January 23, 2012, on "Implementation of Green Technologies in Telecom sector". Vide this directive, the DoT set the RET deployment and the carbon footprint reduction targets for all the telecom operators. On the request of COAI, an Inter-ministerial committee, under the aegis of DoT, was constituted to examine the Renewable energy deployment in the Telecom sector. The COAI team effectively coordinated with other associations and members with regard to the representation made to the inter-ministerial committee (IMC) of DoT. Consequently, the IMC agreed to the request of the industry and recommended that the DoT directive dated January 23, 2012, needs to be recalibrated. The IMC has also recommended that penalty should not be linked to the achievement of the RET Targets.

**ADJUSTED GROSS REVENUE (AGR):** The major issue faced in this matter is the different interpretation of the CCA/DoT on the determination of AGR and the logistical issues, i.e. their demand of various kinds of documents as a proof from operators for getting back the pass through money. In order to resolve the above issues, various representations were made to TRAI to suo-moto take up a consultation process on AGR. TRAI agreed to our request and released the consultation paper. Our team built the consensus among the members on a common approach to be adopted for determination of the AGR.

Being a complex issue, every member and association had a different choice of methodology for the determination of AGR. Bringing each member on to a common approach was a challenge. The industry, in the response, made the following key submissions:

- Gross Revenue (GR) should be explicitly defined to exclude the "Negative list" of revenue/income/gain.
- For avoidance of double levy, the GR should be adjusted by all pass through charges payable by one TSP to another, and pass through charges for inter-operator



termination costs and roaming charges paid to international operators.

- For administrative convenience, and to avoid the arduous mechanism of verification/validation of the credit adjustment, use the principle of Licence fee Deduction at Source (LfDS); and to be posted in a central repository portal like the NSDL (similar to TDS as adopted by the Income-tax department) with payment details.

TRAI has considered the request of the industry and made the following positive recommendations:

- It agreed to the exclusion of the positive list from the GR to arrive at ApGR.
- To introduce a system of LfDS and develop an e-portal for submission of LF and SUC.

**FULL MOBILE NUMBER PORTABILITY (MNP):** COAI spearheaded the industry subcommittee in the meetings with the DoT committee looking after various issues such as technical issues, testing related issues, project plan & timelines related to full MNP. On the request of the Industry, the DoT has agreed to do away with the call related testing. This has reduced a considerable amount of testing related costs for our members. For the implementation of intra-circle MNP, the cost of the industry was around INR 25 crore for call routing testing. In the intra-circle MNP implementation, the call related testing not only amounted to extra cost for members, but also had considerable logistical issues, e.g.

sharing of numbers, sharing of SIMs, getting approx. 1000 people at PAN India level per operator, getting approx. 1000 handsets for making calls, approx. 1.6 lakh calls to be made by each operator, issues pertaining to the assessment testing to be done by TERM cell, etc. As per the TEC testing procedure, around 63 lakh and 6.3 lakh calls respectively were required to be made for exhaustive and sample testing, which is around 60 times and 6 times of the testing done for the intra-circle MNP. Further, the same would have required around 660 days and 63 days respectively, in completing the testing based on the exhaustive and sample test scenarios, with the work force of 1000 personnel. The above testing procedure, if insisted on by the DoT, would have created a major issue for our members and the industry.

**PAYMENT BANKS:** Since April 2011, COAI had undertaken a very active advocacy for the spread of financial inclusion and mobile banking services in the Indian Economy. COAI represented the industry concerns and positions on several occasions and at several fora such as TRAI, DoT, Ministry of Finance (MoF) and Reserve Bank of India, and undertook advocacy at workshops organized by Indicus Analytics. We also engaged with NPCI and as a result, all the players across the industry have been able to sign uniform bilateral agreements with NPCI for provision of USSD based mobile banking services. We responded to the RBI draft guidelines on Payment Banks. Consequently,



the RBI finally came out with the guidelines on Payments Banks and allowed cash out. All the major TSP members have applied for the Payment Bank licence.

**TERMINATION CHARGE FOR INCOMING INTERNATIONAL CALLS:** COAI had made several representations to TRAI regarding the increase of the termination charge for incoming international calls. In this regard, COAI submitted that the blended termination rate paid by Indian operators is around INR 3.50/min for outgoing international calls, compared to the 40 p/min termination rate received by them on international incoming calls. COAI also submitted that there is a need to bridge the gap between the blended termination rate paid by Indian operators for outgoing international calls and termination rate received by them on international incoming calls. Thus, COAI suggested that the ILD termination charge needs to be increased from 40 paise per minute. As a result of our representations, the TRAI increased the ILD termination rates to 53 paise per minute vide its Regulation dated 23rd February 2015.

**RIGHT OF WAY ISSUES IN ANDHRA PRADESH (AP):** There were issues in the RoW charges being imposed by the state government in AP. These issues were taken up by COAI with the AP state government, stating that it is contrary to all the present efforts at coordination of RoW between the DoT, NOFN, the industry and the State Government. Further, the exorbitant costs being proposed are certain to bring the roll out of Broadband services to an immediate halt. This would be a major setback to the Hon'ble Prime Minister's effort to roll out Broadband to all of the Gram Panchayats of the country and make Broadband services available to all the citizens of India. We asked the state government to have proper policies in place for this issue and include all telecom services irrespective of the spectrum bands. Due to consistent efforts made by COAI, the issue has been resolved in the state of AP and revised circulars have been issued by the Government.



### Technology Issues



#### TECHNICAL SOLUTION FOR PONDICHERRY JAILS:

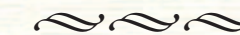
Pondicherry Jail authorities had installed Cellular Mobile phone Jammers within the jail premises to prevent the usage of mobile phones by inmates. They had installed three powerful jammers on three towers in various parts inside the prison. This caused major interferences in all the cell sites situated around the Pondicherry Jail area for all the Telecom Service Providers, resulting in severe disruption of cellular mobile services (Call Drops, Voice Quality Problems) for the public residing in and around 2 kms radius of the Jail. Cellular Communications being an essential service, the impact of jammers on our network services was communicated to the Government officials of Pondicherry. After few months, the jammers became non-operational as they were damaged by the Jail inmates and they could use Mobile phones inside the jail premises. With a view to improve law and order situation in Pondicherry, the Pondicherry Government decided to switch off / seal the cell sites of all operators within 2.5 kms from the jail. With a view to resolve

the problem and also restore coverage / services to the common public, the Industry suggested a technical solution. The main objective of this solution was to prevent unlawful communication by Kalapet Pondicherry Jail inmates through mobile phones, support the Government in maintaining Law & Order and further restoration of mobile services to common citizens around Kalapet zone. Trials of the proposed technical solution were conducted on 31st May, 2014. These trials were conducted successfully and were satisfactory to the expectations of the Government officials and jail authorities. The industry worked closely with the Government and has been successful in getting all the towers de-sealed. The Jail authorities also granted permission for installation of permanent structures inside the jail premises while the Government of Pondicherry has initiated a tower policy for the state.

**3G & BWA ROLLOUT:** Spectrum for 3G and BWA was auctioned in 2010 and the timeline for meeting the rollout ob-

ligations for both will end in September 2015. The issue has been taken up with DoT for the past one year, stating that in the absence of TSTP for both these spectrum, it would not be possible for the operators to meet the rollout obligations, and extension has been sought from DoT for both. In the meanwhile, DoT issued the TSTP for 3G spectrum which was quite complex. The same was represented to DoT and a suitable method for testing the rollout of 3G has been sug-

gested to both DoT and TEC. On BWA, no TSTP was provided by DoT. The industry thus worked out a TSTP and the same has been submitted to DoT. However, for both the spectrum, the industry has submitted that the rollout period should start from the date when the TSTP is finalized and issued by DoT. The DoT has now issued TSTPs for both 3G and BWA spectrum bands, however, no time extension has been provided by DoT as of now.



### Legal Issues

**JOINT INDUSTRY PETITION CHALLENGING BSNL DEMAND FOR BANK GUARANTEES FOR IUC PAYMENTS (TDSAT):** A joint industry petition was filed challenging BSNL's circular dated 21.10.2014, instructing the BSNL's field offices to demand renewal of bank guarantees based on an 'average billed amount basis' as per the Interconnect Agreement, and not as per 'net payable basis' as was mutually agreed between BSNL and the TSPs earlier. On March 19, 2015, the Tribunal directed BSNL to keep the impugned circular in abeyance.

**JOINT INDUSTRY PETITION ON EMF TESTING FEE (TDSAT):** A joint industry petition was filed on the issue of EMF testing fee imposed by TERM Cells retrospectively and for testing more than 10% of the total BTS sites of the service provider. On November 20, 2014, the Tribunal directed that DoT is not entitled to demand: a fee of INR 10,000/- from each sharing Telecom Service Provider on testing of a shared site; a fee of INR 10,000/- for each of the BTS installed by a telecom service provider at a site for catering to different technologies; a fee of INR 10,000/- per site for more than 10% of the total BTS sites of the service provider, annually from a telecom service provider and a

fee of INR 10,000/- per site on the basis of notional testing and/or on a retrospective basis.

**JOINT INDUSTRY PETITION CHALLENGING MAHARASHTRA TOWER POLICY (BOMBAY HIGH COURT):** A joint industry petition was filed challenging the applicability and viability of the regulations dated March 4, 2014, for setting up of Cell phone towers in Maharashtra, issued by the state Govt. On August 25, 2014, the High Court directed that no municipal or local authority, shall take any coercive action under the impugned Regulations and that all authorities shall accept applications in accordance with the DoT Guidelines.

**JOINT INDUSTRY PETITION CHALLENGING IMPOSITION OF PENALTY FOR EMF ON MISSING/ABSENT SIGNAGES (TDSAT):** A joint industry petition was filed on the issue of levy of penalty retrospectively on account of improper/missing/absent signages on towers. On April 29, 2014, TDSAT directed that DoT shall not take any coercive measure for enforcement of the impugned demand notices/invoke of Bank Guarantee till the next date.



### Media & Advocacy



**EMF ADVOCACY:** The issues related to activism against Mobile towers and the misconceptions associated with EMF emissions from antennae from mobile towers have escalated in the country and COAI took an expanded effort towards engaging the various stakeholders involved and educating them with the credible facts on the issue. The Association was successful in reaching out to a number of relevant government departments, local civic authorities, medical professionals, academia, and media; and engaged them to help allay the misplaced fears of health effects of EMF. The major initiatives undertaken by the Association in this regard were:

- a. **Delhi Pollution Control Committee (DPCC) Engagement:** Meeting held with DPCC to sensitize them on the issue and tower complaints received by COAI on monthly basis; to dispel the fear psychosis created by some people who are oblivious to the science and safety regime behind the technology and to put forth

the scientific and safety regime adopted by the Government and industry. COAI suggested DPCC to organize quarterly meetings to address such complaints, wherein they can invite representatives from COAI and TERM (DoT) to address the same. Consequently, post an incident involving a Delhi complaint on telecom towers, the Central Pollution Control Board (CPCB) has passed an order to refer tower related complaints to the TERM cells henceforth.

- b. **Letter to Chief Secretaries of States:** A joint letter from AUSPI, COAI and TAIPA on "Support required to provide quality cellular services in the state" was sent to the Chief Secretaries of Orissa, Andhra Pradesh, Assam, Goa, Gujarat, Haryana, Kerala, Karnataka, Maharashtra, Madhya Pradesh, Puducherry, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Bihar, Jharkhand, Sikkim, Meghalaya, Ut-

tarakhand, Nagaland, Manipur, Mizoram, Tripura; the administrator of Chandigarh and the Lieutenant Governor of Delhi. Letters were shared with the media. Media coverage appeared in over 50 leading regional publications across India and media coverage worth more than INR 50 lakh was achieved.

- c. **Multistakeholder Workshop in coordination with ITU:** The ITU-T provided India with the opportunity to host the meeting of the SG5 on "Environment and Climate Change". The DoT organised the same in coordination with COAI, ICA and TAIPA. COAI organised a round table on "Mobile Telephony and Public Health" on 14th December 2014, which was inaugurated by the CM of Kerala, Mr. Oommen Chandy, and the IT Secretary of the State, Mr. PH Kurian, presided over the panel discussion. Government officials were successfully engaged to align the Government of India and industry with WHO, ITU and rest of the telecommunications industry on EMF issues and to put forth the scientific and safety regime adopted by the Government of India and industry. Select media from Delhi and Mumbai, apart from Kochi media, were successfully engaged. COAI also engaged DoT and ITU to organize a session on "The other side of ICT convergence - EMF exposure and issues" and "Issues related to EMF and the potential role of standards and policies in EMF management" on 15th December 2014. The Session was followed by a gala dinner organised by COAI, ICA and TAIPA at Taj Vivanta, Kochi. Positive media coverage worth over INR 1 crore was achieved and more than 1 lakh Netizens reached through positive news flashed on 110 websites.
- d. **Kerala Govt. order enabling setting up of mobile towers in government land and buildings in the State:** As an outcome of our consistent engagement with the Kerala Government, and IT secretary of the State, especially during their participation in the events of the

ITU-T SG 5 event scheduled during the period of 8th-19th December, 2014; and the letter to Chief Secretary of Kerala on sanctioning the govt. land and buildings for installation of telecom towers, the Govt. of Kerala, on 1st January 2015, issued a permissive sanction for installing Telecommunication Towers in Government Land and Buildings in the state. The order is also in keeping with the Kerala High Court decision stating that mobile tower installations, when confirming to the DoT safety norms, are safe.

- e. **Tweetinars with Mr. Ravi VS Prasad and Dr. Vasant Natarajan:** Online Tweetinars were organised with Mr. Ravi VS Prasad (29th January 2015) and with Dr. Vasant Natarajan (4th March, 2015). 8,50,665 netizens were engaged for awareness on facts regarding EMF and to put their apprehensions with respect to health concerns (on account of EMF) pertaining to mobile telephony to rest.
- f. **EMF testing with Police Commissioner/SP's Office in AP & Telangana:** COAI coordinated with the Govt. officials to educate through events and conducted real-time testing of random sites at various cities in AP and Telangana, wherein media, Police officials, TERM Officials, the telecom industry and citizens participated to understand the EMF issue. Tests were conducted in various parts of Vijayawada, Kakinada,





Nalagonda, Vishakhapatnam, Rajahmundry, Narsapur, Ongole, Tenali, Bapatla, Guntur, Warangal, Sangareddy, Suryapet, Mehboobanagar, Gadwal, Khammam, Bhadrachalam, Palancha, Kothagudem and Machilipatnam. The Police Commissioner/SP of the region conducted live testing of random sites and the reports were shared with the media. The test reports showed compliance to norms and the same was reported widely by the media, both mainlines and regionals. Numerous queries from common citizens on cancer and other issues were addressed and cleared, including getting instant approvals for members to construct towers. The program was highly successful and the AP state DGP has started a weekly review of the EMF activities with the entire district Police staff. 60% of the problematic site issues were resolved after these EMF checks.

- g. **EMF Advocacy Workshop in Hyderabad:** A Workshop on 'Govt. of India guidelines on Installation and Safety regime of Telecom Towers' was held on 31st July, 2014, in Hyderabad. The workshop was successfully conducted by engaging key influencers like Sri K T Rama Rao, Minister of IT, Government of Telangana; Mr. T H Chaudhary, Mr. Somesh Kumar, Commissioner of GHMC (Greater Hyderabad Municipal Commissioner), Sri Y. Kiran Kumar, TERM, Hyderabad; eminent doctors and media. With INR 75, 62, 310 worth of media coverage, the key messages of the



workshop have been carried in national and regional media including electronic channels.

- h. **EMF Advocacy Workshop in Ahmedabad:** A Workshop on 'Govt. of India guidelines on Installation and Safety regime of Telecom Towers' was held on 13th August, 2014, in Ahmedabad. The workshop was successfully conducted by engaging key influencers Mr. A.K Tiwari, DDG TERM; Mr. D.P Desai, Deputy Municipal Commissioner; Mr. Ravi Bhandari, CEO of Shailby Hospitals; Prof. Rekha Jain, IIM-A; Dr. Chinnababu, Oncologist, Apollo Hospitals and media. With INR 10, 94, 416 worth of media coverage, the key messages of the workshop have been carried in national and regional media including electronic channels.
- i. **Supported ASSOCHAM in organizing Multi-stakeholder Workshop:** The Second International Conference on "Health & Safety aspects of Mobile Telecommunications" was organised at Hotel Ashoka, New Delhi on 17th November 2014. The event was successfully conducted by aligning national and international stakeholders, experts from medical fraternity, and technocrats on one platform on EMF issues. Shri Ravi Shankar Prasad, Hon'ble Union Minister of Communications and IT, Government of India, presided over and provided his valuable views as Chief Guest. Overall, the DoT supported the international best practices and industry position on the issue with several national and international experts expressing their approval of the norms adopted by India.
- j. **Multi-stakeholder EMF Advocacy Workshop at Vijayawada:** COAI, ICA and TAIPA organised a Workshop on "Mobile Telephony: Digital Inclusion and Health Aspects" at Vijayawada on 20th February 2015. Over 124 guests, 15 government officials, 30 doctors and 41 media attended the event. The guests included State Health Minister, City Mayor, Commissioner of Police, Local MLAs, IT advisor for the State,



Commissioner and Director of Municipal Administration, TERM cell and renowned doctors from the city. News was carried by 10 leading publications and 9 leading local channels in Vijayawada.

- k. **Seminar on "Mobile Technology & Health: Promises & Concerns"** at Thiruvananthapuram: The, Indian Medical Association, Thiruvananthapuram Chapter, together with the local press club, organized a seminar on 'Mobile Technology and Health: Promises and Concerns' at Hotel Hilton, Thiruvananthapuram, on 15th January 2015. 110 participants, including those from media, medical fraternity, academicians and public attended the seminar. The attraction of the event was the presence of the illustrious Dr. MV Pillai, world renowned oncologist of the Jefferson University Medical College, USA, and his presentation. Dr. Pillai categorically stated, with studies and documents, that mobile towers do not cause any harm to human beings. He also elaborated on M-Health, where mobile technology plays a big role in facilitating health services in rural/remote regions. COAI ensured that TERM cell reps were present and overall the event sent out positive messages about the EMF safety regime.
- l. **Government official engagement in Rajasthan:** Meetings were held with the Chief Secretary and Urban Development Secretary of Rajasthan to apprise them on

the tower related issues and situation. A letter was sent to the Chief Secretary, Rajasthan to request support for providing quality cellular services in the state and enabling sanction for installing Telecom Towers on Government Land and Buildings.

- m. **Medical Fraternity Engagement in Delhi NCR:** Heads of Delhi, South Delhi, Noida and Faridabad state branches of the Indian Medical Association (IMA) were approached to organize/participate as speakers on the 'EMF issue' in their planned events to create awareness amongst the Medical Fraternity of India, that tower erection in residential areas is not harmful. COAI was offered speaking slots in the 57th Annual Delhi State Medical Conference and the 35th Annual Convention of IMA, South Delhi on 11th Jan 2015 and 18th Jan 2015 respectively. COAI representatives made presentations and engaged the audience in the respective events. Informal exchanges and positive outlook from the participating medical professionals were observed.
- n. **Medical Fraternity Engagement in Bangalore:** A one day Continued Medical Education (CME) program on 'Public Health & Cell Tower Radiations' was organized by Medknow in association with IMA Bangalore and COAI at Indian Medical Association conference hall, Bangalore to align the medical community on the science behind the alleged fears about tower and mobile emissions. 134 doctors (Oncology, Radiology & General Medicine) attended the event. The intended message of effects of Mobile Tower radiation being non-harmful was successfully conveyed. The Director of Medical Education, Karnataka, sent an invitation to Dr. Suresh Attili to address his department doctors in other cities of Karnataka on the issue.
- o. **Medical Fraternity Engagement, IMA Mumbai-West:** IMA Mumbai-West had organized a CME at their Seminar Hall on 15th March, 2015. On behalf of COAI, Dr. Chinnababu Sunkavalli made a presentation on



“Cell Towers Radiation: A scientific perspective”. The session was attended by 40-42 well-known doctors of IMA Juhu branch & committee members including the IMA Branch President, Dr. Sanghi. This speaker placement proved beneficial for COAI as this created a platform to connect with senior doctors from an important part of Mumbai, i.e. Juhu & Santacruz.

**p. Medical Fraternity Engagement, 7 Hills Hospital, Mumbai:** 7 Hills Hospital had organized a CME on 15th March 2015. On behalf of COAI, Dr. Chinnababu Sunkavalli made a presentation on “Cell Towers Radiation: A scientific perspective”. The session was attended by 40 well known doctors of 7 Hills Hospital & from Andheri East area. The activity helped COAI connect with senior doctors from Andheri, an important part of Mumbai.

**q. Engaging Dept. of Radio-diagnosis, AIIMS, New Delhi:** On behalf of COAI, a 20-minute presentation was made by Mr. Ravi VS Prasad during a pre-conference workshop organised by Dept. of Radio-diagnosis, AIIMS on February 27, 2015, at JPNA Trauma Centre (AIIMS) to create awareness amongst approx. 60 doctors, that till date there is no proof of any impact of emissions from antennae on mobile towers and handsets on human health. A Q&A session was held post the presentation to answer the queries of the doctors.

**r. Media and Marketing Influencers Engagement:** Mr. Rajan S. Mathews, Director General, COAI, made a presentation on “Electro-Magnetic Fields (EMF) Public Awareness Campaign by COAI – A Case Study” during the 9th Global Communication Conclave on March 13, 2015. Over 75 Professionals from Public Relations, Corporate Communications, Advertising, Media and Academia backgrounds were engaged and handed over the EMF Advocacy Kit.

**s. Rotaract Club Outreach programmes, Mumbai:** As part



of the effort to engage members of the Rotaract Club in different parts of the city, Dr. Mehool Mehta, Radiologist and Mr. P Ramakrishna, Advisor, COAI, made presentations and held discussions to bust the health-related myths surrounding mobile towers. In most meetings, members seemed satisfied with the industry responses to their queries. The facts and data shared with them were also received constructively and had a positive impact. The Rotaract Club offered to support more such seminars by hosting them in different parts of the city. Details of the various meetings held are:

- 19th October 2014, at the Deaf N Mute Institute, Mazgaon, Byculia for approximately 24 Rotaract members.
- 27th November 2014 at the Rotary Club of Deonar for 20 Rotaract members.
- 11th December 2014, and 19th December 2014, at the Rotary Clubs of Mandvi (Matunga) and Parleshwar (Vile Parle) for over 40 Rotaract members
- 9th January 2015, presentation was made to the members of the Rotary Club of Andheri.

**t. East Delhi RWA Meet under RWA Bhagidari Resident Group:** 20 RWA office bearers (including problematic RWAs) of East Delhi assembled under one umbrella RWA body called RWA Bhagidari at IMA East Delhi hall; wherein COAI expert and doctor educated them on myths and realities related to mobile towers/handsets radiation, followed by Q&A session. Doubts/Myths of

the RWA and participants about EMF were successfully addressed. In fact, there was a request for tower installation from one of the participants. The same was shared with Indus Towers for further action

**u. RWA Engagements in Delhi:** Meetings were held at Shanti Mohalla, Raghupura, Seelampur, Noida Sector 56, East Delhi and Ekta Garden, Patpar Ganj, East Delhi with over 100 residents to address the fears on EMF in the colonies. Residents of Ekta Garden were positive and have been further advised inspection of the radiation levels in their area by TERM Cell to convince them further. Residents of Shanti Mohalla were unwilling to listen to any scientific fact mainly due to low literacy rate of the residents. Details of the meeting were shared with Indus Towers Ltd. for further action. At Nagarjuna Apartments, EMF radiation limits were tested in-front of the residents. The test results were shared with them and also displayed on their RWA notice board. The society residents were convinced of antennae emitting EMF within limits specified by the government. At Doctor's Park, Vasundhara, Ghaziabad, sentiments of the residents could be successfully converted from negative to positive. At CR Park (March 15, 2015), an expert team of Doctor, Academician, COAI and Industry representatives addressed over 50 RWA representatives at EBDB office, C R Park, New Delhi for EMF Advocacy. Not only were the resi-



dents convinced on the industry position and facts related to the EMF issue, further, requests were received for placement of 4 towers in the vicinity.

**v. RWA Engagements in Mumbai:** RWAs across Mumbai were engaged to address the misplaced fears of health effects of EMF emissions from mobile towers. A meeting was held at Machhimar colony with 60-70 residents to address the fears on EMF in the colony of fishermen. A local doctor was engaged to address the meeting. With tests of the signals and modifications, there was positive conclusion to the resident's issue with tower installations in the colony. At BPT Colony, Worli, the residents wanted to know the guidelines for installation of towers which was intimated to them by the industry team. The meeting helped save 5 tower sites and further regular interventions were suggested to sustain the sites. Meetings were also held at Mulund - Teakwood Society, and Ghatkopar - Amrut Nagar - Marathon Cosmos Society, to address concerns of health and educate the youth. A panel of Doctor, PR Agency representatives and COAI representatives convinced the residents to eliminate their fear regarding EMF issues. The meeting helped save 5 tower sites. Due to media reports and concerns in HVB Academy, EMF Advocacy session was organised and testing of EMF emissions were carried out at HVB Academy, Marine Drive, Mumbai on 19th Nov 2014. The event was successfully coordinated. Influencers (Teachers, parents, etc.) were convinced and 1 tower site was saved. At Tilak Nagar, Chembur, Mumbai (8th March, 2015), approximately 137 RWA residents of the area were addressed on facts regarding EMF.

**INDUSTRY PRE-BUDGET RECOMMENDATIONS 2015-16:** COAI's Pre-Budget recommendations to the Ministry of Finance, Govt. of India, were shared with the media as a press release. The issues and concerns raised by COAI were widely published by various publications. Media coverage worth over INR 50 lakh appeared in national mainline, financial and online publications.



### Finance



**ASSESSMENT OF LICENSE FEES & RELATED ACCESS VERIFICATION/PROCESS ISSUES:** Several representations with regard to submission of documents in support of deductions claimed through Statements of Revenue and License Fee were made by COAI. It was highlighted that various CCAs are having their own interpretation on different matters, which is neither uniform nor consistent. The DoT was requested to set-up a standard process in the matter and also issue clarifications to CCA offices in order to carry out the activity in a more objective way by making the process and requirements uniform across the circles. Further, DoT was requested to conduct regional workshops between CCA's and the industry on Issues Related to Assessment of License Fees & Verification

Process and Documentation, where regional CCAs and Industry would participate, understand and discuss the issues so as to resolve them on real time basis.

COAI also met with the officials during the meetings held at DoT HQ / workshops conducted in few circles, to share the industry views on the issues, and in the matter of the process being followed towards verification of deduction towards access charges and related assessment of License Fees. In response to the representation made by COAI, the DoT issued clarifications on the points mentioned by us. However, many of the issues are still unresolved and being followed up with the DoT.

**GOODS & SERVICE TAX (GST):** Various representations were made on the issue of GST at centre as well as state level and COAI is playing a supportive part in helping the Government to introduce and implement a GST model which will be industry friendly. During the meetings with the government, we emphasised various points such as: (a) Lower GST rate for telecom services, (b) Specific Place of supply rules for Telecom services under the proposed GST, (c) Seamless availability of Cenvat credits on Passive Infrastructure such as towers, etc.

**ANTI-DUMPING MEASURES RECOMMENDED BY THE DIRECTORATE GENERAL OF ANTI-DUMPING AND ALLIED DUTIES (DGAD):** The Anti-dumping measures recommended by the DGAD in respect of import of Synchronous Digital Hierarchy (SDH) transmission equipment imported from China/Israel have adverse impact on the industry. COAI sent a representation to the government, stating that Higher Import Duties resulting in increase in costs and imposition of anti-dumping duties will adversely affect our member companies. We also informed them that Telecom Operators in India need better technology at competitive prices to make telecom services available to rural and remote areas, which is in the greater good of the country and would consequently boost the country's socio economic growth. It was conveyed that while India is the world's second-largest telecommunications market; the industry is not devoid of its own internal challenges such as fierce competition, security challenges, consistent broadband connectivity, and consistent capital influx requirement for technological up gradation.

#### SERVICE TAX

**a. Time limit of six months for availing of Cenvat credit:** COAI had represented to the Finance Ministry that imposition of restriction of six months for availing Cenvat credit should be withdrawn/rescinded, or alternatively the time limit of six month be increased to

at least eighteen months. Post our representations and follow-ups, the credit Rules were amended w.e.f. March 1, 2015, and the time limit of six months has been increased to twelve months. The amendment gives relief to industry for processing of invoices within twelve months (instead of six months), including those which are generally disputed.

**b. Clarification on condition of six months for availing Cenvat credit not being applicable to re-credits taken:** COAI had also requested that clarification be issued by the government that the condition of six months for availing Cenvat credit is not applicable to re-credits taken. Consequently, a Circular was issued on November 19, 2014, clarifying that the condition of six months for availing Cenvat credit is not be applicable to re-credits taken. If the amendment was not made, then all the invoices in respect of partial reverse charge, would be required to be paid within six months, so as to avail CENVAT Credit of amount paid by service receiver to the Government treasury, impacting the working capital of our members and/or causing financial loss (due to loss of CENVAT Credit).

**c. Partial reverse charge mechanism [Proviso (2) to Rule 4(7) of CCR]:** We had requested the Finance Ministry that CENVAT Credit be allowed to be taken on receipt of invoice and if payment is not made within 3 months, re-credit related conditions be extended to such invoices. As a result, the Credit Rules were amended w.e.f. April 1, 2015, and under a partial reverse charge mechanism, the suggestion from COAI was accepted and enabled.

**PRE-BUDGET RECOMMENDATIONS:** Apart from the above, COAI F&C Committee made representation to the Finance Ministry by way of Pre Budget recommendations and requested to consider the following points:





## Significant Achievements for Year 2014-2015

## COAI Reports and Submissions

# 2014-2015 ANNUAL REPORT

### Issues Related to Direct Tax

S.No.	Issue
1	Tax withholding on margins of intermediaries
2	Amendment in the definition of 'Royalty'
3	Tax benefit under section 80-IA not available to companies undergoing amalgamation or demerger after 31.03.2007
4	Amendment in provisions of section 40(a) (ia) of the Act
5	Expenditure on Specified Business under section 35AD
6	Investment in new plant and machinery – Section 32AC
7	Tax incentives to Telecom Infrastructure Service Providers

### Issues related to Indirect Tax

S.No.	Issue
1	Amendment of registration/declaration related compliances in respect of concessional rate of central sales tax in respect of goods used in telecommunication network
2	Eligibility of Cenvat credit on all business related expenses
3	Availability of Cenvat credit on statutorily mandated expenses
4	Cenvat credit on removal of equipment used in telecommunication network
5	Cenvat credit on removal of goods as waste and scrap by provider of service
6	Cenvat credit on SIM Cards – as capital goods
7	Ambiguity regarding Cenvat credit retention in case of impairment of assets
8	Dual levy – Entertainment tax and Service tax
9	Exchange rate to be applied in case of import of service
10	Exorbitant interest rate applicable only for service tax

## COAI Reports & Papers for Year 2014-2015

**COAI POSITION PAPER ON TV WHITE SPACES:** COAI had prepared a position paper on TV white spaces in March 2015. The paper describes what TV white spaces are, provides a global outlook on the topic, gives details about spectrum bands in India and finally provides the COAI position on the topic. It states that any spectrum that is to be used for commercial licensed services based access services, should be auctioned. In light of this, the TVWS should not be made available to a section of service providers in any other manner. It is important to maintain a level playing field amongst service providers facilitating similar services. Internationally, there is no standard on TVWS as of now. Lack of availability of a single, well-standardized technology solution, usable in all nations/regions, leads to lack of economies of scale and related high costs for network and user equipment due to needed customization of proprietary solutions, e.g. for a single or few markets. The risks of adopting an unproven approach are too high. Operations on such secondary unlicensed basis would require careful interference, avoidance towards primary users, as well as services in adjacent bands.

**COAI POSITION PAPER ON NATIONAL OPTICAL FIBRE NETWORK (NOFN):** COAI had prepared a position paper on NOFN in March 2015. The paper describes what the Government's vision on NOFN was, why it did not work in the first phase, what the Government has planned in the second phase, and finally, provides the COAI position on the topic. It states that as the extensive fibre network is already available with the TSPs, they would be willing to share the same with the DoT for NOFN, on mutually agreeable & commercially viable terms and conditions. Exact commercial terms & conditions will vary from location to location, depending on topography, availability, and market conditions, which may be discussed at the time of implementation at various locations. NOFN should aggregate and offer both dark fibre as well as the

bandwidth. It was also stated that besides laying out the NOFN or similar such projects, what will be equally important is an accompanying institutional mechanism that will enable cost based, non-discriminatory access to NOFN. The physical access to the network should be enabled through a single window mechanism with stipulated time frames that will ensure increased usage from all operators and higher usage of NOFN. It is important to take these steps right now so that a viable and sustainable model is created which is usable, otherwise, the NOFN will keep lying idle with no takers.

### COAI Submission to PMO

**AVAILABILITY OF SPECTRUM:** COAI made several representations to the Government including PMO, DOT, TRAI and various other ministries regarding the shortage of spectrum and its repercussions. It was submitted that the inventory of spectrum for the auctions held in March was severely depleted and unless immediate steps were taken on an urgent footing to make available adequate spectrum in the auctions, there would be a very real danger that there will not be sufficient spectrum on offer at the auction to meet the broadband objectives of the Government or even, in fact for the extension licensees to ensure continuity of their services. COAI also stated that commercially valuable spectrum in 900, 1800 and 2100 MHz bands were lying idle with Defence. Further, much of the residual spectrum is fragmented and unusable for mobile broadband because of discrete small assignments within these spectrum bands for Defence use. It was important that the DoT immediately initiate the process of harmonization of these spectrum bands with Defence, so as to make contiguous spectrum in these commercial bands available for the auctions. COAI also made several constructive proposals to address the current spectrum shortages. It was suggested how large amounts of spectrum can be freed up in relevant bands.



### COAI Submissions to TRAI

#### TRAJ CONSULTATION PAPER ON 'REVIEW OF THE STANDARDS OF QUALITY OF SERVICE OF BASIC TELEPHONE SERVICES (WIRELINE) AND CELLULAR MOBILE TELEPHONE SERVICES' ISSUED ON MAY 21, 2014:

COAI submitted its response to the consultation paper and the key points highlighted by COAI were:

- Regulator needs to move towards a regime of forbearance with regard to QoS for Mobile & Fixed line services.
- TRAI should move towards light touch regulation with regard to QoS and aim to progressively reduce the QoS parameters being reported by Mobile operators.

#### TRAJ CONSULTATION PAPER ON DEFINITION OF REVENUE BASE (AGR) FOR THE RECKONING OF LICENCE FEE AND SPECTRUM USAGE CHARGES:

In its response to TRAI, COAI made the following submissions:

- Gross Revenue (GR) should be only from licenced activities.
- GR should be explicitly defined to exclude the "Negative list" of revenue/income/gain listed
- For avoidance of double levy, the GR should be adjusted by all pass through charges payable by one TSP to another, and pass through charges for inter operator termination costs and roaming charges paid to international operators.
- Subsequently, credit shall be allowed for LfDS (Licence fee Deduction at Source) paid by a TSP, for its expenses payable to other TSPs [This would be GR for the other TSP].
- For administrative convenience, and to avoid the arduous mechanism of verification/validation of the credit adjustment, use the principle of Licence fee Deduction at Source (LfDS) and with payment details to be posted in a central repository portal like the NSDL (similar to TDS as adopted by the Income-tax department).
- Adjustment for credit would only be eligible on payment of LfDS and to international telecom operators; as discussed in point (e) above.

- The above highlighted administration (filing of returns, payment of licence fees and the submission of proof of payments) done centrally, shall bring in uniformity of the proceedings across the service area.
- Setting up rules for assessment proceedings in line with other financial Acts and define the governance process

**COMMON INDUSTRY MECHANISM FOR DE-ACTIVATION OF DATA SERVICE:** On September 19, 2014, the Industry submitted an option for a customer friendly mechanism to deactivate data service through a common short code to TRAI. A common short code for deactivation of data services was made available by all the operators, which is accessible through any of the commonly used self-service options like SMS or IVR.

**TRAJ'S DRAFT AMENDMENT TO THE TELECOMMUNICATION TARIFF ORDER (TTO), 1999, ON EXEMPTION FOR SMALL INTERNET SERVICE PROVIDERS (ISPS) FROM TARIFF REPORTING REQUIREMENT:** In its response to the TRAI draft TTO, COAI made the following submissions:

- TRAI needs to make the current tariff filing regime simpler for all the licenses in general.
- There should not be any financial dis-incentive on delayed tariff filing.

Consequently, TRAI is to issue a fresh TTO which would include all the amendments till date.

**DRAFT TELECOMMUNICATION MOBILE NUMBER PORTABILITY (SIXTH AMENDMENT) REGULATIONS, 2015:** COAI made a joint submission along with AUSPI to TRAI on the draft Regulation of MNP. The key submissions are as below:

- The completion date for the Implementation of Full MNP in India to be 8 months from the release of the final Regulations by TRAI. Accordingly, TRAI may kindly modify the date of the compliance to the said Regulation, i.e. "May 3, 2015".

- TRAI to kindly prescribe for the 30 days' notice period to be given by the RO to the subscriber for the payment of the dues to the DO.
- With regard to the handling of the ownership related issues, there is no need to take the undertaking from the customer as the current CAF already has provision for the customer liability for the correct information.
- We also recommend that the Port-in (activation by RO) & Port-out (deactivation by DO) TAT should be revised to include slabs such as:
  - >95% in 2 hours TAT
  - >98% in 3 hours TAT

**TRAJ CONSULTATION PAPER ON MIGRATION TO IP BASED NETWORKS:** COAI made the following key submissions on the TRAI consultation paper on IP networks:

- COAI has consistently maintained that migration to IP based interconnection is an ongoing process, and that this evolution/progression should be allowed to take place naturally based on the business plans and strategies of respective TSPs.
- COAI has also consistently maintained that any forcible or mandatory migration to IP based networks/interconnection is not desirable as investments have been made, agreements signed and interconnection established based on the classical TDM based networks.
- COAI maintains that TDM and IP based networks should be allowed to co-exist and operators be given the flexibility to migrate/evolve to IP based networks based on their own commercial and business strategies.
- COAI believes that Wholesale interconnect costs and charges include an entire range of elements and costs, of which IP based interconnection is only a very miniscule element. We therefore do not expect IP interconnection to have any significant impact on any IUC cost.

COAI believes that there is no need to review the QOS framework at this stage and the existing regulatory framework should be allowed to continue.

#### REVIEW OF MERGER AND ACQUISITION (M&A) POLICY BY TRAI:

On 28th October, 2014, in its representation to TRAI, COAI requested the Authority to initiate a suo moto consultation on M&A policy, so as to enable a comprehensive review of the guidelines with participation of all the stakeholders.

**TRAJ CONSULTATION PAPER ON INTERCONNECTION USAGE CHARGES (IUC):** The key submissions of COAI on the Consultation Paper on IUC are as below:

- Mobile Termination Charge (MTC) & Fixed Termination Charge (FTC):**
  - Methodology recommended: ASR based FAC model, including future spectrum cost to the operators.
  - Following cost items to be considered by Authority:**
    - Include all elements of OPEX.
    - Capital costs (CAPEX) including Depreciation & Amortization for spectrum costs.
    - Weighted Average Cost of Capital (WACC) to be taken into consideration.
    - Other costs such as Port Charges, Media Charges and Colocation Charges should be taken into account while calculating MTC

#### b. International Settlement and Termination Charge

- In order to bridge the gap between the blended termination rate paid by Indian operators for outgoing international calls, and termination rate received by them on international incoming calls, as a first step, COAI recommended that the ILD termination charge be increased from 40 paise per minute to INR 1.00 per minute in the near term.
- This will help enhance foreign exchange earnings.
- The charge should be uniform across geographies.

#### c. Domestic Carriage Charge

- Given the prevailing competition in the market and the fact that rates are already below the ceiling, the Authority should continue with the uniform carriage charges ceiling of 65 paise.



### d. TAX Transit Charge

- i. The Tax Transit Charge should not be levied in case of inability of BSNL to provide connectivity at its Cellone MSC.
- ii. Tax Transit Charge should only be applicable if the services are used only due to the reasons solely attributable to the private service provider and should be strictly cost-based.

### e. Transit Carriage Charge

- i. In light of the reasons cited in our response, we submit that the transit carriage charge should be abolished.

**TRAI DRAFT “THE STANDARDS OF QUALITY OF SERVICE OF BASIC TELEPHONE SERVICE (WIRELINE) AND CELLULAR MOBILE TELEPHONE SERVICE (FOURTH AMENDMENT) REGULATIONS, 2014”:** COAI in its response to the draft Regulation, made the following submissions:

- a. Request TRAI to prescribe provision for graded penalty rather than flat rate penalty.
- b. Request TRAI not to levy any penalty on our members in case they are unable to comply with the benchmarks due to some external factors beyond their control such as Interference, Local Law & Order issues, etc.
- c. Regarding Methodology for reporting of % of cells with TCH drop>3% for QoS, COAI requested TRAI to prescribe the first method (i.e. based on operators’ monthly performance), to be followed for calculating the performance.
- d. COAI also requested TRAI to engage with the Industry on re-visiting some of the Network Related and Consumer related Benchmarks, through a holistic consultation process.

**TRAI “THE DRAFT TELECOMMUNICATION TARIFF (SIXTIETH AMENDMENT) ORDER, 2015”:** In its response to the TRAI draft TTO on Roaming charges, COAI submitted there is no need for TRAI to further reduce the ceiling for national roaming tariffs.

### TRAI CONSULTATION PAPER ON “DELIVERING BROADBAND QUICKLY: WHAT DO WE NEED TO DO”:

In its response to the TRAI consultation paper on “Delivering Broadband Quickly: What do we need to do”, COAI submitted that it supports the TRAI’s vision to achieve accelerated, affordable & ubiquitous broadband access across the length and breadth of the country. We believe that all citizens of India should have access to broadband and the transformative opportunities it offers. It is to be kept in mind that although taking broadband to rural areas is challenging; an even bigger challenge is the lack of broadband in key Tier 1 cities where there is an existing demand. The immediate requirement is to bring in the synergies to live up to the expectations set by the Government. For this, the first and foremost step is to do a reality check on where the sector is now and the targets that are to be met. Consequently, realistic measures are to be devised to meet these targets. COAI also submitted detailed response on all the issues including impediments to growth of wireless technologies, demand issues, RoW challenges and the critical need for spectrum for growth of broadband in the country.

### AMENDMENT IN STANDARDS TO THE QUALITY OF SERVICE FOR WIRELESS DATA SERVICES REGULATIONS, 2012 – MINIMUM DOWNLOAD SPEED:

TRAI had issued a paper specifically on Amendment for minimum download speed to be communicated to the customers. It was submitted that the concept of “minimum download speed” cannot be there in a multiple access scenario due to the technical problems of clutter, interference, fading, path losses, etc., and the same cannot be communicated to subscribers. Moreover, communication of such minimum download speed, if advertised, will create confusion in the market leading to customer dissatisfaction. Despite similar comments from all the stakeholders, TRAI mandated a certain minimum download speed vide a regulation. A letter from COAI as well as a joint letter from CEOs of all AUSPI & COAI members were sent to TRAI stating that publishing the minimum download speed would cre-

ate additional confusion and the comparison and conclusions drawn from these figures would act as a distortionary influence in the market. There would also be an increase in instances of customer complaints and disputes on this account. It was submitted that a committee involving representatives from Service Providers be formed that could be tasked with developing a comprehensive approach that takes the above factors into consideration and presents a more suitable and reliable approach to this whole issue.

### COAI Submissions to DoT

**AVAILABILITY OF INTERFERENCE FREE CLEAN SPECTRUM:** There was heavy interference in the 2100 MHz spectrum, allocated to our member operators in certain LSAs through auction in April 2010. COAI submitted to the DoT that the delay in resolution of this interference issue is adversely affecting the desired 3G expansion/roll out plans of the TSPs in these areas, which means considerable and continuous drain of the operational cost and huge potential revenue loss. The industry also requested the DoT that before putting the 3G blocks for auction, the interfered spectrum of existing operators needs to be resolved and these operators be allocated an equal amount of interference free band for providing adequate quality of 3G services in these service areas. Despite TRAI advising that spectrum being put to auction should be free from interference, the DoT has wrongly stated that spectrum is being auctioned on an ‘as is where is’ basis. In its responses to the queries raised by the stakeholders, DoT again stated that the spectrum being auctioned is on “as is where is” basis. It was submitted that the DoT is obliged to allot clean, interference free and usable spectrum to the operators. In fact, the NFAP, which is formulated in line with the Radio Regulations of the ITU in order to cater to newly emerging technologies as well as to ensure equitable and optimum utilization of the scarce limited natural resource of radio frequency spectrum, also states that interference issues need to be resolved.

**ALLOCATION OF MICROWAVE SPECTRUM:** Our mem-

bers faced the problem of non-allocation of microwave backhaul spectrum post the auctions. The issue was taken up with the DoT stating that timely and adequate allocation of microwave access and backbone spectrum is critical to faster and comprehensive telecom rollouts across the country. It was highlighted that microwave carriers are support infrastructure for radio spectrum. Any delay in allocation of microwave carriers leads to delay in rollout of services too, which are very stringent for operators and are also time bound. In the absence of microwave carriers, it is becoming very difficult for operators to meet the rollout obligations in a timely manner. The delay in allotment/revalidation of existing microwave carriers is hampering the roll-out of network, impacting the quality of service to existing customers and leading to demurrage charges on account of non-availability of import licenses, etc. The Government was requested to expedite the allocation of microwave access and backhaul spectrum and thus, request allocation of microwave carriers associated with auctions at an early date.

**TELECOM SECURITY COUNCIL OF INDIA (TSCI):** The license amendment on security issued by DoT in May 2011, suggested setting up of a TSCI. The industry deliberated on the issue and the Licensees unanimously agreed that the 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 stakeholders 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 ISPAI.



**NATIONAL OPTICAL FIBRE NETWORK:** The DoT has recently formed an eight member expert committee on NOFN to accelerate the project and connect all Gram Panchayats by December 2016. The committee members include: J Satyanarayana, former Secretary, DeitY; Kiran Karnik, former President, NASSCOM; Som Mittal, former President, NASSCOM; Rajat Moona, Director, CDAC New Delhi; Prof S Sadagopan, Director, IIT Bangalore; Anil Bhargava, Member – Incharge (Technology), DoT; Aruna Sundararajan, Administrator, USO Fund; and V Umashankar, Joint Secretary, DoT. The committee will perform the following tasks:

- Consult with state governments, industry and other stakeholders on suitable technology options, relevant business model and timely implementation of NOFN.
- Suggest measures for augmenting the current design and architecture of NOFN in line with the vision and objectives of Digital India.
- Recommend implementation strategy so that provisions of broadband connectivity are accelerated to connect all gram panchayats by December, 2016.
- Recommend suitable technology options for fast track and cost effective implementation. It will also recommend an effective and empowered structure and mechanism for implementation of NOFN in mission mode.
- Assess relevant business model for effective utilization of bandwidth created under NOFN. All this will help all stakeholders and will also help NOFN project completion on time.

COAI, in a joint submission along with AUSPI, has submitted its response to the queries raised by the Committee.

**PROPOSED NATIONAL BROADBAND POLICY:** The DoT sought inputs from the industry on the Proposed National Broadband Policy that the Government is working on. COAI, along with Pricewaterhouse Coopers (PwC), prepared a Paper for submission stating that the Government needs to provide an environment where the broadband aspirations set by the Government in the NTP could be fulfilled and

jointly delivered by a successful public-private sector partnership through a viable and sustainable business model. Government needs to channelize its energies and finances into achieving its Broadband vision. Demand as well as supply side issues were discussed and actionable suggestions have been provided. The Paper also highlighted the need for the Government to develop and implement a detailed action plan for the Broadband Policy with clear and measurable targets of achievement at disaggregated levels.

**PROPOSED RIGHT OF WAY (ROW) POLICY:** The DoT sought inputs from the industry on the Proposed Right of Way Policy that the Government is working on. COAI, along with AUSPI and TAIPA, made a detailed submission to the Government on the issue. The Government has set the Agenda for Digital India recently and the NTP-2012 also enunciates the need to review and simplify sectoral policy on Right of Way for laying cable network and installation of towers, etc. for facilitating smooth coordination between the service providers and the State Governments/local bodies. Details were provided to the DoT on the charges imposed by different State Governments for OFC as well as installation of towers. Also, detailed submissions along with actionable suggestions were made on erection/installation of towers, laying of OFC, and installation of telecom infrastructure in all real estate developments, buildings and town planning.

**DIGITIZATION INITIATIVES IN TELECOM SECTOR:** A submission was made to the Government stating that the Telecom sector can contribute meaningfully and substantially in the digitization drive. There are various processes at DoT which can be simplified to save on the resources, papers and man-hours, and will directly help promote efficiency in faster clearances, lead to considerable customer convenience, transparency, simpler processes, and cost savings. The digitization of these initiatives have been long overdue and is the need of the hour. It was highlighted that despite having online systems for many approvals, DoT still insists for duplication of the process through prints and submission of paper. The

efficiencies of an online process gets immediately negated the moment the whole process is duplicated through an offline mode, entailing submission of hard copy paper printouts. A paperless approach should be followed in paperless activation of telephone connections, e-bill instead of paper bill given to postpaid customers, online submission of EMF self-certificates and online SACFA and WPC clearances.

**3G INPUT POWER:** BTS Transmit power guidelines for the mobile networks were introduced in 1995, when GSM was the most common network. Since then, technologies have evolved. However, the transmit power regulation has not been reviewed and the same norms are being followed for all new technologies such as 3G and LTE. The current guidelines of RF power from DoT on transmit power (RF) from the BTS is 20W at the output of the BTS port. This is a common guideline for all types of technologies deployed in the network like GSM, CDMA, WCDMA and LTE (reference DoT letter number L-14035/08/2010-BWA, dated 15th Sep 2010). In addition, strong EMF regulations (1/10th of ICNIRP values) have been released for compliance by TSPs to ensure radiations from the base stations are kept under limit. These guidelines also govern the transmit power of the base station, thus creating dual conditions of compliance. Given that the new broadband technologies introduced beyond 2010 are having different characteristics like frequency band, MIMO, wide band spectrum usage, etc., it is pertinent for these regulations to be revised by the DoT. A paper was submitted to DoT/TEC to allow higher transmit power & EIRP limits for 3G & 4G base stations as they operate on wider carrier bandwidth & discontinuous transmission modes, and at the same time EMF (EIRP/EIRPth) emitted from 3G & 4G BTS is much lower than GSM technology.

**STANDARD FORMAT OF SUBMISSION OF SELF-CERTIFICATES FOR EMF COMPLIANCE BY THE TELECOM SERVICE PROVIDERS TO THE TERM CELLS:** Many Circle TERM Cells were demanding additional inputs over and above the recommended standard format for self-certificates in the

reference TEC Test procedure. It was submitted to the DoT that DoT and the Telecom Industry together are involved in the development of a National Portal to automatize the entire EMF compliance certification and compliance process. The portal would generate an automated certificate in a standard format recommended by the DoT. It is imperative that we have a standard format to be followed uniformly across all Circles in the country in order to facilitate automation of certificate generation by the National EMF Portal. A standard format to be followed was submitted to the DoT and TEC to be followed uniformly across all the circles.

**EXEMPTION OF TELECOM COMPANIES FROM CORPORATE SOCIAL RESPONSIBILITY (CSR) SPENDING AS MANDATED UNDER THE COMPANIES ACT:** Following submissions were made by COAI on the issue:

- The telecom sector has emerged as a key driver of economic and social development in India in the last decade and will continue to be so in the future.
- DoT too recognizes telecommunications as an essential service and its role in socio-economic development of the nation, and has in fact termed telecom infrastructure as lifeline installation and a critical infrastructure.
- Further, GOI, through the Ministry of Finance has recently granted the telecom infrastructure industry a status of Infrastructure and added it in the Harmonized Master List of Infrastructure. Telecom and Telecom services have also been included in the harmonized master list of infrastructure sub-sector.
- However, the sector is facing huge financial and growth challenges which have to be addressed for the overall socio-economic growth of the country.
- Huge investments are required to meet the unfinished connectivity & the broadband agenda of the Government.
- In view of the above, COAI requested DoT to approach the Corporate Affairs Ministry for exempting telecommunication companies from Corporate Social Responsibility (CSR) spending as mandated under the Companies Act.



### ISSUES PERTAINING TO THE INTERNATIONAL TELECOM TARIFF FOR SAARC COUNTRIES: COAI made the following submissions to DoT on the issue:

- The blended termination rate paid by Indian operators is around INR 3.50/min for outgoing international calls compared with the INR 0.40/min termination rate received on international incoming calls from SAARC countries. Thus, the Indian operators' cost towards termination charges is much higher in comparison to the revenue earned by them in the form of termination charges paid by foreign operators. Indian operators are constrained to recover the same from outgoing ILD calls. This has been projected to the TRAI.
- Further, there is traffic imbalance between the Incoming and the Outgoing minutes with the international traffic in the order of 5:1. The low termination charge of INR 0.40/min is the cause of significant imbalance in payments in international settlements. Rationalizing the termination charges for the incoming international charges will also increase India's foreign exchange flows.

TRAI should review and consider an increase in the termination rate for the incoming international calls. The increased termination rates of the ILD calls will help to reduce the pricing arbitrage currently existing in favour of operators in the SAARC region which has built up over the years. This will reduce the tariffs of the ILD calls.

### DRAFT NATIONAL TELECOM M2M ROADMAP: COAI made the following key submissions on the draft national Telecom M2M Roadmap issued by the DoT -

- Registration of M2M Service Provider:** To avoid fragmentation in the market, care should be taken that M2M Service Providers (MSP) should not be a separate category of service providers. The entity providing the M2M services should be treated as the VAS provider.
- KYC Norms for M2M services:** M2M SIM will primarily be used for data transfer using private APNs. M2M SIM will interact only with the IP address of a fixed server(s) configured in the system by the TSP. The M2M SIM, if

using SMS or Voice, would be ring fenced to be able to communicate only to a fixed number. If Voice is enabled it would only be outgoing. With the above set of guidelines the M2M SIM would be incapable of being misused. Therefore the KYC guidelines need not be as stringent as for the P2P/Human SIMs.

- Permanent International Roaming:** There is no need to make a new distinction between temporary roaming Vs permanent roaming.
- SIM Transfer:** System Integrator (SI) plays a key role in the M2M eco-system, who may deploy M2M SIMs on behalf of another entity. The TSP's CAF & Billing arrangement would be with the SI. This arrangement should be permitted and should not be considered as the SIM being transferred. Further, in case of a B2B M2M deployment, the further sale of the larger unit; the CAF & Commercial terms would be between the TSP and the entity (and not the individual custodian of the M2M SIM).
- Security Issues:** COAI suggests that all B2B/organized (known) B2C, M2M devices should be connected either at MPLS/VPN or should have the restricted communication capabilities to avoid any unauthorized access to the devices from the rest of the public communication networks. Further, there is a need to disincentivise such kind of M2M usage which may lead to over load of signaling resources/ networks. The TSPs should also be allowed to block any/all such activities from M2M machines to protect their QoS in the network. There should be a mechanism for testing and certification of M2M devices to ensure that such devices are safe to connect.
- Location and Connectivity guidelines:** As M2M market landscape is connected with various global platforms to analyze machine data, the data should be permitted to be allowed to reside in the servers within India as well as abroad. While COAI encourages that the location of the servers should be India, we would like to submit that the same should not be mandated.
- M2M Spectrum requirement:** COAI feels having a dedicated network for M2M will not be commercially vi-

able and therefore M2M services have to be part of the presently rolled out commercial network by various TSPs. So, there is no justification for allocation/reservation of any spectrum for M2M services.

- M2M Numbering Plan:** COAI is of the view that to resolve the shortage of ten digit numbers, the M2M SIMs can be identified on the basis of IMSI only. This will give enormous capacity of numbering series for use in M2M communication.
- M2M national Roaming requirements:** With regard to the roaming charges for inter-circle roaming, COAI would like to submit that TRAI has already released its regulation on National Roaming, wherein TRAI has mandated the telecom service providers to offer special plans for roaming subscribers, in which, such subscribers can avail of partially free roaming, or fully free roaming in lieu of payment of fixed charges. Thus, we are of the view that the same should be left for the determination by TRAI.
- M2M MVNO:** MVNO requires full-fledged telecom license. TRAI is already in a process of consultation on MVNO. COAI believes that this is not a requirement for creating a separate category of MVNO for M2M services. M2M providers, acting as B2B customers, can always buy/procure the bulk SIMs and install those into the devices and pay for it to the licensed service providers. Thus, if a consumer electronics manufacturer wants to install SIMs into the home appliances, they can procure the bulk SIMs from any of the license service providers and pay for the services on any of the terms.

### Submission to DeitY

#### DRAFT INTERNET OF THINGS (IOT) POLICY DOCUMENT: COAI made the following key submissions on the draft IOT policy document issued by DeitY:

- Government needs to facilitate the resolution of the immediate/short term regulatory and policy related issues, for e.g. current guidelines for the telecom services is defined based on human centric communication, this might act as a bottleneck for the take up of the IoT/M2M

services having limited human intervention and wherein the current guidelines will not be applicable.

- Policy should lay emphasis that a Light touch regulatory approach is followed for the IoT/M2M services.
- IoT policies that would restrict trade in telecommunications equipment and disrupt the global trading system need not be adopted. Both domestic and foreign players to be treated equally.
- There should be flexibility to innovate and the use of voluntary consensus-based standards. Country-specific standards should be avoided
- There is no "one size fits all" solution to addressing needs across the diverse applications that fall under the IoT. Hence, the government should not play a role in determining the future design and development of technology for IoT.
- International best practices should be recognized as the necessity of the success of the IoT.
- Emphasis for infrastructure sharing for optimum usage of resources and to reduce the cost. Emphasis should be on convergence of services/devices/ networks.
- Synchronization of policy frame work on the same subject from various departments/ministries involved so as to avoid any confusion.

### Submission to ITU

**IDENTIFICATION OF ADDITIONAL BANDS FOR IMT:** The discussions have been taking place at various ITU forums regarding identification of additional bands for IMT services. With the increase in data services around the world, there is an increasing need to make more spectrum available for IMT services. COAI has been actively involved in this and had been making papers along with Indian Government for submission at ITU level and also aligning other countries of our region to adopt a common approach for harmonization. The new bands that have been proposed for this are:

- Sub-700MHz (470-698MHz)
- L band: 1350-1400MHz and 1427-1518MHz
- 2.7-2.9GHz
- C band: 3.4-4.2GHz



COAI's role as the leader of the industry has been further strengthened, with the Association leading the industry issues at all relevant forums for the member companies. Increasingly, COAI is becoming the most sought after information repository for telecom related data. The Association has emerged as an amiable and approachable entity, with proficiency and expertise in any and every aspect of the telecommunications sector and its technologies. From, media, to government, analysts to common people, COAI is increasingly being approached with all kinds of queries related to the industry; ranging from 3G-4G, to budget implications, addressing queries related to EMF, providing insights on the critical spectrum requirements of the country, projecting the outlook for the sector and its performance in the future, etc.

The most significant activity for the industry in the FY was the spectrum auction, which garnered an amount of INR 1098.74 billion (US\$ 17.54 billion). COAI was actively involved throughout the auction process and several repre-

sentations were made by the Association on behalf of the industry, chiefly on the pricing and quantum of spectrum being offered for auction. While the recommendations of the Association did not materialize as the government went with its own thought process on the auction, the industry's representations were found to be rational and true, as they were seconded by several credible industry analysts and experts, and above all, reverberated by the TRAI itself in its recommendations.

At the same time, COAI also played the leading role in reaching out to various stakeholders in order to address and allay the misplaced fears in the minds of people regarding the EMF emissions from the antennae on mobile towers and handsets. The Association doubled its efforts to reach out to the people at the ground level and engage the relevant govt. departments, media, medical professionals, academia and consumer representative groups, to engage and educate them on the facts associated with the issue. In joint efforts with the government and other



industry associations, COAI was successful in establishing a line of communication with the various important stakeholders and convince them on the more than adequate safety regime adopted by the Govt. and ensured by the industry. Ranging from Multi-Stakeholder Seminars to grass-root level RWA meetings, the industry, led by COAI, has been at the forefront of the efforts to dispel the myths created by misguided activism fuelled by vested interests. Further, the Association has initiated a perception study on the issue across India in order to understand the public concerns and address them thereon.

### Few of the significant activities wherein COAI has achieved widespread media attention are as follows

**SPECTRUM AUCTIONS (MARCH 2015):** COAI expressed disappointment over the exorbitant winning price points for the operators at the latest spectrum auctions and stated that the increased financial burden will lead to the industry's cost structure being changed drastically. Hence, the operators will not be left with much choice but to increase the tariffs so as to meet the financial commitments to the government. Further, in response to the government's statement that the industry's indicated rise in tariffs is a "misplaced notion" and that tariffs will not in-

crease beyond 1.3 paise per minute, COAI stated that it is confusing for the industry, that after taking all the factors such as inflation, high spectrum costs, high cost for equipment and substantial regulatory costs, combined with low returns; how a hike of 1.30 paise/minute in tariffs would address the industry's financial woes, and how it will be a sustainable solution for the industry. The association further stated that while the industry would be happy to review and understand the numbers presented by the Government, the industry position on the matter remains consistent. COAI received wide media coverage valued at over INR 2.8 crore.

**SCREENING OF 'EMF ADVOCACY FILM' AND 'EXPERT SPEAKVIDEOS' IN PUNE:** COAI organised media screening of 'EMF Advocacy Film' and 'Expert Speak Videos' in Pune on 26th Aug 2014. Dr. Mehool Mehta, leading oncologist from Mumbai and Mr. T R Dua of TAIPA were present as speakers. Shri Vineet Kumar Mathur, DDG (TERM), DoT also participated and interacted with the media. 32 media exposures were achieved.

**DOORDARSHAN PROGRAMME ON EMF IN TELEGU:** A 45 min program was recorded for further telecast by Doordarshan Hyderabad in Regional language with Dr. T H Chowdhary, DDG TERM - Mr. Kiran Kumar and COAI. A positive message was communicated through the program that







EMF compliance has been followed by all operators and India has one of the best standards globally. The discussion was broadcast on 16th August 2014 in DD Telugu.

**PANEL DISCUSSION ON TOWER INSTALLATION WITH ACTIVISTS:** A panel discussion on 'Is Reliance Jio killing Mumbai's open spaces?' was held in Mumbai on 3rd March 2015. Mr. P Ramakrishna from COAI represented the industry in a panel consisting of Nayna Khatpalia, P.K. Das, Justice S. Radhakrishnan and Prakash Munshi. More than 10 media came for the event. News appeared in 6 publications.

**RELIANCE JIO JOINS COAI AS CORE MEMBER AND FACEBOOK JOINS AS ASSOCIATE MEMBER:** COAI announced the strengthening of its membership with Reliance Jio Infocomm Limited joining the Association as a Core Member; and Facebook joining in as an Associate Member.

**INDUSTRY EFFORTS TO RESTORE CONNECTIVITY IN VIZAG AFTER CYCLONE HUDHUD:** The industry united in its efforts towards restoring connectivity in the affected parts of Andhra Pradesh, post the destruction caused by the cyclone Hudhud. The industry shared the initiatives taken by the industry and made the media aware of the status and progress in connecting the distressed people in the affected areas.

**TRAI RECOMMENDATIONS ON SPECTRUM AUCTIONS:** COAI welcomed the TRAI's recommendations for the spectrum auctions which were clearly beneficial to the consumers and the future developments for the mobility industry in the country; and in line with the industry representations for the same. TRAI's acknowledgement of the primary necessity of adequate quantum of spectrum for the development of the communications services and effective deployment of mobile broadband technologies in India was deeply appreciated by the industry, along with other rational considerations by the regulator.

**ACADEMIC COMMUNITY APPEAL TO GOVT. FOR FACILITATING RESEARCH AND ENTREPRENEURSHIP IN TELECOM:** COAI endorsed the appeal by Professors from IITs, IIM, and IISc to the Government of India, to urgently set up and operationalise Telecom Research and Development Fund (TRDF) and Telecom Entrepreneurship Development Fund (TEDF) to encourage research and entrepreneurship in the Indian Telecom industry.

**GOVERNMENT OF KERALA'S DECISION TO SANCTION INSTALLATION OF TELECOM TOWERS ON GOVERNMENT LAND AND BUILDINGS:** COAI welcomed the Kerala Government's decision to permit installation of telecommunication towers on government land and buildings in the State. COAI stated that the decision from the Kerala government is in keeping with the recent Kerala High Court decision stating that mobile tower installations, when confirming to the DoT safety norms, are safe. COAI also thanked the Kerala Government for its visionary leadership to make Kerala one of the leading IT destinations for the country.

**MADRAS HC JUDGEMENT AND MOC&IT'S STATEMENT ON GOVERNMENT SAFETY NORMS FOR EMISSIONS FROM MOBILE TOWERS AND HANDSETS SAFE:** COAI hailed the judgement from the Madras High Court, which refused to order stalling of growth of mobile phone towers stating that in the absence of evidence to prove health hazards from mobile phone towers, courts cannot pass



any order. COAI also welcomed the statement of the Hon'ble Minister for Communications and IT in the Rajya Sabha, clarifying that fears of mobile towers being hazardous to health are not true. A press release was issued on the same which was well covered by the media with over INR 57 lakhs worth of coverage.

**UNION BUDGET 2015-16:** COAI, through a press release and media interactions, expressed disappointment over the Union Budget proposals for 2015-16, stating that they do not address the requirements of the Indian Telecom sector. The Association stated that while a few proposals in the Union Budget may help growth of telecom and broadband, overall, the industry's concerns and submissions have been left unanswered. With the Government's thrust on the Digital India initiative, a more supportive budget was expected for the Telecom sector.

**MULTISTAKEHOLDER WORKSHOP IN COORDINATION WITH ITU:** The ITU-T provided India with the opportunity to host the meeting of the SG5 on "Environment and Climate Change". The DoT organised the same in coordination with COAI, ICA and TAIPA. COAI organised a round table on "Mobile Telephony and Public Health" on EMF issues in the second half of 14th December 2014. Select media from Delhi and Mumbai, apart from Kochi media, were successfully engaged. Positive media coverage worth over INR 1 crore was achieved and more than 1 lakh Netizens reached through positive news flashed on 110 websites.









The Telecom Sector Skill Council, registered as a not-for-profit society, completed its 2nd year of operation on 8th Feb 2015. In its last year of operation, TSSC trained 2,12,458 candidates in 12 job roles, thus certifying 1,47,299 candidates through 245 Training Partners covering 24 states/UTs & 161 cities/Towns. TSSC is a major contributor in skilling of youth. TSSC has also partnered with 17 Universities/Academia, 11 State Governments and 140 industry partners, which include all major Telecom companies, thus ensuring their participation in skill building activities and acceptance of TSSC certified manpower for employment.

Introduction of skilling in Universities has been a path-breaking milestone for TSSC considering the fact that Vocational Skilling is only implemented by Training Partners. TSSC courses like Field Maintenance Engineer is now part of the 4th Year B.Tech programme of Amity University (AITEM), Noida. Some other technical universities and ITI

have also adopted the TSSC Qualification Packs to be included in their regular curriculum. Another such initiative includes collaboration with placement agencies like Shine.com, Manpower Group & Teamlease India Pvt. Ltd to maintain a data bank of all certified candidates to facilitate placements.

As the TSSC team moves to the third year of operation, with active support from its distinguished Governing Body Members representing major Telecom companies, Govt, Academia & NSDC, it is now venturing into skilling of disabled and minorities as also, focusing on north-east, manufacturing roles, Recognition of Prior Learning (RPL) & online skilling with the ground work having been established in the previous years. With more and more enrolments taking place through its 245 Training Partners, team TSSC will ensure that the good work is carried forward to ensure the betterment of the Telecom fraternity in India.



### JOINT INDUSTRY PETITION ON EMF PENALTY ON UP-GRADATION

A joint industry petition was filed on the issue of levy of penalty by DoT for alleged non-submission/delayed submission of Self Certificate upon upgrade of a BTS by another sharing Telecom Service Provider (TSP) at the site. On April 30, 2015, TDSAT issued notice in the petition and directed that in the meanwhile, penalty for non-submission/delayed submission by non-upgrading operator shall not be enforced.

### JOINT INDUSTRY PETITION ON EMF TESTING FEE: TDSAT

A joint industry petition was filed on the issue of EMF testing fee imposed by TERM Cell retrospectively and for testing more than 10% of the total BTS sites of the service provider. The petition also contended that DoT is not entitled to demand INR 10,000/- as cost of test for audit of EMF exposure at a site.

Alternatively, it was also prayed that the DoT is not entitled to demand;

- A fee of INR 10,000/- from each sharing Telecom Service Provider on testing of a shared site;
- A fee of INR 10,000/- for each of the BTS installed by a Telecom Service Provider at a site for catering to different technologies like 2G, 3G etc.;
- A fee of INR 10,000/- per site for more than 10% of the total BTS sites of the service provider, whether individual or shared, annually from a Telecom Service Provider;
- A fee of INR 10,000/- per site on basis of notional testing and/or on a retrospective basis.

On November 20, 2014, the Tribunal granted stay on points (i) to (iv) mentioned above.

### JOINT INDUSTRY PETITION CHALLENGING IMPOSITION OF PENALTY FOR EMF ON SHARED SITES: TDSAT

A joint industry petition was filed challenging the levy of penalty upon each and every Telecom Service Provider (TSP) sharing a Base Trans-receiver Station (BTS) site even



though the emission from the BTS Antenna of a particular TSP was within the limits for general public exposure to Electromagnetic Fields (EMF) as prescribed by the DoT and the DoT, through measurements, is able to determine the TSP whose BTS Antenna emission is making the site non-compliant to the exposure norms.

On May 6, 2015, TDSAT restrained DoT from imposing penalties or taking any coercive steps for seeking recovery of such penalties from TSPs which have been levied on the sharing TSPs or on BTS that are otherwise compliant with EMF exposure norms laid down by DoT.

## **JOINT INDUSTRY PETITION CHALLENGING BSNL DEMAND FOR BANK GUARANTEES FOR IUC PAYMENTS: TDSAT**

A joint industry petition was filed challenging BSNL's circular dated 21.10.2014 instructing the BSNL's field offices to demand renewal of bank guarantees based on an 'average billed amount basis' as per the Interconnect Agreement and not as per 'net payable basis' as was mutually agreed between BSNL and the TSPs earlier.

On March 19, 2015, the Tribunal directed BSNL to keep the impugned circular in abeyance.

## **JOINT INDUSTRY PETITION CHALLENGING IMPOSITION OF PENALTY FOR EMF ON MISSING/ABSENT SIGNAGES**

A joint industry petition was filed on the issue of levy of penalty retrospectively on account of improper/missing/absent signages.

On April 29, 2014, TDSAT directed that DoT shall not take any coercive measure for enforcement of the impugned demand notices/invoke of Bank Guarantee till the next date.

The matter is coming up on board for final hearing.

## **SUBSCRIBER VERIFICATION MATTER: PATNA HIGH COURT**

On September 11, 2014, telecom service providers in Bihar were directed by Hon'ble Patna High Court through local TERM Cell to attend a hearing of a habeas corpus petition filed by Balinder Singh whose son was missing. The kin received a call from a mobile number for ransom. However, the identity of the person who made the ransom call from a particular mobile number could not be traced as the name address given on CAF was found to be fake.

On November 21, 2014, the Hon'ble Court impleaded COAI and AUSPI and directed DoT to interact with TRAI, COAI and AUSPI for providing supplementary guidelines to supplement the guidelines already existing for physical verification of the data entered in the Consumer Application Forms.

On January 9, 2015, DoT filed an affidavit stating that the opinion formed after due consultation is that physical verification of each of the mobile subscribers will be a cumbersome and resource intensive process and therefore it is not feasible, implementable and practical.

On January 27, 2015, DoT Counsel handed over a letter by MHA to the High Court which reiterated DoT's position that physical verification and security concerns have already been considered in detail by the Hon'ble Supreme Court. The matter has been reserved for judgment.

## **JOINT INDUSTRY PETITION CHALLENGING MAHARASHTRA TOWER POLICY: BOMBAY HIGH COURT**

A joint industry petition was filed challenging the vires, applicability and viability of the regulations dated March 4, 2014, for setting up of Cell phone towers in the State of Maharashtra, issued by Maharashtra Government.

On August 25, 2014, Hon'ble High Court directed the following:

- No municipal authority, local authority, etc. shall take any coercive action under the impugned Regulations;

- All authorities shall accept applications in accordance with the DoT Guidelines.

The Court also granted time to the Respondents to file reply. The next date of hearing is awaited.

## **DIFFERENTIAL TARIFF IN FOUR STATES: SUPREME COURT**

COAI filed an Appeal in Supreme Court against the Hon'ble TDSAT's judgment of 22.12.2006, in the Four States matter.

On 22.3.2007, TRAI directed all operators to calculate the excess charged from customers on this account from 20.5.2005, & to keep the same in a separate account which could only be used for making refunds to the customers.

On January 30, 2015, the Hon'ble Supreme Court dismissed the appeal while stating inter alia:

- The appellant could have made use of the similar leased lines as they had between their networks and asked for PoIs from the BSNL for the MSCs located in these four service areas which were not done. No effort was made by the appellants to create this direct connectivity and they took recourse to the easier way of handing the traffic to the BSNL as National Long Distance Operator and continued charging the consumers higher tariffs.
- The access providers have the option to continue with the existing inter-connected routing of the class of service areas but that cannot be a ground to discrim-

inate in any manner, between the subscribers of the same class.

- The classification of the subscribers into two categories on the basis of calls made by them from private network to another private network and from private network to BSNL/MTNL network is arbitrary as it fails to satisfy the twin test for reasonable classification.

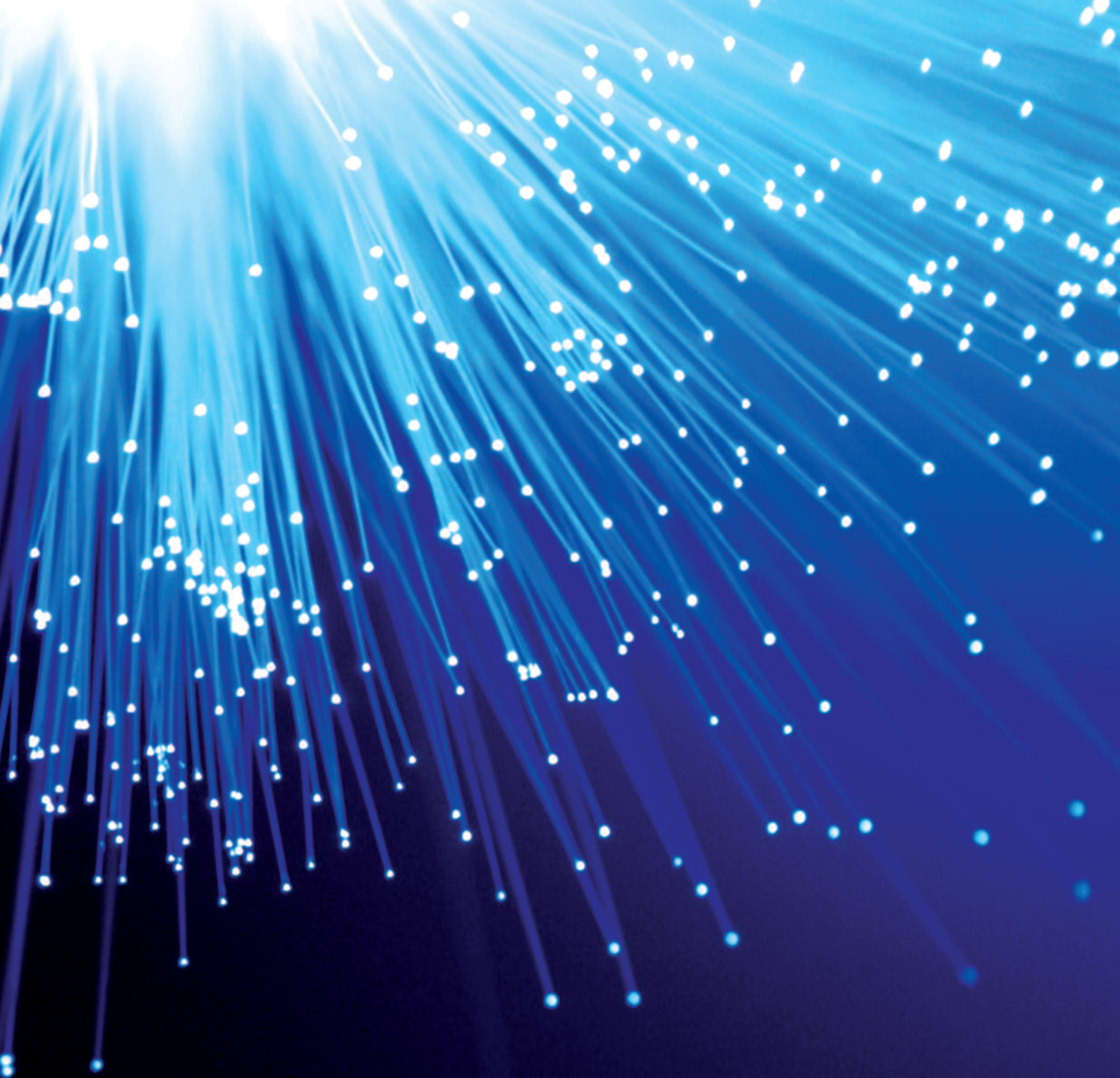
## **COAI SLP on CAG: Supreme Court**

COAI filed an appeal in Supreme Court against the Delhi High Court judgment dated 06.01.2014, on the jurisdiction of CAG to audit telecom companies.

The judgment in this matter was pronounced on April 17, 2014, dismissing the appeals filed by COAI challenging the jurisdiction of CAG to audit telecom companies while stating inter alia:

- CAG is not carrying out any statutory audit of the accounts of the service providers, but for the limited purpose of ascertaining whether the Union is getting its legitimate share by way of "Revenue Sharing". Service providers are, therefore, bound to provide all the records and documents called for by the CAG.
- CAG has a duty to examine and satisfy himself that all the rules and procedures in that behalf are being met not only by the Union but also the service providers.
- CAG's function is, therefore, separate and independent, which is not similar to the audit conducted by the DoT under Clause 22.5 or special audit under Clause 22.6. CAG's function is only to ascertain whether the Union of India is getting its due share, while parting with the right to deal with its exclusive privilege to the Service Providers, who are dealing with national wealth.





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