

Policywise

Indian Telecom Sector at a glance

The telecom services have been recognized the world-over as an important tool for socio-economic development of a nation. It is one of the prime support services needed for rapid growth and modernization of various sectors of the economy. Telecom industry in India has undergone a revolution in recent years. The country is ranked second worldwide in terms of having the largest telecommunication network, after China. With the ongoing investment deployment, the country is projected to see high penetration of internet, broadband and mobile subscribers.

An overview

Indian telecom sector is the fastest growing with average monthly addition of over 16 million subscribers

Second largest telecom subscriber base in the world with over 671 million connections

Second largest mobile network with over 635 million wireless subscribers

In the last five years, five fold increase in tele-density, ten fold increase in rural tele-density and four fold increase in urban tele-density

Comprehensive telecom coverage of almost out of a total 593601 villages

Lowest tariff in the world

More than 10 billion US \$ foreign investment in Indian telecom sector since 2000 (third largest sector after services and computer/IT)

More than 94.5 million broadband connections today, as compared to 0.18 million five years back

Objectives for 2010-11

To facilitate coherent growth of tele communications by formulating revised policy in the following areas for coherent growth of telecommunications:

Optimum utilization of scarce spectrum resources

To guard against malwares, spywares, trapdoors etc. in telecom networks and measures to deal with cyber warfare

Grant of licenses including rationalizing licence fee structure

Merger and acquisition including rationalizing usage charges

Convergence of IT, broadcasting the telecom Enhancing spectrum availability for commercial use

Rapid expansion of telecom infrastructure for voice and data with special emphasis on rural and remote areas

Developing consumer grievances redressal mechanism

Promoting R & D and manufacturing of telecom related equipments

Migration of networks from IPV 4 to IPV 6



For your record

304 million mobile subscribers,

355 million active connections

Average mobile users per household: 2.05;

Average active mobile connections per user: 1.17

Household-level penetration of mobiles: 61%;

Individual-level penetration 26%

50:50 split of mobile use in urban and rural areas.

Targets for provision of Broadband access:

20 million broadband connections by 2010

All 250000 gram panchyats to be covered with broadband connectivity by next year

Important policy initiatives

100 per cent Foreign Direct Investment (FDI) is permitted through automatic route in telecom equipment manufacturing

FDI ceiling in telecom services has been raised to 74 per cent

Unified Access Services Licensing regime for telecom services

3G and Broadband Wireless Access auction completed

Mobile Number Portability being implemented

Focus on broadband and rural telephony to cover maximum geographic reach

Support from USOF for cellular and broadband services in rural areas

Special Economic Zones policy

40 per cent rural tele-density by 2012

[Source: India Telecom Advertisement in Business Standard]

Service Providers

'Active' multiple connections

	Subscribers(%)	Subscriptions(%)
Airtel	27.7	28.0
Vodafone	15.6	15.3
Reliance	15.1	15.0
IDEA	13.1	13.0
BSNL	10.6	10.7
Tata Teleservices	7.7	7.5
Aircel	6.9	6.8

Handset brands

% of total active mobile handsets

	All India(%)	Urban(%)	Rural(%)
Nokia	62.2	65.2	59.1
LG	10.2	10.3	10.0
Samsung	9.2	7.7	10.7
Sony Ericsson	3.6	3.2	4.0
Micromax	1.6	1.0	2.3
Motorola	1.6	1.8	1.3

Safety and Healthwise

How safe are Mobile Towers

Whether mobile towers cause harm to the people living in the surrounding areas? Are mobile towers responsible for the 'fall of the sparrow'? These are some of the issues that are being debated since mobile towers came into being. As mobile towers proliferate on buildings across different cities, telecom industry has been quoting several international studies, including data from the World Health Organisation, to say that existing studies and current evidence do not show evidence of health consequences from exposure to low electromagnetic fields.

According to the Cellular Operators Association of India, electromagnetic field radiations from mobile communication systems lie in the non-ionising part of the electromagnetic spectrum and do not break bonds that hold molecules in cells together. Officials of the Association say that radio frequency emissions from mobile phones and base stations are hundred times lower than the levels at which the first health effects begin to be established. Similar is the view of Dr. Purvish Parekh, oncologist and Managing Director, Americares India. He says that he had not witnessed an increase in the incidence of cancer in general or brain tumours in particular, over the last decade.

[Source: *The Business Line*, 28.9.2010]



Ban on mobiles with high radiation levels



The Directorate General of Foreign Trade (DGFT) will come out with new rules banning import of phones that emit radiation higher than what is permitted under the Specific Absorption Rates (SAR) standards. The SAR shows the amount of radio waves absorbed by the body while using a mobile phone. These standards are adopted by the Government is based on the guidelines set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

SAR is measured in watts per kilogram (W/kg) and the higher the SAR rating, the more the radiation absorbed.

ICNIRP has stipulated that manufacturers must ensure that the SAR level of a cell phone does not exceed 2W/kg. These guidelines are followed globally by a number of countries including the US, France and the UK in a bid to limit radiation exposure to consumers. The Department of Telecommunications (DoT) has finalized radiation protection norms for mobile handsets and sent them to the Commerce Ministry for notification. Currently a large number of handsets from China and Taiwan, which do not conform to these radiation standards, are flooding the market in the absence of import norms.

All branded mobile handset makers, including Nokia and Samsung adhere to the global norms but there is no check on handsets sold in the grey markets. Once the DGFT issues the notice, the customs authorities will ensure that all mobile handsets being imported into India have certification from manufacturers that they meet these standards. Earlier the Government had banned devices without proper International Mobile Equipment Identity (IMEI) number. IMEI is a unique 15 digit code that identifies a mobile. It prevents the use of stolen handsets for making calls and allows security agencies to track down a specific user.

Ban on mobiles without IMEI only on paper

According to a compliance check conducted by the DoT, all the operators are still offering services to users owning handsets without the IMEI number. Though the ban has come into effect from November 2009, the

Mobile connections using mobile phones with fake IMEI or all-zero IMEI numbers to be disconnected by 30th November 2009

checks conducted by the Telecom Enforcement Resource and monitoring wing of the DoT has revealed that the ban order is yet to be implemented. In Assam, for example, every tenth call

from a mobile phone was found to be from a handset without the unique number and operators are allowing such calls to go through.

RTI application reveals Rules for installing telecom towers

Application submitted under the Right to Information (RTI) Act, by a resident of Bangalore, has revealed the various rules and regulations to be followed before installing telecom towers. It is mandatory for the telecom service providers to obtain clearances and inform local authorities and seek the resident's permission before installing the towers. A circular issued in November 2001 specified that captive power generator sets cannot be placed on the roof top of any building.



Another government order dated 29th May 2002, states that companies should seek the approval of Air Traffic Controller, Airport Authority of India for exemption of roof top antennae from restriction. Further, for ground antennas, clearances should be obtained from Electrical Inspectorate, the Directorate of Fire Services and from the owners' association.

[Source: *The Deccan Herald*, 10.8.2010]

Mobiles more dirty than toilet handle

A sample study of mobile handsets made by Which? Magazine has found that the average mobile phone carries 18 times more potentially harmful germs than a flush handle in a men's toilet. The report suggests that 14.7 million of the 63 million mobiles in use in Britain could be potential health hazards. One of the phones in the tests had such high levels of bacteria that it could have given its owner a serious stomach upset.

The most unhygienic phone also had 39 times the safe level of enterobacteria, a group of bacteria that live in the lower intestines of humans and animals and include bugs such as salmonella. According to Which?, the bugs end up on your hands which is a breeding ground and be passed back to your phone. They can be transferred back and forth and eventually you could catch something nasty.

Telecom Governance

Telcoms to furnish revenue sharing data

The Supreme Court has directed that private telecom companies, which are members of Cellular Operators Association of India (COAI) to submit their revenue



sharing details to the Comptroller and Auditor General (CAG) of India. However the CAG cannot examine these financial statements till the Delhi High Court, which is hearing the matter, decides on the statutory auditor's jurisdiction to audit the documents. The CAG wanted to find out whether there are any instances of revenue under-reporting from computing the license fee. The GSM operators body COAI and CDMA companies' organization AUSPI had challenged the CAG's direction to the members of these two associations to provide revenue sharing documents for the purpose of carrying out auditing.

Majority 2G licenses illegal, says CAG

The CAG has told the DoT that a vast majority of the 126 licenses controversially issued by the government in 2008 are illegal. According to media reports, CAG wrote to DoT in September that over 75 licenses issued in the 2G spectrum allocations have violated several of the guidelines for Unified Access Services License in a service area. The CAG's communication to DoT says over 75 of these licenses were awarded to companies that did not meet several of the basic criteria laid down under the license conditions.

The finding comes over and above CAG's draft report that has indicated A.Raja, the Minister for Telecom, for personally approving many of the important decisions that finally resulted in nine companies – five of them with no experience in the telecom sector – pocketing precious spectrum at throwaway prices. The CAG has also found some cases of forgery. In many of the licenses, the Memorandum of Association of the applicant companies did not specify that they were being set up for telecom business, many of them were for construction.

[Source: *The Times of India*, 27.9.2010]

CAG's powers questioned

The DoT has told the CAG that it has no powers to challenge the policy decisions taken by the Government. This comes after the CAG questioned DoT's policy to award 2G licenses to new players in 2008. While the DoT had earlier responded to questions raised by CAG, has now taken a position that the powers and duties of the CAG



under Article 149 of the Constitution do not give the auditing body power to challenge government policies. DoT's latest position is based on the opinion of the Ministry of Law and Justice. The Ministry of Law & Justice had opined that the CAG has no power to challenge policy decisions taken by the government.

[Source: *The Businessline*, 28.9.2010]

COAI non-transparent claims Tata Teleservices

In a major setback to COAI, the Tata Teleservices (TTSL) has resigned from the membership of COAI. According to reports in the media, TTSL has said that the COAI is not a transparent association and represents the views of only a few selected



old players, as all powers/rights are vested in their hands. The TTSL has said that the COAI's functioning is 'undemocratic, biased, non-transparent and unethical'. Further, it has said that the COAI along with these few older players, has become an obstacle in the growth of the Indian telecom industry.

However the COAI has denied these allegations. Replying to the above, the Director General of COAI has said that 'TTSL is a member of two associations – AUSPI and COAI. So it is obvious that there is a conflict of interest. This type of observation is probably borne out of frustration, rather than fact'

[Source: *The Times of India*, 13.7.2010]

Mobile Players under CVC scanner

New GSM mobile operators including Loop, Etisalat DB and Videocon have come under the Central Vigilance Commissioner's scanner for not rolling out services within the stipulated time. Five mobile operators including Uninor, Videocon, Etisalat DB, Loop and STel, were given licenses in 2008, but so far most of them have not launched services for all their circle areas. According to terms and conditions specified in the license, they are required to cover at least 10 per cent of each district headquarters in a circle in the first year and complete rollout in all the circles within three years.

The first year obligation has been missed even as the three year deadline is fast approaching. Only Uninor and STel have made some progress but even they are lagging behind the rollout obligations under the license. According to the data released by the COAI, the five players together added just 1.7 million new users in June 2010. This is not even 12.29 million new subscriber base added by the entire GSM industry. Uninor had got one million new users in the first month, but since then the growth has been slow.

[Source: *The Business Line*, 21.7.2010]



Telecom Complaints handled by CREAT

Since its inception in 1993, CREAT has been assisting consumers in getting their grievances heard and settled by respective service providers, marketers etc. After the Telecom workshop held on 4th August 2010 at Bangalore, CREAT has been receiving a number of complaints from telecom users. As a policy, CREAT will forward the complaint to respective service providers



with a copy to TRAI. We are happy to note that all the complaints relating to telecom except one, received during July-September 2010 have been redressed. The following are the highlights of the complaints.

Mr.S.Kalyanaraman, from Bangalore, had a prepaid mobile connection with Airtel (No.9731864079, landline 080-23657771) His grievance was that he was receiving a SMS from a particular number and the moment he tried to read the message, it responded thanking the customer for subscribing. As a result his account was debited for five times in a month. Complaints to AIRTEL did not work. CREAT forwarded the complaint to AIRTEL and the same has been solved. AIRTEL has informed that the amount has been credited back to the customer's account.

Mr.Chandrashekar N Hegde (No.9591147400, Landline 080-2343575) had obtained a prepaid connection in September 2009 after submitting all required documents. But the connection was de-activated citing DoT circular. The customer submitted all the documents again in September 2010 and obtained the acknowledgment from Airtel office in RT Nagar, Bangalore. He also paid the required fee of Rs.50 as demanded by Airtel. The customer was promised that the phone will be activated within 72 hours. But this was not done. CREAT took up the matter with AIRTEL and now we are informed that the connection has been activated.

Lower Tolerance – Indians want a reply in 63 seconds

The tolerance level of Indians towards telephone response is getting thin over the years. A recent study has found that an Indian consumer will bang the telephone in 63 seconds if he or she does not get a reply on dialing a contact centre number. Indians, are however, slightly better than Malaysians who will wait only up to 50 seconds. It was 82 seconds in Australia, 87 in New Zealand and 69 in Singapore.

According to the Callcentres.net, a Sydney based research and online publishing company, one in every two consumers who are dissatisfied with their call centre experience is likely to switch to a competitor. In other words, a company could lose customers if its call centres do not respond quickly and sort out the problems of customers. In the Avaya Contact Centre Consumer Index 2010 report generated by Callcentres.net nearly 300 respondents from India were asked about their satisfaction with their last call to a contact centre. Respondents who did not express a high level of satisfaction during the last interaction with a contact centre either blamed the inability of the centre to resolve their problem or the excessive time taken to resolve their problems. Across Asia-Pacific, 36 per cent of all respondents regarded poor customer service as a key factor in switching to a competitor.

[Source: The Business Line, 10. 7.2010]

Complaint pending with IDEA

Mr.Saju, a customer of IDEA (No.9930989067, 9702366235) had complained that the SIM has not been activated even after six days of lodging the complaint. He has said that every time he tries to contact the service provider he has a message in Hindi to contact the call centre as all other calls are barred. The Complaint has been sent to IDEA, Reply awaited.

Telecom related meetings

CREAT and its members attended the workshop on 'Consumer Protection Issues in Telecom Sector' on 4th August 2010 at Bangalore, organized by TRAI. Mr.Y.G.Muralidharan, Managing Trustee, CREAT, made a presentation about the activities of CREAT and also asked voluntary consumer groups to focus more on advocacy issues without restricting themselves to grievances of consumers.

CREAT also participated in the customer meetings organized by Uninor and Reliance in Bangalore. However CREAT could not participate in the meeting organized by Airtel.

Paper on Customer Charter

TRAI had sent a draft consultation paper on Customer Charters prepared by service providers. CREAT has made a detailed analysis of the draft and has sent to TRAI.(The Paper can be viewed in www.creatindia.org)



TRAI has approved the proposal of CREAT for conducting Six workshops in various parts of Karnataka.

CREAT will be organizing these workshops and establishing Consumer Advocacy Groups in Chintamani, Chickmagalur, Tumkur, Hassan and in two other districts. The first workshop will be held in Chintamani during November 2010.



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