

WISHING YOU A HAPPY & PROSPEROUS NEW YEAR

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1. Subscriber Numbers for December 2005

A. GSM Subscribers

The Indian GSM industry achieved a **record growth (3.2 million) in subscriber numbers for the month of December 2005, which is 38% higher than the growth recorded in the previous month (2.32 million)**. The All India GSM subscriber base reached **58.51 million in December '05**, up from **55.31 million in November 2005**, representing a **growth of 5.79% for the month under review**.

The **monthly subscriber additions in December'05 were 225% the monthly subscriber growth recorded in December'04 (1.42 million) and were double the average subscriber growth recorded in the previous 11 months of the calendar year (Jan-Nov'05 – average subscriber additions were 1.6 million a month)**.

The **Metro** subscribers grew by 3.71% over the previous month. Although Delhi and Mumbai continued to dominate in absolute terms, highest growth rate was recorded for Chennai (4.26%).

Category C Circles continued to witness the highest rate of growth at 10.07%, which is much higher as compared to metros and A & B circles. Within the C circles, the highest additions were recorded by the North East Circle (12.99%) followed by Assam (10.98%) and Orissa (10.83%).

Category C was followed by **Category B Circles**, which recorded a healthy growth of over 6% over the previous month. Highest additions were recorded in West Bengal, Andaman & Nicobar (12.06%) followed by Kerala (10.11%) and Rajasthan (9.35%). **Category A** circles witnessed a growth of 5.8%. Amongst the Category A circles, Gujarat recorded highest growth of 9.5% over the previous month, followed by Andhra Pradesh (5.89%) and Karnataka (5.75%).

A summary picture of the company wise performance is given below:

SI No.	Company	No of Subscribers (In Mn)		% Market Share		Service Areas
		Nov'05	Dec'05	Nov'05	Dec'05	
1.	Bharti	15.41	16.33	27.87%	27.91%	23
2.	BSNL	13.29	14.30	24.02%	24.44%	21
3.	Hutch	10.68	11.41	19.31%	19.50%	13
4.	IDEA	6.21	6.47	11.23%	11.06%	8
5.	BPL	2.87	2.89	5.19%	4.94%	4

6.	Aircel	2.22	2.28	4.03%	3.90%	6
7.	Reliance	1.62	1.67	2.94%	2.85%	8
8.	Spice	1.55	1.63	2.81%	2.79%	2
9.	MTNL	1.44	1.53	2.61%	2.61%	2
	TOTAL	55.31	58.51	100.00%	100.00%	

The details of CDMA (digital mobile) are dealt with in the next section.

B. CDMA Mobile Subscribers

The total cumulative all India CDMA subscriber base rose by 1.25 million from 15.53 million in November 2005 to 16.78 million in December 2005, representing a growth of 8.10% in the month under review. A summary picture of the company wise performance is given below:

SI No.	Company	No of Subscribers (In Mn)		% Market Share		Service Areas
		Nov'05	Dec'05	Nov'05	Dec'05	
1.	Reliance	12.229	13.014	77.30%	77.54%	20
3.	TATA	3.208	3.680	22.08%	21.92%	20
5.	HFCL	0.062	0.063	0.43%	0.38%	1
6.	Shyam	0.027	0.027	0.19%	0.16%	1
	TOTAL	15.526	16.784	100.00%	100.00%	

Source: AUSPI

At the end of the year 2005, there was a total of about 75 million mobile subscribers out of which **78%** constituted of **GSM** and 22% of CDMA. Over the previous year, **78% of the new subscribers opted for GSM** whereas 21% opted for CDMA. The net additions over the previous year were 21 million subscribers for GSM and 6 million for CDMA.

2. TRAI's Consultation Paper on Convergence and Competition in Broadcasting and Telecommunications

On **January 2, 2006** TRAI issued its Consultation Paper on Convergence and Competition in Broadcasting and Telecommunications focusing on the need to bring about convergence in all aspects of regulation of these industries. The Consultation Paper deals with the impact of convergence on markets, regulations and customers. It brings out the developments that have

taken place in the rest of the world on bringing about convergence in regulation and also dealt with the problems being faced in India as a result of lack of converged regulation.

The issues for consultation are as listed below:

- a. Need for a comprehensive legal framework for promoting convergence.
- b. Approach to unified licensing.
- c. Technology and service neutral spectrum licensing.
- d. Issues on which suggestions have been made by the Committee on Broadband and Telephony over cable TV networks such as rationalisation of differential customs duty regime, restriction on use of protocols, license fees, right of way.

The Authority has sought comments from all stakeholders by January 30, 2006.

A copy of the Consultation Paper is available at the following link:

<http://www.trai.gov.in/cpaper2jan06.pdf>

3. Lifetime Validity Tariffs

COAI in October wrote to TRAI regarding the 'Non Stop Mobile' prepaid plan of Tata Teleservices Limited, under which incoming calls were allowed to the subscriber for a period of two years even after exhausting the talk time. COAI opined that this plan violated the guidelines specified by the Government and TRAI for reporting of subscriber base. COAI also submitted that this would affect the spectrum allocation criterion as spectrum is allotted on the basis of subscriber figures of the operators. COAI requested TRAI to intervene in the matter.

In response to COAI's letter, TRAI rejected COAI's submission and cleared the tariff package of Tata.

In light of the above, most Service Providers introduced competitive packages with lifetime validity to safeguard their market and subscribers.

Subsequently, TRAI on **January 10, 2005** wrote to all the CMSPs raised questions regarding the lifetime validity tariffs and also sought for cost information in this regard before January 20, 2006.

4. Presentation to DoT on COAI's Proposals for Union Budget 2006-07

On **December 29, 2005**, Director General, COAI made a presentation to DoT on COAI's proposal for the Union Budget 2006-07. The presentation highlighted the present status of the Indian Cellular Industry and the high incidence of levies and duties on the sector. It also dealt with the key proposals for the Union Budget 2006-07.

A full copy of the presentation can be obtained from the COAI Secretariat.

5. COAI tie-up with Exhibitions India

On **December 28, 2005**, COAI and the **Exhibitions India Group** entered into an agreement to jointly organize the annual international Convergence India Exhibition and Conference. The 14th **Convergence India Exhibition and Conference** to be held from 21 – 23 March 2006 at Pragati Maidan, New Delhi, would be the first joint venture between the two partners.

This collaboration would bring together and synergize for the first time, the joint strengths of COAI, which is well recognized as “the voice of the Indian Cellular industry” and the Exhibitions India Group who are the leading exhibitions and conference organizers in India.

6. Intelligent Network Services

A. TRAI's Draft Regulation on Intelligent Network Services

On **December 2, 2005**, TRAI issued its Draft Regulation on Intelligent Network Services to enable subscribers of all service providers to get access to all the IN Services. The main highlights of the draft regulation were:

- i. All telecom consumers in the country to have access to Multi-Operator Multi-Service Intelligent Network (IN) Platform of their choice and no Operator to be allowed to block his consumers from accessing IN platforms of his choice.
- ii. It would be the Access Providers' prerogative to deploy their Intelligent Network (IN).
- iii. Out of three Intelligent Network Architecture considered by the Committee, the Authority opted for the Option 1, as it was consistent with the security considerations. Moreover, availability of called parties' B number was also ensured in this option with the originating service provider.

- iv. Based upon the Services Features and Network Architectures, the Charging, Billing and Sharing of the Revenues would be decided by the concerned Operators through mutual commercial arrangement.

A full copy of the Draft Regulation is available at the following link:

<http://www.trai.gov.in/regu2dec05.pdf>

B. COAI's Response

In response to TRAI's Draft Regulation, COAI vide its Letter No. TVR/COAI/203 dated **December 27, 2005** stated that several issues related to the regulation raised by COAI in the recent past were not addressed in the Draft Regulation. COAI once again reiterated the issues.

- i. The terms of the Draft IN Regulation were in conflict with the existing license agreements.
- ii. There were contradictory issues relating to Interconnect Usage Charges, which need to be addressed.
- iii. Many issues of the Draft Regulation were not in conformity with the various court orders/ license agreements.
- iv. There was no clarity on sharing of active infrastructure for IN Services thus creating a non-level playing field.
- v. In order to provide free choice to all the subscribers for IN Services of all INSPs, very clear billing, charging and revenue share guidelines needs to be established and should form a part of the IN Regulation.
- vi. The Draft IN Regulation was silent on the issue of start up cost coupled with "media cost" for establishing the connectivity for IN Services. Further, there is ambiguity for continued investments for platform upgrades for deployment in a multi-operator, multi-service environment.
- vii. The Authority should ensure that in order to have accurate billing and settlement between parties, all the Service Providers must have CDR based inter-carrier billing services in place before mandating interconnection.
- viii. The technical feasibility of IN services offered to prepaid users needs to be worked out which would require upgrades thus resulting in increased cost.
- ix. The protocol compatibility of the operators needs to be addressed.
- x. There was no mention of use of IN services by National & International roamers in the Draft Regulation.

7. TRAI's Recommendations on Promotion of Competition in International Private Lease Circuits (IPLC) segment

On **December 16, 2005**, TRAI submitted its recommendations on Promotion of Competition in International Private Lease Circuits (IPLC) segment. TRAI had already specified a ceiling tariff substantially lower than the market price for IPLC. In addition to it the following recommendations were made:

- a. No change in the entry fee and annual license fee in view of recent downward revision by Government.
- b. Resale for IPLC to be permitted w.e.f. February 2007 i.e. after 5 years of opening up of ILD sector for competition and existing license conditions of ILDO license to be suitably amended. Terms & conditions for resellers to be fixed by regulator through a consultative process.
- c. Access to essential facilities at Cable Landing Station (CLS) and permission for landing of new cables to be mandated without any time limit. The license conditions to be accordingly modified to enable the regulator to issue requisite regulation.
- d. International cable carriers to be allowed to terminate cable capacities on existing cable landing stations and to provide IPLC to ILD operators. Such carriers to be licensed with the Government as International Infrastructure Providers without any Entry fee and annual revenue share.

A copy of the detailed Recommendations is available at the following link:

<http://www.trai.gov.in/recom16dec05.pdf>

8. Mobile Number Portability

COAI has commissioned 'Spectrum Strategy Consultants' to carry out a detailed study on the issue of the Mobile Number Portability.

Spectrum Strategy Consultants is a leading international strategy consultancy focused on covering industries of telecommunications, media and information technology and have got relevant experience in the field of MNP. They would carry out the study in four phases including technical Feasibility, Economic feasibility, Market research and Impact on QoS. It is expected that they would be able to complete the study in about 3 months.

9. TRAI Recommendations on Growth of Telecom Services in Rural India

On October 3, 2005 TRAI had submitted its recommendations on growth of Telecom Services in rural India. Subsequently Dr. Arvind Virmani, Part Time Member of TRAI, presented a paper giving his suggestions on these issues on **December 5, 2005**. The Suggestions made in the paper were as follows:

- a. Spectrum Charges on the use of rural spectrum should be completely eliminated as long as long as excess spectrum supply situation exists in rural areas.
- b. All license fees in rural areas to be eliminated. In case of license fee based on revenues, there would be two ways of doing it:
 - i. For existing operators make the elimination contingent on satisfactory accounting and audit system to ensure distinction between rural and urban source revenues.
 - ii. Create a national universal rural telecom license that would allow a company to operate any and all telecom services exclusively in rural areas.
- c. Subsidies on BTS and Satellite Bandwidth should be considered as an additional incentive after reducing spectrum fee and all other license fees to zero and should be applied only to remote and inaccessible areas.

10. Telecommunication Tariff Order (41st Amendment)

On **November 29, 2005** TRAI vide its Amendment to Telecommunication Tariff Order (41st Amendment) notified that the International Private Leased Circuit (IPLC) ceiling tariff fixed earlier vide 39th Amendment to Telecommunication Tariff Order dated 8th September, 2005 would take effect from 29.11.2005.

11. Direction to CMSPs to Meet QoS Benchmarks by December 31, 2005

A. TRAI's Directive

On **November 30, 2005**, TRAI issued a Directive to all the CMSPs to ensure by December 31, 2005, that the Quality of Service (QoS) parameters, including the level of PoI congestion, in their respective networks was strictly within the benchmarks laid down by the Authority.

B. COAI's Response

In response to the TRAI's Directive, COAI vide its Letter No. TVR/COAI/198 dated **December 6, 2005** submitted that the Authority was well aware of the ground realities and the constraints faced by CMSPs in providing the desired QoS, which inter alia included:

- i. Delay in Provision of Interconnection to Private CMSPs
- ii. Inadequate Spectrum Allotment
- iii. Restriction/ delays in getting requisite permission of installation of cellsites
- iv. Absence of a TRAI approved RIO for Interconnection from the incumbent PTTs.

In view of the above submissions, COAI requested the Authority to review the matter and withdraw its Directive until the above concerns were addressed.

C. TRAI's Letter

In response to COAI's letter TRAI wrote to COAI on **December 19, 2005**, rejecting the concerns of the CMSPs and in fact leveled several allegations against CMSPs.

D. COAI's Response

In response to TRAI's above letter, COAI denied the allegations made by the Authority and sought more time to respond substantially to the various statements made by TRAI. COAI once again requested that in the interim, the Authority may keep its Directive in abeyance.

12. TRAI Study Paper on Quality of Service of Cellular Mobile Service in Mumbai Metro Circle.

On **November 22, 2005**, TRAI issued a Study Paper on mobile coverage in Mumbai Metro circle. The results of the paper highlighted that the quality of service of networks in terms of coverage, interference and call drops are not as per the prescribed standards. The paper also stated that these problems are due to the inability of operators to provide sufficient towers/ cellsites and saturation of the allotted spectrum. The TRAI stated that it would raise these issues with the concerned authorities for effective improvements in networks.

A full copy of the Study Paper is available at the following link:

<http://www.traigov.in/spaper22nov05.pdf>

13. Infrastructure Sharing

On **November 11, 2005** the Government initiated an exercise to extend the mobile network in rural areas by considering extension of USO subsidy support for shared wireless infrastructure in rural and remote areas. In this context the Government issued a background paper outlining the objectives of the exercise and also proposing a few possible models on how this scheme could be implemented. Government sought the views of all concerned stakeholders on this subject.

In its response to the Government dated **December 2, 2006**, COAI heartily welcomed this landmark initiative of the Government and opined that the scheme would truly kickstart the telecom revolution in the rural and remote areas of the country. The key submissions made by the COAI to the Government were as below:

- a. The exercise should be as broad based as possible and include participation of all interested operators
- b. Bidding should be avoided as it would not only lead to delays but could also derail the process if unrealistic bids were made in order to obtain the tender
- c. The designated area of participation should be the SSA/District.
- d. The items eligible for subsidy support should include land, building, tower, power supply and backup, BTS and backhaul to the nearest city/town
- e. The terms and conditions for infrastructure sharing should be clearly spelt out upfront and not left for subsequent mutual negotiations.
- f. Maintenance of the infrastructure should be done by the person who creates the same, etc

To discuss the above scheme and to share the views of all stakeholders a meeting was held by the Government of **December 13, 2005** wherein the Government after taking into consideration all responses tried to arrive at a common consensus approach to implementation of the scheme. The proposed outline of the scheme was submitted as under:

- a. The scheme could be introduced on a district wise basis
- b. The tender would be awarded after a bidding process and that bids would be invited against a composite benchmark.
- c. Subject to case by case exceptions
 - Subsidy would be given for 8 towers per SDCA
 - The tower would have to be located at least 5 kms away from the urban boundary
 - Minimum distance between towers would be 8-12 kms
- d. The infrastructure would be shared by three operators
- e. Government would issue broad guidelines on infrastructure sharing

While initially the scheme was only being considered only for service providers, there was a view expressed at the meeting on December 13, 2005 that independent infrastructure providers, both public as well as private should also be permitted to participate in this exercise.

This issue is presently being considered by the Government. Government has also sought further inputs and clarifications from service providers. The scheme is still in the process of being fine-tuned and it is expected that the same may be finalized by the end of this fiscal.

14. Forthcoming Event

3G INDIA 2006, 17-18 January 2006

COAI would jointly organize a GSM Cellular Conference on 17 & 18 January 2006, at Renaissance Mumbai Hotel & Convention Centre, Mumbai, along with M/s Informa Telecoms & Media U.K. The objective of the conference would be to facilitate the coming together of various international experts from the GSM community on a common platform to discuss issues that really affect mobile businesses.

For further details please visit: www.gsmconferences.com/gsmindia