

The Telecom Regulatory Authority of India (TRAI) has released a consultation paper on Mobile Value-Added Services (MVAS) to provide a suitable platform for discussing the key issues relating to the provision of these services.

With technology developing rapidly, mobile phones have evolved from being mere communication devices to smartphones that have the ability to tap a plethora of information and services, TRAI notes. Telecom today has moved beyond voice communication to include a range of value-added services (VAS).

MVAS enables subscribers to use their mobile phones for a host of purposes such as messaging, gaming, listening to music, getting updates on news, astrology, flight information, etc., as well as for taking pictures, surfing the net, and mobile banking including mobile payments. According to TRAI, since a mobile phone empowers users with information and data services, it can be used to bridge the digital divide in the country given its rapid proliferation across India, including rural areas. It can be used to provide services like banking, health and tele-education through innovative applications.

Further, about 50 per cent of the population is below the age of 25 and more than 65 per cent is below the age of 35. This makes India one of the youngest countries in the world. Younger telecom subscribers are typically the major users of MVAS.

Besides benefiting consumers, MVAS is also a tool for generating additional revenues, service differentiation and customer retention for service providers. MVAS is expected to drive the next wave of growth and generate a large part of future revenues.

Currently, the contribution of non-voice revenue to the total revenue of Indian mobile operators is just 11 per cent, which is significantly lower than the revenue in developed markets. The potential for VAS revenues appears all the more significant at the present juncture given that India has recently introduced 3G and broadband wireless access services, which allow operators to offer users a wide range of advanced applications and services.

According to an ASSOCHAM study, the market size of MVAS is forecasted to reach Rs 482 billion by 2015. Therefore, a large part of the revenue for telecom service providers will come from MVAS. Given this emerging market potential, TRAI believes that it is important to establish a harmonised ecosystem for all segments, including content development, technology platforms and content aggregation. Its recently released consultation paper focuses on the approach, regulatory guidelines, and terms and conditions with respect to licensing and providing VAS.

Some key issues brought out by TRAI for consultation are as follows:

- Are the current provisions under various licences (UASL, CMTS, basic and ISP) adequate for the MVAS market to grow to the desired level? If not, what are the additional provisions required under the current licensing framework?
- Is there a need to bring VAS providers offering MVAS under the licensing regime; if yes, should it be in the unified licence category?
- Is there a need to ensure that VAS providers get their due revenue share from service providers so that the development of VAS is up to its full potential?
- Is there a need to regulate the revenue sharing model or should it be left to commercial negotiations between VAS providers and telecom service providers?
- Should the revenue share be different for different categories of MVAS?
- What measures are required to ensure the reconciliation of management information system in a transparent manner?
- Does the existing framework for allocation of short codes to access MVAS require any modification?

- Should short codes be independently allocated to telecom service providers and VAS providers? Would it be desirable to allot the short code centrally, making it uniform across operators?
- Should there be a fee for the allotment of short codes?
- Is there a need to provide open access to subscribers for MVAS of their choice?
- What other measures need to be taken to promote open access to MVAS?
- What measures are required to boost the growth of utility MVAS like m-commerce, m-health, m-education, m-governance, etc. in India?
 - Should the tariff for utility services provided by government agencies through the MVAS platform be regulated?

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