



PAKISTAN TELECOMMUNICATION AUTHORITY  
HEADQUARTERS, F-5/1 ISLAMABAD  
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**Enforcement order under section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 against M/s Hazara Communication (Pvt.) Ltd**

Date of Issuance of Show Cause Notice: 12<sup>th</sup> November, 2010  
Venue of Hearing: PTA HQs, Islamabad  
Date of Hearings: 17<sup>th</sup> May, 2011

The Authority present:

Dr. Mohammed Yaseen: Chairman  
Dr. Khawar Siddique Khokhar: Member (Technical)

The Issue:

**Non-compliance of license terms and conditions with respect to billing record and subscribers antecedents**

**DECISION OF THE AUTHORITY**

1. M/s Hazara Communications (Pvt.) Ltd. (the "licensee") was awarded a non-exclusive local loop license No.LL-12-2004 dated 20<sup>th</sup> July, 2004 (the "license") by the Pakistan Telecommunication Authority for provision of licensed services in the licensed region of HTR to establish, maintain and operate telecommunication system subject to terms and conditions contained in the license.
2. Briefly stated facts of the case are that the Authority has conducted a technical survey of Local Loop licensees wherein the following observations were found against the licensee:
  - i. Pre-paid recharging instead of issuing proper bills to the customers;
  - ii. Not permitted physical visit of Customer Premises Equipment (CPEs)/Switches despites repeated requests;
  - iii. Examination of the information provided by the licensee regarding CSAFs provides that the licensee has issued majority of numbers without fulfilling the requirements as set out in the procedure provided by verification of fixed line

subscriber's antecedents duly communicated to the licensee vide PTA's directive dated 28<sup>th</sup> June, 2005;

- iv. The licensee has originated 122913 minutes from only 148 connections during the month of May, 2010; and
- v. As per analysis of licensee's CDRs of incoming and outgoing calls, it is found that 79 numbers were making outgoing calls only whereas non incoming calls were received on these numbers and these numbers were not found in PTCL CDRs of outgoing call of the licensee.

3. The aforementioned discrepancies at the part of the licensee tantamount to contravention of license condition No(s). 7.1.3, 7.4.1., 7.4.2 and clause 6.4.1 read with clause 19 part 5 of schedule 2 of the Pakistan Telecommunication Rules, 2000 and regulation 46 and 47 of the Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006. Due to said contravention and violations a Show Cause Notice (SCN) was served on the licensee, calling upon it, to remedy the contravention by:

- i. Ceasing/stopping unapproved prepaid recharging system and to implement proper billing system as per the license conditions 7.4 of the licensee with immediate effect of the issuance of SCN.
- ii. Providing correct and updated information of its customers along with copies of CNICs; and
- iii. Arranging inspection of its CPEs/Switches within seven days.

4. The licensee vide letter dated 20<sup>th</sup> November, 2010 replied the SCN and denied all allegations leveled in the SCN. Reply of the licensee is reproduced below:

**SHOW CAUSE NOTICE UNDER SECTION 23 OF THE PAKISTAN TELECOMMUNICATION (RE-ORGANIZATION) ACT 1996 (THE "ACT")**

**Subject: Reply to your letter Ref. No 10-34/2010-Enf/PTA(pt)/799 Dated: 12 NOV 2010**

1. ***There has been no violation of clause 7.4.1 and 7.4.2 as we give complete details of the type of services provided and the units for which charges are made including all requests detailed in the above stated clause. All record of this billing is retained by the licensee and customers are duly identified. All billing requirement are met and available for confirmation and checking. The billing system is proper and in accordance with the contractual obligations. There is no bar on e-billing and no bar on advance billing in the contract. In fact we are maintaining a billing system far in advance of any other licensee which has 100% transparency, i.e., digitally recorded and can be accessed with ease of speed. The Pre-paid charging systems employed by other licensees are used by the answering company.***

2. *No details of refusal of any physical visit of CPE have been detailed. We vehemently deny any such action on our part. Our premises are open to such visits at any time on short notice.*
3. *All numbers have been issued to fixed line subscribers in accordance with our contractual obligations including the supply of identity card copies and antecedents. There is no incorrect or misleading information given to the authority. Any confusion of any specific case may be pointed out and clarification obtained from us. We remain open to all queries and clarifications regarding the above.*
4. *It may be appreciated that the licensee is working under extreme pressure and constraints as the service providers and mobile companies have under open market policies of the PTA lowered their rates drastically after the obtaining of licenses by the local loop operations. In fact, obtaining and retaining customers under such adverse market conditions is becoming impossible and our huge investments are at constant risk.*
5. *The 148 connections generating 122913 minutes in one month comes to less than 27 minutes per connection per day which is not an amount of traffic that should raise any suspicions. It may also be appreciated that we retain customers by providing them specialized and personal service and such customers often become our customers only when for brief periods they want to be in touch with someone (visiting family members or some specialized business visits) for brief periods of activity. This reduction and rise of traffic thus extremely normal and could be noticed throughout our operation. If one of these peaks and troughs has occurred at the time of examination of PTCL exchange is a mere co-incidence. This also explains the absence of incoming or out going calls from some of these numbers.*
6. *Never the less, we are extremely vigilant to ensure that co-operation with the authority has always been extended and your staff on a surprise visit checked every thing physically including the checking of our customers through making calls directly to them. Being a surprise visit we may not have able to produce our records immediately and the matter was responded to immediately through our letter dated 31<sup>st</sup> May 2010 (copy enclosed). No subsequent visits materialized when we made sure that all officers and record would be available for no fault of ours.*
7. *It may lastly be pointed out that the notice issued is in a wrong name and address which causes delay in receipt of letters, we only presume that the notice is related to our company because the Hazara Communication (Pvt.) Limited to whom the letter was addressed was not a local loop operator and has winded up its business from the neighboring premises.*
8. *We are:*
  - (i) *Ensure that the bills of the customers are delivered to them through e-mails in addition to the access provided to them through the internet. We are also changing the format of the bills so that they are more easily understandable. As explained earlier we are not issuing any pre-paid cards but only charging*

*our customers in advance which practice is not barred by the license, however since our operations continue to be very limited in their quality of connections we are also amenable to any suggestion presently to change this policy to non-advance billing,*

*(ii) Totally prepared with the records solicited, and shall make them available at the time of any inspection. If the same are to be sent by mail, please indicate the format on which this information is to be provided, however we are as a measure of caution enclosing the data and copies of identity cards of the existing customers along with this reply.*

*(iii) Also available to inspections within seven days as per your notice, however we may please be informed of the exact date so that all the staff and record is available for your convenience.*

***It is therefore requested that the subject show cause notice may please be withdrawn and we may be informed of he same forthwith.***

4. In order to proceed further the matter was fixed on 17<sup>th</sup> May, 2011 for hearing, Mr. Raja Sahir Sarwar, CEO of the company, attended the hearing on the said date. He reiterated the same as stated in the reply. After hearing arguments/submissions, the licensee vide letter dated 18<sup>th</sup> May, 2011 was again asked to provide the following information of 168 numbers assigned and allocated to it:

- i. Subscriber' Antecedents;
- ii. Copies of customers agreement forms along with CNICs;
- iii. Month wise Billing details from March till July, 2010;
- iv. Month wise Incoming/outgoing Call Detail Record (CDRs) from March till July, 2010.

5. The licensee provided the requisite information along with copies of Customer Agreements Forms (CAFs), and CNICs, billing and Call Detail Record (CDR) for the period mentioned above. The said information was examined, however, the following discrepancies were found:

- i. Copies of only 24 CAFs without CNICs have been provided. The CNIC numbers have been written in CAFs copies which mean that the same is not obtained at the time of issuance of connection.
- ii. No billing details were provided. Only easy load i.e. balance recharging details provided.
- iii. CDRs show drastic decrease in active number in June-July, 2010.

6. In light of the aforementioned, it is concluded that the licensee could not maintain subscriber's antecedents and billing information as required under the provision of the license and SOP on verification of Mobile/WLL/Fixed line subscriber Antecedents dated 28<sup>th</sup> June, 2005. As per clause "a" of the said SOP the eligibility for getting a phone connection will be on the strength of the following documents:

- (1) Computerized National Identity Cards (CNICs)
- (2) National Identity Card (NICs)
- (3) For children under 18 years of age "Form-B" along with CNIC/NIC one of the parents;
- (4) For Foreign Nationals copy of Passport.

However, considering the online availability of customer's information as displayed by the licensee during the hearing, the Authority on compassionate grounds hereby imposes a fine to the tune of Rs.168000/- due to non-maintainability of subscribers antecedents, non-provision of billing information and CNICs of 168 numbers as communicated vide letter dated 18<sup>th</sup> May, 2011 pursuant to the hearing. The licensee is further warned to remove all discrepancies as referred at *para 5* above under intimation to the Authority within fifteen days from the date of issuance of this enforcement order.

7. The matter is disposed of in the above manner and the licensee is directed to deposit the fine and submit compliance report within fifteen (15) days from the date of issuance of this enforcement order.

8. In case of failure to pay the fine and submission of compliance report within the stipulated time, as provided at *para(s)* (6) and (7) above of this enforcement order, the Authority shall proceed further under the provision(s) of the Pakistan Telecommunication (Re-organization) Act, 1996.

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Dr. Khawar Siddique Khokhar  
Member (Technical)

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Dr. Mohammed Yaseen  
Chairman

This enforcement order is signed on 10<sup>th</sup> day of October, 2011 and comprises 05 pages.