



## Tax alert: Recommendations on Leveraging Artificial Intelligence and Big Data in Telecommunication Sector

26 July 2023

The Telecom Regulatory Authority of India (“TRAI”) released its recommendations on Leveraging Artificial Intelligence and Big Data in Telecommunication Sector, on 20 July 2023 (“Recommendations”). The recommendations are aligned with India’s commitment as member of the global partnership on AI and considers global regulatory developments in AI as proposed in the EU AI Act, 2023, UK Policy Paper on AI, 2022, Saudi Arabia AI Framework and SDAIA), 2019, Australia AI Ethics Framework, 2019, OECD Principles on AI, 2019, Singapore Advisory Council on Ethical Use of AI, 2018, and the USA Federal Trade Commission Principles, 2020. The recommendations have been placed on TRAI’s website [www.trai.gov.in](http://www.trai.gov.in)

### In a nutshell



Setting up of a unified regulator who shall create regulatory framework which enables transparency and accountability for AI use



High risk use cases that directly impact humans, should be regulated through legally binding obligations



DoT to support start-ups for holding AI/ML events for demonstration of their ideas, improvising their solutions/products, reporting bugs in the existing AI/ML systems



Scroll down to read the detailed alert

## Background

The Department of Telecommunication ('DoT') had sought recommendations of TRAI on leveraging AI and Big Data to enhance the overall quality of service, spectrum management, network security and reliability. Post receiving a reference from DoT, TRAI had organised a virtual conference in August 2020 and issued the Consultation Paper ('CP') on Leveraging Artificial Intelligence and Big Data in Telecommunication sector on 5 August 2022. Based on the comments of the stakeholders, TRAI has issued the recommendations on leveraging Artificial Intelligence and Big Data in the telecommunication sector.

### Key recommendations:

#### A. Adoption of AI: Opportunities and Challenges

- An independent statutory authority has been recommended. In this context, TRAI has proposed to rename the 'Data Digitization and Monetization Council' as the Artificial Intelligence and Data Authority of India ('AIDAI'). TRAI has proposed that the role of AIDAI would be regulation making, and other functions such as setting up regulatory sandboxes for testing AI based solutions, collaborating with standard setting bodies of various sectors for establishing generic and interoperable standards, collaborating with sectoral and international regulators and organisations for AI related issues, etc. The recommendations also mandate that the AIDAI shall define principles of responsible AI, and TRAI has also provided a suggestive matrix for high risk and low risk AI use cases.
- A multi stakeholder body ('MSB') will act as an advisory body to AIDAI. The MSB will comprise of members from Department of Telecommunication, Ministry of Information and Broadcasting, Ministry of Electronics and Information Technology ('MeitY'), Department for Promotion of Industry and Internal Trade, Department of Science and Technology, Ministry of Home Affairs, two members from academic and research institutes dealing with AI, four members from industry, one legal expert in the field of AI, one cyber security expert and any other suitable member.
- TRAI has proposed for regulatory framework specifying that AI use cases should provide for a risk-based framework. The high-risk use cases that directly impact humans should be regulated through legally binding obligations.
- MeitY to be designated as the administrative ministry for AI for synergy and coordination among different central and state ministries and local bodies and for orderly growth of AI and its use cases.
- Considering the sensitivity and far-reaching impact of AI across nations, which defies borders, the Indian government should collaborate with international agencies and overseas governments for forming a global agency to act as the primary international body for development, standardisation, and responsible use of AI. The recommendations on 'privacy, security and ownership of the data in the telecom sector' of July 2018 have been reiterated by TRAI.

#### B. Enablers For Adoption of AI

##### Opportunities and Constraints in the adoption of AI in Telecom Sector

- TRAI also recommends use of AI/ML in various functions of DoT such as: (i) enhancing the capability of currently deployed systems; (ii) analyse the data on real-time basis for verification of the total number of mobile connections (across Access Service Providers and across LSAs) against the limit set by DoT; (iii) generating alerts to minimise network security threats; (iv) effective redressal of grievances of telecom customers; and (v) effective use of AI/ML for unsolicited commercial communication (UCC) detection and pro-active actions thereof in order to protect customers from phishing, spam and scam, suitable amendments under existing law.

- TRAI recommends DoT to collaborate with various stakeholders, in development of AI in various fields of communications and broadcasting through indigenous technologies and may appropriately consider funding through Telecom Technology Development Fund or any other scheme of DoT/government.

### Need of AI Specific Infrastructure and Experimental Campuses

- At least one Centre of Excellence for Artificial Intelligence ('CoEAI') should be established in each state/UT for facilitating educational institutions, start-ups, innovators, researchers, and other public/private entities to develop and demonstrate technological capabilities. One of the CoE-AIs should establish a centralised portal, having information regarding various facilities available with individual CoE-AI, processes to access such facilities, fee structure to be used by all CoE-Ais.

### Skill Development

- DoT should collaborate with MeitY and Ministry of Education ('MoE') to form a committee drawing members from these two ministries, Ministry of Skill Development, All India Council for Technical Education ('AICTE') and the industry. TRAI recommends that DoT should collaborate with organisations such as IISc Bangalore, IIT Madras, IIT Kanpur and other research institutes, and launch research in telecommunications in order to develop indigenous AI use cases.
- TRAI recommends that DoT should collaborate with AICTE for mandating a course on ethical use of AI. Furthermore, DoT, through National Telecommunications Institute for Policy Research, Innovations & Training, should develop appropriate courses for government officers and employees on ethical use of AI as well as on basic concepts of AI.

### Conducting challenge-based program and Bounty Program

- DoT should use 'Digital Communication Innovation Square ('DCIS') scheme to support the start-ups and other organisations for holding AI/ML events such as challenge programmes and bounty programmes for demonstration of their ideas, collaborating with stakeholders and improvising their solutions/products. Such bounty programmes, provide for compensation to be paid for reporting bugs (especially relating to security vulnerabilities). DoT should also, through Inter-Ministerial Working Group (IMWG), coordinate similar efforts in other sectoral Ministries/Departments.

### Our point of view

The recommendations aim to address the concerns of risks associated with AI/ML, and at the same time leverage the benefits of AI/ML. The legislators and policymakers now need to find a balanced approach between creating an enabling regulation and identifying the mechanism for right compliances to support ethical use of AI/ML in the country, as trending in other jurisdictions.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India LLP (DTTI LLP) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites).

DTTI LLP is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTI LLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering professional advice or services. This information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2023 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited