



Ban On Bulk SIM Card Sales To Make Identification Of Cyber Criminals Easier, Say Experts

Reforms pertaining to Point-of-Sale registration and Know-Your-Customer norms have been proposed.

Varun Gakhar

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In a move geared towards curbing cyber frauds, bulk sale of SIM cards has now been discontinued by the government.

The government has blacklisted 67,000 SIM card dealers and has now made biometric and police verification mandatory for these dealers, Union Minister Ashwini Vaishnaw **said** in a press briefing.

Data suggests that dealers don't sell SIM cards in compliance with the law and that frauds committed by using these sim cards have an element of complicity with the dealer providing the sim, Vaishnaw said.

To combat this and in order to maintain high standards of security for customer protection, the Union Minister has proposed to initiate two reforms pertaining to Point-of-Sale registration and Know-Your-Customer norms.

The goal seems to be to ensure that the identity of the SIM card holder is traceable. It is typical for cyber criminals to purchase SIM cards using fake IDs, which makes it difficult for law enforcement agencies to

identify them during investigations, Aparna Gaur, leader at Nishith Desai Associates, told BQ Prime.

Telecom frauds are very common in India, where the perpetrator impersonates a legitimate business to defraud customers, Gaur said. While detailed guidelines on the reforms being introduced are yet to be released, the intent appears to be to curb such crimes by making identification of the criminals easier.

The PoS reform introduces a process for mandatory registration of franchisees, agents and distributors. The registration process will include verification of the PoS by the licensee. If a PoS indulges in any illegal activity, it will be terminated and blacklisted for a period of three years.

This move should mitigate fraudulent activities to some degree, as the distribution channel will now involve fewer authorised SIM card dealers (after having completed the police verification and biometric checks), which will make tracking them a lot easier, said Shreya Suri, partner at IndusLaw.

Under the KYC reforms, misuse of Aadhaar will be prevented by making the scanning of QR code mandatory, so that demographic details of the customer could be obtained. Also, in case of disconnection of a mobile number, it will not be allocated to any other new customer till expiry of 90 days.

The proposed reforms introduce business connections for issuing mobile connections to entities, such as companies and organisations. These entities will be able to take any number of mobile connections, subject to completing the KYC process of all of its end users.

It was getting difficult to track where the SIM cards were landing up when they were sold in bulk by the dealers in question. After this announcement, entities will be able to buy bulk SIM for business purposes and it likely will not be sold for other general purposes, Suri said.

Even for these businesses, the dealer will have to follow a proper process before giving out the SIM cards, she said.

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WRITTEN BY



VARUN GAKHAR

Varun Gakhar is a legal journalist at BQ Prime. He obta...[more](#)



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