

Bharti Airtel's response to TRAI on draft amendment to QoS Regulation "The Standards of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulation", 2009

The quality of telecom services offered to the customers in India is at par with the global standards despite tariffs being one of the lowest across the globe. However, the quality of service has also become a prime distinguishing factor among the Service Providers for the customers. Further, in this intensely competitive market with MNP ubiquitously available to the consumers with several options in a limited switching cost, every service provider is bound to make a sincere effort to retain existing subscribers and market share. The endeavor of every service provider is to provide seamless and unmatched service with best quality of network coupled with world class customer service experience to their customers. **Thus, the need to provide best in class services to the customers arises out of market compulsion rather than a regulatory command and therefore, it should be left to self-discipline /self regulation.**

The Authority vide this amendment to QoS Regulation proposes to levy financial disincentives on Service providers for 'failing to comply, false reporting, and delay in reporting...'. The original QoS Regulation, 2009 was made in pursuance to the powers conferred upon TRAI under subsection (1) of Section 11 of the TRAI Act 1997. **This measure of imposing 'financial disincentive' is in the nature of a penalty, the power of which the Authority under the present scheme of the TRAI Act 1997 (amended 2000) does not possess. Thus Authority by coining in the of financial disincentive attempt to do indirectly what it could not have done directly namely the imposition of penalty.**

The proposed financial disincentive will act as double whammy on the service providers investing heavily in infrastructure and support systems on a continuous basis with rapidly increasing subscriber base because of spectrum scarcity to meet the QoS norms. The draft amendment instead of recognizing these efforts **proposes to levy financial disincentives on service providers, which may not be proper and justified.**

In light of the above, it is submitted that **in this competitive and self regulated era, TRAI should progressively move towards a regime of light touch regulation for quality of service benchmarks rather than introducing financial disincentives on the service providers for not meeting the benchmarks of various QoS parameters - many a times it is seen that these are for reasons which are beyond service providers' control.**

Without prejudice to the above, our response to the specific draft amendment points is below for your kind consideration:

Proposed Amendment-1: Failure to meet the QoS benchmarks for the parameters as specified in the Regulation - financial disincentive at the rate of Rs 50,000 per parameter for first quarter and for subsequent quarters max. Re 1 lac.

At the outset, we would like to state that Bharti Airtel Ltd accords highest importance to the compliance of Regulations, Directions and Instructions issued by TRAI from time to time and we continuously strive to meet Quality of Service benchmarks specified as per the QoS Regulation, 2009 by taking several actions on continuous basis.

It can be seen from the QoS performance that gets reported to TRAI that we have been consistently striving to meet the benchmarks for all parameters. TRAI is continuously conducting independent audits to monitor QoS performance, the reports of which get separately published by TRAI. Both these activities ensure that service provider meet the quality of service benchmarks prescribed as this is also considered an important differentiator in today's hyper competitive market. Thus there is a self-regulation that the service providers' follow to meet the stringent QoS benchmarks and hence there is no need to put additional burden on the industry through regulation.

Despite the service providers' efforts to continuously meet the QoS benchmarks, there would be instances where some parameters are not met due to a variety of reasons and some of these may be beyond service providers' control too – therefore it is important that TRAI appreciates the same before deciding to implement additional measures such as the proposed financial disincentives.

Further, it should also be noted that as per Quarterly reports published by TRAI, Bharti Airtel has the highest rural penetration thereby majorly contributing to the telecom penetration in the country. Since the infrastructure in rural areas are not fully available to provide the service at par with urban areas, therefore, it has become very challenging for the service provider to maintain the QoS benchmarks specified by TRAI in these rural/ remote areas. USO sites availability is becoming a critical matter of concern to maintain the QoS as per the TRAI standards. The infrastructure and power availability is very poor leading to severe outages on a regular basis. The benchmarks of QoS parameters are common for both urban as well as rural areas, such kind of financial disincentive mechanism proposed by TRAI will result in to de-motivating the efforts made by the service providers in increasing the rural penetration.

We would like to explain some of the reasons why there may be some occasional gaps in meeting the benchmarks. These are listed below:

- Law & order situation – bandh/strike/curfew,
- Natural calamities hampering the operations and delays rectifications of site outages.
- Infrastructure issues in security sensitive areas - site access issues due to limited or non availability of road network in remote locations,
- Site acquisition issues in some specific areas like Delhi's Lutyen's zone, Cantonment areas, Hilly areas, areas under the control of railways, areas where people protesting against radiation hazards etc. which could – lead to poor coverage,
- ROW issues,
- Electricity related issues – non EB sites in remote and rural areas, availability of electricity for limited hours leading to site outages,
- POI issues with BSNL / Pvt. operators,
- Site sealing issues due to new Radiation Norms
- Changes in Government guidelines on spectrum availability and allotment
- Increase in traffic at call centres on account of subscriber re-verification, launch of new services – like MNP, 3G, imposition of instructions like bulk SMS/MMS ban due to security reasons, competitive pressures – launch of different tariffs / VASs, etc.

Apart from the above listed issues there is another important reason i.e. Spectrum constraints. Despite not getting adequate spectrum which is imperative to provide best quality of network to the customers, we are able to provide service levels as per Quality of Service benchmarks by continuously optimizing our network in terms of enhancing capacity with the installation of additional BTS sites. Presently, there are various challenges faced by Industry in erecting BTS sites and running existing sites which leads to higher CAPEX and operating costs. However, still we are striving to meet the benchmarks with limited available existing spectrum. This shows that network quality comes with a great cost which is borne by the service provider.

In view of above, it may not appropriate and justifiable to impose penalty in terms of financial disincentive for not meeting the benchmark due to the factors / reasons which is not in the control of Service providers.

- Several steps are being taken on continuous basis to ensure compliance with QoS parameters - however its takes time to meet the benchmarks. Some of the actions taken to overcome the above problems are as follows -

Network related parameters:

- Advanced frequency planning using “Mobile measurements based tool” got implemented across networks due to which the performance of critical cluster / customer experience has been improved.
- New sites and expansion has been done on critical location areas falling under the control of Railways, hilly areas, Residential Areas.
- Expansions are carried out on a regular basis in high utilized cells carrying potential voice traffic to avoid call congestion.
- AMR (Adaptive multi rate) feature is deployed in the network for delivering superior voice quality.
- Optimization of Sites on a regularly basis to provide superior coverage and network quality
- Deployment of high backup battery banks at critical / frequent outage sites.
- Coordination with state electricity boards for better availability of electricity at remote / critical/rural sites.
- Deploying additional DG sets at critical sites especially in power shortage states like North East.
- Applying for additional EIs well in advance with BSNL / Other Pvt. Operators for POI augmentation.

Customer Service related parameters:

- We endeavor to provide call center access to all our customers attempting to contact us at all the times. We get ~60 mn calls in a month at our call centers and the path of every call from the time customer dials the customer care number till the time agent receives the call is being tracked on continuous basis. The stringent forecasting process is followed taking into account the historical events and trends, however the environmental changes or competitive activities at times cause the fluctuation in forecasted volume. In order to ensure meeting the service levels, some of the action taken are as below-
- ✓ Additional capacity of ~10-15% created by commissioning new call centres at various locations to handle high call volumes across all partners

- thereby increasing total number of call centers from 26 (yr 2011) to 45 (yr 2012) in association with nationally reputed call centre partners.
- ✓ Load balancing of the call volumes among the existing call centre on a continuous basis.
- ✓ Creating more channels of self-care making it easier for subscribers to do the simpler interactions themselves through SMS, USSD, IVR, Web, etc.
- In wireline services, the billing platform has been migrated during Jul-Dec 2011 to enhance scalability and features to improve customer experience.
- TRAI vide its QoS Regulation, 2009, has already provided specific monetary compensation to subscribers such as rental rebate in the case of delayed repair of fault, interest on delayed payment of security deposit.
- Quality of Service performance monitoring report with comparative data for all Service providers highlighting the non compliant parameters is published by TRAI on periodic basis itself becomes a disincentive and lead to customer churn as well as impact the brand hence financial penalty is not desirable.
- TRAI should appreciate the consistent improvement attained in the performance of the QoS parameter over a period of time. This can be evidenced by TRAI itself from their own published audit data on assessment of QoS performance for QE Mar'12.
- The Mobile subscriber now has the option of changing the service provider by retaining same number through MNP that compel the Service providers to provide the best of service in order to retain their existing subscribers. Further, by word of mouth and customer experience, new customers also choose their service provider depending upon the quality of service with respect to network, billing and customer care.
- In the intensely competitive Indian telecom market, where the market forces are working well, the policy of forbearance and intervention only in exceptional/isolated cases wherever necessary may be continued with.

In view of above submissions, we believe that there will not be any need to impose any financial disincentive on service providers for failure to meet specified QoS benchmarks.

However, in rare situations where there is a large scale deviation between the QoS performances of Service Providers, TRAI can intervene in terms of issuing a direction/notice wherein the Service Provider can be given fixed time to meet the benchmark(s) instead of taking penal action.

Proposed Amendment-2: Submission of false compliance report by Service Provider - financial disincentive at the rate of Rs 10 Lac per parameter.

In this regard, we wish to submit as follows –

- The QoS Regulation'2009 describing calculation methodology for some of the parameters are not fully clear which may lead to variance in the performance of the parameter reported by service providers vis-à-vis understanding of the regulations by independent

auditors while carrying out the audit. In recent past, several such instances have been reported to TRAI requesting to take up with Auditor for conducting audit with correct calculation methodology.

- TRAI conducts customer satisfaction survey to assess the customer perception of the services provided by the service provider on quarterly basis. This survey has been done on a very limited sample out of the total customer base and is not showing the true reflection of the quality of service maintained by the service providers. Further, the Service Providers don't have any controls as well as proper feedback from the results of such surveys' published by TRAI to take corrective actions, if required for any process improvements.

In view of above submission, we recommend that TRAI should review the calculation methodology of various parameters in order to have standard reporting across the Service Providers. Further necessary instructions should be issued to the Auditors to carry out the audit as per the methodology specified in the Regulation.

We would also like to submit that in light of the change being proposed in the QoS regulation in terms of having common understanding of calculation methodology for various parameters across all stakeholders, TRAI should come out with a detailed consultation process prior to making any amendments in the regulation.

Proposed Amendment-3: Delay in submission of compliance report - financial disincentive at the rate of Rs. 5000 per day during the default period

We appreciate the concerns regarding delay in reporting beyond the specified timelines. However, service providers always strive to meet the timelines and no financial disincentive is required to be imposed. There could be delays in exceptional cases attributed to unforeseen circumstances such as system migration issues, natural calamity like floods, fire, etc due to which there could be delays in reporting as these are beyond the control of the Service Provider.

In view of above, we recommend that no financial disincentive is required to be imposed on the service providers for the delay in compliance reporting.

We trust that the above submissions will be considered favorably by the Authority.