

Response to TRAI Consultation Paper No. 02/2021
(Consultation Paper on Validity period of Tariff Offers) by
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At the outset, we thank the Authority in providing us an opportunity to give our comments on this consultation paper. Our issue wise response to the questions posed in the Consultation Paper is furnished against each question.

Preamble

The economic regulation in Indian Telecom Sector has caught the eyes of the global audience leading to the emergence of sector as one of the most competitive market in the world. This has been possible only due to various key reform processes introduced by the Telecom Regulator and Policy makers which have evolved significantly over last two decades. Liberalization of telecom sector has brought immense competition in the industry. Over the last two decades technology driving telecom sector has witnessed sea level changes from wire line to wireless and from pure 2G to 3G and now 4G of wireless telecom services. The technological advances in telecom sector has led to immense change in Quality of telecom services while the tariff has seen rock bottom prices which are among the lowest tariff across the globe. Therefore it is true that Indian Telecom Sector has been successful to transfer the fruits of technology to masses across the country including those located in rural and remotest part of country. Most of the service providers are offering bundled plans wherein users are getting unlimited voice, data and messaging services.

However, today, the consumer does not have the luxury of choosing a service provider from 11-12 operators as it was there five years back. The number of operators has reduced to only three big private operators and a distant 4th PSU operator. These few telecom firms can easily influence costs, prices and quality. The competition in the sector is dwindling and moving towards duopoly, competition is likely to weaken further. Regulators are mandated to protect consumer interest and that, hitherto, has loosely translated to nudging the tariffs to fall continually. There has been lot of noise about falling quality of service, but the financial challenges, the operators have to face in reinvesting in network up-gradation or expansion are mostly ignored.

If everything is left to the market to decide and tariff is in forbearance, only organizations that proactively bring changes that would sustain their business will prevail and others will perish. Consumers will be the ultimate sufferers. The Telecom sector has already witnessed it due to the closure of Reliance Communications, Aircel and Tata Teleservices etc.

The issue debated in the consultation paper is only on the validity period of tariff offering whether to keep it under forbearance or TRAI should intervene. We are of the view that merely looking into only a small parameter of validity of offering will not have the desired result. However, it must be ensured that consumer is not misled by any parameters.

Issues for consultation

Question 1: Whether TRAI should intervene in the issue of validity period or allow the same to be under forbearance?

Whether to intervene in the validity period or to keep under forbearance is not a major issue bothering the sector. Regulator must ensure that consumer must not be misled /cheated by any parameters. We are of the view that merely looking into only a small parameter of validity of offering will not have the desired result.

Question 2: If the answer to the Question 1 is yes, then whether the TSPs be mandated or merely advised to offer tariff (for PVs, STVs and CVs) for a specified duration?

Answer: As stated above

Question 3: Whether the period to be specified should be considered as 30 days or a month with requirement of tariff to be renewed only on the same date of each month or separate tariff offers be mandated for 29/30/31 days in addition to the present practice of offering tariff for 28 days?

All dates/days must be permissible. However there should be visible difference in price and quality to distinguish according to the prices and validity where in consumer will have a choice to subscribe to the validity he wants. Further, TRAI should mandate to have standard Recharge voucher having 30 days validity for the ease of convenience to the consumers.

Question 4: Whether on the lines of a monthly offering, the other periods viz., quarterly, half-yearly and yearly prepaid tariff offerings be mandated or just the monthly offerings be required?

Multiple offering with different features like only unlimited data, only unlimited voice or mix of both unlimited voice and data must be available with different validity periods, so that the consumers will have enough choice suiting to his requirement.

Question 5: If there are any other issues/suggestions relevant to the subject, stakeholders are invited to submit the same with proper explanation and justification

The policy frame work should be designed in such a way that while promoting competition in the sector it must also preserve financial health of the operators. The sector requires

viable competition which assures fair return to the investment by the service providers. A detailed study on the health of Telecom Sector is required. A complete re-look into the issues whether competitive tariff should have a floor level of cost-plus tariff? Whether the Tariff offered is absorbing the cost of product/services? Are the prices artificially low? How effective is forbearance policy in the present market conditions? Are they necessary and effective now? These issues need in-depth examination. The rapid growth in Telecom has many dominant factors like policy framework, regulation, and competition, kind of tariff structure, investment and return on investment, consumer expectations and above all the viability and sustainability of the Sector. The relationship between these factors is complex and requires systematic study and TRAI can commission a study on this.
