



**Consultation paper on
“Regulatory Principles of Tariff Assessment”**

Question 1: Do you think that the measures prescribed currently are adequate to ensure transparency in the tariff offers made by TSPs? If not, then, what additional measures should be prescribed by the TRAI in this regard? Kindly support your response with justification.

TTL Response

We understand that transparency in tariff is a critical issue which leads towards protection of the interests of consumers of telecommunications services and the Authority has issued several directions and guidelines to achieve this objective by making important provisions in the TTO, TCPR 2012, Directions and advisories.

Existing regulations, provisions and directions are broad enough to address the non-transparent offers by the TSPs. Apart from this, telecom industry in the country is run by stiff competition and hence the TSPs ensure that the customers get adequate and correct information on tariff plans and other offers in the simplest form.

In order to ensure that the customers are adequately informed on various tariff plans and take informed decision on choosing the tariff, TSPs facilitate the customers through various apps, their websites etc. Regular internal audits of the TSPs and the M&B audit done by the TRAI has also helped in ensuring the transparency in tariff offerings of TSPs.

TSPs have been adhering to all the laid down provisions, directions and advisories given by the Authority, to enhance transparency in provision of telecommunication services. We believe that the measures prescribed by the authority are adequate to ensure transparency in the tariffs offer made by TSPs as these measures covers the critical elements of transparency in tariff, through ease and timely access to accurate and correct information, which is comparable, clear and understandable.

A recent study on Information Remedies done by the UK regulator also provides the above mentioned elements of transparency in tariff, to evaluate the information provision being made by the service providers.

Question 2: Whether current definition relating to “nondiscrimination” is adequate? If no, then please suggest additional measures/features to ensure “non-discrimination”.

TTL Response

The current definition of Non-discrimination means that:

“...TSPs shall not, in the matter of application of tariffs, discriminate between subscribers of the same class and such classification of subscribers shall not be arbitrary....”

TSPs are allowed to offer different tariffs to different class of customers. Such tariff offerings, which are based on classification of customers, provide elasticity to TSPs to promote its services to certain class of the customers and is also beneficial for the



customers. Such segmented offers, based on Class of Customers are applicable for a period, ranging from 7-30 days.

In view of the above, this is to state that TSPs have been abiding to the definition of Non-discrimination. Tariff offering of TSPs in the market are non-discriminatory and non-arbitrary. Any tariff offering in the market to acquire a new customer is also made available to the existing subscriber of TSPs. Different tariffs are offered to different class of customers by the TSPs, ensuring that the eligibility criteria defined for such classes is non-arbitrary.

Through this consultation paper, Authority has also highlighted the issue of linking the tariffs to the use of handsets compatible to a particular technology/make. TSPs by linking the tariffs to a handset of a particular technology/ make, offers consumers to buy the latest technology smart phones/ devices. Through such offers, the customers who wish to buy these latest technology mobile handsets/ devices do not have shell out high amount of money in a single transaction. These customers can buy these handsets from the TSPs and get an option of making payments in easy instalments along with customized tariff offers (primarily data), linked to the handsets/ devices. TSPs, through such offers, not only make buying of these devices for customers convenient, but also by linking the data tariff offers, also contribute towards higher penetration of latest technology devices in the market and participate in achieving the Government's objective of promoting "Digital India" initiative.

We feel that the current definition relating to non-discrimination is adequate and do not require additional measures/ additions.

Question 3: Which tariff offers should qualify as promotional offers? What should be the features of a promotional offer? Is there a need to restrict the number of promotional offers that can be launched by a TSP, in a calendar year one after another and/or concurrently?

TTL Response

It has been mentioned in the consultation paper in para 2.19, that the concept of "Promotional Offer" is in vogue since last 15 years, unlike regular tariff plans, it's features are not that well defined." TTL have a difference of opinion with this view of Authority, as the instructions given to the TSPs by TRAI itself addressed the issue of promotional offers and the restrictions on such promotional offerings. The extract of these instructions are given below for reference:

".....Accordingly the Authority has decided that the validity of promotional tariff plan should not extend beyond a reasonable period, say 90 days. Service providers are therefore, advised to restrict the validity of promotional packages and/or the benefits offered to customers under such packages on offer to a maximum of 90 days from the date of launch....."

Also, TRAI in its Direction dated 1st September, 2008 stated that:

"....(2) All access service providers shall, while publishing their promotional offers to public, specify therein-----

- *The eligibility criteria for such promotional offer;*



- *The opening and closing dates of such promotional offer (within the existing limit of ninety days);.....”*

Considering the above, TTL is of the view that the existing instructions & guidelines of the authority have adequately taken care of the issues related to promotional offers.

We would further emphasize that the promotional offers should be IUC compliant, Non-predatory and Non-discriminatory. An incumbent/New entrant TSP should comply with the above suggested definition and features of the promotional offer.

Question 4: What should be the different relevant markets – relevant product market & relevant geographic market – in telecom services? Please support your answer with justification.

TTL Response

The Authority in its recommendation dated 28.08.2007 on “Review of license terms and conditions and capping of number of access providers”, had concluded that the relevant services market be defined as Wireline and Wireless services. With regard to the relevant geographic market, the Authority recommended that the market be defined as the respective licensed service area.

TTL is of the view that there is no requirement of changing the current definition of relevant service market, which is defined as Wireline and Wireless services, however we would recommend further addition to define of Relevant Product Market:

1. Retail Market: For services provided to end-users &
2. Wholesale Market: For wholesale services provided to Small, Medium Enterprises & Large Enterprises

Since in India, the market is moving towards higher consumption of data and bundled services, we understand that there is no requirement of defining the relevant market based on the underlying technology i.e. 2G/ 3G/ 4G as these technologies can co-exist with bundled services.

Question 5: How to define dominance in these relevant markets? Please suggest the criteria for determination of dominance.

And

Question 6: How to assess Significant Market Power (SMP) in each relevant market? What are the relevant factors which should be taken into consideration?

TTL Response

As per the Competition Act 2002, dominant position means a position of strength, enjoyed by an enterprise, in the relevant market, in India, which enables it to operate independently of competitive forces prevailing in the relevant market or affect its competitors or consumers or the relevant market in its favour.



Criteria for determining Dominance are:

- Market Share
- Size & resources of the company
- Size and importance of the competitors
- Economic power of the company
- Vertical integration
- Dependence of the consumers on the company
- Extent of entry and exit barriers in the market, countervailing buying power,
- Market structure and size of the market
- Source of the dominant position viz. Whether obtained due statue etc.

TTL is of the view that all the above mentioned criteria of dominance should be considered by the authority to define dominance in relevant market.

A TSP, who has acquired dominance, based on the criteria given above should be treated as an SMP (Significant Market Power) in a relevant market.

Question 7: What methods/processes should be applied by the Regulator to assess predatory pricing by a service provider in the relevant market?

TTL Response

TTL suggests the following methods that can be applied by the regulator to assess predatory pricing by a service provider in the relevant market:

- Dominance/SMP of player in the market
- Gain in market share v/s time (Market share trends)
- Cost of providing voice and data services by an operator on its own network
- Cost of providing voice and data services by an operator on other networks

Question 8: Any other issue relevant to the subject discussed in the Consultation Paper may be highlighted.

TTL Response

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