



Telecom Regulatory Authority of India

Consultation Paper

on

**Certain issues relating to the
Telecom Consumers Protection Regulations, 2012**

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Stakeholders are requested to send their comments preferably in electronic form by 25th March, 2012 on email Id raj.pal@nic.in or eco@traigov.in. For any clarification / information, Shri Raj Pal, Advisor (ER) may be contacted at Tel. No. +91-11-23230752, Fax: +91-11-23236650.

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Consultation Paper on Certain issues relating to the Telecom Consumers Protection Regulations, 2012

A. Combo Tariff Vouchers

1. TRAI had issued a Consultation Paper on “Certain issues relating to Telecom Tariff” on 13.10.2010 seeking the comments of stakeholders inter-alia on various challenges faced by prepaid subscribers and also on measures to enhance the transparency in service provision.
2. Some of the stakeholders had suggested standardization of tariff schemes and various categories of vouchers offered in the market. There have been demands to have a system of simple recharge vouchers.
3. In view of the above, the Authority decided to streamline and standardise the vouchers offered by the service providers, so as to provide clarity and transparency and help the consumers in better understanding the features of various vouchers. Accordingly, as a follow up of the above consultation process and keeping in view the interests of telecom consumers and service providers, the Authority had prepared a draft Telecom Consumers Protection Regulations, 2011, which was published on TRAI website on 4th July, 2011, for seeking comments of the stakeholders. Having considered the comments/suggestions received from the stakeholders, on the said draft Regulations, the Authority, on 6th January, 2012, issued the Telecom Consumers Protection Regulations, 2012.

4. As per the provisions of the above Regulations, the following three categories of vouchers are allowed to be offered:
 - Plan Voucher
 - Top-up Voucher
 - Special Tariff Voucher (STV)
5. A 'Plan Voucher' is used for enrolling a subscriber into a tariff plan. The Plan voucher does not add any monetary value to the subscriber's account.
6. The 'Top up voucher' adds monetary value in rupees terms to the subscriber's account, which can be used without any validity and usage related restrictions. The 'Top Up Voucher' shall contain only monetary value and no other benefits. Further, no other Voucher, namely, STV and Plan Voucher shall add any monetary value component to the subscriber's account.
7. The 'Special Tariff Vouchers' (STVs) are intended to provide tariff benefits to the subscriber by altering one or more of the tariff components. The STV will not have the effect of adding monetary value available to the subscriber's account. The changes in tariffs effected through STVs are only for the period specified in the STV.
8. The above categorisation of vouchers was decided to streamline and standardise the vouchers offered by the service providers, so as to improve transparency in offer of telecom tariffs. However, the Cellular Operators Association of India (COAI) has represented that the provision of combo vouchers will provide additional choice to the consumers over and above the available plan vouchers, top up vouchers and STVs.

9. In their representation dated 3rd February 2012, the Cellular Operators Association of India (COAI) have, *inter alia*, requested the Authority to allow another category of vouchers namely, the ‘Combo vouchers’. According to them such vouchers would provide more choice to the subscribers and also would allow flexibility to operators to have innovative bundling of features of STVs (i.e. services) as well as those of ‘Top-up Voucher’, (i. e. adding the monetary value to the credit of subscriber). In their representation, COAI have listed the following illustrations of ‘Combo vouchers’:

Combo Voucher Type	Example	Remarks
Rate + Monetary Value Combo Voucher	Combo Voucher @ Rs.45 with Rs.15 Monetary Value + all Local calls 40p/min	Tariff Validity 30 days. Monetary Value in Core Account without validity restriction
SMS + Data + Monetary Value Combo Voucher	Combo Voucher @ Rs.30 with Rs.5 Monetary Value + 100 SMSs/day + 200 Mb Data	SMS/Data Validity 30 days. Monetary Value in Core Account without validity restriction.
Minutes + Monetary Value Combo Voucher	Combo Voucher @ Rs.60 with Rs.20 Monetary Value + 100 Local & STD Mins	Monetary Value in separate account, applicable for voice calls only, valid 30 days. Free Minutes valid 30 days, in separate account.
Full Monetary Value (Full Talktime) Voucher	MRP Rs.222, Full Monetary Value on Rs.222 (Rs.22 valid 15 days for voice calls only)	Extra Monetary Value in separate account, applicable for voice calls only, valid 15 days.
More than Full Monetary Value	MRP Rs.240. More than Full Monetary Value of Rs.240 on Recharge of	Extra Monetary Value in separate account, applicable

Voucher	Rs.222 (Rs.44 valid for 30 days)	for voice calls only, valid 30 days.
(Full Monetary Value + SMS) with fixed validity combo voucher	MRP Rs.111. Full Monetary Value of Rs.111 on recharge of Rs.111 & 25 free SMSs.	Monetary Value & SMS in separate account, valid 30 days.
Staggered Monetary Value Voucher	On recharge of Rs.50; Get Rs.20 per month for next 3 months	Monetary Value in either core account or separate account, with or without validity restriction, depending on the product.

10. Further, one of the service providers has also made suggestions for seeking integrated tariff by way of offering combo vouchers.

11. On the other hand, another association of service providers, the Association of Unified Telecom Service Providers of India (AUSPI) vide their communication dated 6th February, 2012 has stated that the association and its members are of the firm view that there is no need of any Combo voucher as otherwise the effective talktime (monetary value) available to consumer is likely to be curtailed.

12. Before the Authority takes a view on the subject, it would like the Stakeholders to offer their views on the following issues:

Q.1 Would it be in the interest of consumers to allow a 4th category of vouchers (Combo Vouchers), as requested by one of the associations of service providers?

Q.2 If so, should this be subject to any restrictions so as to protect the consumers' interests?

B. Increasing ceiling on administrative and processing fee for vouchers from Rs. 2/- to Rs. 3/-.

12. The difference between the MRP of the vouchers and (the talk value + service tax) can be referred to as processing fee though different nomenclatures are used to refer to this Fixed Charge.
13. In the prepaid segment, subscribers are required to do frequent recharges for getting monetary value and remain connected. The quantum of the processing fee depends on the extent of benefits offered under different types of vouchers. The ceiling of Rs.2/- however, is only in respect of exclusive talktime vouchers which is synonymous with the term 'Top up' in the Consumers Protection Regulations, 2012.
14. In Schedule II of the Telecommunication Tariff Order, 1999, relating to Cellular Mobile Telecom Service (CMTS), under the heading "TARIFF", the entries occurring against the item "(6) Tariff for pre-paid service", in the proviso, clause (f), read as under¹:
 - “(f) no amount, whether as fixed fee or otherwise other than---*
 - i. applicable taxes; and*
 - ii. a nominal fee, not exceeding two rupees towards administrative costs or expenses for each recharge under any tariff plan, shall be levied on any recharge exclusively meant for provision of talk time value.”*
15. In the Explanatory Memorandum to TTO 48th Amendment Order, while clarifying the decision to prescribe the ceiling of Rs.2 on processing fee, the Authority considered this issue more as a transparency aspect than a tariff matter. It was also indicated that the decision was confined only to category of "talk-time recharges" i.e. the top-up recharges used only for the purpose of augmenting talk-time value.

¹ Inserted by the Forty-eighth Amendment Order, 2008, w.e.f. 15-09-2008

16. The Telecom Consumers Protection Regulations, 2012 reiterate that Top up voucher shall not contain any administrative or processing fee beyond the ceiling specified by the Authority.
17. AUSPI and COAI have requested for upward revision of the Processing Fee in Top ups to Rs.3/- from the existing ceiling of Rs.2/-. It is argued that there has been inflationary pressure in the last three years since the ceiling of Rs.2/- was prescribed by the Authority. Cost of providing service by way of hike in salaries/wages, increase in cost of transportation & diesel cost, increase in cost of storage etc. among others have been cited as supporting arguments by COAI.
18. Before the Authority takes a view on the subject, it would like the Stakeholders to offer their views on the following issues:

Q.3 Is there sufficient justification to increase the ceiling on processing fee on Top ups vouchers from of Rs.2/ to Rs. 3/- as requested by the associations of service providers?

Q.4 If yes, should the above increase in processing fee be allowed only in respect of paper voucher?

ISSUES FOR CONSULTATION

- Q.1** Would it be in the interest of consumers to allow a 4th category of vouchers (Combo Vouchers), as requested by one of the associations of service providers?
- Q.2** If so, should this be subject to any restrictions so as to protect the consumers' interests?
- Q.3** Is there sufficient justification to increase the ceiling on processing fee on Top ups vouchers from of Rs.2/ to Rs. 3/- as requested by the associations of service providers?
- Q.4** If so, should the above increase in processing fee be allowed only in respect of paper voucher?

Note: Stakeholders are requested to give full justification for their responses/suggestions against individual questions.