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Subject: Response to the Consultation paper on “Certain Issues relating to Telecom Tariffs” dated 13th October, 2010

Dear Sir,

We welcome the opportunity to respond to the Telecom Regulatory Authority of India's (TRAI)

Consultation Paper on “**Certain Issues relating to Telecom Tariffs**”.

We thank TRAI for this consultation paper which will help address the tariff concerns in India.

Please find our response to the consultation paper. We would like to participate in any further opportunity to discuss these issues and looking forward to the counter-comments on the same.

Yours Sincerely,

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--Disclaimer—

Please note that the views presented below are solely of the students and not of the Institute.

Ques. 1. What, according to you, are the challenges which Indian telecom subscribers face while understanding and choosing the tariff offers?

Ans. There are various challenges that Indian telecom subscribers face while understanding and choosing the tariff orders. Some of them are

1. How to measure usage? - With increase in Value Added Services (VAS) and data services, measurement of usage by the consumer has become a difficult task. Most of the consumers have no idea what a 1 MB download limit means when operating or while verifying the billed amount at the end of month. This becomes a more important problem as more subscribers are getting enrolled from semi-urban and rural areas
2. How to compare different plans?- There is no definite procedure to compare the plethora of tariff plans available to a consumer, as the plans consist of varying combinations of monthly fixed charges, call charges, free call allowance etc. Also trustworthiness of source has to be verified and the information should be clear. Also comparisons become difficult when telecom services are sold in bundles.
3. Unclear and hard to find information- The service providers have their tariff orders presented/advertised in a misleading manner or a manner such that consumers often miss that information and this leads to limiting the consumer decision making. This leads for a bounded rationality on consumer decision-making. Most of the tariff plans are complex. This is clear from high subscriber base of lifetime plans which are simple and easy to understand.
4. Awareness of the regulations of authorities- The Telecom Tariff Orders and their amendments play a pivotal role to ensure that all transactions related to consumers are transparent, but most of the consumers are not aware of these regulations. For example- as per a direction by the authority on 29 June 2005, if there are any changes in any aspect/item of tariff in the package chosen by the consumer, the operator shall intimate, in writing, But this rule is not followed while the items in the tariff plans change without any information of same to the consumer.
5. Premium rate calls and sms-The cost for such premium rate services is generally known to the customer only after the service has been utilized. Some other cases of problems to the customers may be-
 - 1) Cases where consumers are attracted to dial numbers where the services are not actually available or are of low quality.
 - 2) Artificial call duration lengthening by increasing waiting times.
 - 3) The use of high tariff numbers for customer care where the customer has no alternative to reach the service.
 - 4) The use of high tariff numbers for services such as TV games with unclear call prices and procedures.
6. Recharge restrictions- These refer to cross restrictions imposed by service providers on recharges which are not properly communicated to the subscribers and lack of information about the features / benefits available with the recharge vouchers. A few examples are
 - 1) Subscriber in a particular plan cannot have the benefit of reduced tariff offered through a special pack.
 - 2) Subscriber can have the benefit of only one pack at a time.
 - 3) Recharge vouchers applicable to only subscribers enrolled in specific plans.
 - 4) Subscriber having lifetime validity recharges with a voucher which inter alia provides validity.
7. Misleading advertisements- Inadequate disclosure of essential elements of tariffs in advertisements, thus, making them misleading.

8. Overbilling attack- With the advent of 3G imminent threats and dangers that exist. A major threat will be an attack called 'Overbilling'. This involves hijacking the IP of the subscriber and using it for the attackers' own purposes.

Ques. 2. What according to you are the required measures to further improve transparency in tariff offers and facilitate subscribers to choose a suitable tariff plan?

Ans. Some of the suggested strategies are-

1. Empowering the subscribers-
 - 1) Empowering subscribers with the flexibility and control to set-up their account options on the basis of their usage models, providing them with an easy-to-use, intuitive interface to change personal settings as needed is required. This includes enabling personalized data usage limits that can be set by individual subscribers, family plan members, and enterprise users.
 - 2) Providing transparent access to account information, including usage-to-date and allowances that help subscribers understand their data usage and manage it more effectively over the billing cycle.
 - 3) Consumers must be sure that they are not paying anything extra to their usage. Also such a source should be trustworthy and the information should be clear. It should be mandatory for each and every service provider to provide such service.
 - 4) From service providers point of view a proactive notification proactive notifications to subscribers about thresholds including approaching monthly limits, additional charges to be imposed during international roaming is essential to build subscriber confidence in the adoption and use of data services. For example- In March 2009, the European Commission introduced new legislation aimed at eliminating bill shock while roaming in the European Union. European operators are now required to introduce maximum financial limits of €50 per month for data roaming charges. They are also required to warn customers when 80% of this limit is reached.
2. Mandating visibility of important information in the tariff order- There should be certain guidelines to all service providers about maintaining visibility of important information, so that consumers are in a position to make informed decision. For example- it is always found that information like validity of some special call rates are mentioned on the side and that too in a very small font size, making it almost illegible. Some of the guidelines to correct these may be to fix a minimum font size while presenting/advertising the tariff plan.
3. Improve awareness of the Telecom Tariff Orders and its amendments- The updated orders and their amendments should be pasted at authorized stores of every service provider. In addition to this, proper updated contact information should also be given at each point of sale. This would empower the consumer by making them aware of their rights and entitlements. Even the dealers are not aware of certain nuances of the issues.
4. Regulating the Premium rate calls and sms- The suggestions provided here can be incorporated in the PRS regulations, 2010. The suggestions in this regard are-
 - 1) The consumers should be well informed by the premium rate service provider about the tariffs and content of high tariff services by clear and unambiguous announcements of tariffs at the beginning of the calls in order to allow the user to cancel the call before the charging starts.
 - 2) Where technically possible, the tariff rates, the duration of the call or the total cost of a call or the total amount of the telephone bill should be subject to limitations according to consumer preferences.

- 3) Consumers are enabled to block number ranges in order to prevent usage of high tariff services in appropriate cases.
 - 4) There should be a rapid response mechanism to suspend payment or to block access to numbers while problems and abuses are investigated.
 - 5) Appropriate means should be established to provide refunds and compensation for consumers who suffer from abuses and unauthorized calls.
 - 6) Publishing/advertising of the tariffs relating to PRS- The publishing/advertising of the tariffs for such services should be done with certain minimum visibility requirement. For example- a minimum font size of 11 can be set for displaying these tariffs.
5. Transparency in recharge vouchers- To avoid the instances of subscribers paying charges for unintended recharges, there is a need to ensure that the restrictions / features / benefits of the recharge vouchers are transparently conveyed to the subscribers. The service provider will also need to develop appropriate system so as to reject a recharge when an in-eligible subscriber recharges with a particular recharge voucher. Several tariff packs called “add on packs” are on offer and a large number of which virtually replicate the features of a fully-fledged tariff package, making it difficult to distinguish the packs from normal tariff plan. The authority must put a limit to the number of these plans per access provider.
6. Avoiding overbilling attack-In order to protect their consumers and networks, the operators need to: look at a complete 360 degree architectural approach to secure their networks; deployment of firewalls, intrusion detection and prevention (IDP) and virtual private networks (VPNs); anti-virus and firewall softwares for the end point protection of consumers; operators need to work with each other in order to ensure maximum security; vigorously protect signalling as the migration of signalling traffic over IP creates new risks. There is a need for a strong, multilayered security various firewalls, IDPs, VPNs and other such security products. Also the entire architecture of the networks should start changing according to the rising security needs. The authority can ensure that these requirements are met before operators start to provide 3G services.
7. Reduction number of plans by an operator in a service area-We believe that it is not necessary to revise the existing cap of 25 on the number of tariff plans on offer. However, we find that an operator in circles like Andhra Pradesh, Mumbai, Orissa etc. has total number of plans exceeding 25. The authority should ensure that this situation is checked immediately to ensure strict implementation of rules.
8. Protecting against misleading advertisements- Authority should keep a check that all conditions are explicitly stated by the access provider in advertisements. Proper website links or some contact no. should be given in the advertisement. Authority must make certain steps in reducing ambiguity that an advertisement may create in the minds of consumer if similar facts are displayed in different ways by service providers. For example with advent of per-second billing system, the customers familiar with the practice of uniform pulse-rates may get confused by two operators advertising as per two different granularity(1paisa/2 seconds and ½ paisa/second). Therefore, authority must enforce uniformity in the issue of such similar plans. Associations like Association of Unified Telecom Service Providers of India (AUSPI), Internet Service Providers Association of India (ISPAI) etc. should help the authority to keep a check on misleading advertisements by regulating them like Advertising Standards Council of India (ASCI) does.
9. Mobile Number portability- The authority should ensure a speedy deployment of the MNP throughout the country and at the same time porting the number should be at an affordable price for the consumers and time taken to port the number should also be small. This would give flexibility to the consumer to shift to a more suitable plan for him/her.

Ques. 3 .Do you think mandating “One Standard Plan for All Service Providers” particularly for the prepaid subscribers as suggested by some consumer organizations would be relevant in the present scenario of Indian telecom market?

Ans. We believe that mandating “One Standard Plan for All Service providers” will not be relevant in present Indian telecom scenario. This is because

- a) Only one plan cannot satisfy the needs of around 15 million subscribers that are getting added to the subscriber base, every month.
- b) Also, a number of plans from various operators operating in a service area will add to the competition in the area, thus benefiting the consumers. For example- requirements for a subscriber with an annual income of around 5 lakhs and that of a subscriber with an annual income of around Rs. 1 lakh will be different, so to satisfy such requirements, service providers will have to come out with varied plans to suit different segments’ needs.
- c) Also flat-rate plans are phased out in favour of tiered and usage based pricing models, subscribers are more likely to take up plans where cost controls are built in. These cost controls foster greater consumer trust and satisfaction, which equates to less churn, a reduction in call centre activity, and lower operating costs.

Ques. 4. Do you think the existence of large number of tariff plans and offers in the market are beneficial for the subscribers?

Ans. We believe that the existence of large number of tariff plans and others in the market are beneficial for the subscribers because

- a) Large number of plans/packs provides consumer with more options and the opportunity to avail a better package suiting his requirements, if not, getting a package which is tailor-made to his usage profile.
- b) Large number of plans/packs has intensified competition which has resulted in low cost services, thus benefitting subscribers.

Ques. 5. In your opinion is it necessary to revise or reduce the existing cap of 25 on the number of tariff plans on offer? If so, what would be the appropriate number?

Ans. We believe that it is not necessary to revise the existing cap of 25 on the number of tariff plans on offer. We know that 96% of subscribers are in prepaid segment still the number of plans in pre-paid category is low because many of the plans offered by the operators are more or less identical offers with virtually no difference in the applicable tariffs (e.g. life time plans and per second billing plans etc) while in the post-paid category, the users are generally high value subscribers like corporate customers etc, who are capable of identifying their specific requirements and also tariff plans suiting them most. Authority may also mandate a standard plan for all operators. Besides this plan, operators may be given freedom to introduce other tariff plans as per the strategy of operators. The authority may decide upon this standard plan, taking into consideration the market scenario and to suit the customer’s needs.

Ques. 6. Should there any limit be prescribed on the rates for premium rate SMS and calls? If so, what should be the norms for prescribing such limit?

Ans. There should be a limit prescribed on the premium rate SMS and calls, which may be upto 5 times the existing normal (without any discount) tariff. This is necessary to keep the operators' operations sustainable and at the same time check indiscriminate charges by operators to the subscribers. Also it should be mandatory for operators to ensure that consumers know about the rates beforehand and operators should provide proper refunds and compensation for consumers who suffer from abuses and unauthorized calls.

Ques. 7. If not, what further measures do you suggest to improve transparency in provision of the premium rate services to prevent the instances of subscribers availing such services without understanding financial implications thereof?

Ans. Various measures that authority should take in order to improve transparency in the provision of premium rate services are: -

1. Authority must keep a check that users are made fully aware in advance by access providers about the tariff plans and procedures related to premium rate SMS and calls. The consumers should be well informed by the premium rate service provider about the tariffs and content of high tariff services by clear and unambiguous announcements of tariffs at the beginning of the calls in order to allow the user to cancel the call before the charging starts. This will help in making sure that consumers are able to make informed decisions.
2. Authority should take stringent actions against access providers which attract customers to dial numbers where the services are not actually available or are of low quality.
3. High tariff services should only be allowed in appropriate numbering ranges that are exclusively or non-exclusively allocated for these services to facilitate tariff transparency and call barring. Consumers may be enabled to block number ranges in order to prevent usage of high tariff services in appropriate cases.
4. Authority must keep a check on the service providers which use high tariff numbers for customer care when their customer has no alternative to reach the service.
5. Approachability of consumer to approach the premium rate service provider should be made easy in the event of disputes. There should be a rapid response mechanism to suspend payment or to block access to numbers while problems and abuses are investigated. This would ensure helping providers act more responsibly and so prevent consumer harm. This can also be done if a charge of lengthening the call by increasing waiting times is proved. This would help in providing consumers with effective redress when things go wrong.
6. Authority must take steps against access providers to reduce artificial call duration by decreasing waiting times related to "pull calls". If possible, the tariff rates, the duration of the call or the total cost of a call or the total amount of the telephone bill should be subject to limitations according to consumer preferences.
7. It should be ensured that the tariffs and conditions of usage are displayed in a legible manner and proper visibility is given for each information. There should be some minimum requirements for publishing/advertising the tariffs of these services

Ques. 8. Do you think there is sufficient justification to allow the service providers to realign the ISD tariff in respect of existing lifetime subscribers in view of the grounds mentioned in their representations?

Ans. Yes, we think that there is sufficient justification to allow the service providers to realign the ISD tariff in respect of existing lifetime subscribers. With the changing telecommunication industry, ISD tariff plans also need to change in accordance with the current scenario.

1. Termination charges to several countries have been increased in the recent past. Traffic to certain special numbers (chat site, gaming etc.) to some countries has increased several times. Termination charges to such special numbers are much higher (₹17/- to ₹45/- per minute) than the normal prevailing termination charges. This meant that the payout to the ILD operators on account of traffic to such special numbers exceeded far beyond the tariffs realized from the subscribers in India which is generally in the range of ₹6.40 per minute to ₹9.20 per minute.
2. Higher termination charges are being levied by some service providers (near monopolies in some gulf countries which control the international gateways). Termination charges for incoming international calls are specified in the IUC Regulation and the Indian service providers do not possess the equal opportunity to negotiate bi-lateral agreements on a reciprocal basis with their overseas counter parts.
3. In some of the countries the payout is more than what the service providers get from the subscriber.
4. There has been a 25% increase in foreign exchange rate resulting in higher payout in rupee terms, affecting the revenues from ILD business.

Since these factors are outside the control of regulators and are causing them negative revenue generation on account of freeze in the ISD tariffs. Thus revision of ISD tariffs becomes essential. Thus there is a need for providing flexibility to Operators in designing and revising ILD rates as per market conditions.

Ques. 9. What measures do you think are necessary to improve transparency and to prevent instances of un-intended recharges by subscribers in situations of cross-restrictions of recharges?

Ans. Various measures that are necessary to improve transparency and to prevent instances of un-intended recharges by subscribers in situations of cross-restrictions of recharges are as follows:-

1. There is a need to ensure that the restrictions / features / benefits of the recharge vouchers are transparently conveyed to the subscribers, to avoid the instances of subscribers paying charges for un-intended recharges. For example - on the paper recharge, all the conditions for the inapplicability of the tariff should be displayed. This should be displayed in a legible manner with a proper visibility.
2. The Service provider will also need to develop appropriate system so as to reject a recharge when an in-eligible subscriber recharges with a particular recharge voucher. In cases like scheme mismatch, there should be proper error messages to avoid the instances of subscribers paying charges for un-intended recharges. For example- as compared to paper recharges, Electronic recharges allow subscribers to get quick money refund. If a subscriber comes to know about the inapplicability of the recharge after he/she has scratched the paper recharge, it is almost impossible for the subscriber to return the paper recharge. So, proper measures to promote electronic recharges may be taken.

3. Service provider should take appropriate steps to deal with all complaints and should make consequent refunds to genuine customer complaints.
4. The situations stating applicability and inapplicability of various recharges (updated) should be properly displayed at all places of customer dealings. In addition to this, proper updated contact information should also be given at each point of sale.

Ques. 10. Considering the nature and structure of the prevailing tariff offerings in the market and advertisements thereof, do you think there is a need for TRAI to issue fresh regulatory guidelines to prevent misleading tariff advertisements?

Ans. Following additions should be made in guidelines issued by TRAI in 2005 to prevent misleading tariff advertisements: -

1. Authority should keep a check that all conditions are explicitly stated by the access provider in advertisements. For example even if at the PoS informing the probable customers about special features of a scheme could be the main focus of the contents of advertising material, but at the same time, it should be ensured that proper visibility is provided to other information also.
2. Proper website links or some contact no. should be given in the advertisement. Generally seen that no website link or contact no. has been given in the advertisements. The advertisement may simply state 'for further info please visit the website of the company' or if the customer is about to buy the service, it may be ensured, may be through a written agreement, that customer has gone through all the nuances of the chosen service.
3. Further, fresh guidelines may suggest uniformity of presentation in the presentation of tariff plans. Authority must make certain steps in reducing ambiguity that an advertisement may create in the minds of consumer if similar facts are displayed in different ways by service providers. For example with advent of per-second billing system, the customers familiar with the practice of uniform pulse-rates may get confused by two operators advertising as per two different granularity(1paisa/2 seconds and ½ paisa/second).
4. With the highly intensified competition in the telecom industry at present, operators are using every method to acquire and retain customers, so authority will have to keep a constant vigil on the telecom advertisements scenario in the country.

We suggest these changes because tariff structure in 2005, when the above mentioned direction was issued, was more complex than that is today. For example - Differential tariffs between calls terminating in GSM and CDMA were not prohibited and were in vogue. Security deposit and other entry fees were significant. The changes have led to simplification of the structure of tariff plans offered by the operators and also made the need for and the utility of the formats mandated in the year 2005 more or less redundant.

Ques. 11. Do you agree that the instances of 'misleading' tariff advertisements listed in this paper adequately capture the actual scenario in the market? If not, provide specific details.

Ans. Yes, these instances capture 'misleading' tariff advertisements listed in the paper adequately. But since now operators are beginning to focus on rural areas where literacy rate is low as compared to urban areas, so

more care is required to be taken to ensure that tariff advertisements clearly state the nuances of the plan, without confusing the consumer. Also, even after fresh guidelines, authority should keep a constant vigil on the scenario of advertisements, just in case a need for fresh guidelines arises.