

Dear Sir,

Kindly find the attached response on the TRAI Consultation Paper on issues relating to Telecom Tariffs form UNINOR.

Rgds,
Mahender Bisht

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Uninor Response

TRAI Consultation Paper on issues relating to Telecom Tariffs (13th Oct 2010)

General remarks

Uninor welcomes the TRAI consultation on issues relating to Telecom Tariffs and the opportunity to submit comments to the views reflected in the consultation paper.

India has witnessed a tremendous growth in mobile subscribers over the last decade and intense competition between operators driving down the price level to one of the lowest in the world. Consumers have benefited from this development and new innovative services have been introduced to the market. In such a situation we believe regulation of end-user tariffs – generally speaking – cannot be justified. At the same time Uninor acknowledges that it is often difficult for consumers to interpret and compare offers due to the increasing number and diversity of such offers, the complexity of tariff plans, bundling of services and potential lack of publication of information on tariffs and terms/conditions. Thus, we support initiatives by TRAI to increase the level of transparency in the marketplace and to educate and empower consumers to make well-informed decisions.

In the consultation document a reference is made (page 8) to similar work carried out by ERG (European Regulators Group) and OECD. The ERG Report on Transparency in Tariff Information¹ published in March 2009 takes as a starting point that conventional economic analysis recognizes that information asymmetry and information failure may lead to sub-optimal consumer outcomes. It recognizes that consumers face a “bounded rationality” (*e.g.* in processing information) and often rely on firm’s reputation and other price and quality signals when making decisions. Even when presented with full information, consumers may not always be in a position to understand and/or use that information to their advantage. This raises questions about whether, and if so, what different policy or regulatory intervention may be necessary to help consumers adopt decisions in their best interests. Against this backdrop the report analyses the end-user information transparency problem and draw an inventory of the practices used to inform end-users by providers, regulators and third parties.

We trust that TRAI will find the appropriate remedies for the Indian telecom market. Uninor strongly support initiatives to increase transparency in the mobile market helping the user to choose the offer which best meet their need. We agree that one attractive policy is to seek to improve the quality of competition by ensuring that consumers get better information about their choices, so that they can compare offers and select the telecom service (tariff plan) that best suits their need.

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

As per the Consultation Paper, in a typical LSA, there are on an average 27 tariff plans for GSM prepaid service & 61 tariff plans for GSM postpaid services alone, provided in all by 10/11 TSP's not to speak of innumerable Special Tariff Vouchers as well as plethora of add-on packs in the prepaid segment. In addition tariff offers are further compounded by having separate ON-NET and OFF-NET tariffs.

Above scenario does not include the tariff offers available on CDMA platforms.

With 3G & BWA services, (such as VOIP, wireless Data services), starting shortly, the market will be crowded with more tariff plans.

Customer segmentation techniques are also becoming more & more sophisticated. This will also result in the introduction of more tariff plans.

It certainly is, and will be, a tough task for a user to choose an appropriate tariff scheme to meet his pocket and usage requirements.

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?

An average user is not able to compare any 2 plans, based on his usage requirements. Therefore Uninor proposes as follows :

- a) Survey should be undertaken to analyze and broadly categorize the usage pattern of the subscribers.
- b) Each operator be asked to workout Down payments and monthly billings for the most popular usage category (S) of subscribers against tariff scheme on offer.
- c) All tariff plan filings be provided on a **web based tariff guide**, preferably with interactive price calculator, based on preferred consumption volume and rank subscription packages from different providers.

---- To enable a prospective service user to make the right choice. The website should be operated or at least under the supervision of TRAI.

- 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?**

In the case of Mobile services, operators offer differing combination of service features based on segmentation of customer requirements suitable to a particular market and price them accordingly. It is the essence of a free market and customer choice.

It will be more in line with progressive consumer behavior for the customer to analyze his usage pattern and for the TSP's to help him make the right choice of the available tariff plan, rather than operator to announce one standard tariff plan.

Going forward, there should not be any tariff discrimination amongst ON-NET / OFF-NET subscribers. This will help mitigate the expected confusion post MNP.

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

Yes, we think so. In fact acts as a catalyst to a discerning customer in expanding or altering his usage pattern to better suit his work/ social/ entertainment needs at affordable incremental cost additions.

- 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?**

Barring incumbent operators, that too only in few LSA's, others have not come even closer to this limit. From this, it appears that limit is adequate. At the same time operators need flexibility to add plans relating to 3G & BWA services. We therefore proposed that the Cap of 25 plans is a pragmatic choice and should be retained.

- 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?**

Looking at the versatility of the services being offered, imposing any limit per se on the chargeable rates shall dampen innovation and development. In fact future revenues of Telcos will depend increasingly on Value Added Services.

However not to deny that, billing of Premium rate SMS/Calls, sometime does create so called Mobile Bill Shock to the customers and contributes maximally to the Billing Complaints, therefore there is a need to offer subscriber full transparency and control over spend.

TRAI has already taken number of steps through its directions dated 3rd May 2005 and regulation of 2006, still there is a need to further regulate, particularly the introduction and usage of high tariff services beyond a threshold.

TRAI may also have a re-look on the regulation for registration of premium rate service provider so as to sub serve the interest of PRS consumers.

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?

Some of the measures suggested by Uninor are:-

- a. Reserving Separate number series/ranges for high tariff services, where charges are beyond thresholds set by TRAI.
- b. Information to be available in the public domain and adequate publicity be given.
- c. In addition to the present system of asking for customer ok on case to case basis, Customers should also be enabled to block the number ranges in order to prevent accidental usage of high tariff services.
- d. There should also be rapid response from the network operator to block access to the serviced numbers and if possible suspend payment.

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?

It is a fact that while ISD tariffs are not entirely under the control of a TSP but TSP's, in their zeal to garner more customers, offered fixed rate ISD services in their lifetime packages to the existing subscribers.

Over a period of time ISD rates have been adversely affected because of increase in voice call termination rates by various administrations. Therefore, perhaps, it is in the fitness of good regulations to bail out the TSP's, but not without providing adequate protection/compensation to their existing customers, which perhaps could have been available in case carrier selection proposal is operational.

TSP's may also consider offering alternate attractive packages exclusively for local and STD services to facilitate migration of life time package holders.

- 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?**

Every recharge pack or voucher should specify clearly its applicability to lifetime prepaid category subscribers, including cross restrictions if any imposed.

- 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?**

The present telecom market with 12 to 13 operators does not give any scope for misleading tariff plans. Introduction of MNP will further act as a dampener to any such anti customer activity. Therefore we feel no further regulatory guidelines are required in this regard from the telecom regulator, apart from the directions already issued on the subject.

- 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.**

We have no further instances to add.