

Bharat Sanchar Nigam Limited
(A Government of India Enterprise)
 [Corporate Office]
 1st Floor, Bharat Sanchar Bhawan,
 H.C. Mathur Lane, Janpath, New Delhi - 110 001
(T&C-CM Section)

No. 16-2/2012-T&C-CM

Dated: 27.02.2012

To

The Jt. Advisor (ER)
TRAI,
New Delhi-2

Sub: Consultation Paper on Review of Policy of Forbearance in Telecom Tariff -reg.

Kindly refer to your letter no. 301-6/2012-ER dated 21.02.2012 forwarding therewith the Consultation Paper on Review of Policy of Forbearance in Telecom Tariff dated 6th February, 2012.

2. Para wise comments to the issues for consultation are as under:-

Issues for Consultation	Comments
1. Do you perceive any need for a change in present regulatory framework for telecom tariff fixation?	1. No. Under the present regulatory frame work for telecom tariff fixation with forbearance, the mobile tariff has come down drastically to a level which may be considered as lowest amongst the developing countries.
2. Should TRAI withdraw from the policy of forbearance?	2. Not necessary as of now.
3. If yes, what should be the basis of tariff regulation? Should it be by way of specifying a standard tariff package or by way of fixing tariff as a ceiling for individual charging components such as calls, SMS, etc? Please also suggest the methodology.	3. Not applicable in view of reply to (1) and (2) above.
4. Would tariff regulation affect the ability of the telecom service providers to introduce innovative tariff plans?	4. Yes. With the regulated tariff, service providers may not be able to introduce innovative tariff plans.
5. What would be the best method of managing the telecom tariffs so as to protect consumer interest even while affording the telecom service providers the necessary flexibility?	5. Mobile telephony segment in India is characterized by intense competition. With approximately 10-12 operators operating in a LSA, the supply is much more than the demand which automatically not only brought down the tariff but also not allowing the operators to increase the tariff. With MNP a customer has the option to choose the operator who offers the best tariff. Hence, the customer's interest is already well protected.
6. Is tariff for data services offered by the service providers competitive and reasonable?	6. The tariff for data service offered by BSNL is the most competitive and reasonable.
7. What are the factors that impact competition in data service in the market?	7. Factors affecting competition are: <ul style="list-style-type: none"> • Proliferation of low cost 3G Smart Devices. • Killer Applications • Regional VAS

<p>8. What can be the possible measures by the regulator for facilitating enhanced competition for availability of data services at affordable tariff?</p>	<p>8. Regulator can think of giving holidays:</p> <ul style="list-style-type: none"> • For a few years on 3G Spectrum Usage Charge. • Further, charges for Spectrum and License Fees on Devices sold by Operators could be withdrawn by Regulator.
<p>9. Should TRAI regulate tariff for data services by way of fixing ceiling tariff to protect the interest of the consumers? If yes, what should be the basis and justification for tariff fixation?</p>	<p>9. TRAI focus should also be to protect the interest of Operators in addition to protecting the interest of consumers. Almost all Operators are on the Negative Growth of Profitability. The Revenue accrued from 3G Services is yet to match the cost of capital of the 3G Spectrum Fees.</p>

(Prema Krishnamachari)
Dy. General Manager (T&C-CM)
Ph. 011-23734283

Copy to:

PGM (Regln.), BSNL, Corporate Office, New Delhi, for kind information please.