

Bharti Airtel Ltd.

India & South Asia
Airtel Center, Plot No. 16,
Udyog Vihar, Phase - IV,
Gurugram - 122 015
Haryana, India

www.airtel.in
Call +91 124 4222222
Fax +91 124 4243252



TRAI/FY24-25/36
Dated: 16.08.2024

To,
Shri Amit Sharma,
Advisor (Finance & Economic Analysis)
Telecom Regulatory Authority of India,
World Trade Centre,
Nauroji Nagar
New Delhi – 110 029.

Subject: Response to Consultation Paper on “Review of Telecom Consumers Protection Regulations (TCPR), 2012.”

Dear Sir,

This is in reference to TRAI’s Consultation Paper on “Review of Telecom Consumers Protection Regulations (TCPR), 2012” dated 26.07.2024.

In this regard, please find enclosed our response for your kind consideration.

Thanking You,

Yours’ Sincerely,
For Bharti Airtel Limited

A handwritten signature in blue ink, appearing to read 'Rahul Vatts', written over a light blue circular stamp.

Rahul Vatts
Chief Regulatory Officer

Encl: a.a

Preamble:

At the outset, Airtel would like to begin by thanking the Authority for giving us an opportunity to comment on this important Consultation Paper (“CP”) titled *Review of Telecom Consumer Protection Regulation 2012*.

Telecommunications, as a transformational technology and the backbone of a digitally connected India, is playing an ever-growing role in the nation’s journey to becoming a \$5 trillion economy, to bringing high speed broadband access to every citizen through applications and services and to ensuring digital inclusion and bridging the digital divide. The investments made by Telecom Service Providers (“TSPs”) worth billions of dollars are evident in the over 8 lakh telecom towers that are deployed today and the millions of base transceiver stations (“BTS”) that connect mobile devices to cellular networks. They are also evident in the fact that over a billion plus population is being successfully served through a mix of technologies and services across every nook and cranny of India, and India has grown in global stature in terms of competitiveness and reforms.

This has been a result of the supportive regulatory framework created by the regulator TRAI predominantly anchoring on the principle of forbearance, with conditions that have enabled the TSPs to continuously meet the growing demands of consumers for telco services, pursue new innovations, and brought new technologies & services into play. These, in turn, have contributed to facilitating socio-economic development including the achievement of Sustainable Development Goals (SDGs).

From a pure (TDM based) 2G market in the early 2000s to a data oriented (IP-based) 4G networks and services to the present advanced high speed, low latency 5G networks and services, the Indian consumer has been provided with the benefits of evolved and converged advanced network capabilities and resultant products and services.

The evolution of today’s tariff plans has been a natural progression and corollary of the same, wherein the tariff offerings over the last 20 years and now, are driven by consumer preferences, technological advancements, regulatory changes, and intense competition. We capture this historical evolution of tariffs in summary as below:

1. Early 2000s: High Tariffs and Limited Offerings

- **Per-minute billing:** High tariffs, incoming charged, consumers charged per-minute pulse.
- **Service specific plans:** Basic offerings, focus on voice and SMS with limited data services.

2. Mid-2000s to till 2010s:

- **Gradual shift in tariff structures** - towards per-second billing
- **Introduction of data plans:** With growth of mobile internet, data packs were introduced, though they were still relatively expensive.

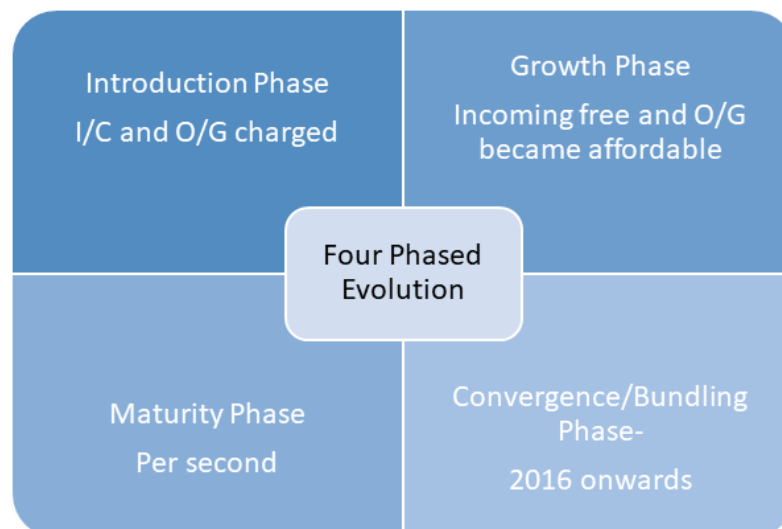
3. 2012-2016: Data Revolution and Competitive Pricing

- **Entry of 4G:** The introduction of 4G services marked a paradigm shift, with TSPs offering high-speed data at competitive prices.
- **Intense price competition:** Entry of new player in 2016 led to aggressive price competition resulting in free voice calls, cheap data offerings & drastic reduction in tariffs.
- **Shift to Bundled Plans:** Operators innovated and began offering all in one bundled pack. This was immediately lapped up and loved by the customer. Became prevalent and preferred choice of customer and became the new normal.

4. 2016-Present: Digital Economy and Introduction of 5G Plans

- **Move to a Data-First Economy:** With the surge in data consumption, driven by increased smartphone usage and bundled offerings, and popularity of video streaming, data plans became the primary offering, with voice calls considered almost free.
- **Introduction of 5G:** The recent introduction of 5G services has started to shape new tariff offerings, with operators offering plans for higher-speed internet.

To sum up, the entire tariff evolution can be broadly bifurcated into the following phases:



In last 3-4 years, the market has further evolved and simplified telecom offerings, wherein **bundled services have become a norm** that include voice, data, SMS, and additional services like OTT subscriptions. This is also the overwhelmingly preferred choice of the consumer today.

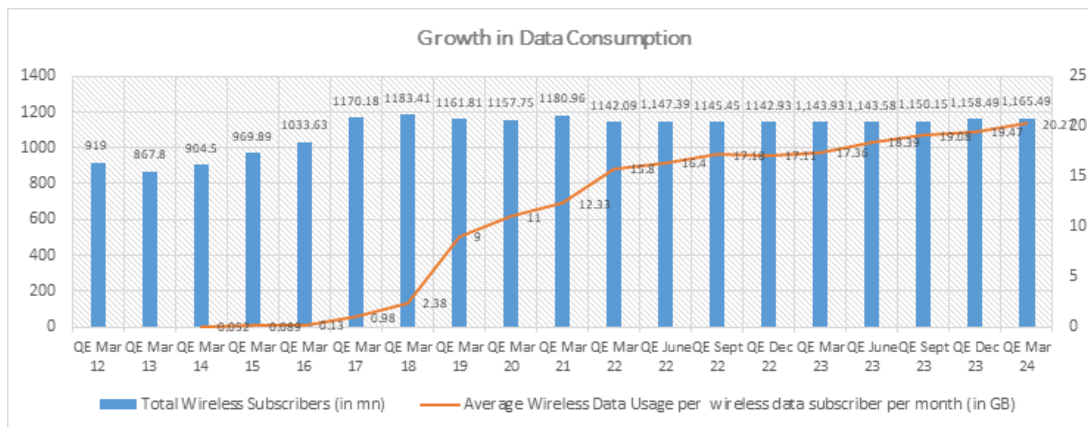
Prepaid plans continue to dominate the market, with most consumers opting for these due to their flexibility and affordability.

What this natural network and services evolution has led to, is an inflection point wherein after almost a decade of intense and unsustainable price competition, the market has stabilized, the consumers are fully aware of benefits since these are easy to comprehend.

It is important to recognise that it is the hands-off approach employed by TRAI in terms of a policy of forbearance when it comes to telecom tariffs that has been fundamental not only to the growth and development of the sector but to encouraging healthy competition in the market as well.

With the freedom to set tariffs, TSPs have introduced a variety of innovative services and tariff plans tailored to different consumer segments. This includes unlimited calling plans, data-specific plans, and bundled services that cater to the diverse needs of Indian consumers.

The result of all this has been unprecedented growth in terms of the subscriber base, as well as data usage - all in the last decade. While mobile subscriber base has grown by 27% since 2012, the data usage has increased by 400 times over 2012.



The increased subscriber base and exponential usage of data shows the confidence of consumers in the wider choice of services, as well as the tariff plans that best suit their usage patterns.

All these have boosted India’s **Digital Economy**. The widespread adoption of smartphones now enables consumers to make best use of latest network capabilities. This has also fueled the growth of e-commerce, online education, telemedicine, and digital payments. Clearly, these developments in the telecom networks and services are having a wider positive spillover impact on the socio-economy.

The Digital India Vision is centered on three key vision areas, namely **digital infrastructure as a core utility to every citizen**, governance and services on demand, and digital empowerment of citizens.

The digital reset of the Indian economy has seeped into almost every aspect of life. Almost every Indian now has the digitally authenticated Aadhar identification number. A combination of technology and business model resulted in the 'JAM' trinity. Some of the key government initiatives such as DigiLocker, Unified Mobile Application for New-age Governance (UMANG), UPI, Pradhan Mantri Gramin Digital Saksharta Abhiyaan (PMGDISHA) etc – are used frequently across strata of citizenry.

Clearly all this digital revolution is made possible due to 'data adoption', and data is a pre-requisite for success of Hon'ble Prime Minister's Digital India Vision. Considering these market realities of digital inclusion & leadership, the *data* has to be sine-qua-non. Accordingly, the TSPs started bundling voice, data and SMS in their plans. This fueled the exponential expansion of digital ecosystem, start-ups and services in India. Taking away the benefit of *data* will not only deprive the consumer the benefits of digital empowerment but also lead to India fall behind in digital leadership. Hence the data should continue to be bundled in telecom plans so that India continues on the path of global digital leadership.

Therefore, **Airtel firmly believes that current TRAI approach on forbearance is the correct path for enhancing consumer experience and allows flexibility to TSPs to offer varied products to its customers.**

In view of the foregoing, and because a significant period of time (over a decade) has lapsed since the last review, this review of the Telecom Consumer Protection Regulation 2012 should be aligned with the latest technological advancements and market realities and ensure flexibility to TSPs to accommodate the changing consumer expectations. Updating the regulation with these objectives will make the regulation more relevant and effective in protecting consumer interests and promoting a fair and competitive telecom industry.

In summary, the following aspects of TCPR require immediate review:

- ✓ *Principle of forbearance is working well and should continue.*
- ✓ *No need to mandate Voice and SMS only packs.*
- ✓ *Validity of STVs/CV from the existing limit of 90 days - deciding appropriate validity should be left to market forces.*
- ✓ *Do away with color-coding as paper vouchers are not relevant anymore in the current digital ecosystem*
- ✓ *The relevance of price differentiation in PV, STV, Top Up Vouchers is now irrelevant and should be done away with.*
- ✓ *Doing away with the combo vouchers*

The remainder of this document focuses on Airtel's question-wise response to the Consultation.

Question 1: How do current tariff plans offered by telecom service providers align with the preferences and usage patterns of consumers, particularly elderly individuals? Please Justify with rationale.

Airtel Response:

As mentioned in the Preamble, the Indian telecom services market has transformed from a pure (TDM based) 2G market in early 2000s to a data oriented (IP based) 4G networks and services to an advanced high speed, low latency 5G networks and services now. The Indian consumer has been able to reap the benefits of evolved and converged advanced network capabilities and resultant products and services and is more alive to the digital world.

As more and more government services and commerce move online, offering ease and choice of place, time and efforts in digital / online mode, and, with enterprises, governments and TSPs make all concerted efforts and investments towards digitalization and digital India vision - it is natural that the Telecom tariff plans remain flexible to accommodate such changes. This is the very basis on which TSPs have been offering the tariff plans to customers to address their usage patterns and cater to a wide range of consumer segments, including elderly individuals.

The plans today are simplified, straightforward and easy-to-understand with an **all-inclusive bundled voice, data, and SMS** packages, preferred by elderly consumers. These are neither complex nor come with any hidden charges and **eliminate the need to manage multiple plans**.

There are a range of plans available to meet the needs of elderly as well, catering to all sections of society e.g. plans with data ranging from a pack of 2 GB to pack of 3 GB per day. Such light plans adequately serve the elderly users not looking for data-intensive activities like streaming or gaming, but are capable of serving essential tasks like browsing, voice & video calls. This allows elderly to choose plans that fit their usage without overspending. Not to mention that unlimited voice is integral to even these plans.

Then there are **long-term prepaid plans** for consumers who often prefer stability and convenience and want to avoid frequent recharges. The TSPs offer long-term prepaid plans that cover six months to a year which are often more cost-effective in the long run and align with the preference for stability among elderly users.

The convenience of bundled offerings has taken away the hassles of frequent recharges for different services. Among the beneficiaries of this tariff evolution have been elderly consumers. It must be noted that when TCPR was introduced in 2012, the customer had to undergo individual recharges for talk-time, rate-cutter, data STV, SMS STVs. Customers had to recharge again & again and separately. Today's bundled offerings have removed this friction and created massive consumer convenience, and, with unlimited voice, has lead to consumers today using these products heavily.

In view of the above, Airtel submits that the current bundled tariff plans are well-aligned with the needs and preferences of elderly individuals as well as various segments of consumers at large. The simplicity, affordability, and essential services like unlimited voice calls match the typical usage patterns of elderly users, and there are additional options of long-term plans and enhanced customer support address any differing needs of such consumer segments.

Question 2: Is there a need for separate plans for Voice & SMS and data to meet the specific with digital footprint etc requirements of subscribers. Please justify with reasons.

Airtel Response:

No. We do not see any need to mandate or prescribe separate plans for Voice & SMS and data. As stated in the Preamble, the evolution of technology, data (IP) oriented networks and services, coupled with substantial expansion of smartphones – have led to a situation where almost every plan today offers unlimited voice and substantial quantum of SMSs bundled with data. There are separate data only plans as well in the market.

Airtel also does not see any market failure in meeting the needs of a customer whose unique requirement is for voice usage alone. It must be noted that the current tariff offerings provide much more value propositions in addition to unlimited voice for customer use, a norm now.

The consumer survey undertaken by TRAI reveals that over 91% of the respondents find the current market offerings affordable to very affordable. Moreover, 93% of the respondents in the same survey find that there is sufficient choice in the market with regard to tariff offering. All this notwithstanding the fact that India continues to have most affordable tariffs in the world and among the lowest ARPUs. **This overwhelming endorsement of TSPs' bundled offerings by respondents is a testimony that the marginal customer is able to find solution to his/her needs.**

Only voice plans will result in huge inconvenience to the marginal customer as they will have to recharge with a separate pack for a specific service which used to be a legacy model in last decade. Today, a marginal customer has a need for simple video/voice calls using Telegram/WhatsApp or zoom meetings. A bundled voice, SMS and data pack ensures that the marginal customer is not inconvenienced in such situations, and s/he can choose from a wide range of offerings which best suit its requirements. **In-fact the current market offerings have a wide range of products which have data ranging from a pack of 2GB volume, to 3 GB/day.**

A bundled offering allows the customer to benefit from economies of scale of combined benefits and makes it easy to switch the handset(s) from a feature phone to smartphone without need for separate or new plan. Any attempts to un-bundle and giving/mandating any voice only plan will constraint the customer to go back to a legacy era forcing her/him to undergo the hassle of frequent/multiple recharges. **Such an archaic attempt to unbundled product will also create unintended consequences of making unbundled individual products becoming effectively becoming expensive than the sum of the parts i.e. the bundled benefits.**

As regards an SMS only plan, we submit that over 94% of customers today send less than or equal to 1 SMS per day, and this percentage becomes over 98% for customers sending less than or equal to 5 SMS/day. Hence there is no need to mandate or give an offering that has lost relevance and significance in the market.

There will be another unintended consequence of mandating/giving a voice only plan i.e. possible negative impact on the digital inclusion and digital India vision.

The government has launched the Digital India programme with the vision of transforming India into a digitally empowered society and a knowledge-based economy, by ensuring digital access, digital inclusion, digital empowerment and bridging the digital divide. We believe that '**data adoption**' is pre-requisite for digital India Vision.

In such an ecosystem, **depriving the customer of data benefits by introducing voice only plans would also conflict with Hon'ble Prime Minister's vision of Digital India.** Moreover, we do not understand how customers are not getting benefit of digital infrastructure where unlimited voice is available.

Any such intervention also goes against the spirit of TRAI's professed approach of forbearance and non-interference in retail market when there is no market failure. It will also take away flexibility of TSPs to launch innovative products to suit the demand of the customers. A philosophy that has worked well over last two decades should continue without any intervention.

In fact, there is a counterfactual – During emergencies, customers who are subscribed to voice-only packs may unexpectedly require data. This scenario would necessitate customers to conduct a separate data recharge, leading to significant inconvenience.

Clearly, over the period, the service providers have proven themselves to make consumer-friendly propositions to match market dynamics and consumer convenience. The current unlimited voice plans are thus a reflection of customer needs and requirements. **A selective ex-ante intervention on one particular aspect of tariff will force service providers to adjust or rebalance other important aspects of tariff. In any case there is no justification whatsoever for intervening in well-functioning market.**

In view of the above, Airtel submits that there is no need or rationale for mandating any Voice and SMS only plans. The successful policy of forbearance in tariff offerings should be continued with TSPs be afforded the flexibility to design products as per needs of their customers and market, technology and network evolutions.

Question 3: Whether the maximum validity of Special Tariff Vouchers (STVs) and Combo Vouchers (CVs) for consumers should be increased? Please Justify your response with reasons.

AND

Question 4: Are there specific consumer segments that would benefit from longer validity periods for Special Tariff Vouchers (STVs) and Combo Vouchers (CVs)? Please Justify along with rationale.

Airtel Response:

Under the TCPDR, the STV and CV put a limitation in terms of the maximum validity of tariff benefits which cannot exceed 90 days. Post 2016, with the advent of unlimited voice and per day data quota, the market has undergone fundamental changes and these validity restrictions hold no practical relevance and the concept of separate classifications of Tariff plans, STVs, CVs itself are obsolete.

It is observed that after getting on a tariff plan, consumers are familiar and comfortable with and inclined towards recharges which offer them combined benefits. This is also evident from TRAI's consumer survey. Hence, validity is a major differentiating factor and plays an important role in customer selecting a product with combined benefits on offer. **Thus, there is a genuine inherent need for flexibility in letting the market define with varied components and validity.**

The limitation of not exceeding 90 days acts as a huge barrier for TSPs in aligning product portfolios with the need, requirements and usage pattern of different segments of customer. **Removing the restriction of 90 days would lead to TSPs ability to offer a wide range of products to the customers which will also address the issues around customer inconvenience (i.e. hassle of frequent recharges)** and bring stickiness. It also brings down the transaction cost (in form of frequent interactions due to recharges) for consumers as well as the TSP.

Therefore, Airtel submits that the restriction on the validity of CV and STV is outdated and not market-friendly and should be done away with. Airtel recommends that TRAI should allow TSPs to design STVs/CVs with a validity longer than 90 days without getting them counted under the cap of 25 tariff plans.

Question 5: In the current scenario, where dealers are doing recharge of vouchers online instead of selling physical vouchers. How relevant is colour coding of physical vouchers? Please justify with reasons.

AND

Question 6: Whether colour coding can be introduced in digital mode to enhance consumer convenience and clarity? Please Justify your response with rationale.

Airtel Response:

Airtel believes that the system of color coding as prescribed in TCPR in 2012 has lost its market relevance. In 2012, it was brought for vouchers to help consumers easily distinguish between different types of recharge vouchers which used to predominantly happen in physical mode and tariff plans were complex. The primary aim was to simplify the consumer experience by providing a visual cue that could help in quickly identifying the purpose of each voucher. This was particularly useful in a market with diverse offerings and complex tariff structures.

However, over the last 10 years, due to network, services and consumer behaviour transformation and majority of business having moved online, the relevance of color-coded vouchers have significantly subsided/reduced.

The shift from physical recharge vouchers to digital transactions via apps, online portals, and UPI provides clear, categorized information about each plan, making visual color cues unnecessary.

The simplified tariff structures with fewer and straightforward plans, have diminished the need for distinguishing between a myriad of voucher types which existed earlier. Today, plans are often categorized clearly in digital formats without requiring color codes.

The consumers today are more informed about the different plans and their benefits thereby reducing the need for color coding as an aid.

One of the biggest reasons that has led to organic dying down of needs of color-coding on vouchers has been emergence and prevalence of bundled services that combine data, voice, and SMS in a single plan. In bundled plans, the customer is getting everything, and the plain vanilla voice is available in abundance (unlimited) with sufficient quantum of SMS and a data allowance.

Not to forget the improved customer support and detailed information available online and through mobile apps that consumers have access to today. They get extensive information and support to choose the right plan, making the simple visual cue of color coding redundant.

Therefore, this TCPR review should update this aspect of the regulation and better align with contemporary consumer behaviors, technological advancements and market realities.

In view of the above, Airtel recommends that the mandate for different colour coding for PV, CV, STV, and Top-up vouchers should be withdrawn.

Question 7: In the present situation where recharge of vouchers is carried out through digital mode, is there any relevance of reserving denomination of Rupees Ten and multiple thereof only for Top up Vouchers. Please Justify with reasons.

AND

Question 8: Whether all types of vouchers can be allowed to be offered in any denomination of the choice of service provider? Please Justify along with rationale.

Airtel Response:

In a practical and realistic sense, there is no more need to continue with separation of denomination only to top-up vouchers vis a vis other voucher type. It must be noted that TCPR 2012 established specific denominations for vouchers when networks and services were voice focused and dominated the telecom landscape. Any non-voice benefit was a separate additional service and hence in order to avoid customer confusion, such guidelines were created.

Since then, and specially post onset of 4G and data capable networks and services, market has evolved to a situation where voice itself has become a byproduct of 4G/5G networks, and because it makes no sense to make is a separate service, it is not offered as a standalone separate service; rather is today a default network service in the form of unlimited voice on. The customer too is well-informed about digital offerings and is choosing bundled options like Special Tariff Vouchers (STVs) and Combo Vouchers (CVs). This is notwithstanding the fact that even a feature phone or 2G only user too is able to take full benefit of unlimited voice today on TSP networks.

Today, less than 1% of recharges each are done for Top-ups and Combo Vouchers. This underscores the diminishing relevance of the existing mandate in the market. The significantly low percentage of top-up recharges in relation to the overall recharges highlights the fact that Combo Vouchers have lost its relevance.

The very limited use of Top Up Vouchers is mainly for specific cases like ISD calling, SMS post consumption of daily SMS limit which actually never gets exhausted, highlights the shift towards bundled services and one-time recharges. **In-fact our analysis suggests that over 90% of subscribers today send just 1 SMS per day, and this percentage becomes over 98% for customers sending less than 5 SMS/day.**

It is in this background we recommend that TSPs should be allowed to offer STVs, CVs, and PV also in multiples of Rs. 10, instead of restricting this denomination to Top Up Vouchers only. This will also give flexibility and ease to majority of customers. Moreover, since majority of customers recharge with STV, allowing TSPs to offer such products in multiple of 10 will also ease out the customer interaction with retailers from the point of view of making payments against such recharges which form majority of transactions in terms of recharges.

While Airtel is in favour of liberating the TSPs to denominate their STVs, CVs and PVs in any multiple without any restriction, if Authority still wants to restrict a TUV MRP only in multiples of 10, then that can co-exist with flexibility of STVs/CVs/PVs in multiple of 10. Although it is our assessment, it may unnecessarily confuse the consumer, hence the best option is to let market decide the MRP denomination of all vouchers including the Top Up Vouchers.

We also bring to the attention of the Authority that combo vouchers were initially created to offer convenience and additional monetary value alongside bundled benefits. However, with shifting consumer preferences and market dynamics, it appears that their effectiveness in meeting consumer needs is diminishing.

As mentioned earlier, the uptake of Combo Vouchers and Top Up Vouchers together now accounts for less than 1% of total recharges, indicating a waning interest in monetary value.

Continuing with the mandating combo vouchers as a category results in unnecessary confusion for customers due to their lack of a clear purpose. The provision of bundled benefits and talk time in Combo Vouchers can be addressed through Special Tariff Vouchers and Top Up Vouchers, even though the usage of Top Up Vouchers for recharges is minimal. By phasing out combo vouchers, the industry can transition towards a more adaptable, transparent, and competitive environment that caters to the diverse and evolving demands of consumers. Therefore, in light of these changes in the market and customer preferences, it is advisable to eliminate Combo Vouchers as they have become obsolete.

In summary Airtel recommends:

- **Remove the mandate on Top-Up vouchers to be in the multiples of 10 only, as the market is moved on from event based charging with unlimited voice as the norm.**
- **The Top Up recharges as a percentage of total recharges is less than 1% making a strong case for removing this restriction since the customer's use Top Up Vouchers has become negligible.**
- **Combo vouchers have lost significance and relevance in the market, hence requirement to offer CVs should be done away with.**