



TELECOM REGULATORY AUTHORITY OF INDIA

Comments received from stakeholders on

Consultation Paper no. 3/2008 dated 29th January 2008

on

**Issues arising out of Plethora of Tariff Offers in Access Service
Provision**

Comments have been received from the following stakeholders on Consultation Paper no. 3/2008 dated 29th January 2008 on “Issues arising out of Plethora of Tariff Offers in Access Service Provision”

- 1. COAI**
- 2. AUSPI**
- 3. Bharti**
- 4. Reliance**
- 5. BSNL**
- 6. MTNL**
- 7. TATA Teleservices Limited**
- 8. Shyam Telelink Ltd. (STL)**
- 9. Citizen Consumer & Civic Action Group, Chennai**
- 10. Bharat Jyoti Consumer Protection Council, Lucknow**
- 11. Consumer Care Society, Bangalore**
- 12. National Centre for Human Settlements & Environment, Bhopal**
- 13. Federation of Consumer Associations, West Bengal, Kolkatta.**
- 14. Voluntary Organisation in Interest of Consumer Education (VOICE), New Delhi**
- 15. Telecom Watchdog, New Delhi**
- 16. Kerala Consumer Service Society, Kochi**
- 17. Udbhokta Sanrakshan & Kalyan Samiti, Kanpur**
- 18. Shri A. Govinda Raj, Telecom, Media & Technology Professional, Hyderabad**

Q1. Is there a need to further reduce the limit of the number of tariff plans on offer from the existing cap of 25 and if so what should be the number? Justify your answer. If not, give reasons?

COAI

The mobile telephony segment is the fastest growing market in India today and is characterized by intense competition. The mobile subscriber base has crossed 240 million and the industry is adding close to 8 million subscribers every month.

The market for mobile services in India has greatly evolved and service providers are following a strategy of very finely segmenting the market so as to meet the different needs of various segments such as:

- Students
- Youth
- Working women
- Housewife
- Professionals
- Heavy users, low users, medium users of Voice
- High users of SMS, VAS etc.
- Frequent travelers

The service providers are coming out with innovative tariff plans which are designed to suit the needs of various market segments listed above.

We would also like to submit that Tariff plans are an integral part of the marketing strategy and the Authority has correctly noted that all marketing battles are primarily fought on tariff plank. The aim of any marketing strategy is to retain subscribers, enhance customer delight; rather than create confusion in the minds of subscribers. And Marketing Strategy/ Tariff Plans are determined based on pure play of market forces and competition – and that is how it should be; free from any regulatory interventions.

Moreover, it is pertinent to note that various tariff plans offered by different service providers in a particular service area are very similar or close to identical – and the same is due to intense competition in the mobile telecom industry.

So long as the mobile subscriber is aware of his or her usage pattern, and specific needs, he or she can opt for a plan which will minimize the cost to the subscriber. Various avenues / channels are made available to the subscribers through which a subscriber can seek the required details prior to opting for a particular plan. The subscribers are free to seek the details/ information which he or she may desire to know prior to opting for a tariff package. Therefore as long as the subscriber is aware of his or her usage pattern and the details of the tariff plan are available to the subscriber, the concern regarding confusion in the mind of the subscriber should not arise.

From a subscribers perspective, having choice is always better than having no choice at all - consumers always benefit from greater choice.

Even in the other sectors of the Indian Economy like Automobiles (Cars), Insurance etc, the choice available to the consumers is significant. The players in these sectors have also resorted to market segmentation to meet the needs of various segments or the different consumer profiles. And the choice or the options available to the customers is only increasing with time.

In light of the above, we are of the view that there is no need to further reduce the number of tariff plans which can be offered by a service provider from the existing cap of 25. Reducing this cap will only limit the choice available to the subscribers.

Regarding the various service segments, we are of the view that wireline, wireless, internet/ broadband should be treated as different service segments. Further, as the Authority is aware that 80% of the subscribers in India are Prepaid, it may be appropriate to count Prepaid and Postpaid as two separate segments within mobile. Hence the cap of 25 tariff plans applicable separately for Prepaid and Postpaid mobile may please be considered/ examined by the Authority.

AUSPI

AUSPI does not consider it necessary to further reduce the limit of the number of tariff plans on offer by an operator from the existing cap of 25 plans in each service area. The Authority stipulated this cap by 21st amendment to the TTO in June, 2002 and retained the same cap in the 31st amendment of the TTO in July, 2004 after a consultation process on this issue.

It is submitted that further limiting the number of tariff plans will not only limit the ability of the service providers in effectively competing in the market place, but also goes against the interest of the consumers. In the competitive wireless access market of today, practically all marketing strategies are on the tariff plank. Since the market is still growing exponentially and all service providers are focused on new subscriber additions to achieve the target of 500 million subscribers by 2010, flexibility in tariff setting is the operators' principal instrument to attract subscribers. There should be certain flexibility in respect of number of tariff plans, that need to be based on consumer requirements like calling pattern, incoming calls, closed user group calls etc. to attract subscribers.

It is worth-mentioning that currently wireless subscriber growth is above 8 millions per month against the monthly growth of 3 to 4 lakh subscribers in 2002 when the Authority fixed the cap of 25 tariff plans in each service area.

Undoubtedly, it is competition in the market coupled with various consumer friendly tariff plans that has accelerated the present unprecedented growth. Introduction of any kind of reduction of cap on tariff plans is not called for at this moment as it will amount to further interference with the dictates of the market place.

Therefore, we emphasize that the limit of the number tariff plans should not be further reduced and the existing cap of 25 tariff plans in each service area should continue

Bharti

The Hon'ble Authority would appreciate that the new consumers who are entering the category come from a diverse spectrum, ranging from a first time rural consumer, whose primary need is to stay connected at affordable costs, to the discerning urban metro youth who looks at a mobile phone as a powerful tool to connect to the world, to blog, to chat and so on. Today mobile phones are used by a cross section of the society due to the affordable tariffs – it is important that each and every kind of customer's requirement is appropriately met. New segments in the retail market keep evolving be it a self-employed customer, trader, housewife, student or senior citizen.

With this background, we are of the view that the existing cap of 25 is adequate and needs to be continued so that simple tariffs can be made available to the customer in a transparent fashion.

Reliance

There is no need to limit the number of tariff plans on offer for the following reasons:

- In the competitive telephony market, practically all battles are being fought on the tariff plank. Since the market is still growing and service providers are entering into untapped rural markets, the flexibility in tariff setting is their principal instrument to attract new subscribers.
- Innovation and differentiation in tariff packages in terms of bundling of value added services, data services, customer premises equipment, handsets etc is bringing more competition in the market. Such tariff plans also help to expand mature and near saturated markets.
- Launch of tariff plans like 'life time', 'One India', simple plans like 99 paise call on any network have been possible because of flexibility available with service providers to continuously innovate and improve their offerings.
- The launch of new tariff plan is generally based on analysis carried out by service providers on needs of their subscribers. Subscriber requirements and preferences differ and same offering is unlikely to be viewed as optimal by all subscribers. If service providers ignore the varied customer requirements, it is likely that prospective customer will remain untapped and the market will shrink or that service provider may loose that subscriber to a competitor offering a product meeting his requirements.
- Varied customer requirements are categorized and segmented on the basis of usage pattern, occupation, age, communities (CUGs) etc. Within a segment further segregations are needed to cater to the specific needs of the subscribers. For example business group can be classified into frequent travelers and non-frequent travelers. Unless flexibility is available with the service providers to

launch plans, it will not be possible to meet the varied requirements of the subscribers.

- There is no confusion amongst subscribers while selecting a tariff plan in case he or she is aware of the usage pattern. The financial implication of any tariff plan is also provided for different usage scenarios. The growing subscribers awareness about features and benefits of plans can also be judged from number of blogs or discussion forums available on the internet. A subscriber not only has choice of tariff plans but also choice of hundreds of handsets. Subscribers choose a models on the basis of their budget and available features. No subscriber has ever complained about the choice of handsets with them.
- Subscribers can choose a plan which is most suitable to his or her requirement. Limiting number of plan will only limit the choice available with the subscribers. Even if a subscriber does not make the best choice, there are enough regulatory safeguards available to enable him or her to migrate to any other tariff plan without incurring any additional expenditure.
- All the time, subscribers do not have same usage pattern. There is general trend of higher usage during festival seasons or other special occasions. To meet such requirements, special tariff plan are available to enable a subscriber to change the basic tariff plan for a limited period and control the usage charges.
- Convergence of networks has resulted in offerings of bundle of services like data, voice and content. The service providers need flexibility to bundle services and offer as a single product and meet the requirements of large number of segments of the market.
- Even service providers retain optimal number of plans as any plan which is not popular is withdrawn as it unnecessarily puts pressure on logistics and billing systems.
- Internationally, regulators do not regulate number of tariff plan especially when markets are competitive and they focus more to bring in transparency on offering by service providers.
- We therefore strongly suggest that there should not be any cap on number of tariffs.
- In case Authority believes cap on number of offerings is necessary then the specified ceiling of 25 tariffs should not be curtailed for any of the service segments discussed in the subsequent issue no 4.3. Authority's decision to cut down tariff plans would only stifle competition and large section of subscribers would not be able to get a plan which is best suited to their needs.

BSNL

No sir. The existing cap of 25 plans may be maintained. In fact, in the evolving competitive scenario where another five to six operators are likely to enter the market, the existing operators will have to launch new tariff plans to match the offers of the new entrants. The present cap of 25 plans may have to be increased. Further, for the purpose of counting, only plans which are open for adding new customers may be taken into account. Old plans which are abandoned due to launch of revised plan but are required to be continued as per 31st amendment issued by TRAI may not be counted for this purpose. Also, any reduction in one component of the tariff plan should not be counted as new tariff plan. Alternatively, it is suggested that TRAI may prescribe floor and caps for each and every segment of the tariff including value added services and content based services and allow the market to play within these limits without putting any restrictions/caps on the number of tariff plans.

MTNL

The telecom market in the country is growing at a very high rate and it has become highly competitive market. Indian customer is quite price sensitive and the market comprises different segments of customers. Different tariff plans and value added services are offered by the service providers to cater & fulfill the need of the various segments of customers.

At present different value added services like broadband, IPTV, VoIP etc are also available in PSTN segment. Therefore, multiple choices of tariff plans with different value added services are required in the market to meet the different requirements of the customers.

In view of above, the existing cap of 25 should not be reduced further. Since the number of pre-paid customers is very high, prepaid and postpaid services should be treated as different segments of mobile services.

TATA

TTL is of the view that there is no need to further reduce the limit of the number of tariff plans from the existing cap of 25 plans in each Service Area. The Authority stipulated this cap by 21st amendment to the TTO in June, 2002 and retained the same cap in the 31st amendment of the TTO in July, 2004 after a consultation process on this issue.

It is submitted that further limiting the number of tariff plans will not only limit the ability of the service providers in effectively competing in the market place, but also goes against the interest of the consumers. In the competitive wireless access market of today, practically all-marketing strategies are on the tariff plank. Since the market is still growing exponentially and all service providers are focused on new subscriber additions to achieve the target of 500 million subscribers by 2010, flexibility in tariff setting is the operators' principal instrument to attract subscribers. There should be certain flexibility

in respect of number of tariff plans, that need to be based on consumer requirements like calling pattern, incoming calls, closed user group calls etc. to attract subscribers.

It is worth-mentioning that currently wireless subscriber growth is above 8 millions per month against the monthly growth of 3 to 4 lakh subscribers in 2002 when the Authority fixed the cap of 25 tariff plans in each Service Area.

Undoubtedly, it is competition in the market coupled with various consumer friendly tariff plans that has accelerated the present unprecedented growth. Introduction of any kind of reduction of cap on tariff plans is not called for at this stage as it will amount to further interference with the dictates of the market place.

Therefore, we emphasize that the limit of the number tariff plans should not be further reduced and in fact the existing cap of 25 tariff plans in each Service Area should continue.

STL

We are of the view that further limiting the tariff offers will result in limiting competition in the market and eventually result in lack of options for the customer. There are two aspects which are to be looked upon. Firstly what benefit would the customer derive out of limiting the tariff plans and secondly by limiting the plans are we not closing avenues for better customer service and options for the customer.

If there are more options available for the customer, the customer will be in a better position to take his decision and opt for something that best suits his requirement. There are plans which are tailor made for specific customers (e.g. corporate customers). Putting a cap on the number of plans will result in dissatisfaction and there will be no further scope to add new plans to cater to the need of the new or existing customer.

It should also be thought that the customer who is the end user of the service is on the whole not concerned about the technology he is using; on the contrary he is concerned to a much greater extent on the price he pays for the service and whether that plan or service gives him what he actually wants. At this point the customer should have an option to move from operator A to operator B in search of a better custom made plan, which in a broader sense would mean more options for the customer and increase competition in the market which is always healthy.

A large majority of customers today are not aware of their usage patterns and if the options are limited he would eventually end up taking a plan which would actually make him pay more which is contrary to our objective.

Operators are implementing tariffs after a self-check for compliance with the principles of non-discrimination, IUC compliance and no predation. Thus, for TRAI to intervene and introduce any kind of cap on tariff plans is not necessary at this moment as it will amount to further interference with the dictates of the market place. As TRAI's own analyses have proved, a hands off approach on tariff matters has resulted in rapid growth in the sector combined with the lowest tariffs for consumers. As such, we would like to

submit that TRAI should not introduce any restrictions on the number of tariff plans on offer in the market.

Citizen Consumer & civic action Group, Chennai

The data obtained and analyzed by TRAI very clearly explains that a large proportion of subscribers, over 75%, acquire very few plans. The situation appears to be the same with regard to both, the post-paid and the pre-paid customers. Under such circumstances, it is essential that the existing cap of 25 to limit the number of tariff plans may be reduced to a maximum of 10. This will avoid confusion among the customers and will enable them to identify the ideal tariff package to suit their requirements and thus facilitate them to make an informed choice. This process may also effectively eliminate the mobile operators' tariff cartel that is rampant.

Bharat Jyoti Consumer Protection Council, Lucknow

In our view, the existing cap of 25 on maximum number of Tariff offers/plans, which a service provider can have in any given service area for mobile services could continue. There is no need to reduce the limit, as the market is going to be more competitive with the introduction of additional mobile operators. However, the number of tariff plans for wireline, wireless Fixed services could be limited to 10, as there is hardly any competition in them. The operators need to have more tariff plans with the increasing competition. As a matter of fact, we are of the view that if the tariff plans are made simple and clear without any ambiguity or hidden agenda, then the customers may not mind having still more number of plans. Problem arises, as most of the plans are not transparent.

Consumer Care Society, Bangalore

Yes, there is a need, but how is the question. Please see below answers for other questions

National Centre for Human Settlements & Environment

At present, there are number of service providers and this number may go up in future, therefore, there is no necessity of reducing the present tariff plan offer from the existing cap of 25. But strict vigilance is required and transparency should be maintained at every level. The tariff plan period minimum of six months can be considered to increase of nine months or so, with a facility to consumer to switch over to another plan.

Voluntary Organisation in Interest of Consumer Education (VOICE)

We do not advise for reduction of number of tariff plans from the existing cap of 25. Any reduction in number of tariff plan would limit the choice to the consumer to make best use of suitability. We recommend the development of a standard format which would provide a list of each element of price (fixed or variable) having a standard name and description, unit of measurement and price unit. This format should be common for all Service Providers with each Service Provider mandated to draw up their tariff plan as per this format. All the charges chargeable by the SP should be explicitly mentioned in its numeric form and where no charges are chargeable or is part of the basic tariff should be clearly mentioned with "0.00". This would ensure complete transparency in comparing tariff plans of one SP as well as all SPs. TRAI may further like to consider using this form in its own web-site wherein all SP to be mandated to submit their tariff

plan for display at TRAI website which would facilitate consumer to compare tariff plan within the SP and also all SPs.

Telecom Watchdog, New Delhi

Yes. It could be 5-6 tariff plans at the most. Trai in its own findings has stated that about 75 per cent of the customers in both pre-paid and post-paid have opted for only 5-6 tariff plans. Apart from that, there should be no separate tariffs for pre-paid and post-paid consumers for the reasons described in our response to Q 4.3.

The root cause of higher number of tariff plans are the uncontrolled number of variables. At the moment, all the factors - tariff, coupon values, and discounts/schemes, etc. - are variable. It is impossible to reduce the number of tariff plans without first reducing the number of variables. Trai should re-work and fix tariff, coupon values, etc., and leave only the discounts/schemes to be decided by operators.

Kerala Consumer Service Society, Kochi

There is a need to further reduce the limit of the number of tariff plans on offer from the existing cap of 25 and it shall be limited to the actual number of VAS available.

Justification-

- a) Illiteracy and lack of awareness of majority of consumers.
- b) Unfair and restricted trade practices followed by service providers.
- c) Lack of transparency.
- d) Poverty

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

Number of Tariff Plans affect the Consumer Interest towards their Economy on calling. Numbers of Tariff Plans are sufficient on Existing Cap of 25. If TRAI want to increase that should be determined on the basis of economy and consumers interest.

A. Govinda Raj

The limit on number of tariff plans license area wise should be done away with. The reasoning is given below

Market Assessment & Competitive Scenario:

New Subscriber acquisition and customer retention still forms the core strategy of all the telecom operators. With new licenses and new operators it is imperative for incumbents to differentiate in multiple different ways. One such differentiator used so far quite powerfully is 'Voice/Basic' tariff plans. Once the price advantage on voice plans disappears the operators will turn to focus on differentiate on data plans or bundled plans (e.g. broadband). Currently the operator's employ a price skimming strategy on data plans. Operators exhibit lots of marketing innovations through tariff plans. Any move to put ceiling will stifle this process of innovation. The other escape route is to launch new tariff plans and coerce customers to migrate form an existing plan to new plan, say, after every 6 months. Is the ceiling one of the reasons for frequent changes/launches of plans to counter the cap? This is counter productive to the free market forces.

Looking at an ideal scenario where there is a new customized tariff plan for every customer going by segmentation and personalization rules. This seems to be resulting in infinite tariff plans but due to elements such as cost, process and operation overheads tariff plans will tend to be finite. Hence a cap of 25 or any other number will not serve any purpose.

Customer Point of View:

The issue with the plethora of tariff plans is the promise of service and duration of it rather than a wider choice. Customers often choose a service provider based on innovative tariff plans, CUG etc. Even with cap of plans there is enough confusion within the plans of a given service provider. The decision making spawns across operators and not just within a provider. As the paper rightly pointed out a telecom subscriber does not have the exact purchase decision parameter. No of outgoing minutes, SMSs etc. If the subscription to plans is following 80:20 rule then service providers are the best judges of customer demand and this will force the extinction of few and give rise to the birth of few other.

Coming to frequent changes service providers should adopt healthy practices if customer retention is at the core. Customer is expected to be rational and wellreasoned at 'caveat emptor' is at the heart of service subscription. The increase in teledensity is to come from hitherto under penetrated rural areas. These subscribers need to be made aware of implications. Consumer education through portals & other touch points is a useful market instrument. The service providers also share the onus of educating customers at the point of sale. But the regulator has a role to play. Increasing consumer awareness is a suggested measure here.

With number portability and launch of services by new operators the switching costs are at their lowest. Market will force the service providers to look at customer lifetime value rather than the seemingly myopic strategy of skimming.

Role of Regulator:

The role of regulator has been covered in the above paragraphs. It should manage the market by exceptions than make a rule for every inefficiency in the free markets. Regulator should leave the scope for self-correction in the market. The free market or a hyper competitive scenario will ensure survival of the fittest. Any grievances could be addressed on exception basis.

Q2. What should be the service segments for application of the proposed cap?

COAI

Covered in answer to Q1

AUSPI

Now Unified Access Service Licenses have been amended to permit use of more than one technology to provide wireless access service. We know that these technologies are not perfect substitute in terms of roaming, choice of handsets etc and therefore will be marketed as entirely different product. An operator would not be able to position CDMA/GSM as separate products unless liberty is granted to segmentise these access services.

The fixed wireless service is also different from the wire line service. The demand characteristic of fixed wireless segment including the end use, availability of services like SMS, tariffs, consumer preference and the marketing strategies are entirely different from the fixed wire-line segment and therefore may be considered as an independent segment.

The pre-paid and post-paid mobile segments are totally independent products. Post paid plans may have components like deposits, credit limits, monthly rentals which are not part of the pre-paid segments. Since offering in pre-paid and post paid are entirely different and many service providers offer pre-paid and post-paid services under a different brand, these two may be considered as independent segments.

In view of the above submissions, we suggest following segments for the access market for application of the cap

- CDMA mobile- Prepaid
- CDMA mobile- Post paid
- GSM Mobile – Pre paid
- GSM Mobile- Post paid
- Fixed Wireless
- Fixed Wire line
- Broadband/Internet
- VPN
- Brand A/B/C of a service provider in a service area

Bharti

Presently, there are various service segments like wireline and wireless. In the wireless area itself, there are further divisions of prepaid, postpaid and fixed wireless. Each of these service segments demands different customizations to meet varying needs of customers. Traditionally, when the cap was imposed each service was license specific but with the broadening of the license (UASL) all service segments are offered under a single license.

As per our view, the existing cap of 25 tariff plan on the basis of a license would be incorrect since it will reduce the options available with multi-service operators who provide services in all segments.

Thus, we are of the view that while, the present cap of 25 tariff plans should be retained so that operators have the flexibility to offer tariff options to meet the customer's varying needs.

However, keeping in view the different services being offered by an operator under the same licence, the cap of 25 should now be service specific i.e. wireline, wireless and Broadband rather than licence specific. The Hon'ble Authority would appreciate that any cap should not serve as a disadvantage to operators who are providing multi-service products in different service segments under the same licence.

Reliance

There should not be any ceiling on number of tariff plans. In case, the Authority believes some cap is necessary then following suggested segments may please be adopted.

- There are number of technologies which can be used to carry voice and data and other value added services. These technologies are not perfect substitute owing to their physical characteristics, cost components and end use of products. Therefore all these technologies shall have to be classified under separate segments.
- The Authority and the Department of Telecom have permitted use of more than one technology by a service provider to provide wireless access services. The GSM and CDMA technologies shall be launched as totally independent products and therefore may be considered as a separate segment.
- The fixed wireless service is attracting large number of subscribers. The demand characteristic of fixed wireless segment including the end use, availability of services like SMS, tariffs, consumer preference and the marketing strategies are entirely different from the fixed wire-line segment and therefore may be considered as an independent segment.
- The pre-paid and post-paid mobile segments are totally independent products. Whereas post-paid subscriber pays on month to month with a fixed rental component, pre-paid subscribers buy minutes ahead of time and replenish them as needed. Post paid plans may have components like deposits, credit limits, monthly rentals which are not part of the pre-paid segments. Since offering in pre-paid and post are entirely different, these two may be considered as independent segments.
- In view of our submissions, following segments may please be considered and adopted:

- CDMA mobile- Prepaid
- CDMA mobile- Post paid
- GSM Mobile – Pre paid
- GSM Mobile- Post paid
- Fixed Wireless
- Fixed Wireline
- Broadband/Internet
- VPN

BSNL

BSNL is not in favour of such caps as submitted above. However, if the caps on number of tariff plans are required to be prescribed, these should be made applicable on each and every segment of the services in a uniform, non-discriminatory and transparent manner including those services which are provided to a customer through bidding or tender process. The service segments for the purpose of application of proposed cap may be wire line, WLL(M), cellular mobile, broad band/internet, NLD and ILD services.

MTNL

Covered in Answer to Q1

TATA

We have already emphasized that the limit of the number tariff plans should not be further reduced and the existing cap of 25 tariff plans in each Service Area should continue.

Also, since the Unified Access Service Licenses have been amended to permit use of more than one technology to provide wireless access service and that these technologies, GSM & CDMA cannot substitute in terms of roaming, choice of handsets etc and, therefore, will be marketed as entirely different products. This would require positioning CDMA & GSM as separate products and, therefore, should be treated as different service segments for the proposed cap.

As the market is getting competitive, telecom operators need to acquire subscribers by giving them different premium services under different brands i.e. one telecom operator can have Brand A aimed for University students and Brand B for Middle class segment and Brand C aimed at the Upper middle class of society. These segments are obviously made after studying the usage patterns, paying capacities and demand for new services.

In view of the above submissions we suggest following segments for the access market:

- Brand A/B/C of a Service Provider in a Service Area
- Prepaid
- Postpaid
- CDMA
- GSM

- FWP
- Wireline
- Broadband/Internet
- VPN

STL

Covered in answer to Q1

Citizen Consumer & civic action Group, Chennai

The proposed cap must be considered for all the services mentioned. However, priority should be given to the post and prepaid mobile services.

Bharat Jyoti Consumer Protection Council, Lucknow

The existing segmentation for wireline, wireless (Fixed), Wireless mobile is okay but wireless prepaid and wireless post-paid could be separated.

Consumer Care Society, Bangalore

Wire-line, wireless, post billing and pre billing are major classification and they do not offer way to reduce numbers. However, we wonder if rural, semi-urban and urban classification can offer a way to solve this conundrum. It means actually may be, light, medium and heavy users

National Centre for Human Settlements & Environment

It can be both by wire-line and wireless and should be left over to service provider for their convenience. But the capping plan should not exceed from the existing number of 25. It includes both post-paid and prepaid.

Voluntary Organisation in Interest of Consumer Education (VOICE)

The tariff plans to be categorized as wireline. Wireless, broadband and further prepaid and postpaid.

Telecom Watchdog, New Delhi

Looking into the growth pattern in telecom sector, the capping of tariff plans should be applicable for mobile services only. For the time being, wireline, WLL-F, and WLL-LM can be exempted from this cap.

There is a general misconception amongst the users of post-paid tariff plans that they are getting services at cheaper rates than what is available to pre-paid users. In fact, after the

introduction of top-up tariff plans, it is not true any longer. But, most of the post-paid customers still have a false notion that the tariff offered to them are cheaper.

Trai may carry out its own exercise to verify this fact. A few such examples indicating the difference between post-paid and pre-paid tariff plans are shown below for a 100 minutes of usage in a month for call-mix as indicated by Trai: -

Post paid plans are expensive: Table gives difference for 100 minutes of usage							
Vodafone-Delhi	Call mix %	Post Paid				Pre Paid	
		Plan 149		Plan 298		30day coupon Rs 199	
		Charges	Bill	Charges	Bill	Charges	Payment
Rent		149.00	149.00	298.00	298.00	MRP	199.00
CLIP		49.00	49.00	-	-	Free calls	-100.00
Local call charges							
To V2V	33	1.75	57.75	0.50	16.50	1.00	33.00
To Others	26	1.75	45.50	0.50	13.00	1.00	26.00
To Fixed	20	1.75	35.00	0.50	10.00	1.00	20.00
NLD call charges							
To Mobile	14	2.40	33.60	2.40	33.60	2.75	38.50
To Fixed	7	2.40	16.80	2.40	16.80	2.75	19.25
Total	100		386.65		387.90		235.75
Service tax 12.36%			47.79				-
Grand Total			434.44				235.75

Post paid plans are expensive: Table gives difference for 100 minutes of usage							
Airtel-Delhi	Call mix %	Post Paid				Pre Paid	
		Airtel 175 Plan		Celebration 298		30day coupon Rs 200	
		Charges	Bill	Charges	Bill	Charges	Payment
Rent		175.00	175.00	298.00	298.00	MRP	200
CLIP		-	-	-	-	Free calls	-103.00
Local call charges							
To A2A	33	0.75	24.75	0.50	16.50	1.00	33.00
To Others	26	0.75	19.50	0.50	13.00	1.00	26.00
To Fixed	20	0.75	15.00	0.50	10.00	1.00	20.00
NLD call charges							
To Mobile	14	1.75	24.50	2.40	33.60	2.75	38.50
To Fixed	7	1.75	12.25	2.40	16.80	2.75	19.25
Total	100		271.00		387.90		233.75
Service tax 12.36%			33.50		47.94		-
Grand Total			304.50		435.84		233.75

The above tables show that post-paid subscribers pay substantially higher monthly bills compared to payouts made by pre-paid consumers. The difference is huge, which needs to be reviewed.

Trai should review the need to prescribe separate tariffs for post-paid and pre-paid consumers and simplify the tariff structure by mandating a single tariff regime. This is also justified in view of the following facts: -

- About 85-95% of the consumers are pre-paid and only 5-15% consumers are postpaid.
- Post-paid consumers have by default become captive customers. Most of the new tariff schemes are meant for pre-paid customers. The post-paid customers are deprived of the schemes such as top-up plans, etc. Even Mobile Number Portability will not bring any relief for them, which is too little and too far away. The post-paid customers are hence denied the benefit of competition.

If Trai decides to combine pre-paid and post-paid tariff plans, then it would require to address the issues of monthly rent and billing, which should not be much of problem. In respect of billing, it is pertinent to mention that operators like Vodafone have facility for pre-payment of bills through cash vouchers even for post-paid customers in much the same way as being done by pre-paid customers.

Kerala Consumer Service Society, Kochi

The service segment for application of the proposed cap shall be wireless and not wire line, which provides only limited VAS. Basis of billing platform shall be pre-paid and not post-paid.

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

Segmentation for the purpose of tariff plans capping can be considered on the basis of their requirement or the consumer interest and on basis of economic.

A. Govinda Raj

This writer opines that there should not be any cap. If however regulator persists with the limit segments are already determined by 1) billing 2) service type. Any further segmentation should be left to service providers to determine and innovate.

Q3. Is there a need to regulate the structure and the number of add-on packs and also counting them as tariff plans for the purpose of the cap on number of plans on offer? If yes, give specific suggestion.

COAI

In its consultation paper the Authority has noted that on an average there are 110 plans for mobile services per service area. The Authority may also keep in mind that there are 7 to 8 service providers in each service are. And say, if we were to divide 110 by 7 we get a number of about 16 plans per service provider – which is actually lower than the cap of 25.

Although this may not be taken in the literal sense, we would again like to highlight that the aim of various innovative tariff plans and the add-on packs is to enhance customer delight and retain subscribers in an intensely competitive environment.

The Add-on packs are a tool to provide more choice to the subscribers and are designed keeping in mind the customer requirements/preferences. These Add-on packs not only give more choice to the subscribers but also give them an option to lower their cost depending on their usage.

As is the case with add-on packs, even in the case of value added service (VAS) offerings, the aim of the service provider is to extend benefits to the customers. Options are available to the subscriber to lowers his/ her cost depending on his/her usage profile.

So long as the subscriber is aware of his/her usage and the Tariff Plan clearly identifies the tariff for each elements including VAS, the subscriber will only benefit from the choices which are made available by the service provider.

In light of the above, we would like to submit that there is NO need to regulate the structure and the number of add-on packs or VAS offerings and they should NOT be counted as tariff plans for the purpose of the cap on the number of plans on offer.

We reiterate that that there is intense competition in the mobile segment and tariffs is a function of competition or the market forces. Hence, it may not be appropriate to intervene with the functioning of market forces and tariff setting should at best be left to the market forces.

AUSPI

No; We do not consider any necessity to regulate the structure and the number of add-on packs and also counting them as tariff plans for the purpose of the cap on number of plans on offer.

- There is huge demand for add-on packs especially amongst users with high usage of a particular product like STD, SMS or ISD. These packs enable a subscriber to get these services at a much lower rate by committing a fixed amount beforehand.
- There is huge market demand for roaming packs from frequent travelers or people staying in bordering areas and roaming in two different service areas. However this demand cannot be met because TTO (44th Amendment) which does not allow alternate roaming tariff with fixed component.
- In view of the above submission we suggest that Authority should not regulate add-on packs.
- We also humbly request the Authority to reconsider continuation of ban on add-on roaming packs. These were hugely popular add-on packs amongst frequent travelers and its withdrawal has adversely affected large number of subscribers.

Bharti

As per our view, there is absolutely no need to regulate the structure and number of add-on packs and counting them as tariff plans for the purpose of the cap on the number of plans. As mentioned earlier, these add-on packs are segmented in nature and offer special tariff benefits which reward and incentivise the existing users and is adopted by them due to convenience and value perception of the customers.

We believe that such plans should be kept out of the purview of tariff count since these are only value additions to the basic plan. Further, the retention plans are not acquisition plans and are offered need based to customers. Loyalty is built up which is a win-win situation for both the customer as well as the service provider. This will bring about customer delight. Moreover, the existing regulations ensure that such changes in tariffs

are transparently communicated to the customer so that s/he is fully aware of the revised tariffs.

Reliance

There is no need to regulate the structure and number of add-on packs or counting such plans for the purpose of cap on number of plans. We are of strong opinion that the present regime of forbearance may continue and would like to submit following comments in support of our view:

- Add-on packs are popular amongst subscribers having higher usage of a particular item in a tariff plan example on-net calls, STD calls, SMS etc. These add on packs enable a subscriber to get these services at a much lower rate by committing a fixed amount beforehand.
- These packs enable a subscriber to make changes in a particular tariff item like SMS or STD and control the usage charge.
- The add on packs are optional packs and not bundled with any tariff plan. Subscribers voluntarily decide to use these packs in case his or her usage requires such add on packs.
- There is huge market demand for roaming packs from frequent travelers or people staying in bordering areas and frequently roaming in two different service areas. However this demand cannot be met because TTO (44th Amendment) doesnot allow alternate roaming tariff with fixed component.
- In view of the above submission we suggest that Authority should not regulate add-on packs and such a move will not be in interest of consumers.
- We also humbly request the Authority to reconsider continuation of ban on add-on roaming packs. These were hugely popular add-on packs amongst frequent travelers and its withdrawal has adversely affected large number of subscribers.

BSNL

Yes, there is a need to regulate the structure and number of add-on packs. The number of add-on packs should also be counted as tariff plans for the purpose of the cap on the number of plans on offer if such cap is prescribed. The number of add-on packs under prepaid or post paid services should be considered with respect to the cap prescribed for respective services.

MTNL

Service providers are offering different tariff plans and add-on packs to the customers to retain their customer base and attract more customers to face the stiff competition. Usually Add-on plans are being offered for a limited period to attract more customers. Number of add-on packs on offer can be limited to 10 for postpaid and 15 for pre-paid segments.

TATA

No; We do not consider any necessity to regulate the structure and the number of add-on packs and also counting them as tariff plans for the purpose of the cap on number of plans on offer.

STL

It is also being debated to regulate the structure and add on packs. We don't see any reason as to why we should be aiming to regulate plans in such a scenario when the telecom market is heading towards growth by becoming the second country in the world to add maximum number of subscribers in a month.

Citizen Consumer & civic action Group, Chennai

It is an exceedingly disturbing situation when the service providers themselves do not have sufficient information with regard to the components of the add-on packs. This ambiguity creates further bewilderment in the minds of the consumers. To prevent this, the add-on packs may also be included in the counting of tariff plans while deciding the upper limit.

Bharat Jyoti Consumer Protection Council, Lucknow

There should not be any cap on the Add-on-packs, promotional offers, because it is in the interest of the customer. The subscribers have got the option to choose from these add-on-packs and promotional offers. Only thing, these add-on –packs, promotional offers should be simple to understand and absolutely transparent and also be available to the existing customers.

Consumer Care Society, Bangalore

No It is impossible as newer options will complicate matters

National Centre for Human Settlements & Environment

The issues answer is 'yes'. We cannot avoid 'SMS' as one of the advertisement on pack, since it gains lot of popularity through various programmes on T.V. channels. But such add which offer validity, talk time and a distinct set of tariffs to different from the plan

which already enrolled by subscriber should be banned. The packs like local, STD etc. these should only be provided to subscriber when there is consent, otherwise not.

Voluntary Organisation in Interest of Consumer Education (VOICE)

We do not recommend for regulating the structure and number of add on packs as that may limit the advantage of technological development to the consumer. We support maximum flexibility to operators to respond to dynamic market place changes.

Telecom Watchdog, New Delhi

Yes. At this moment, all the three factors – tariff, coupon values, and discounts/schemes - are variable. This makes the job of choosing a suitable plan difficult for the consumers. This problem is becoming complex day by day. This can be simplified only by following a systematic approach i.e. by reducing the number of variables. “Tariff” and “coupon values” should be appropriately fixed by Trai. Operators should be given liberty to decide on “discounts/schemes”.

Generally 4-5 types of top-up tariff plans are on offer by each service provider which they categorize as - SMS, local calls, regional calls, STD calls, and a combination of them. These top-up tariff plans are available for fixed monthly coupon fees, which vary by only small amount, from one-operator to another. Trai can study the present trend across the country and specify a fixed charge for each item. In this regard, for ease of understanding an example of top-up tariff plans for SMS package is given below in case Trai fixes SMS charges and Coupon Value: -

Package	Trai specified fixed tariff	Discounts for a monthly coupon of					
		Rs 20 *			Rs 30 *		
		Op-A	Op-B	Op-C	Op-A	Op-B	Op-C
SMS	20 paisa *	35%	30%	25%	40%	35%	30%

OR

Package	Trai specified fixed tariff	No. of free monthly SMS for a monthly coupon of					
		Rs 20 *			Rs 30 *		
		Op-A	Op-B	Op-C	Op-A	Op-B	Op-C
SMS	20 paisa *	100	80	60	150	130	110

* Lowest prevailing tariff offered by an operator in any part of the country which is fixed by Trai for every service area. These can be reviewed from time to time.

Kerala Consumer Service Society, Kochi

There is a need to regulate the structure and number of add-on packs and also counting them as tariff plans for the purpose of the cap on number of plans for offer to reduce consumer issues. Often a number of add-on packs virtually replicate the features of a full fledged tariff plan. Above cannot be appreciated. Often the differences noticed are the result of advertisement gimmicks.

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

Yes, it is essential by the service providers are offering No. of add-on-packs that virtually replicate the features of full potential tariff plan.

A. Govinda Raj

Add-on packs should be subject to existing best practices - 1) advertising code detailing to sufficient extent the tariff plan 2) duration and 3) withdrawal process involving intimation of customer well in advance and 4) migration with consent.

Q4. How to treat value added service in this scenario?

COAI

Covered in Answer to Q3

AUSPI

Value added service should be treated in the same way as voice (calling) tariffs. It is a function of the market and should be forborne. The Authority should apply a hands off approach here too for the benefit of the market and consumers.

The Authority has already mandated that Value Added service including CLIP cannot be made a mandatory part of tariff. Further Value Added Services cannot be provided unless explicit consent is obtained from the subscriber. The regulatory framework to offer value added services provides enough safeguards for a subscriber and therefore AUSPI is of the view that further regulations are not needed on Value Added Services Offerings.

Bharti

Today, all operators offer various kinds of value added services which are available through subscription. Customers are free to pick up any value added service depending upon his choice and profile. In this day and age of increasing e-commerce, mobile commerce is also gaining ground and service providers are finding new opportunities to drive value to the mobile customer. There is also a new breed of application service providers / content partners which has developed in the eco-system which is enhancing the benefits available through mobile telephony – entertainment (music and video),

business, news, chat services, information services, etc. Hence value added services enhance quality of life through lifestyle products (entertainment) or utility based services.

As stated above, VAS is a bouquet of mobile applications, which offer entertainment or utility to mobile consumers. The products must be filed under “Service products”. The present directions from TRAI are very customer friendly to protect their interests totally – the charges must be transparently communicated to the customer. Thus these measures more than adequately safeguard transparency and hence there is no need that such tariffs come under the ambit of tariff plans.

Reliance

- Due to the Authority’s policy of being a facilitator and light touch regulation for value added services, the VAS market is growing. The Authority has taken number of steps to increase transparency in VAS offerings. The Authority has also directed service providers to provide easier procedures for subscribers to unsubscribe value added services. In view of the sufficient number of safeguards for the subscribers we do not believe further regulation is needed on value added service offering.
- Additionally, the Authority has issued a direction on 28th August 2007 to mandate that any Value Added Service cannot be made a compulsory item of tariff. In view of this direction, value added services shall have to be offered separately and cannot be made part of any tariff. Since Value added service providers are not mandatory part of any tariffs, further regulation is not needed.

BSNL

The tariff for value added services (except optional services like CUG/VPN, GPRS) may not be linked to the original tariff plan. The same may be treated as a separate category.

MTNL

Covered in Answer to Q3

TATA

The Authority has already mandated that Value Added service including CLIP cannot be made a mandatory part of tariff. Further Value Added Services cannot be provided unless explicit consent is obtained from the subscriber. The regulatory framework to offer value added services provides enough safeguards for a subscriber and, therefore, we are of the view that further regulations are not needed on Value Added Services Offerings.

STL

Value Added Services or tariff toppings should be treated in the same way as tariffs. It is a function of the market and should be forborne. TRAI should apply a hands off approach here too for the maximum benefit of the market and consumers.

Citizen Consumer & civic action Group, Chennai

A tariff plan offered based on the different usage charges for a value added service should not be allowed. Instead, each tariff plan should clearly identify tariffs for each component including VAS.

Bharat Jyoti Consumer Protection Council, Lucknow

The Value Added Services should be treated as part of the Tariff Plans and they should be counted under the cap

Consumer Care Society, Bangalore

No comments

National Centre for Human Settlements & Environment

Limiting the number of cap to 25, the service provider should be asked that each tariff plan must clearly identify tariffs for each element including value added service.

Voluntary Organisation in Interest of Consumer Education (VOICE)

Covered in answer to Q3

Telecom Watchdog, New Delhi

Covered in answers to Q1 & Q3

Kerala Consumer Service Society, Kochi

Presently service providers are using different permutations and combinations of value added services for generating new tariff plans. In this scenario VAS are confusing and bogus. As and when by prescribing different monthly or usage charges for a VAS calling it a new offer, amounts to day light robbery. The need of the hour is to clearly identify VAS with specific terms and publishing the cost incurred by the service provider if any for those VAS.

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

Each Tariff Plan should clearly identify tariff for each elements including VAS and also clarify monthly charges and other charges in the interest of subscribers.

A. Govinda Raj

The explanation given in the paper under this question is itself an indication of the inherent failure of 'cap' system. Service providers will continue to 'innovate' (read work around). Coming to VAS I did just a basic survey of three tariff plans of three operators. Here is the summary

<u>Airtel</u>	<u>Tata Indicom</u>	<u>Vodafone</u>
CLIP (optional) – not counted as VAS	VAS Call waiting Call forward Voicemail 3 way conference Itemised bill	VAS CLIP Itemised Bill (called IB) Few other benefits

It is clear that there is no standard classification of VAS by service providers. Here again the regulator could interfere and force standardization. But the writer opines that it should not be the case. Let service providers or consumers determine what is a value add service rather what is a core/basic telecom service.

Q5. Should a minimum validity period of 6 months specified for tariff plans by the provisions of 31st amendment to TTO needs to be reviewed?

COAI

We would like to submit that a minimum validity period of 6 months specified for tariff plans by the provisions of 31st amendment may be retained. This provision gives assurance to a subscriber that there will be no increase in any component of the plan opted by him for 6 months period. In our view, the objective of this provision is totally different and has no relation with the number of tariffs in the market. In case a subscriber wishes to opt for any other plan during this 6 months period, he is free to exercise the option.

AUSPI

India in last few years has witnessed an unprecedented inflationary phase, the telecom tariffs are perhaps only exception where a reverse trend of falling rates was registered. However it may not be possible to continue with the trend indefinitely because input costs like wages, cost of capital, cost of rollout in remote areas etc are increasing.

Tariffs are offered to the customer on the basis of existing costs and cost projected for a shorter period of time. A time period of six months is a very long time to guarantee a subscriber against the price escalation. Price escalation is to be recognized as fact of life. Even judicial proclamations in number of cases held that "escalation is normal incident arising out of gap of time in this inflationary age in performing a contract". In view of the prevailing law on price escalation, AUSPI believes it may not be appropriate to provide

blanket guarantee to subscribers against price escalation and therefore, provision of this amendment are impractical.

Further, AUSPI believes it would be highly unfair to freeze price escalation without providing a corresponding guarantee against cost escalation.

Also, to adapt to such dynamic conditions, operators also need to introduce attractive tariffs regularly. Therefore, in such a dynamic and ever changing tariff environments it is impractical to comply to this amendment also due to the following:

- It is very tedious for the billing system to track the subscribers on 6 months basis. For example, for a subscriber subscribing to the tariff plan on 1st Jan means that he will get the benefits of the said tariff till 1st July. However for other subscribers subscribing to the same tariff plan on 30th June needs to get the same benefits till 30th Dec. Therefore, even if the Regulatory regime has changed and it is a loss making tariff, the Service provider needs to offer it to that segment of customers.
- As amply evident from the past, TRAI has modified/amended the IUC regime on the basis of the changes in Indian Telecom industry and international practices. Any such modifications directly affect the tariffs being offered by the operators. This may impact as an increase in subscriber tariffs. Therefore, this increase in tariffs should not tantamount to any violation of TTO amendment since it is not the operator who is responsible for this increase but the changes in regulatory regime have forced this increase in tariffs.

In view of the above, AUSPI feels that a minimum validity period of 6 months specified for tariff plans by the provisions of 31st amendment to TTO needs to be reviewed and done away with.

Bharti

It is important that we protect the rights of all consumers who have taken a new plan, by ensuring that the plan not be changed adversely for a maximum period of 6 months after the customer has subscribed to these plans. However, he may choose to shift his plan at any time before the six month period, if he feels so, without any lock in period.

Reliance

We do not support the proposal to enhance the validity period for tariff plan. We believe the 6 months period be reviewed and curtailed to maximum of 3 months. In support of our suggestion following comments are offered:

- Wages are soaring, property prices are rising, interest rates are increasing, the whole sale and the consumer price indexes are ever escalating especially in the previous year when it mounted at a scorching pace. The telecom tariffs are

perhaps only exception which show reverse correlation to overall movement of prices.

- It would be too much of an expectation in case it is always assumed that the tariff trends would never ever reverse, especially when inputs costs and cost of expanding networks is increasing.
- Tariffs are offered to the customers on the basis of existing costs and costs projected over a shorter period of time. A time period of six months to one year is a very long time to guarantee a subscriber against the price escalation, especially in these inflationary times.
- Price escalation is to be recognized as fact of life. Even judicial proclamations in number of cases held that “escalation is normal incident arising out of gap of time in this inflationary age in performing a contract”. Supreme court in many cases have also allowed price escalation even when there was no provision in the contract for price escalation. In view of these judgments, we believe limitation by way of prescribing for months for eligibility for escalation will not be appropriate.
- It would be highly unfair to freeze price escalation for one year without providing a corresponding guarantee that there shall be no increase in costs.
- In view of the above we do not support the proposal to increase the minimum validity period of 6 months specified for tariffs plans by the provisions of 31st amendment to the TTO.
- The validity period may be retained at maximum of 3 months.

BSNL

Existing validity period of 6 months appears reasonable.

MTNL

As the subscriber is always free to migrate to any other tariff plan on offer during the six month period, the minimum validity period of 6 months for a tariff plan may be reduced to three months.

TATA

We wish to bring to your kind notice that TTO was drafted when telecom was just entering the Indian market. We appreciate that with the change in market forces and technology, TRAI has been amending the same regularly. However, regarding 31st Amendment, we would like to highlight that the provisions of this amendment are impractical as per today’s market conditions. Today, new technologies are being introduced everyday and competitors are introducing new tariffs accordingly. The

Regulatory regime has seen tremendous revolution. Therefore, in such a dynamic and ever changing tariff environments it is very impractical to comply to this amendment due to the following reasons:

- It becomes very tedious for the billing system to track the subscribers on 6 months basis. For example, for a subscriber subscribing to the tariff on 1st Jan means that he will get the benefits of the said tariff till 1st July however for another subscribers subscribing to the same tariff on 30th June needs to get the same benefits till 30th Dec. Therefore, even if the Regulatory regime has changed and it is a loss making tariff, the Service provider needs to offer it to that segment of customers.
- As amply evident from the past, TRAI has modified/amended the IUC regime on the basis of the changes in Indian Telecom industry and international practices. Any such modifications directly affect the tariffs being offered by the operators. This may impact as an increase in subscriber tariffs. Therefore, this increase in tariffs should not tantamount to any violation of TTO amendment since it is not the operator who is responsible for this increase but the changes in regulatory regime have forced this increase in tariffs.

In view of the above, TTL feels that a minimum validity period of 6 months specified for tariff plans by the provisions of 31st amendment to TTO needs to be reviewed and done away with.

STL

We are of the view that no minimum validity period should be specified for tariff plans on offer in the market. Any such specification of validity would curb the freedom of operators in the market and be an unnecessary impediment in the action of competitive forces. This would in fact be a disincentive for operators to come forward with new offerings. Further, specifying a minimum validity period would actually be disadvantageous to consumers since tariffs are falling continuously and lack of rapid response by operators in the market would deprive consumers of the benefits of such falling tariffs.

Citizen Consumer & civic action Group, Chennai

The minimum validity period may be retained as 6 months. Once the number of plans offered is reduced, stability and transparency will automatically be enhanced.

Bharat Jyoti Consumer Protection Council, Lucknow

The minimum validity period of the tariff plans could be enhanced to 12 months, in order to bring stability and transparency in the market, but the customer should continue to change over to any plan of his/her choice at any time.

Consumer Care Society, Bangalore

No, Six months is a minimum necessity

National Centre for Human Settlements & Environment

Minimum validity period of 6 months can be reviewed looking to the competition in the market. But at the same time, it is to be observed that the tariff plan, which increases its validity period, maintains transparency through out.

Voluntary Organisation in Interest of Consumer Education (VOICE)

Since the customer has a choice to migrate the plan at any point of time, we may consider increased validity of plan from 6 months to one year.

Telecom Watchdog, New Delhi

The Ministry of Communications has estimated further decline in tariff to the tune of 50 per cent. The Minister for Communications Mr A. Raja envisaged a local call for 10 paisa and STD call for 25 paisa. In future, the deployment of new technologies such WiMax, will further reduce the cost of provisioning of services. Therefore, keeping in mind the possibilities of further reduction in tariffs, the consumers will not gain anything even if validity period is extended beyond six months. The consumers will be benefited if Trai agrees to accept the other ideas suggested by Telecom Watchdog in this letter.

Kerala Consumer Service Society, Kochi

There is an urgent demand to fix a minimum validity period of 1 year by amending the 31st TTO to bring in more stability in the market along with transparency.

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

Variation or shorter of time limit/validity of tariff plan suffers interest of consumer for consumer stability. Therefore validity period should be maximization of period, so that consumer can use their phone as long time he desired.

A. Govinda Raj

Frequent changes in tariff plans will pose a discomfort or a factor of annoyance to customers. With low switching costs service providers will face the scenario of losing customers if they migrate the customers every 6 months. From a service provider's perspective it is operational burden (billing & invoicing) to manage innumerable 'active' tariff plans. The existing 6 month period could stay as a reminder and need not to be reviewed.

Q6. Should the tariff plans offered for subscription for a limited period but available for the customer as a regular plan be also counted as tariff plans for the purpose of application of the cap?

COAI

In case the tariff plans are offered for subscription for a limited period, but are available for the customer as a regular plan and the benefits of the same are also available to the customers for an indefinite period, then the same, in our view should be counted as tariff plans for the purpose of application of the cap. This is subject to the underlying principle that only those plans which are presently being offered in the market will be counted for the purpose of calculating number of tariffs and for the purpose of this cap.

AUSPI

No; There is no need to regulate or restrict promotional offers or count such tariffs for the application of the cap. Promotional offers are the best marketing tools available to operators. Such offers have been instrumental in attracting large number of subscribers thereby increasing the teledensity in the country substantially. Promotional offers or limited period offers provide subscriber with an incentive to make choices by increasing the value of the product. The service providers use these offers to spur growth in sales. Therefore promotional offer help to increase the size of the market. Promotional offers also provide a way to differentiate brand from that of competitors in the short term.

It is, therefore, imperative that operators should have complete freedom to make these offers. Whether or not to restrict the period for which this is on offer is a business decision to be left to the operators.

Bharti

All promotional offers could be categorized as acquisition promotions or rewards programs. Acquisition promotions should be restricted for a period of 90 days irrespective of the length of the benefits that accrue to the customer. Rewards programs are generally short term in nature and benefits also are restricted to the 90 days limit. All promotional offers whether for acquisitions or rewards should be out of the ambit of the cap of 25 plans.

Further, service providers should have the option to regularize promotional plans immediately after the expiry of the 90 days period as a regular tariff offering and once

this is exercised, the plan should come under the cap of 25 plans. In the case of lifetime validity plans, service providers should also have the flexibility of running promotions beyond 90 days.

Reliance

- Promotional offers or limited period offers provide reluctant subscriber with an incentive to make choices by increasing the value of the product. The service providers use these offers to spur growth in sales. Therefore promotional offer help to increase the size of the market. Promotional offers also provide a way to differentiate brand from that of competitors in the short term.
- Promotional offers are an effective tool in a highly competitive market, when the objective is to influence subscribers to select it over those of competitors. The promotional offers should be seen as a sign of a competitive market. The promotional offers are totally absent or nominally present in collusive or non-competitive markets.
- Service providers may be given complete freedom and flexibility to offer such promotional offers. Frequency of such launches, time frame or validity of such promotional schemes are business decisions and should best be left to the judgment of the service providers.
- Authority's intervention in this respect will only stifle competition and may prove to be counterproductive to the consumer interest.

BSNL

The plans offered for subscription for a limited period but available as a regular plan may not be counted as tariff plan for the purpose of application of the cap.

MTNL

The full fledged tariff plans offered for say two days, one week, two weeks, one month etc may be exempted from the cap as they are customer friendly. However these tariff plans may be limited to 20 at any given point of time so that customer confusion is avoided.

TATA

We are of the view that the tariff plans offered for subscription for a limited period but available for the customer, as a regular plan need not be counted as tariff plans for the purpose of application of the cap.

Citizen Consumer & civic action Group, Chennai

Promotional offer is a benefit passed on to the customer for a specified period. If the same is made available for an indefinite period, then, this should treated as a regular tariff plan and should be taken into account for the purpose of application of the cap.

Bharat Jyoti Consumer Protection Council, Lucknow

The promotional offers with the validity period beyond 90 days should be counted as a Tariff Plan and should come under the overall Tariff Plan Cap.

Consumer Care Society, Bangalore

Yes

National Centre for Human Settlements & Environment

Normally, the tariff plans offered for subscription should be counted as tariff plans for the purpose of application of the cap.

Voluntary Organisation in Interest of Consumer Education (VOICE)

Any promotional plan offered should be a part of the cap on number of tariff plan and should have the same validity.

Telecom Watchdog, New Delhi

Yes.

Kerala Consumer Service Society, Kochi

The tariff plan offered for subscription for a limited period, but whose benefits will be available for infinite period for purposes of promotional tariff plan can be permitted without application of cap.

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

Tariff Plans offered for maximum period for the purpose of stability of consumer interest i.e. tariff plan should be approximately 180 days or above.

Q7. Is there a need to regulate or restrict the promotional offers and if so what should be the measures?

COAI

Promotional plans are primarily offered to the subscribers, during special occasions/ festival etc., keeping in mind criteria such as subscriber needs, usage profile, etc.. The incentives offered under promotional plans vary, and include aspects such as Rebate in rental, reduced STD/ISD charges, free SMS, free pulses/talk time, waiver of activation fee/security deposit, benefits in terms of free talk time, free Internet access, free or concessional VAS, free gifts, eligibility to win prizes such as cars, handsets, FMCG products etc.

As listed above, the promotional plans extend various benefits to the customers and should hence be allowed without any restrictions. The Promotional Plans are a reflection of the competition and interfering with them would curtail the flexibility to address the

increasing demands of the subscribers and their specific and ever changing usage requirements. A restriction on promotional offers will amount to interference with market forces.

We are also of the view that consumers may NOT be happy with any restriction on the promotional plans.

In light of the above, we would like to submit that there is NO need to regulate or restrict the promotional offers.

AUSPI

Covered in answer to Q6.

Bharti

The “Reward Programs” put in market for the purpose of customer delight, based on customer requirements and market dynamics. Not all programs are successful, and clearly this reflects the discerning attitude of evolving consumers. Eventually all successful programs bring about huge delight to consumer and hence are adopted furiously. The number of programs which may run in market, automatically gets constrained by execution capabilities of various operators in market and hence there is a natural behaviour of market to weed out unviable / non-remunerative programs. Thus it is recommended that status quo be maintained.

Reliance

Covered in answer to Q6.

BSNL

Yes, a separate cap of 25 plans may be applicable for promotional plan. The promotional offer should clearly indicate/advertise the validity of the offer with date and also the regular tariff which will be applicable after the promotional period. The promotional offer may not be allowed to continue after the promotional period of 90 days. At the expiry of 90 days the customer should be migrated to the regular notified plan.

MTNL

In order to retain dynamism in the market and to fulfill specific demands of the customers, it is necessary to retain the promotional offers. These offers also contribute to innovative value added services to the customers.

TATA

No; There is no need to regulate or restrict promotional offers. Promotional offers are the best marketing tools available to operators. Such offers have been instrumental in

attracting large number of subscribers thereby increasing the tele-density in the country substantially.

Promotional offers or limited period offers provide subscriber with an incentive to make choices by increasing the value of the product. The service providers use these offers to spur growth in sales. Therefore, promotional offer help to increase the size of the market. Promotional offers also provide a way to differentiate brand from that of competitors in the short term.

It is, therefore, imperative that operators should have complete freedom to make these offers. Whether or not to restrict the period for which this is on offer is a business decision to be left to the operators.

Citizen Consumer & civic action Group, Chennai

Though the average consumer may be benefited by the promotional offers made by the service providers, it is imperative to restrict the same. Incentives in relation to the trade, for example, rebate in rental, reduced STD/ISD charges, free sms, waiver in activation fee, etc. may be entertained, however, free gifts, prizes, etc. which are unlawful, should not be allowed.

Bharat Jyoti Consumer Protection Council, Lucknow

We feel that the promotional offers are beneficial to the customers and as such no restrictions are called for. From the customer point of view, all these promotional offers need to be absolutely easy to understand and without any hidden agenda of the operator.

Consumer Care Society, Bangalore

Desirable, but the service providers will cry hoarse for any attempts

National Centre for Human Settlements & Environment

The promotional offers need to be regulate instead of restrict. Each promotional offer needs to be in writing and should be published in the daily newspapers of that area by the service provider. The consumer should have complete information in writing what plan he is going to accept and its life-time/period.

Voluntary Organisation in Interest of Consumer Education (VOICE)

Any promotional scheme offered as part of the main tariff plan may not be able to confuse the customer if properly put in the numeric form in the tariff plan.

Telecom Watchdog, New Delhi

There is no need to regulate/restrict promotional offers. However, to be fair to everyone including non-pan-India operators, a business house with interest in multiple sectors

cannot be allowed to combine offers/discounts for which separate licenses are required (both in terms of geographical boundaries of service areas as well as different services). This is one of the functions of Trai defined in the TRAI Act.

Kerala Consumer Service Society, Kochi

As the promotional offers are confusing the consumers, by cutting across various consumer plans it amounts to unfair and anti competitive manners. Often the benefits gained are far less than the damages.

Too many cooks spoil the broth. Small is beautiful. Let us have only minimal regulations.

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

The measurement of interest of consumer depend on the interest of the religions. So tariff plans should be determined on the basis of the consumers locality and their requirement.

A. Govinda Raj

As long as the service provider's follow the advertising code there is no need for regulation. To take an analogy retail promotions I don't think are subject to restrictions. If there is violation there is recourse available in the form of MRTPC & consumer protection act.

Q8. What further measures should be advisable to improve the transparency in the tariff offers?

COAI

We would like to re-iterate that, as long as the subscriber is aware of his/ her usage pattern and the details of the tariff plan are made available to the subscriber in a transparent manner, the concern regarding confusion in the mind of the subscriber should not arise.

In this regard it is pertinent to mention that the Regulations which have been put in place by the Authority from time to time have enough safeguards and are more than adequate to address the concern of the subscribers.

AUSPI

Different directives/ regulations issued by the Authority to improve the transparency in the tariff offers appear to be adequate.

Bharti

As mentioned above, all tariff offers which are generally available to the public at large are available at the company showrooms / retail outlets. Apart from this the websites of the service providers are immediately updated displaying all tariff components along with applicable terms and conditions if any. The customer care is also responsive to the customer's needs. We believe all these measures are all controlled through market dynamics and service providers fulfilling these would gain significantly in the days when competition heightens. Transparency means simplicity of tariffs which is critical so that there are no fine-prints that are not communicated to the customer upfront.. We believe that the existing regulations seem adequate and need no further tinkering to increase transparency measures. The Hon'ble Authority also has built in adequate checks and balances to see that the existing regulations are not compromised in any manner.

Apart from the favorable orders/regulations, the Hon'ble Authority has also constituted a Consumers Education and Protection Fund for the telecom consumers' awareness, education and for protection of their interests, which is also a commendable effort.

Reliance

The existing regulatory regime is comprehensive to address all transparency issues in the tariff offers. No further changes or additions are proposed

BSNL

All the reduced tariff/promotional tariff should clearly indicate the fixed charges applicable with the tariff and validity of the tariff. Tariff should not be presented in distorted form to end users highlighting only some specific aspects of the plan.

MTNL

Customer feedback is the best source to indicate the effectiveness of the tariffs etc. Sufficient Directions/ Regulations/ Orders have been issued by TRAI from time to time in this regard.

TATA

The different directives / regulations issued by the Authority from time to time to improve the transparency in the tariff offers appear to be adequate.

STL

In the present scenario where we are stressing upon the fact that there should be no cap on the number of plans, there is also a need to be more transparent to the customer in order to benefit the customer. One way by which this transparency can be achieved is by the way of informing the customer about the plan he/she opts for at the time of enrolling

with the operator. It is a regular practice to get a signed confirmation about the plan the customer is taking and instead of informing the customer within 7 days of activation of service about the plan opted, we feel it would be better if the same information is handed over to the customer at the time of acquisition and getting a signed confirmation. The confirmation should also be acceptable even through SMS.

Citizen Consumer & civic action Group, Chennai

Grievance Redressal mechanisms are very poor at present and the service providers, who are very much aware of this, get off the hook very easily. There is an urgent need to strengthen this, which in turn will improve transparency. TRAI should seriously consider setting up a complaint register on its website, with each telecom companies separately listed, for posting complaints. The companies should also be asked to compulsorily include this address on their monthly billing statement for consumer information. Penalty clause may be included for each segment to make the service providers accountable.

Bharat Jyoti Consumer Protection Council, Lucknow

The operators particularly the mobile ones may be asked to give a comparative honest statement of all the tariff plans.

Consumer Care Society, Bangalore

Telecom Consumers Protection and Redressal of Grievances Regulations, 2007 (3 of 2007) is not taken seriously at all by the service providers and even complaints by individual affected consumers pleas are not redressed. It is unfortunate that when such cases are referred to TRAI, we do not see any evidence of any action by TRAI or even a simple acknowledgement of it. It is time for TRAI to act and act fast so that a clear message goes to all that TRAI is serious. Time of soft approach is over. Have the TRAI not received complaint of service providers sending collection agents and resorting to strong arm tactics?

National Centre for Human Settlements & Environment

Every service provider must have their own website and all tariff plans should be available in the website. The TRAI can have a regular watch over these web-sites and if any thing goes wrong or violating the rules action can be taken.

At the time of fresh connection/facility etc., the service provider should have informed the customer about his website in writing so that customer himself can check the tariff plan etc. and ask for any revision, if think so.

Voluntary Organisation in Interest of Consumer Education (VOICE)

A software that is capable of comparing all tariff plan within SP and also all SPs together would be able to bring the transparency in the tariff plans. The form should be able to

capture only the numeric value. TRAI may like to re-examine deployment of the software for such purposes.

Telecom Watchdog, New Delhi

To improve further transparency, we suggest some other measures as follows: -

a) The detail call records, including local calls, for both pre-paid and post-paid customers, should be made available ONLINE to customers for the previous two months/billing cycles. This is not at all difficult to be implemented.

b) Pre-paid customers know their charges on call-by-call basis through automatic SMS. However, post-paid customers do not come to know about their usage. Even when they call the customer care centres of their respective operators, they do not get any information. The post-paid customers should also be informed about their usage on call-by-call basis through SMS on the same pattern as pre-paid. This way it will help them in monitoring/controlling their usages. Its implementation should be very easy for the operators.

c) Life Time schemes have certain conditionality of continuity beyond say six months. In all such cases, at least two weeks and one week before the countdown for such conditionality begins, the consumers should be “warned” through SMS. There should be a provision for passing on the benefit of reduction in tariff to Life Time customers also.

d) The terminology for various items in a tariff plans should be standardized. Different terminologies for the same item confuses a consumer; for example, monthly rent, plan charges, administration charges (for pre-paid), etc., are different names given by operators for collecting some monthly fee, but they are very confusing for the consumers.

f) Immediately on discontinuation of a specific tariff plan, an operator removes it from its web site, but the same tariff plan remains operational for atleast another six months to comply with Trai’s regulation/direction. During this blackout period, the consumers remain in dark about the charges they have to pay. All the tariff plans which are operational should be available on web sites under two categories of plans – “On Offer” and “Discontinued”.

g) Trai’s directions of June 29, 2005 (providing explicit information to new customers regarding their tariff plans within one week of activation of service), May 3, 2005 (taking explicit consent of customers for continuation of VAS after the expiry of promotional period), and May 23, 2006 (providing printed tariff plan to every customers on enrolment) are not followed by most of the operators. Trai should enforce these directions strictly.

h) Apart from conducting open house sessions, Trai should also use electronic media for educating consumers of their rights.

i) These days, the operators install many icons on the handsets, e.g: Airtel Live. If a consumer uses such icon, he is charged. The charges are also very high. The consumers are not given prior information about the usage charges to be paid.

j) Many operators do not allow free conversion between post-paid and pre-paid tariff plans, even though it is mandated by Trai's regulation. Trai should enforce it strictly.

k) There is a need to review the following items of tariff: -

- The local call charges prescribed by operators are higher than the ceiling tariff prescribed by Trai for national roaming calls. Trai should remove such an anomaly.
- Even though Trai has made CLIP as an optional item, but no consumer in the entire country is without this facility. CLIP is being used by 100% of the consumers. Terming this as an optional facility allows operators to charge extra for CLIP, which is not proper in this case. CLIP may be an optional facility for basic/wireline services but not for mobile services.
- Pulse rate should be realistic and it must be reduced from the present 60 second. To implement this, some changes may be required in IUC regulation as well.

Kerala Consumer Service Society, Kochi

Indian population has crossed 109 crores. The digital divide between haves and have-nots is wide. Still for the majority of Indians below poverty line, a mobile phone has become an integral part of day to day life. Hence the need of the hour is a sharp division between tariff plans for VAS and tariff plans for promotional/business benefits. As soon as a value added service is introduced, it can be charged depending upon the cost involved by the service providers. So there shall be a one India charge + VAS. This is the only transparent way to satisfy a consumer's choice to choose. A combination/cluster of VAS can be a concessional offer. In effect there shall be a flat rate for all + extra to VAS to suit the consumers affordability.

Tariff plans for promotional benefits can vary, but of course subject to unfair/restricted trade practices, decided by Advertisement Standard Regulatory Commission. Thus fraudulent business tactics can be curbed to restore transparency.

Upbhokta Sanrakshan & Kalyan Samiti, Kanpur

Transparency in the tariff offer should be determined on the basis of lower pricing, maximum time and validity and also consumer satisfaction on lower investment.

A. Govinda Raj

1) The proposed (and already implemented) TRAI format for tariff plans is a good enforcement by regulator. Though this writer found that not all service providers have provided in this format, at least on the web site. This common standard format will undergo changes with the emergence of new services.

2) Consumer awareness: Launch consumer education initiatives. Not just for voice tariff plans but also for mobile internet packs, broadband packs. There is a market opportunity for a consumer portal to act as an intermediary to reduce the inefficiencies. TRAI should float a RFP just as it sought a new portal for NDNC or directory enquiry service.

General Comments

Federation of Consumer Associations, WB

1. Issues affecting transparency in the tariff offers preferred by access service providers.
2. Number of tariff plans offered in the markets are too large and such offers confusing the consumers.
3. In the present political and socio-economical scenario flexibility in the tariff setting is the best procedure to attract the subscribers.
4. At present 50 free calls per months in the General Category System are allowed to the subscribers. Billing of the tariffs are done by monthly segregating free calls 50 for each month while earlier consumers are allowed to get free calls 100 for both the months irrespective of 60 in one month and 40 in the other month or vice-versa. Consumers would like to get combined free calls for both the months and above 100 calls jointly for two months will be charged for payment by the subscriber.
5. Consumer Grievances Redressal Centre are very poor in number. More centres need to be set up.
6. Telecom dispute relating to billing should be settled more promptly.
7. If any post-paid customer requests for itemized bills relating to local calls and long distance calls that should be provided free of charge.
8. Provision of usage details to pre-paid mobile customers. The material provisions laid down in this Regulation have not yet been implemented properly.
9. All probable measures should be jot down to regulate the promotional offers.
10. Transparency should always be maintained if various tariff offers.