

RAJKOT SAHER JILLA GRAHAK SURAKSHA MANDAL

રાજકોટ શહેર/જિલ્લા ગ્રાહક સુરક્ષા મંડળ, રાજકોટ

DISTRICT CONSUMER INFORMATION CENTRE

(Approved by Ministry of Consumer Affairs, F. & P. D. Govt. of India New Delhi)

329, POPATBHAI SORATHIA BHAVAN, SADAR BAZAR, RAJKOT-360001, GUJARAT

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"Grahak Vani"

Weekly Gujarati Newspaper

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for the year 2005-06

To,

25/01/2020

1. **Respected brother Shri R. S. Sharma, Hon'ble Chairman,
Telecom Regulatory Authority of India (TRAI)
New Delhi-110 002**
2. **Respected brother Shri Amit Sharma, Hon'ble Advisor
(Finance & Economic Analysis)
Telecom Regulatory Authority of India (TRAI)
New Delhi-110 002**

Sub. : Regarding comments on Consultation Paper on Tariff issues of Telecom Services

Respected brother,

Our presence at the CUTCEF Meeting on **09th January, 2020** at New Delhi, and regarding the above subject, we respectfully submit the following comments before the Authority to consider the following in the larger interest of telecom consumers.

- Q.1. Answer : We do not believe that there needs to be any regulatory intervention for tariff fixation due to the following reasons:
- (a) The ability of telecom service providers (**TSPs**) to innovate will be severely impacted, who otherwise provide services according to prevailing market conditions and consumer demands under the current policy of forbearance;
 - (b) TSPs will further lose flexibility to provide low cost plans thereby limiting consumers' access to their services;
 - (c) State prescribed tariffs will therefore make services offered by TSPs unaffordable for low-income and rural groups; and
 - (d) Having a floor price will distort competition in the market by rewarding inefficient players and minimizing incentive amongst the TSPs to innovate. Consumers too will be deprived of newer and economical services.
- Q.2. Answer : No, we do not recommend a shift from the policy of forbearance for the following reasons:
- (a) As discussed above, fixation of prices can act as an impediment to TSPs providing novel and consumer friendly services and have an overall adverse impact on competition;
 - (b) Having regulatory intervention for fixing prices will distort competition by creating inefficiencies without sustainably improving the financial health of TSPs. This will lead to the need for further price regulation, thereby creating a vicious cycle of sustained involvement of the regulator; and
 - (c) Presently, there is no absence of regulation, but mere 'light touch regulation' which allows the Authority to monitor the activities of TSPs and protect the interests of all stakeholders as and when needed through appropriate measures. Additional regulation by fixing prices has no further advantage.

Q. 3 Answer : Not applicable.

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- Q. 4 Answer : No, there is no need to fix a floor price due to the following reasons:
- It will result in an increase in the cost of services being offered by TSPs and be harmful for the consumers who will be deprived of low-cost and affordable services; and
 - Studies in other economies such as the EU have demonstrated that minimum floor prices have a negative effect on the market.
- Q. 5 Answer :
- There is no sound methodology for fixing floor price. The idea of a minimum price is itself arbitrary and harmful for both the consumers and the market.
 - The credibility of methods such as 'cost plus regulation' and 'resale before cost' is suspect.
- Q. 6 Answer : As discussed above, fixing the floor price is not desirable, and in our view it is hard to arrive at any parameters or methods for the same.
- Q. 7 Answer : No, there is no need to fix floor price for mobile data services because:
- This will make mobile data services unaffordable for a huge section of the Indian population and deprive them of cheap data; and
 - There is no rationale or advantage of having a separate floor price for mobile data when this is offered along with voice and data services in composite plans.
- Q. 8 Answer : Please refer to response to question 5(a) above.
- Q. 9 Answer : As discussed, there is no sound methodology for fixing a floor price for any telecom services, including mobile data service.
- Q. 10 Answer : We do not recommend floor prices for voice calls either. The Paper notes that these are essentially data services and that TSPs themselves have not requested this.
- Q. 11 Answer : Please refer to our response to question 10.
- Q. 12 Answer : No, there should not be any limit on this, since it may have the effect of penalizing consumers for paying disproportionately for other services.
- Q. 13 Answer : Please refer to our response to question 12.
- Q. 14 Answer : No, there should not be a floor price for bundled services. Voice and data services are provided as a part of composite plans and are tailored according to consumer requirements. Fixation of tariff for these will negatively affect the flexibility of TSPs to devise such plans and will in turn prevent consumers from availing a variety of affordable services.
- Q. 15. Answer : We believe that a price ceiling will not help safeguard consumer interests due to the following reasons:

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- (a) A price ceiling will act as an entry barrier to new players from entering the TSP market space;
- (b) It will discourage TSPs from innovating and providing newer services to consumers; and
- (c) Thus, the highly competitive market of TSPs will be distorted and affect the availability, quality and affordability of services.

Q. 16 Answer : There is no existing methodology that can suitably fix the floor price for such a wide variety of services.

Q. 17 Answer : We recommend that floor price tariff orders should not apply to any tariff plans.

Q. 18 Answer : Please refer to our response to question 17 above.

Q. 19 Answer : On order to safeguard the interests of TSPs, the Authority should consider methods for reducing the costs of regulatory compliance for the market players. This will be a better way of helping them reduce operational costs rather than fixation of floor prices which have negative effects for the market and consumers.

We appeal to consider the above comments in the larger interest of subscribers and hope that the above suggestions may be taken to account.

Thanking you,

Yours sister,

R. R. Mavani

Ramaben Mavani,
President, Rajkot Saher Jilla Grahak Suraksha Mandal, Rajkot.
Member, CAG with TRAI
Member, CUTCEF

Copy to :

The Joint Advisor, CA. TRAI