



a step ahead

SSTL/TRAI/02-2012/09
24th February 2012

Dr. J S Sarma,
Chairperson
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg
New Delhi – 110002

Subject :- Response to Consultation Paper on “ Review of Policy of Forbearance in Telecom Tariff”

Dear Sir,

We are please to encloses SSTL’s response to Consultation Paper on “ Review of Policy of Forbearance in Telecom Tariff”.

We request the Authority to kindly consider our inputs before coming out with the appropriate Regulations / Directions on the subject.

Thanking you

Yours sincerely
For **Sistema Shyam TeleServices Ltd**

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1 Do you perceive any need for a change in present regulatory framework for telecom tariff fixation?

2 Should TRAI withdraw from the policy of forbearance?

3 If yes, what should be the basis of tariff regulation? Should it be by way of specifying a standard tariff package or by way of fixing tariff as a ceiling for individual charging components such as calls, SMS, etc? Please also suggest the methodology.

4 Would tariff regulation affect the ability of the telecom service providers to introduce innovative tariff plans?

5 What would be the best method of managing the telecom tariffs so as to protect consumer interest even while affording the telecom service providers the necessary flexibility?

We agree with the Authority has the mandate to intervene in any telecom tariff related matters for the benefit of the consumer. Tariff forbearance is not a permanent policy and it is the right and duty of the regulator to regulate the tariffs in cases of market failure or any other situation where intervention is required.

Currently, the policy of tariff forbearance is applicable for telecom tariffs. The Indian telecom sector is characterized by strong competition and one of the lowest tariffs in the world. Infact, due to competition, some of the tariffs are being offered below cost. We feel that moving forward we should continue with the policy of forbearance.

In case the Authority does decide to regulate the tariffs, then the principal to determine the tariffs should a cost-based approach. The costing exercise (to determine the regulated tariffs) should not only cover the costs of the operator but also should cover suitable and reasonable returns/ EBITDA margins to the operator.

6 Is tariff for data services offered by the service providers competitive and reasonable?

9. Should TRAI regulate tariff for data services by way of fixing ceiling tariff to protect the interest of the consumers? If yes, what should be the basis and justification for tariff fixation?

With the launching of 3G services, the data service market has become highly competitive. This has resulted in a continuous reduction in the data tariffs in the past one year. Therefore the data services being offered today are highly competitive and forbearance as a policy should continue.

Very soon the BWA operators shall also commence their services, which will add to the competition and the tariffs, without any doubt, will further reduce.

Furthermore, the data market can be divided into two main segments – ‘Small-screen’ & the ‘Big-screen’. The small screen segment consists of the hand-held mobile data user and the smart-phone users. The big screen segment consists of customers using Data Cards/ Dongles for their Lap-tops/ Desk-tops. The target audience and data usage differs completely and therefore there exists two sets of tariffs for these separate groups of consumers. As the tariff offered to the customers are usage based, there is an indirect synchronization between the two segments.

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7 What are the factors that impact competition in data service in the market?

8 What can be the possible measures by the regulator for facilitating enhanced competition for availability of data services at affordable tariff?

The quality and availability of data enabled hand-sets/ CPE at affordable costs is a very important factor. All necessary steps need to be taken to bring down the cost of such hand-sets so that more and more people can start using data services.

Government should subsidize CPE's (eg. Akash tablet) and make them available to the entire student community. The youth of this country will play a very important role in the uptake of data services which will lead to enhanced competition and will drive down the tariffs.

A complete data eco-system of e-enabled services (E-education, E-Health, E-Gov services etc.) needs to be developed and nurtured with the help of government subsidies.

The NOFN (National Optical Fiber Network) proposed by TRAI is welcome. It is suggested that TRAI also recommend that all licensed operators be allowed to carry their Voice & Data traffic on the NOFN for free (South Korea has made it free). If this is implemented, then there will be a true data revolution in the country.