

Comments (excerpts): Consultation Paper on Tariff Issues of Telecom Services, 17th of December 2019 1 message



From: Subhas Reddy

To: advfea2@trai.gov.in

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Sir,

TRAI should continue its current policy of forbearance in Mobile Telecom tariffs for SMS, voice, and data and other services, in the interest of consumers and in fairness to all parties involved.

Certain TSP'S are making ludicrous demands. (while actually accusing fairly thought TRAI's price ceiling of TV channels at Rs.12 as ludicrous). One operator has said, "First, Mobile tariff should be increased to Rs.200/month and then to Rs.300/month". In response to those idiots, as a consumer, and on behalf of other customers, my demand is, "First, mobile tariff has to be decreased to Rs.100/month, then to Rs.0/month".

In China, with a GDP per capita of \$10,000, Mobile ARPU is less than Rs.600/month. In India, with a GDP per capita of less than \$2,000, ARPU of about Rs.120 is equivalent to that of China, as a fraction of GDP per capita. From China and India data, I derived an equation: Mobile ARPU per year in a country is generally 1% of that nation's GDP per capita. India's current ARPU is fair. With recent increase in prices by up to 50% by all operators, it is only going to increase by market forces. No operator wants to continuously make no profits. Also ARPU will increase sustainably only at the rate of per capita income growth. If operators play smart and increase rates, consumers will also play smart and decrease usage of data and voice as well to keep their monthly bill less than Rs.150. They'll switch to OTT voice apps like Whatsapp. Telecom services are price elastic.

Price floor:

There should be no price floor.

But in case TRAI decides to have one, the floor should be 0.5 paisa/minute for voice calls for on-net calls. At 360 kB/minute for HD Voice calls (AMR-WB codec), and @ Rs.15/GB, half paisa per minute is what a voice call costs in voLTE. For off-net calls, 0.5 + IUC. Current IUC is exhorbitant. It should actually 0.2 paisa per minute or less based on above data calculation.

2G and 3G networks use circuit switching, but they are old ones with less residual and current value, which have mostly depreciated and mostly amortized of principal repayment over two decades or so, while voLTE networks are brand new. In fact

continuation of old 2G/3G networks is cheaper instead of replacing them with 4G in areas where current ARPU is low and because future data usage will also be low there.

Floor price of SMS should be based on data used per SMS which is 140 bytes, and that corresponds to 1 Paisa per 5000 sms's, or 0.0002 Paisa per SMS.

Floor price shouldn't be based on what kind of network one uses. Rather it should be based on quantity of data used. In current question, Floor price for data should be per byte of data provided based on cost of new voLTE networks since it's the cheapest network for data, irrespective of what that data is used for: text, voice, video or other.

If TRAI puts a floor price, then there should be a price ceiling as well, which should be no more than 10% of floor price.

What TSP'S are demanding for 2G/3G voice/SMS/data is akin to asking 4 times charges for a barber who takes one hour for a hair cut with scissors, compared to a barber who does the same haircut in 15 minutes with a hair clipper.

Even after more than 3 years after start of Jio's voLTE, the TSP dull boys of Airtel, Vodafone and Idea, don't understand that the mobile technology world has changed forever. That they have to bill per byte consumed, not per minute of voice or number of text messages, and they have no other option after Jio's entry, and that their party of decades is over.

Sincerely,
Dr.Subhas Reddy C., MBBS,
Hyderabad.