

301-49/2005-Eco.

Dated: 16th September 2005

To:

All Telecom Service Providers.
(As per list attached).

Subject: Direction under Section 13 read with Sections 11(1)(b)(i) & (v), 11(1)(d), 11(2) and 12(4) of TRAI Act – Tariff plans with misleading titles.

It has been observed that the titles and various charging components of a number of tariff plans offered by telecom service providers lack transparency for the subscribers and are misleading. For example, there are tariff plans with the title 'Zero Rental' which gives the impression to the subscriber that there is no fixed monthly charges applicable under these plans. However, it is seen that these plans do have monthly fixed charges which are levied either explicitly under the head 'Monthly Rental' or under different nomenclature like 'Monthly Plan Fee', 'Club Membership Fee' etc. The Authority is of the view that titles of tariff plans which are of misleading nature or having the potential to mislead the subscribers will be considered as lacking in transparency and the service providers should be prohibited from offering such plans. Illustrative examples of such titles which are not exhaustive, are given below:

- 'Zero Rental'.
- 'ZR 399'.
- 'Zero Rental (six months)'
- 'Rental Free'
- 'NJ 299 Zero Rental Plan'
- 'Do More 399 ZR Plan'

2. Since all the above titles give indication of absence of Monthly Fixed Charges under the plan, it is essential from transparency point of view that such plans do not carry any mandatory Fixed Charge not linked to usage, in any form whatsoever. Similarly, plans the titles of which suggest unlimited usage will be treated as misleading in situations where the features of the plan put restriction in any manner on the usage. Any tariff plan or its title which is offered, presented, marketed or advertised in a manner that is likely to mislead the subscribers, would attract regulatory intervention. The operators, however, shall continue to have the flexibility to offer tariff plans with varying combinations of fixed recurring charges and usage

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charges provided they are not misrepresented to the subscriber. There is also no bar in offering tariff plans without monthly fixed charges or unlimited usage plans with a fixed monthly fee or plans with a minimum commitment of usage provided they are not misrepresented to the subscriber.

3. One other aspect which has the potential of misleading a subscriber is levy of monthly fixed charges under different charging heads. Thus, a post paid tariff plan may have monthly plan fee, club membership fee and monthly commitment charges etc. in addition to Monthly Rental. For the purpose of clarity, it would be appropriate to convey all compulsory fixed charges not linked to usage under one head. This could be shown as monthly fixed charges, monthly rental or any other similar single title. The idea is to convey to the subscriber in a transparent manner, the fixed monthly charges payable under the plan. When such charges are clubbed under one head, it would be easy for the subscriber to make a choice from among all tariff plans available in the market.

4. The Authority, therefore, in exercise of the powers conferred upon it under section 13 read with section 11(1)(b)(i) & (v), section 11(1)(d), section 11(2) and 12(4) of TRAI Act and clauses 7 & 9 of The Telecommunication Tariff Order, 1999 directs All Telecom Service Providers as follows:

- i) No tariff plan shall be offered, presented, marketed or advertised in a manner that is likely to mislead the subscribers. For example, title of a tariff plan which suggests absence of Rental would be misleading if the plan has Monthly Mandatory Fixed Charge in one form or other.
- ii) All monthly fixed recurring charges which are compulsory for a subscriber under any given plan shall be shown under one head. This should also include charges for Value Added Services like CLIP, if such Value Added Services are not optional for the subscriber.

5. All tariff plans reported to the Authority or launched in the market shall comply with the above Directions. The operators shall also restructure titles and the content of existing tariff plans so as to make them consistent with the above Directions within 15 days of issue of this Direction.

(M. KANNAN)
ADVISOR (ECO.)

