VIL/LT/13-14/552
17th December 2013

Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg,
New Delhi-110002

Kind Attention: **Shri Arvind Kumar, Advisor (NSL)**
Subject: **Consultation Paper on Revenue sharing arrangements for calling Card Services – Counter comments**

Dear Sir,

Please find enclosed our counter comments to all the responses received by the Authority (and uploaded on the website) in regards to the Consultation Paper on Revenue sharing arrangements for calling Card Services.**(Annexure A)**

We hope our submissions will merit your kind consideration.

Thanking you

Yours faithfully,
For **Vodafone India Limited**

Manish Gupta
General Manager- Regulatory Affairs

Enclosed: **Annexure A**

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Annexure A

Comments on Comments: Revenue Sharing Arrangements for Calling Card Services

Some of the responses suggest that intervention to set the revenue share arrangements for calling cards will create a buyers' market for STD and ISD calls. The implication of this statement is that the current situation represents a sellers' market. The evidence suggests that this is not the case. Up to nine operators per circle compete to offer STD and ISD calls; many offer calling cards and Special Tariff Vouchers for customers who are especially concerned about the cost of these call types. Vodafone's data suggest that a significant proportion of STD and ISD calls are subject to a discount. As a result, prices of *both* services have reduced over time. This is typical of a sellers' market. In fact, with easy switching between operators and the prevalence of dual-SIM phones, customers *already* enjoy a buyers' market.

Some of the responses state that the proposed regulations with (low) access charges will be 'good' for the access providers because it will result in higher volumes of calls and greater revenue. One response talks of "much untapped potential in the NLD/ILD segment that can further transform the lives of customers across the board". The same submission asserts that following the introduction of calling cards the "volume of ILD calls could double". Another states that "the introduction of tariff competition in Long Distance Segment shall lead to cheaper STD / ISD call rates for the consumers, thereby increasing the demand for Long Distance Calls which will consequently lead to rise in revenues for the access providers, NLDO and ILDO." Vodafone believes that the introduction of callings cards will not lead to a stimulus in calling or higher revenues:

- There is no problem to which calling cards is the answer. Customers can already avail cheaper STD and ISD calls via calling cards and STVs. The incremental impact of the contemplated regulation on prices will be negligible and therefore any consequent effect on volumes cannot be anticipated.

- For ILD calls, the fall in prices over recent years has *not* resulted in higher volumes. This suggests that something structural is afoot. The most likely explanation is that customers are substituting metered voice calls for to VoIP (data) calls—for which the incremental cost could be zero—and that regulation of the type proposed will not arrest this switch. It is impossible to see how the "volume of ILD calls would double".

We do not believe that that regulating the revenue share arrangements for calling cards will lead to higher volumes of calling.

Neerkumar