



29<sup>th</sup> Nov, 2010

**The Secretary,**  
**Telecom Regulatory Authority of India**  
Mahanagar Door Sanchar Bhawan  
Jawahar Lal Nehru Marg (Old Minto Road)  
New Delhi - 110 002

**Kind Attention: Advisor (ER)**

**Sub: TRAI Consultation Paper on "Certain Issues relating to Telecom Tariffs"**

Dear Sir,

We thank you for the opportunity given to us to present our views on a very relevant topic.

Our responses on the queries raised vide your Consultation Paper are as follows:

***Q1. What according to you are the challenges which Indian telecom subscribers face while understanding and choosing the tariff offers?***

**Response to Q1:**

Mobile customers in India are privileged since they enjoy not only the most competitive tariffs in the mobile segment but also a variety of options to choose from. Thus it is our understanding that there are no major challenges today for the customers with respect to understanding or choosing tariff plans. This is because information to consumers is available through various sources – Retailers, Point of Sale Material (POSM), SMS, Website, Newspapers, Internet, etc, thereby providing the customers the flexibility to turn to any of the available media, in case they have any doubt / apprehension regarding the tariff plans. Further, the offers are always targeted for transparent and easy communication.

At the same time, it is also our belief that some of our existing customers registered on DND are not completely benefitting from the various tariff offers available in the market, due to their lack of accessibility to promotional text messages being sent from the operator's side. This is because DND registration does not provide for differentiation between receiving the offers of telemarketers and service providers, even if the customer does not want to be excluded from either of the categories, and instead blocks all SMS's to the subscriber's number from either of the afore-mentioned parties (*except where a service related message is permitted to be sent by the Service provider*).

***Q2. What according to you are the required measures to further improve transparency in tariff offers and facilitate subscribers to choose a suitable tariff plan?***

**Response to Q2:**

It is submitted here that the subscriber is aware of his/ her usage pattern and the details of the tariff plan are made available to the subscriber in a transparent manner.



Page 1 of 5

In this regard it is pertinent to mention that the Regulations which have been put in place by the Authority from time to time have enough safeguards and are more than adequate to address the concern of the subscribers, if any.

**Q3. Do you think mandating “one standard plan for all service providers” particularly for the prepaid subscribers as suggested by consumer organizations would be relevant in the present scenario of Indian Telecom Market?**

**Q4. Do you think that the existence of large number of tariff plans and offers in the market are beneficial for the subscribers?**

**Q5. In your opinion is it necessary to revise or reduce the existing cap of 25 on the number of tariff plans on offer? If so what would be the appropriate number?**

**Response to Q3, Q4, & Q5:**

The mobile telephony segment is the fastest growing market in India today and is characterized by intense competition. The mobile subscriber base has already crossed 670 million and the industry is adding close to 15 million subscribers every month.

The Authority would appreciate that new telecom consumers are coming from various strata of the society, ranging from a first time rural customer to a first time urban student customer. It goes without saying that the needs of the two would be extremely different - the rural customer normally being interested more in getting connected at a reasonable price, and the urban student normally looking for additional features like high speed mobile internet, interesting VAS, etc. These varying needs of different consumers have led to creation of consumer segments like (among others):

- Students
- Youth
- Working women
- Housewives
- Professionals
- Senior Citizens
- Businessmen

Further, the needs of these customers also vary with their place of residence – urban, rural, semi-rural, etc. The service providers are therefore launching segment-specific tariff plans to meet the needs of these and many other constantly evolving customer segments and to build customer loyalty. It is this strategy of offering segmented plans and wide choice to the customer that has helped Indian consumers adopt mobile telephony at a fast pace making India the fastest growing telecom market in the World. Hence, the existence of large number of tariff plans has only benefited the Indian consumer. To suggest that there should be one plan for all would be contrary to the individual human requirements / preferences; would be anti-competitive and against public interests.

It may be noted here that even in the other sectors of the Indian Economy like Automobiles (Cars), Insurance, Banking, FMCG, etc, the choice available to the consumers is significant. The players in these sectors have also resorted to market segmentation to meet the needs of various segments or the different consumer profiles. And the choice or the options available to the customers has only increased with time.

From a subscribers perspective, having choice is always better than having no choice at all - consumers always benefit from greater choice. In view of the same, it is our feeling that “One Plan for All” would only result in customer dissatisfaction and dissonance.



Further, it is well-known that tariff plans are an integral part of the competitive strategy in the telecom landscape and nearly all battles are fought on the tariff plank. Since the market is continuously expanding, and service providers are also entering into untapped rural markets, flexibility in tariff setting is a must to allow them to market customized tariff plans, and thereby expand the market.

Light touch approach followed by the Authority till now has been one of the reasons why India is today the fastest growing telecom market across the World, with one of the lowest tariffs in the world. Any attempt to limit the number of tariff plans will result in upsetting these basic strengths that have been ingrained into the Indian Telecom over a period of time, and that have immensely benefitted the Indian subscribers.

In light of the above, Idea is of the view that there is no need to have any cap on the number of tariff plans on offer, for having a cap only limits the choice available to the subscriber.

**6. Should any limit be prescribed on the rates for premium rate SMS and calls ? If so, what should be the norms for prescribing such limits?**

**7. If not, what further measures do you suggest to improve transparency in provision of premium rate services to prevent instances of subscribers availing such services without understanding financial implications thereof?**

**Response to Q6, & Q7:**

Premium Rate services generally offer access to some exclusive specialized content to the subscriber on either SMS or IVR. Examples of such services include online and offline gaming, audio streaming, stock quotes and news quotes, tele-voting, astrology, etc. Each of these services differs in terms of the content, and is therefore targeted at different customer segments. Further, such services also require targeted communication through various mediums.

In view of all the above there cannot be a uniform price for such services, the same depends on the interplay of various factors enumerated above. Moreover, none of them are basic or utility services. It is therefore felt that there is no need to prescribe any rates for premium SMS and calls, and the same should be left to market forces.

As regards transparency in provisioning, it is pertinent to mention that the Regulations which have been put in place by the Authority from time to time have enough safeguards, and are more than adequate to address the concern on transparency.

**8. Do you think there is sufficient justification to allow the service providers to realign the ISD tariff in respect of existing lifetime customers in view of the grounds mentioned in their representations?**

**Response to Q8:**

Costs involved in offering ISD calling services to Indian consumers can be segregated under 3 broad heads:

- 1) Origination Cost
- 2) Carriage Cost
- 3) Termination Costs

While the first 2 are clearly under the direct jurisdiction of the Authority, the termination costs are outside the purview of the Authority. The knowledge of this jurisdictional limitation by some monopoly foreign ILDO's, as also -



- 1) The fixing by the TRAI of termination charge for incoming international calls (to India) in the IUC Regulation 2009, leaving no scope for individual negotiations with foreign ILDO's
- 2) The absence of any regulatory provisions within the country to check such practices by foreign ILDO's.

has resulted in a situation where the termination costs have been continuously going up for certain international destinations. Further, new dedicated calling codes have been introduced across various countries for offering of premium services like chatting, gaming, etc at settlement rates higher than the normal.

Indian operators are therefore increasingly getting burdened under the pressure of rising settlement costs for various destinations, with no mechanism to stem the increase. To make things worse, the 43<sup>rd</sup> amendment does not allow them to recover the increase in settlement rates through a rate increase for existing lifetime customers because of the lifetime protection accorded to them. The Industry has already taken up the issue of allowing realignment of ISD tariffs for existing lifetime customers, as the reasons behind the tariffs increase are completely beyond its control - currency rate variations, increase in settlement rates by monopoly operators, special numbers, etc. Specific examples of such destinations are Maldives, Guinea, Congo, Oman, etc.

It is also well-known that the Industry has on various occasions in the past reduced tariffs to pass the benefits of reduction in input cost to all its existing customers. Further, allowing any increase in the tariffs of existing lifetime customers shall only enable the operators to keep the service viable on a long-term basis and promote efficiency and growth in the operation of telecommunication services.

Basis all the above, Idea is of the opinion that there is enough justification that any increase in input costs also be made applicable on the complete lifetime base.

**9. What measures do you think are necessary to improve transparency and to prevent instances of un-intended recharges by subscribers in situations of cross- restrictions of recharges?**

**Response to Q9:**

While instances of non-transparency are rare because of a strong focus on proper communication in the marketplace, the possibility of a technical option of rejecting a recharge for the ineligible customer categories to bring down the probability of occurrence of such instances may be explored.

**10. Considering the nature and structure of the prevailing tariff offerings in the market and advertisements thereof, do you think there is a need for TRAI to issue fresh regulatory guidelines to prevent misleading advertisements?**

**Response to Q10:**

In our opinion, the current guidelines on formats for publication / advertisement of tariffs, as mentioned in the TRAI Directive dated the 2<sup>nd</sup> May-05 are too restrictive, and leave little scope for creativity which is important for the key message to go through.

While there is complete agreement from Idea's side with respect to provisioning of details on website and in brochures / leaflets, something that it has also been practicing till now in the best interest of its customers, it is felt that the format for advertisements – print, TV, etc – should be dropped from the scope of this Directive. In any case, the Authority has itself mentioned in the Consultation Paper that simplification in the tariff structures has already made the need and utility of the formats mandated in the year 2005 more or less redundant.

With respect to the misleading nature of advertisements, it is our understanding that there are enough regulatory provisions to address the same, and therefore there is no need for any further regulations on this subject.

**11. Do you agree that the instances of "misleading" tariff advertisements listed in this paper adequately capture the actual scenario in the market? If not provide, specific details/**

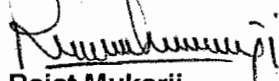
**Response to Q11:**

It is our belief that the instances of "misleading advertisement" quoted in this Consultation Paper are not a true reflection of the market scenario, as most of them appear to have been unintentionally committed by one party or the other. Further with a little more discretion at the operator/s end even such odd instances shall definitely get minimized.

We earnestly believe that the Authority will give due-consideration to our comments before formalizing any Directions on the above-mentioned issues.

Thanking you,

Yours faithfully,  
For IDEA Cellular Ltd.



**Rajat Mukarji**  
Chief Corporate Affairs Officer