



**Telecom Regulatory Authority of
India**



**Consultation Paper
on
Validity period of Tariff Offers**

New Delhi, 13th May 2021

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Stakeholders are requested to furnish their written comments by 11.06.2021 and counter-comments by 25.06..2021 to Shri Kaushal Kishore, Advisor (Finance & Economic Analysis-I), TRAI. Comments and counter-comments would be posted on TRAI's website www.trai.gov.in. The comments and counter-comments may also be sent by e-mail to advfea1@traigov.in. For any clarification/information, Advisor (F&EA-I) may be contacted at Tel. No. +91 11 23230752 /Fax No.: +91 11 23236650.

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Chapter 1: Introduction and Scope of Consultation

1.1. The Telecom Regulatory Authority of India (“**TRAI**”/ “**Authority**”) is established under the Telecom Regulatory Authority of India Act, 1997¹ (“**Act**”) to, *inter alia*, protect the interests of consumers of the telecom sector. To this effect, TRAI has been mandated to regulate tariff for telecommunication sector in India. Section 11(2) of the Act provides,

“Notwithstanding anything contained in the Indian Telegraph Act, 1885² (13 of 1885), the Authority may, from time to time, by order, notify in the Official Gazette the rates at which the telecommunication services within India and outside India shall be provided under this Act including the rates at which messages shall be transmitted to any country outside India:

Provided that the Authority may notify different rates for different persons or class of persons for similar telecommunication services and where different rates are fixed as aforesaid the Authority shall record the reason therefor.”

Further, Section 11(4) of the Act also mandates that, *“the Authority shall ensure transparency while exercising its powers and discharging its functions.”*

1.2. In accordance with the aforesaid mandate, TRAI initiated tariff regulation for the telecommunication services in India with the notification of Telecommunication Tariff Order, 1999³ issued on 09.03.1999 (“**TTO**”). The TTO has been amended from time to time considering the changes in sector landscape (hereinafter the TTO as amended from time to time is referred to as the “**Tariff Order**”).

1.3. The TTO provided for three types of tariffs at broader level viz.: (a) Tariffs specified in the TTO; (b) Tariffs subjected to tariff ceiling specified in the TTO; and (c) Tariffs under forbearance. The TRAI has expanded the scope of forbearance regime over the years and given the service providers the freedom to design the tariffs suited to the prevailing market conditions. However, the ‘forbearance’ is subject to reporting requirements and adherence to specified principles of tariff assessments, namely, (a) transparency; (b) non-discrimination; and (c) non-predation. As per the extant regulatory framework for tariff, tariffs for telecommunication services are forborne except for: (i) rural fixed line services; (ii) national roaming services; (iii)

¹ https://traigov.in/sites/default/files/The_TRAI_Act_1997.pdf

² <https://traigov.in/about-us/acts-policies/indian-telegraph-act-1885>

³ https://traigov.in/sites/default/files/Main_Regulations_09_Mar_1999.pdf

international private leased circuits and domestic leased circuits; and (iv) mobile number portability charges. Further, TRAI has over the years, moved from ‘forbearance with prior approval stage’ to a ‘forbearance regime with post-facto reporting obligation’ with regulatory oversight. The regime has led to introduction of new and innovative tariff products in the market designed to provide telecom services at affordable and competitive price to the consumers. The same is reflected in the number and the composition of tariff offers made by Telecom Service Providers (TSPs) both in the prepaid and postpaid segments. However, based on the feedback received from consumers through various channels, it is felt that certain tariffs/vouchers and their validity offered by TSPs are not to the satisfaction of large section of consumers. The purpose of this consultation paper is to identify such tariff offers and explore the possibility of making tariff/vouchers offered by service providers and their validity issues sync with aspiration/requirements of consumers at large and if required, amend the regulatory framework to this extent.

Chapter 2: Identification of issues for consultation

“Monthly” tariff offering for prepaid services.

2.1. As per the extant regulatory framework, there is no specific requirement to introduce a tariff for particular validity period viz., days, weeks, months etc. However as per the industry practice, the tariff offerings for postpaid services are made on a monthly basis implying period of 28/29/30/31 days as the case may be. Tariffs for prepaid services are offered in terms of number of days which can range from 1 day to 90 days in respect of Special Tariff Vouchers/Combo Vouchers and minimum 180 days in respect of Plan vouchers. However, the most popular offers made by the TSPs are in terms of days, weeks and multiple thereof such as 28/56/84 days, while some of the TSPs are offering a 30 day tariff as well in addition to the popular tariff offers.

2.2. The TRAI has been receiving a lot of references from consumers regarding the offering of tariff by telecom service providers (TSPs) for 28 days instead of a monthly offering. The consumers have stated in their complaints that not only the same causes confusion but also they feel cheated. It also results in hardships for them as they need to make 13 recharges of the monthly prepaid tariff offering considering the validity period offered as 28 days instead of a month. The extent of resentment amongst consumers in this regard can also be gauged from numerous RTIs/complaints on the issue. Further, TRAI has also been receiving Parliament Questions from Hon’ble Member of Parliaments on the issue of considering 28 days as month in Telecom Sector which also underscores the concern surrounding the issue.

2.3. While TRAI observed that the TSPs have been transparently disclosing the validity period as 28 days etc. and have not made any attempt to market the same as monthly tariffs etc., still it is felt that considering the perspective of the consumer, it may be prudent to look into the issue from the aspect of consumer choice as well. Further, the complaints, references, Parliament Questions on the issue also exemplify the confusion in the minds of the consumer and practical hardships caused to them due to lack of monthly tariff offering.

2.4. The issue was accordingly discussed with the TSPs and the TSPs pointed out that as the services are prepaid, there has to be clarity and objectivity in the duration for which the services are to be given and with ‘month’ having variable number of days should not be the basis of charges for the prepaid services. It was stated that the same cannot even be resolved even if a tariff offering for 30 days is mandated as still

the consumers will have to recharge more than once in months having 31 days. It was pointed out that unlike postpaid services, where a concept of fixed billing cycle on a monthly basis is followed, prepaid services resume from the date of recharge and follow the validity period of tariff expressed in terms of number of days rather than a fixed monthly billing period.

2.5. To further explore the subject matter, a review of international practices was carried out. It was observed that Vodafone UK offers a “Pay As You Go” tariffs for a validity period of 30 days⁴ and another UK telecommunication company O2⁵ provides even “Pay As You Go” Tariffs for duration of a month and the FAQs available on the company website clarify that the tariffs renew automatically on the same day of each month, which in practice is similar to postpaid services. Verizon, USA also follows a monthly system for charging its prepaid services and clarifies in very specific terms that *“Monthly prepaid plans renew on the same date every month, regardless of how many days there are in the month.”*⁶

2.6. Thus, considering the international practices and considering the fact that the tariffs for postpaid services are also fixed on a monthly basis despite the changing number of days in different months, some of the concerns of the TSPs may be misplaced.

2.7. To tackle this situation, there are multiple options viz., mandating TSPs to offer prepaid tariffs/vouchers (all forms such as Special Tariff Vouchers, Combo Vouchers) for 30 days in addition to the tariff offerings for any number of days etc. or mandating TSPs to offer prepaid tariffs with ‘monthly’ validity wherein the tariff becomes due for renewal only on the same date of each month or mandating the TSPs to offer telecom tariffs for the period of 29/30/31 days in addition to the present offering of 28 days.

⁴ For details, please refer Vodafone UK website <https://www.vodafone.co.uk/my-vodafone-account/pay-as-you-go-top-up> last accessed on 13.05.2021.

⁵ Please refer the website for tariff details and the FAQ section available on <https://www.o2.co.uk/shop/sim-cards/pay-as-you-go#simtype=bigbundles> last accessed on 18.03.2021.

⁶ Please see “Select and set up your prepaid plan FAQs” on https://www.verizon.com/support/prepaid-plans-and-service-faqs/?adobe_mc=MCMID%3D32718383027454249232691447192766593918%7CMCAID%3D2F6BDE5F8515F616-6000083723D85924%7CMCORGID%3D843F02BE53271A1A0A490D4C%2540AdobeOrg%7CTS%3D1591644742&mbxSession=d85b2d5864814dabb704c20779184912&adobe_mc=MCMID%3D72781532263622549502502853900633169472%7CMCORGID%3D843F02BE53271A1A0A490D4C%2540AdobeOrg%7CTS%3D1616065746&mbxSession=9ef5105af75944578b0b291efa29fbf6 last accessed on 18.03.2021.

Accordingly, following issues for consultation are identified:

Question 1: Whether TRAI should intervene in the issue of validity period or allow the same to be under forbearance?

Question 2: If the answer to the Question 1 is yes, then whether the TSPs be mandated or merely advised to offer tariff (for PVs, STVs and CVs) for a specified duration?

Question 3: Whether the period to be specified should be considered as 30 days or a month with requirement of tariff to be renewed only on the same date of each month or separate tariff offers be mandated for 29/30/31 days in addition to the present practice of offering tariff for 28 days?

Question 4: Whether on the lines of a monthly offering, the other periods viz., quarterly, half-yearly and yearly prepaid tariff offerings be mandated or just the monthly offerings be required?

Chapter 3: Issues for consultation

Question 1: Whether TRAI should intervene in the issue of validity period or allow the same to be under forbearance?

Question 2: If the answer to the Question 1 is yes, then whether the TSPs be mandated or merely advised to offer tariff (for PVs, STVs and CVs) for a specified duration?

Question 3: Whether the period to be specified should be considered as 30 days or a month with requirement of tariff to be renewed only on the same date of each month or separate tariff offers be mandated for 29/30/31 days in addition to the present practice of offering tariff for 28 days?

Question 4: Whether on the lines of a monthly offering, the other periods viz., quarterly, half-yearly and yearly prepaid tariff offerings be mandated or just the monthly offerings be required?

Question 5: If there are any other issues/suggestions relevant to the subject, stakeholders are invited to submit the same with proper explanation and justification.