

Telecom Regulatory Authority of India

New Delhi

July 28, 1999

[F. No. 301-4/99-TRAI (Econ.)]. In exercise of the powers conferred upon it under sub-section (2) of section 11 of the Telecom Regulatory Authority of India Act, 1997 to notify, by an Order in the Official Gazette, tariffs at which Telecommunication Services within India and outside India shall be provided, the Telecom Regulatory Authority of India hereby makes the following Order.

THE TELECOMMUNICATION TARIFF (Fourth Amendment) ORDER 1999

1. Short title, extent and commencement:

- (i) This Order shall be called "The Telecommunication Tariff (Fourth Amendment) Order 1999."
- (ii) The Order shall be deemed to have come into force from May 01, 1999.

2. In Schedule I (Basic Services Other Than ISDN) of the Telecommunication Tariff Order 1999:

- (i) The existing clause (g) shall be deleted and substituted to read as under:

(g) Alternative tariff packages	<p>Alternative tariff and free call allowance offered to subscribers by service providers, in addition to those provided for in the Standard Tariff Package.</p> <p>In the Alternative Tariff Packages, the ceilings with respect to the security deposit (other than for STD/ISD), installation charge and registration charge specified in the standard package shall be carried over to all alternative packages.</p> <p>Further, installation charge shall be imposed by any service provider only when a customer subscribes initially to the packages offered by the service provider. No installation charge shall be imposed when a subscriber moves from one package to another offered by a particular service provider.</p>
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3. In Schedule II (Cellular Mobile Telecom Service) of the Telecommunication Tariff Order 1999:

(i) The existing Footnote * in Schedule II shall be deleted and substituted to read as under:

The applicability of the tariffs notified in the Telecommunications Tariff Order (TTO) 1999, and the subsequent Amendments to TTO 1999, to remain in place till they are substituted by tariffs relevant to the 'Calling Party Pays' (CPP) regime. The tariffs applicable under a CPP regime shall be notified by the Authority in due course of time.

(ii) The existing clause (b) shall be deleted and substituted to read as under:

(b) Alternative tariff packages	<p>Alternative tariff and free call allowance offered to subscribers by service providers, in addition to those provided for in the Standard Tariff Package.</p> <p>In the Alternative Tariff Packages, the ceilings with respect to the security deposit (other than for STD/ISD) and installation charge specified in the standard package shall be carried over to all alternative packages.</p> <p>Further, installation charge shall be imposed by any service provider only when a customer subscribes initially to the packages offered by the service provider. No installation charge shall be imposed when a subscriber moves from one package to another offered by a particular service provider.</p>
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4. This Order contains at Annex A, an Explanatory Memorandum that explains the reasons for this amendment to the Telecommunication Tariff Order 1999.

5. The Explanatory Memorandum of Telecommunications Tariff Order 1999 shall be numbered as Explanatory Memorandum-I and that at Annex A as Explanatory Memorandum-4.

BY ORDER

Harsha Vardhana Singh
Economic Advisor

ANNEX A
EXPLANATORY MEMORANDUM - 4

1. In the Third Amendment to its Telecommunication Tariff Order (TTO), 1999, released on 31st May 1999, the Authority had, *inter-alia*, stated,

*"In Alternative Tariff Packages, there is no restriction on any tariff to be charged, except that all tariff packages offered by any service provider shall have the **same** charge for security deposit (other than for STD/ISD), installation and registration as in the Standard Tariff Package offered by that service provider".*

2. The Authority received communication from certain service providers that they wished to provide lower security deposits in particular alternative tariff packages, but the Third Amendment to TTO 1999 precluded them from doing so.

3. The Authority's decision in the Third Amendment was to facilitate mobility of subscribers across packages and thus increase the scope of options available to them. It was intended to decrease the rigidities in the marketing of alternative packages. The Authority's intention is to provide a framework for migration between different tariff packages so that subscriber interest is fully protected and that the service providers give sufficient information in a transparent manner so as to facilitate an informed choice by the subscriber. The Authority issued two Orders, to define the framework in a way that would achieve this objective. With a view to discussing the possibility of devising a system so that a customer does not face any problem in migrating from one tariff package to another, a consultation meeting was organised with basic and cellular mobile service providers, in which TRAI emphasised that:

- (i) A customer with any service provider has a right to migrate from one tariff package to another.
- (ii) In migrating from one package to another, the customer should not pay charges for items for which service providers incur no additional cost. An example of this would be 'installation charge'.
- (iii) The customer should be informed about the conditions applicable to migration from one tariff package to another.

4. To maintain the possibility of lower deposits charged to customers in alternative tariff packages, the Authority has decided to provide more flexibility for this item in alternative tariff packages. Further, the Authority wishes to maintain a ceiling for security deposits for all tariff packages. This ceiling is the same as specified for the standard tariff package, i.e. Rs. 3000.

5. Since lower security deposits will be in the interest of customers, the Authority has decided to grant flexibility to service providers to determine the amount charged towards security deposit (other than STD/ISD) provided that this amount is within the specified ceiling of Rs. 3000. The import of this decision is that security deposits may be different for different packages. In case the subscriber moves from one tariff package with a particular amount as security deposit to another with a lower security deposit, the Authority has decided that

the difference will be either refunded to the subscriber or adjusted against the amount payable by the subscriber, as applicable. This refund must be made in the subscriber's billing cycle subsequent to the move to another tariff package. In addition, as mentioned in the Third Amendment to TTO 1999, a service provider shall refund all security deposits in full at the time a subscriber leaves the network. To the extent, the customer has an outstanding amount due to the service provider at the time of disconnection, this amount may be adjusted in the final transaction.

6. With regard to installation charge, the Authority wishes to clarify that these charges may be imposed only when a customer joins the network of a particular service provider. Installation charge shall not be levied when the subscriber moves from one tariff package to another tariff package of the same service provider. If a customer moves from one service provider to another, that customer will have to pay installation charge again, but only at the time of subscribing to the services provided by another service provider and not for any subsequent move from one package to another offered by that service provider.

7. One aspect of concern to service providers relates to 'too frequent changes' in tariff packages by customers since this results in additional cost to be incurred by them each time there is a change. Accordingly, service providers have proposed that they should be permitted to charge a fee from the customer to recover cost of migration, which involves changes in the billing system, data entry, and certain operational and administrative costs. The estimates given by them range from Rs. 200 to Rs. 1200 per change.

8. The Authority has decided, in consumer interest, not to accede to the proposal of service providers to allow a fee for migration when the subscriber moves from one tariff package to another. In this context, it should be mentioned that in their tariff submissions to the Authority, service providers have included a charge for migration that ranges from Rs. 500 to Rs. 1200 per change. This charge has been reported under item 8 of the general terms and conditions of service specified in the format for publishing and reporting of tariffs. Item 8 of the general terms and conditions for service reads as follows:

Conditions of entry/exit with regard to tariff packages

- *Service providers*
- *Customers*

9. The intention of including this item in the general terms and conditions of service was to ensure that the service provider clearly communicated to the subscriber, the terms and conditions of migration, such as billing cycle, from one tariff package to another. It was not intended to include a charge for migration. Accordingly, schedule II for CMTS in the TTO 1999 did not envisage a charge for migration. **This Amendment clarifies that a service provider shall not levy a charge when a subscriber moves from one tariff package to another.** The Authority will study this aspect further with the help of data on the changes in tariff packages requested by customers over a period of time.

10. In addition, a subscriber's request for a change in tariff package must be implemented by the service provider in the subscriber's billing cycle subsequent to the request being made. A service provider can thus reject the subscriber's request for a change of tariff package only until the completion of the subscribers billing cycle during which the request is made for a move to another tariff package. At the conclusion of that billing cycle, the service provider must effect the requested change.

11. The Third Amendment provided additional flexibility with regard to Alternative Tariff Packages by removing the previous restrictions on one-time charges such as membership fee or enrolment fee, while maintaining the restrictions with respect to the security deposit and installation charges. That additional flexibility shall continue to be applicable.

12. In addition, while advertising for alternative packages, it shall be necessary for service providers to include in the same advertisement, tariffs applicable to the standard package.

13. In Schedule II of TTO 1999, footnote * states that the tariffs in that schedule remain applicable only till 31 July 1999 and that tariffs applicable to Calling Party Pays regime will be implemented from August 01, 1999. **The application of these tariffs has been extended till they are replaced by tariffs applicable to a Calling Party Pays regime. A separate notification will address that matter in the near future**