

**Comments on the “Consultation paper on Certain Issues Relating to Telecom Tariffs”
DATED 12.11.2010**

1. General

- 1.1 This is a very relevant issue and it has been deliberated by the Regulator earlier also more than once but not much relief could be given to the customers except limiting the number of tariff plans to 25 and some guidelines for the transparency aspects from customer point of view. The service providers are opposing the regulatory control on this issue but are not able to appreciate the customer’s difficulties in understanding the various tariff plans for making a suitable choice. They generally go by the inputs given by the marketing staff of the service provider or inputs from their friends or by just what clicks at the time of taking connection. If we look from the practical aspect, all the tariffs plans of any one service provider can not be seen together on their web site. Generally one has to look them one by one and it is not easy to really make financial appraisal of all the available plans to work out the suitability of one of the plan for him. Further, these tariff plans are not in a standard format for the same service provider itself. Each plan highlights some specific item which the service provider thinks will click some of the customers and they are likely to subscribe for the same.
- 1.2 When it comes to multi-operator scenario, it is all the more difficult as the tariff plans of all the service providers are not available on one web sight. Even if some central agency is deputed to bring them on one website and also give comparison of various tariff plans, it is not only time consuming but also can give only limited calling patterns analysis. Further in a fast changing scenario, perhaps it is not possible to keep on giving analysis on dynamic basis and also not possible for the customer to keep on viewing on day to day basis.
- 1.3 Further, large number of customers are from rural background/ not having access to computer. As such they can’t make analysis of such large number of plans. Perhaps, this is one of the reason for less number of customers in post paid category as they are afraid of excessive bill. The customers who are conscious of the monthly bill or those who do not want unnecessary correspondence for excess bills, perhaps with the experience from the fixed line telephone bills, prefer to take the pre-paid connection.
- 1.4 With pre-paid connections >90%, the overall ARPU is going to be less. The service providers are not encouraging post-paid connections, may be to reduce their bad debts as the pre-paid connection gives them upfront money and for any dispute the customer has to be after them instead of the service provider to be after the customer. According to us the service providers have not made sincere efforts to bring confidence among customers about billing integrity in case of mobile telephones as the telephone is in the custody of the individual customer unlike fixed line telephone which can be accessed by anybody in the premises where it is

installed. I am sure, if, the customer are given comfort level about the billing aspect of post-paid connection, the percentage of customers in post paid is likely to increase and is likely to increase the overall ARPU, may be, marginally to start with.

- 1.5 If we go through the table 1, it is observed that the number of tariff plans for each service provider is less than 25 for most of the service providers. It ranges from 10 to 20 for both pre-paid and post-paid combined. Further analysis indicates that in pre-paid segment, the number of tariff plans on an average range from 2 to 4 except for one or two operators who have more than this. Similarly in case of post-paid connections, the number of tariff plans per operator is around 8. Wherever, the number of plans are more than 8, the number of customers in some of the plans are likely to be very low. It may not be possible for us to give this detail but perhaps if TRAI requests this information from the service provider, it is likely to confirm our observation.
- 1.6 The service providers have to maintain the software for all these tariff plans and as a routine it may look to them that not much effort is involved in maintaining them. But if they really make detailed study, they will get to know the likely advantage of having less number of tariff plans on long term basis. It is going to help them to motivate the customers to know their calling pattern & their priorities and accordingly subscribe for any one of the plan with full satisfaction. Because no such efforts have been made, it appears to service providers to keep on introducing new tariff plan at regular interval to keep on acquiring new customers. With this they are ending with more than the actual number of tariff plans in operation because the software and other details of the tariff plans not in offer have to be maintained till even one customer is in those plans.
- 1.7 The TRAI has developed this consultation in a very detailed manner and we are sure lot of suggestions are likely to come from various stakeholders. Our views on the specific issues raised in this paper are given in the following paragraphs.

2. Specific Issues

- 2.1 Question 1: What, according to you, are the challenges which Indian telecom subscribers face while understanding and choosing the tariff offers?

The number of tariff plans are large in number even for one service provider and there is **no uniformity in the presentation of each plan**. Customer is not able to analyse them. It is also observed that even the service provider's marketing staff is not able to sometimes suggest suitable tariff plan to a customer when **some data on the calling pattern is provided** to him. In case of multi operator scenario, it is all the more difficult for the customer to make a well judged choice.

Generally the customer takes a decision regarding the service provider to be selected on the basis of who has approached him first or on the basis of information/misinformation gathered by him from various sources. Then the tariff plan is chosen again with the information gathered from various sources. In addition the customer looks into his spending capability and then takes decision. On account of these factors, the pre-paid customers are in a very high percentage as compared

to post-paid customers. On account of regulatory decision that incoming facility should not be disconnected till the validity of the recharge voucher/ basic plan subscribed by the customer even if the talk time is over, this gives him comfort that at least he can be contacted even if the talk time is exhausted and he is able to manage the telephone within his budget.

Further it is sometimes difficult for the customer to understand its calling pattern and therefore, he prefers to go for pre-paid connection where he feels safe to be within his budget and he need not spend too much time in analysing the tariff plan. In addition, due to the availability of large number of add-on packs, whenever he feels he needs additional facilities, he subscribes for the add-on pack. This factor is helpful to the customer but from the service providers point of view it results in low ARPU. If the post-paid tariff plans are limited and easily understandable, the customer may prefer post-paid plan. With post-paid plan, the ARPU is definitely going to be more than that of pre-paid plan.

2.2 Question 2 : What according to you are the required measures to further improve transparency in tariff offers and facilitate subscribers to choose a suitable tariff plan?

One method is give standard format with defined parameters to be indicated in each tariff plan. The parameters to be added can be consulted .

The bills also would need to be in the tariff plan format to enable user data to be mined easily by the computer .

This may be easy in pre-paid plans but in case of post-paid plans mainly from the monthly rentals point of view. In case of post-paid plans the advantage of call rates in each plan may not match with the monthly rentals specified. However this can be given a trial after discussions with the service providers. The other steps taken by the regulators to improve the transparency are by and large in order.

Question 3: Do you think mandating “One Standard Plan for All Service Providers” particularly for the prepaid subscribers as suggested by some consumer organizations would be relevant in the present scenario of Indian telecom market?

No Please.

Question 4: Do you think the existence of large number of tariff plans and offers in the market are beneficial for the subscribers?

No. It is unnecessarily hyped. The large number of customers are in a limited number of plans. In some of the plans there are very few customers because those plans are available. Perhaps if those plans are withdrawn or customers are given choice with the suggestion that service provider may like to withdraw, the customer are likely to shift to other existing plans without much of hesitation. If information is called from the service providers regarding no. of customers in each plan, the above observation will be validated.

Question 5: 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?

It is necessary to revise the existing cap of 25 to a lower limit. From table 1 it is clear that all the service providers have not utilised the limit. A number of service providers are well below the limit of 25. They are opposing the reduction in the limit to have least regulatory control. They may even suggest the removal of this cap.

The number of tariff plans range from 10 to 20 for both pre-paid and post-paid combined. Further analysis indicates that in pre-paid segment, the number of tariff plans on an average range from 2 to 4 except for one or two operators who have more than this. Similarly in case of post-paid connections, the number of tariff plans per operator is around 8. Wherever, the number of plans are more than 8, the number of customers in some of the plans are likely to be very low. It may not be possible for us to give this detail but perhaps if TRAI requests this information from the service providers, it is likely to confirm our observation.

Therefore, it is suggested that **unless the tariff plans and the bills are made amendable to computer analysis**, the number of tariff plans in pre-paid class as well as the post-paid class should be limited to a much smaller number. It could be limited to 8 (the number of 8 can be justified based on available information). It may be ideal to have a lower limit case of post-paid class also.

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

From the point of view of regulatory aspect, it is not desirable to control the rates of premium rate SMS and calls. However, looking into Indian customers point of view where large number of them are less educated and mobile telephone has given the feel of connectivity to them particularly in the remote areas and they avail this facility for their business/ to keep in contact with rest of the country. Such people are carried away by the advertisement of premium rate SMS/ calls and then run into financial problem either themselves or their parents face the problem of high expenses. **Therefore, for few years some sort of control is suggested on the maximum price of premium rate SMS/ calls. The exact limit may have to be worked out after deliberation with various stakeholders.**

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

In addition to what has been suggested in Q6, **it is necessary to upfront announce the rate of the premium rate call before its completion so that the customer has an opportunity to decide whether to complete the call or disconnect the call.** Similarly in regard to premium rate SMS, if technically feasible, the customer to be told its rate before it is finally accepted by the originating network for further transmission. Perhaps it may require allocation of specific number scheme instead of normal number scheme.

In addition it may be necessary to limit the duration of such calls. It is observed that in some cases the customer is asked to hold on indicating the operator is busy but the objective is to make money from the call. Even if the operator is actually busy, the call is going to cost the customer more. Therefore, some sort of control of either upfront acceptance of call is done or recorded announcement is fed regarding all operators busy with no charge of the call till it is answered by the operator. **No holding of customer by the operator under any pretext.**

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

Here it is important that the termination charge for international calls have been increased for only specific premium numbers in some of the countries. There has not been increase in dialling other international numbers in most of the countries. In such a case some justification may be there. Therefore, **first it is necessary to find out technical solution whether it is possible to announce regarding higher termination charge for such numbers and hence higher call rate. If it is possible, then some review may be necessary.** Otherwise there is a possibility to misuse any relaxation given for lifetime customers regarding change in tariff plan.

However, any review will require issue of consultation paper in this regard and after following the prescribed procedure for review any decision can be taken.

Question 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?

Question 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 tariff advertisements?

Question 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.

Tariff and its presentation to the customer by any service provider depends upon the style of thinking of the management and the objective behind this tariff plan. Therefore to predict what way a tariff will be presented in the website, leaflet, on the hoarding and/or in the advertisement is very difficult. It may not be possible to cover all the scenarios. Then there is every likelihood of a service provider to defend his action. However, **it will be useful if all the guidelines issued by the regulator so far and further experience gained is utilised in updating the existing guidelines.** However, the final decision in case of any dispute regarding transparency aspect of the tariff shall rest with the regulator.