Date: 23/02/2012

To:

The Chairman, TRAI

cc: Advisor (ER), TRAI

Mahanagar Doorsanchar Bhawan

Jawahar Lal Nehru Marg (Old Minto Road)

New Delhi – 110002

Dear Sir(s),

As a consumer, I consider myself as one of the "**Stakeholders**" and hence would like to bring to your notice following comments and suggestion against **Chapter-1** of the consultation paper on "Review of Policy of Forbearance in Telecom" dated 6th Feb 2012.

I request your due consideration.

Thanking you,
With best reards,
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Comments on Issues raised in Chapter-1 of "Review of Policy of Forbearance in Telecom" consultation paper dated 6th Feb 2012

1. **Do you perceive any need for a change in present regulatory framework for telecom tariff fixation?**
Yes.
As pointed out in the consultation paper, the telecom companies arbitrarily hiked the tariff in a coordinated manner with other telecom companies and thus violated the basic rule of competition. This shows that operators have misused the freedom of forbearance tariff and acted against the interest of consumers and nation as a whole.
High tariff of telecom will be against India's socio-economic growth and much-needed communication convenience. It will be a big step backward after moving

toward a near revolution. TRAI needs to play the role of a "regulator" and not a mealy advisory body in this matter of great national interest.
In recent 2G spectrum order SC had ordered auctioning of spectrum. Without a controlled tariff announcement by TRAI before the auction, fear is that existing and new operators may go in 3G-way of exorbitant bids which will eventually make high-tariff the only option for sustaining business. If TRAI specifies a controlled basic tariff, operators know the rule of the game upfront and can only bid as per their deployable tariff appetite.
Also, recent decision by Govt. will encourage more merger and acquisitions at telecom sector. That will mean less competition and higher tariff. A controlled tariff considering India's growth in mind and also business viability of telecom operators is the need of the day.

2. **Should TRAI withdraw from the policy of forbearance?**
Absolutely. It should specify a basic transparent and fair (maximum allowable) tariff to protect the interest of the consumer, India's growth and also healthy and sustainable competition among telecom operators. See below for detailed mandatory plan proposed.

3. If yes, what should be the basis of tariff regulation? Should it be by way of specifying a standard tariff package or by way of fixing tariff as a ceiling for individual charging components such as calls, SMS, etc? Please also suggest the methodology.

Calls:
Consumers' interest and operators' most successful plans in last four years had shown and proved that "pay per second" billing is considered to be the most fair tariff for calls.

TRAI should make a mandatory "pay per second" tariff with a maximum allowable amount per second as one mandatory tariff for all operators. Operators are free to offer any additional innovative tariff plans (per minute, per call etc.) and/or offer less amount per second than the specific minimum amount per second.

A minimum 15 sec per call can be made part of the "per second" tariff, however this can be done only when it can be ensured that subscriber is not charged for system dropped call (not due to will-full disconnection by subscriber or called party but due to network failure or coverage failure or any other technical fault from operator or system side) before first 15 seconds. If system-dropped calls cannot be identified as a full-proof system, just simple "pay per second" tariff should be notified.

To support business viability of the operators and to ensure minimum revenue per month from customer, TRAI can also consider linking a minimum amount commitment from subscriber for availing validity of "advantageous" per second tariff. An innovative and fair 5 break-up slabs in the mandatory "per second" tariff can be considered to be notified:

a. *Max. (meaning, operator can offer less) 0.5 paise/second: Rs. 20 for a day commitment (operator can offer less)*

b. Max. 1 paise /second : Rs. 5 for a day commitment (operator can offer less)
c. Max. 1.2 paise / second : Rs. 3 for a day commitment (operator can offer less)
d. Max. 1.5 paise /second: Rs. 2 for a day commitment (operator can offer less)
e. Max. 2 paise/second: Min Rs.200 top-up every 6 months (Pre-Paid) or Rs.200 as advanced rental with full Rs.200 talk-time for 6 months (Post-Paid).

Operationalizing the mandatory Tariff:

- ***All existing and new subscribers *must* have the option to select any of the 5 options above at any point of time. He should be allowed to enable it by sending a simple SMS. A confirmatory SMS will be sent to his mobile as well as registered e-mail address (if any). Max. Rs. 5 (five) can be charged as tariff change cost.***
- ***For Pre-Paid customers, if there is no main balance left to support per day commitment, subscriber will automatically be moved to Option-5 (Max. 2 paise/second) tariff without any charge till the time he recharges again. He can continue to make calls at 2p/sec till his residual balance (less than minimum commitment for a day amount) exists. On next recharge, he automatically moves back to his base tariff and a (Max.) Rs. 5 is reduced from recharge amount as penalty of failing to recharge on time. If he fails to recharge in 6 months' time, his account is suspended.***
- ***Though for Option 1 to 4, minimum commitment amount will be transferred from his main balance (for Pre-Paid) or charged to his account (for Post-paid) as tariff balance on daily basis, deepening on how much amount he consumes by making calls on the day, next day's deduction will be determined. This is extremely important so that subscriber is not forced to consume his talk-time on a single day (must get roll-over benefit 30 days for committed balance and 6 months for main balance) as well as he gets extension of validity for spending more than his commitment per day on pro-rata basis. Following illustration (Pre-Paid user just as an example) will make it clear:***
    - ***Say, an existing subscriber enrolls for (Max) 0.5 paise/second tariff with a minimum commitment for Rs. 20 for a day on Day-1.***
    - ***He has Rs.100 in his main balance on Day-1***
    - ***Rs. 5 gets deducted as enrolment fee and his main balance is Rs.95 on Day-1***
    - ***Rs. 20 gets deducted as commitment for a day. His committed balance is Rs.20 valid till Day-1, Main Balance is Rs.75 (95-20).***
    - ***He makes calls worth Rs.45 at the end of Day-1.***
    - ***Additional commitment amounts are automatically adjusted from Main Balance. Here, additional amount is Rs.25 (45-20). Hence he needs 2 days commitment amount (Rs. 20/day) to be moved from Main Balance to Committed Balance. His Committed Balance becomes Rs. 15 valid till Day-3. Main Balance stands reduced to 35 (75 – 20x2).***

- ***On Day-2 he makes calls worth Rs.5. No transfer from Main Balance to Committed Balance as he already consumed committed amount. His Committed Balance becomes Rs. 10 (15-5) valid till Day-3. Main Balance remains at Rs.35.***
- ***On Day-3, he makes a top-up of Rs. 30. His main balance enhanced to Rs.65. He makes calls worth Rs.2. His committed balance becomes Rs. 8 (10-2) valid till Day-3.***
- ***On Day-4, Rs.20 gets transferred as minimum committed amount for the day and his committed balance stands at Rs. 28 (20+8) Valid till Day-4. Main Balance becomes Rs. 45 (65-20).***
- ***He does not make any call on Day-4. His end of the day committed balance is Rs.28 and Main Balance is 45.***
- ***On Day-5 his Rs.20 gets transferred as minimum committed amount for the day and his committed balance stands at Rs. 48 (20+28). Main Balance becomes Rs. 25 (45-20). He makes call worth Rs.50 on Day-5. Rs. 20 gets transferred again and his committed balance is Rs.18 (48-50+20) valid till Day-6 and Main Balance is Rs.5.***
- ***On Day-6, he makes calls worth Rs.3 (at same 0.5 paise/sec tariff). No daily deduction happens as validity of commitment balance is already till Day-6. Committed balance becomes Rs.15 (18-3) and Main Balance stands at Rs.5. However he fails to top-up his account on Day-6. He gets SMS notification that he does not have enough balance for next day's transfer to committed balance.***
- ***On Day-7, there is no minimum amount (Rs.20) in main balance to transfer to committed balance. His plan temporarily moved to 2 paise/second tariff. He can continue to talk at 2 paise/second tariff for next 30 days (starting on Day-7) till his committed balance and main balance are not fully exhausted. He gets SMS notification on same. Now consider two scenarios:***
- ***Scnenario-1:***
    - ***He does not make any calls between Day-7 and Day-36 (30 days).***
    - ***He gets daily SMS notification that on Day-37 (a date) his committed balance will be forfeited.***
    - ***His committed balance (Rs.15) is forfeited on Day-37. His Main balance remains at Rs.5.***
    - ***He can continue have incoming calls for next 5 months (6 months minus 30 days) and outgoing calls at 2p/sec till his Main balance is not fully exhausted.***
    - ***He does not make any further call and makes a top-up payment for Rs.100 on Day-120.***
    - ***He moves back to his base plan (0.5 paise/second) with daily commitment transfer from Main balance starting on Day-120 once again as above as Day-1. Rs. 5 gets deducted as plan re-enrollment fee (operator can waive). His committed balance becomes Rs. 20 and Main Balance becomes Rs. 80 (5+100-5-20).***

- *Scenario-2:*
    - ***On Day-21, he makes calls worth Rs.17 (at 2 paise/second).***
    - ***His committed balance becomes Nil (Zero as 17 is greater than committed balance Rs.15) and Main balance becomes Rs.3 (5-17+15).***
    - ***He recharges Rs. 100 on day-25.***
    - ***He moves back to his base plan (0.5 paise/second) with daily commitment transfer from Main balance starting on Day-25 once again as above as Day-1. Rs. 5 gets deducted as plan re-enrollment fee (operator can waive). His committed balance becomes Rs. 20 (Nil+20) and Main Balance becomes Rs. 78 (3+100-5-20).***

- ***Subscriber can switch to any option of above 5 options at any point of time subjected to the condition that it has minimum balance as his Main Balance. Rs. 5 can be charged as plan change fee (operator can waive).***
- ***Instead of a option change, if subscriber decides to a plan change (not remain in TRAI mandated plan), operator may decide to forfeit his committed balance. However, his main balance gets transferred to new plan. Operator may decide to waive this penalty of forfeiting committed balance for switching to specific plans which they want to promote.***

The above illustration is for Pre-Paid customer. For Post -Paid user it is simpler as commiited balance or actual call charge whichever is higher will be charged as monthly bill. However, he must get rollover and validaty benifit as PrePaid user simialr to above.

Roaming:

Incoming Roaming charge should be made as NIL (no roaming charge for incoming) when roaming into same operator's netword in another circle. Outgoing call charges for roaming should be same as base tariff in home circle. For subscriber roaming into another operator's network, a SMS per day will sent informing about the roaming incoming and outgoing charges for the host network. In all cases, <u>roaming</u> must be a charge <u>per second</u>. Many operators silently robs subscribers today by charging huge roaming charges silently and also a disadvantegious per minute billing even when susbcriber is enrolled to per second billing as his base tariff at home circle.

SMS:

For SMS, even though the cost for operator is too low in operationalizing SMS system, the cost remained very high (as high a Rs.1.5/SMS for some milk-man operators milking consumers). The SMS tariff should be brought down. To make it fair like "per second" billing, a "pay per character" billing for SMS should be enforced. However, a minimum 10 paise/ successful SMS revenue must be ensured. Hence, maybe 10 paise for first 40 character of every SMS and 0.25 paise for every additional character can be specified as maximum permissible tariff for local and national SMS.

4. **Would tariff regulation affect the ability of the telecom service providers to introduce innovative tariff plans?**

No. As already explained above TRAI should just make one base tariff (or few plans or options) mandatory tariff with maximum limit specified even within those mandatory tariff. Operators are free to offer less amount than the specified limit or waiver of fees even for those mandatory tariffs. For example, Operator can decide to offer Rs. 4 as daily commitment with 0.8 paise/second tariff instead of Rs.5 for 1 paise/second tariff option. They can waive any enrolment or plan change fees. They can offer more validity for committed balance as well – for example, they can offer 60 days limit instead of mandated 30 days limit when committed balance gets forfeited when main balance fails to support daily committed balance transfer. They can offer any freebies (like free SMS / data etc.) with the mandated plans. More over Operators are free to offer any additional innovative plans in addition to mandated plans by TRAI.

5. **What would be the best method of managing the telecom tariffs so as to protect consumer interest even while affording the telecom service providers the necessary flexibility?**

Basic mandatory tariff plans (per second) is the answer.
The above tariff plans will provide both – affordability and fairness to customers, less tariff for heavy usage and thus sustainability and flexibility to service providers in form of revenue commitment per user.
Service provider must notify TRAI 3 months in advance for any tariff increase or plan withdrawal (in plans other than the mandatory plans specified by TRAI) .
Service Provider must notify subscribers also 3 months in advance by weekly SMS and daily SMS in last week) for any tariff change in his existing plan.
TRAI should keep a watch on unfair practices against internal coordination among operators by orchestrated tariff increase.

Questions/Comments?-
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