

TELECOM REGULATORY AUTHORITY OF INDIA
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TRAI releases consultation paper on
CUG (Closed User Group) / Virtual Private Network (VPN) /
Friends & Family (F&F) Tariff Schemes

TRAI had released a consultation paper on “Application of principle of Non-discrimination in tariff schemes like CUG (Closed User Group), VPN (Virtual Private Network), F&F (Friends & Family) etc. on 16th February, 2004.

The development of technologies, reduction in the cost of providing telecom services and escalation of competition in the market have all resulted in telecom service providers offering various innovative tariff schemes in the market.

It has come to the notice of the Authority that the tariff under some tariff schemes in the nomenclature of Closed User Group (CUG), Virtual Private Network (VPN) etc. has in-built features to provide free / concessional calls to CUG /VPN members when they make calls within the group. This feature appears to infringe upon the principle of non-discrimination, which has repeatedly been enunciated by the Authority. There is also a view that, tariff concessions applicable to CUG/VPN subscribers of one network cannot be extended to subscribers of another network by virtue of the definition of CUG/VPN. The concern of the Authority is whether such tariff plans, would amount to dilution of the principle of non-discrimination emphasised by the Authority. Considering the fact that services such as CUG/VPN have been found to satisfy legitimate interests of various organizations in the past, it was felt necessary to issue a consultation paper to elicit the views of various stakeholders.

Written comments are invited on this consultation paper latest by 5th March, 2004 mainly on the issues mentioned below:

- a. Whether differential tariff for calls within the network should continue to be treated as discriminatory?
- b. Whether CUG and VPN tariff Schemes should be disallowed as it involves differential call charges and thus, amounts to discrimination?
- c. Whether certain terms and conditions are to be prescribed by the Authority to ensure that these schemes are not misused? If so, what would be the appropriate criteria to define aforesaid conditions?

For more details please visit TRAI’s website at: www.trai.gov.in.

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