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**DUA**  
Consulting

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**Sub: Comments for consideration of TRAI on 'Certain Issues relating to Telecom Tariffs'**

Respected Dr Sarma.

Please see enclosed a summary of our views and point-wise responses to issues mentioned in the consultation paper on "Certain Issues relating to Telecom Tariffs".

We firmly believe that in all the tariff plans it is difficult to assess per minute cost of the calls. For example, a tariff plan offering call rates of 1p/second and a monthly rental of Rs. 200/- should not be advertised as '1p/second call rates' but as '1p/second call rates at Rs. 200/- monthly rental'.

We therefore suggest that the authority in their recommendations should make it mandatory for the service providers to specify the real per minute cost of making a voice call and similarly per sms cost.

Such information will ensure that consumers have transparency and choice of tariff plans on informal basis.

Yours truly  
Learn's Greetings & Best  
Personal regard  
Do J  
15/11/2010

**B. K. Syngal**  
Senior Principal

Encl: as above

Cc: Sh. Raj Pal, Advisor (ER), TRAI

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## Summary

The TRAI Consultation Paper on **Certain Issues relating to Telecom Tariffs** has sought stakeholder and industry comments on various issues that have a bearing on telecom tariff offers. The concerned issues are as follows:

- Multiplicity of Tariff Plans and Transparency
- Tariff related issues
- Misleading Tariff Advertisements

### Multiplicity of Tariff Plans & Transparency

One of the main issues discussed by the regulator is capping on number of tariff plans offered by a service provider in one circle. We are of the view that present cap of 25 plans is sufficient to ensure that only viable tariff plans are being offered by service providers. Further, this also helps service providers to distinguish and fine tune their offerings to various customer requirements thereby acting as value-differentiator. Enforcement of 'only-one-standard-plan-for-all' kind of restriction will curb the ability of service providers to offer innovative products. Moreover, this will also result in huge diversion/gaps in customer requirement and product offered. Further, in our opinion **this is similar to forced monopoly in terms of product offered thereby hampering sectoral growth and diminished value propositions to customer.**

Regulator in the past has issued various directives and guidelines to ensure and protect consumer interest. Regulator must constantly evolve its directives and guidelines with the speed with which service providers comes up with new plans to ensure that there are if not zero then minimum instances of consumer grievances. Few areas in which regulator must issue even stringent guidelines/regulations are as:

- Protection against hike in tariff at later stages
- Simplified tariff structure
- Itemized billing mandatory during roaming period
- No Value added service without explicit consent of consumer
- Value added services (such as callertunes) not be used as an advertising mechanism of content provider/service provider. For example, if consumer has activated a callertune, undue messaging by service provider/content provider should not form a part of the same.
- Complete disclosure of all chargeable services in a tariff plan.

We are also of the view that for every plan offered by a service provider, it must also compute and inform a subscriber about the "Landed Cost of Call per Minute" (LCCM) for 50, 100 or 200 minute as deemed appropriate by service provider. While calculating LCCM, service providers should take into account all direct/indirect cost and discounts and provide subscribers landed cost of calling for first 50/100 minutes.

Enforcement of LCCM concept would ensure that a subscriber is not fooled by advertisements and limited information and is able to make informed decisions. LCCM involves simple calculations and support executives with service provider should be able to provide this information to help a consumer chose best possible plan.

### Tariff Related Issues

In recent times, usage of premium rate services has increased considerably. Charges for such services are more than normal published tariffs and the cost for such premium services is generally known to the customer only after the service has been utilized. There have been increased instances of misuse of such premium or higher tariff services.

To tackle its misuse, regulator has mentioned adoption of 'fixing of time limit' for such services. We are of the view that, 'fixing of time limit' for premium services may not go well for all premium services. For example, while talking on a paid helpline number, maximum time limit is over and call gets disconnected. User will be required to re-establish entire connection thereby resulting in inconvenience.

We suggest that the regulator must take a cue from international practices with regard to premium services. There should be higher level of transparency in billing and advertisement of such services. Few such measures would be:

- rapid response and redressal mechanism
- blocking of number
- allocation of exclusive numbering range for premium services
- informing consumer well in advance about such charges
- refund and compensation to abused subscribers
- warn subscribers of overshoot of limit

***An implementation agency in the style of PhoneypayPlus of UK would be a step in right direction to ensure consumer protection and speedy grievance redressal.***

Another problem recently being faced by subscribers are the cross restrictions on recharge packs. Usually service providers only advertise benefits of one type of charge cards but do not inform that such bonus charge cards are only valid on certain numbers/ plans. As a result, subscribers get cheated while thinking that they are buying a bargain.

We are of the view that, service providers should have an inbuilt system of checks and cross-checks to ensure that subscribers do not erroneously recharge with an invalid voucher to avoid unintended recharges. This calls for intelligent recharge systems in terms of software which should not be impossible for service providers to implement. ***Regulator must make it mandatory for service providers to implement an intelligent recharge system.***

Moreover, all restrictions/features/benefits of recharge voucher should be categorically mentioned on the recharge. One way could be to do away with e-recharges carried out by agents. Since agents carry out recharge of pre-paid subscriber they may or may not explain all the restrictions/features of such recharges. Only recharges from website, kiosks or vouchers should be allowed with clearly mentioned features, benefits and restrictions.

### Misleading Tariff Advertisements

We are of the view that TRAI must issue fresh regulatory guidelines to the effect that ***misleading tariff advertisements by service providers should be punishable alongwith forced roll back of such plans.*** Moreover, while advertising call rates or sms rates, it should be made mandatory to mention rental or other such charges.

For example<sup>1</sup>, a tariff plan offering call rates of 1p/second and a monthly rental of Rs. 200/- should not be advertised as '1p/second call rates' but as '1p/second call rates at Rs. 200/- rental'. Moreover, in such advertisement, per minute cost of call for 100 minutes usage should also be mandatorily mentioned. Such mandatory advertising disclosures will ensure that while shifting plan and/or enrolling oneself to a new plan, subscribers are fully aware of the calling cost per minute and are able to make informed decision without any heart burns at a later stage. All measure should be put in place to ensure fair business practices.

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<sup>1</sup> For illustration purpose only

**ISSUES FOR CONSULTATION****1. What, according to you, are the challenges which Indian telecom subscribers face while understanding and choosing the tariff offers?**

We are of the view that telecom subscribers face a multitude of issues related to their tariff plans. These are:

- a. Lack of transparency in tariff plan
- b. Hidden costs
- c. Costs of standard services
- d. Lack of cost per minute computation

We feel that telecom operators are not doing enough to help subscribers make informed decisions. Hidden costs are not disclosed well in advance.

Moreover, cost of standard services such as CLIP, roaming, caller-line identification etc should be fixed by each service provider irrespective of tariff plan and mentioned upfront to subscribers. Any waivers to such services should be part of the plan and mentioned in discounts section of the bill.

Presently 33 pre-paid and 81 post-paid plans are on offer by various service providers in Delhi circle. It will be tough for any subscriber to make an informed decision in such conditions. We are of the view that the regulator must make it mandatory for service providers to mention LCCM<sup>2</sup> or every 50/100 minutes of usage. LCCM must take into account all sorts of apparent and hidden charges and deduct discounts, if applicable. This will help subscriber in determining landed cost of calling, thereby helping him make an informed decision.

Operators may argue such features are available on their websites, but reality is that when telecom connections are sold like any other off-the-shelf commodity it is unlikely that subscribers will check for such services online. Rather, marketing executives at various company operated stores and/or customer care centers (both online and offline) should be able to provide such simple calculations.

**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?**

We are of the view that in addition to existing measures available, following measures should also be introduced to improve upon transparency in tariff orders and facilitate subscribers to choose a suitable plan:

- a. Provision of a detailed bill explaining standard charges applicable per unit/month and cost incurred by subscriber. This disclosure should be made mandatory for all basic services/features utilized by the subscriber. Also, all the free features provided by service provider should be mentioned separately under the head 'Discounts'.

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<sup>2</sup> As elaborated in Summary

- b. Roaming charges should be mentioned upfront
- c. Apart from providing call rates, marketing executives should be able to provide LCCM for 50/100 minute usage identifying and enlisting all the hidden and apparent costs such as monthly rental, one time enrollment cost, add on packages, etc.
- d. Charges for value added features such as caller tunes, etc should be mentioned clearly. Moreover, value added services should not be used as a mean by content provider to advertise itself. For example, upon activating a caller tune, forced advertisement of service provider/content provider should not be played – ie every time before playing a caller tune `to set this song as your caller tune press \*' should not be played by content provider. This is advertising at the expense of subscriber and must be banned.

**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?**

Different tariff plans are a result of segmentation carried out by service providers while mapping subscribers' requirements. Apart from coverage and service network, tariff plan is another way for service providers to distinguish themselves from competitors and provide value for money to its subscribers. Enforcement of "One Standard Plan for all Service Providers" is forcing subscribers to pay for services that may have been provided at cheaper rates if such enforcement was not forced upon service providers. Moreover, such practice will go against the concept of free market.

Present cap of 25 plans per service provider ensures that market is not flooded with trivial tariff plans and only popular and sensible plans are offered by service providers. Since frivolous plans are not likely to be offered by service providers due to capping on number of plans, this will also ensure that tariff plan is not arbitrarily changed or discontinued by the service providers, thus causing inconvenience to subscribers.

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

Time and again we have emphasized the importance of free-market conditions so that both subscribers and service providers reap in the benefits. Regulator has already imposed a cap on maximum number of plans that can be offered by any service provider. We believe that such move has been greatly beneficial for subscribers since it has effectively weeded out unnecessary plans on offer by service providers. Moreover, this has also ensured that service providers do not offer non-sustainable tariff plans to subscribers that are liable to be rolled-back in future.

Form the consultation paper we gather that few entities are now pushing for a single tariff plans across the service providers. We are of the view that while such move may or may not dampen service providers, it is certainly going to affect subscribers adversely. Various tariff plans offered caters to a different set of subscribers. This helps in

bucketing similar type of requirements and offering a product most suited to that category.

For example, subscriber – A travels a lot and requires a plan that gives him best roaming deal. However, subscriber – B needs a plan for STD/ISD callings; while another subscriber needs a basic minimum plan only to stay connected. These are 3 different categories of subscribers and should not be treated at par. One standard plan may not do equal justice to either thereby being detrimental for the subscriber's cause.

Moreover, pushing for standard plan by all service providers will hamper innovation in product development. It should be left to market forces to determine optimal number of tariff plans. If a service provider having wide customer base needs to have 10 different plans to suit its customer base then he should not be restricted. Similarly, a niche service provider may offer only 1 or 2 tariff plans that cover his customer base effectively.

**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?**

We agree with regulators view that existing cap of 25 on the number of tariff plans on offer is sufficient to cater to diverse subscriber requirements and at the same time does not unnecessarily confuse subscribers.

**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?**

**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?**

*(Combined response for 6 and 7)*

While 'fixing of time limit' for premium services may be one way of tackling misuse, it may not go well for all premium services. For example, while talking on a paid helpline number, maximum time limit is over and call gets disconnected. User will be required to re-establish entire connection thereby resulting in inconvenience.

We are of the view that the regulator must take a cue from international practices with regard to premium services. There should be higher level of transparency in billing and advertisement of such services. Few such measures would be:

- rapid response and redressal mechanism
- blocking of number
- allocation of exclusive numbering range for premium services
- informing consumer well in advance about such charges
- refund and compensation to abused subscribers
- warn subscribers of overshoot of limit

An implementation agency in the style of PhoneyPayPlus of UK would be a step in right direction to ensure consumer protection and grievance redressal.

**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?**

At the time of offer of abovementioned lifetime tariff plans with ISD facility, service providers had charged a premium of Rs. 1000/- to get enrolled in such plans. Moreover, higher call charges as well as no exit options were provided to such subscribers. From this information, we deduce that service providers were already charging a premium from such subscribers in terms of one time fixed cost and higher usage costs. Since a premium has already been charged by service providers, realignment of rates should not be allowed for such tariff plans. This will also ensure that while offering new products, service providers will keep business case in mind and do not offer non-sustainable products with a view to realign tariff after some time.

**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?**

Service providers should have an inbuilt system of checks and cross-checks to ensure that subscribers do not erroneously recharge with an invalid voucher to avoid unintended recharges. This calls for intelligent recharge systems in terms of software which should not be impossible for service providers to implement.

Moreover, all restrictions/features/benefits of recharge voucher should be categorically mentioned on the recharge.

One way could be to do away with e-recharges carried out by agents. Since agents carry out recharge of pre-paid subscriber they may or may not explain all the restrictions/features of such recharges. Only recharges from website, kiosks or vouchers should be allowed with clearly mentioned features, benefits and restrictions.

**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?**

We are of the view that TRAI must issue fresh regulatory guidelines to the effect that misleading tariff advertisements by service providers should be punishable alongwith forced roll back of such plans. Moreover, while advertising call rates or sms rates, it should be made mandatory to mention rental or other such charges.

For example<sup>3</sup>, a tariff plan offering call rates of 1p/second and a monthly rental of Rs. 200/- should not be advertised as '1p/second call rates' but as '1p/second call rates at Rs. 200/- rental'. Moreover, in such advertisement, per minute cost of call for 100 minutes usage should also be mandatorily mentioned. Such mandatory advertising disclosures will ensure that while shifting plan and/or enrolling oneself to a new plan, subscribers are fully aware of the calling cost per minute and are able to make informed

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<sup>3</sup> For illustration purpose only



decision without any heart burns at a later stage. All measure should be put in place to ensure fair business practices.

**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.**

We agree with regulator over instances of misleading tariff advertisements as mentioned in the paper.