

No. MTNL/RA/CP on Telecom Tariff/2010
Dated: 29.11.2010

To,
Shri Raj Pal
Advisor (Economic Regulation)
TRAI, New Delhi.

Subject: Comments on TRAI consultation paper on Certain Issues relating to Telecom Tariff dated October 13, 2010.

Response of MTNL on TRAI consultation paper on Certain Issues relating to Telecom Tariff issued vide press release No. 12/2010 on October 13, 2010 is as below:

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

A.1. Tariff plans are formulated keeping in view the affordability, cost, validity and the different uses in terms of the services available in that tariff plan for different segments of the society e.g. Students may need a tariff plan with maximum number of SMS but an entrepreneur may need a tariff plan with maximum free usage of minutes or very low tariff for voice calls. The fundamental Challenge for the consumers is that of understanding the nature of Telecom Service offerings. Some of the challenges which Indian Telecom subscribers are facing while understanding and choosing the tariff offers are:

- As per the present practice, the customer is influenced by the end retailer's advice while choosing the tariff plan or the operator. The end retailer generally advises on the basis of the commission/profit he is getting. This is more so because, as on today, there is very little/minor difference in the tariff plans offered by the too many operators present in the market.
- Moreover, the tariffs are offered in such a manner that they become very complex, confusing and misleading making it difficult for the consumer to understand the different plans available and to choose the right plan.
- The comparison of the tariff plans become all the more difficult when the different services are offered in bundles.
- The tariffs are changing drastically at a very fast pace leading to a situation where a large number of add on packs with complex features have flooded the markets.

- The marketing strategies adopted by various operators to augment /retain their customer base, to encourage network usage, to achieve specific revenue targets etc. are making the nature and scope of such offers further complex.

Q.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?

A.2. Following measures can be taken to improve transparency in tariff offers and facilitate subscribers to choose a suitable tariff plan:

- After providing new connection/any service the customer should be intimated about the plan and tariff by SMS and GPRS.
- The advertisements may have a suggestion for the customer to dial a helpdesk which in turn may help/educate/advise the customer regarding the tariff plan.
- Standardize the format for publishing tariff plans.
- Tariff plans of all the customers should be available at a single website e.g. TRAI website so that the customers may do the better comparison and able to take the informed decision. It is difficult for the customer to access the websites of different operators and then choose a tariff plan.
- Creation of comparison web portal by regulator wherein the information regarding plan wise comparison of tariff of different service providers can be made available to the customers for making an informed selection.

Q.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?

A.3. The number of options in the matter of tariff is a natural outcome of the competitive activities and intervening in the matter is against the spirit and the policy of fostering competition in the market. The large number of plans/packs provides the consumer with more options and the opportunity to avail a better package suiting his requirements as per the segment/ category/ economic background of the customer.

Earlier also TRAI vide TTD 99 (Amendment No. 24) dated 24th January 2003 introduced a standard tariff plan for all operators. However, due to stiff competition in the market, the tariffs came down drastically and the standard tariff plan lost its relevance.

Therefore, mandating ‘One standard Tariff plan for all service providers’ is not at all desirable. It will kill the innovation which has been a key factor in reducing the price of telecom services, and thus, hampering the growth of the telecom sector.

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

A.4. We think that the existing limit of 25 plans provide optimum opportunity for both service provider and the customer. It suits the requirements and needs of the various types of customers.

Q.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?

A.5. No, as the market will become even more competitive with roll out of 3G services, MNP and additional mobile operators.

Q.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?

A.6. No. Premium SMS and calls are not the basic telecom service. In providing such type of value added services, a large number of parties like content providers, content aggregators, access service providers etc are involved in the value chain. Prescribing any rate for a huge number of different type of services is not advisable. Therefore, in such a situation, it is better to be left to the market forces to decide the same.

Q.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 service without understanding financial implications thereof?

A.7. Following measures are hereby suggested:

- User confirmation by the user password after IVRS message regarding the tariff of premium rate of service.
- The consumers should be well informed by the premium rate service provider about the tariffs and content of high tariff services by clear and unambiguous announcements of tariffs at the beginning of the calls in order to allow the user to cancel the call before the charging starts.
- Wherever technically possible, the tariff rates, the duration of the call or the total cost of a call or the total amount of the telephone bill should be subject to limitations according to consumer preferences. And there should be a message/alarm during the service when the usage charges cross a credit limit.
- There should be a rapid response mechanism to suspend payment or to block access to numbers while problems and abuses are investigated.
- Before formulating any guidelines, regulator should also consider the post MNP scenario where the subscriber may get a higher charge premium service by dialing the same access code post migration (different operators have different access codes and charges for the same premium service) inviting consumers' displeasure.

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

A.8. Yes. They must be realigned since the factors governing the cost of ISD tariffs, like that of international roaming tariffs are beyond their control. At times there is an increase in carriage and termination charges in respect of ISD calls to several destinations resulting in higher pay out and negative revenues on account of freeze in the ISD tariffs offered under lifetime plans. And at times there is change in the currency rates at the destination countries leading to difference in the revenue realization.

Q.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?

A.9. It must be ensured that the restrictions / features / benefits of the recharge vouchers are transparently conveyed to the subscribers. The service provider should also develop appropriate system so as to reject a recharge when an in-eligible subscriber recharges with a particular recharge voucher.

Q.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?

A.10. Yes, the tariff advertisement should not be misleading or deceptive. The advertisement should be simple and easy to understand. The existing guidelines in this regard are sufficient.

Q.11. Do you agree that the instances of 'misleading' tariff advertisements listed in this paper adequately capture actual scenario in the market? If not, provide specific details?

A.11. Yes, these instances appear to be adequate in the present scenario.

(Mukta Goel)
DGM (RA)