YUDOFUD RESPONSE
TO
TRAI CONSULTATION PAPER
ON
CERTAIN ISSUES RELATED TO
TELECOM TARIFFS

Title	: ChangeMyNetwork.com for Telecom Regulatory Authority of India
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Description	: This document describes the detailed response to TRAI's Consultation Paper No. 12/2010 on 'Certain Issues relating to Telecom Tariffs' released on 13th October 2010. It further proposes operating an independent third party portal which will further extend to a customer helpline, empanelled by TRAI, that facilitates transparency amongst mobile phone subscribers by displaying plans in a simple easy to understand manner

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1.0	Arun Singh Shekhawat	12th November 2010	Document Outline for draft

Issues for Consultation
This section provides details on each of the issues raised by TRAI in its consultation paper. For better understanding, the responses have been divided into general observations that have been listed out first followed by issue-based responses

1.1 General Observations

The following are the general observations that Yudofud has made on Tariff Transparency:

- In spite of TRAI's incredible efforts in taking several steps to enhance transparency in Tariff Orders, the number of plans, the complexity of the plans and the total number of Operators in each circle requires more **proactive measures to be taken**.
- TRAI's consultation paper mentions (section 2.8 of Consultation Paper) PayPhonePlus which acts as an **external agency to carry out day to day regulation** for Ofcom in the UK. Yudofud would be happy to carry this out on behalf of TRAI through its www.changemynetwork.com portal
- There has been no adequate mechanism for punitive action on Mobile Operators for not providing transparency in Tariffs. Punitive action need not always be monetary in nature. To the contrary, Yudofud believes that providing a tool that allows disgruntled and unhappy customers to move away from their existing Mobile Network without having to recreate their social networks, empowers customers and can act as an effective punitive tool on Mobile Operators. The **Mobile Number Portability (MNP) service thus must not be looked upon as a silo** in itself but as a tool that complements and enhances transparency in Tariffs
- Tariff transparency can be achieved only through a multi-faceted and multi-interfaced solution. Such a solution needs to ensure that Tariffs need to fundamentally be published not only on a per call basis alone but also be published on a **daily usage basis**. This means that apart from Network Operators publishing Tariffs on a per call basis they should publish details of how much it would cost a customer taking low, medium and high usage on a daily basis for the following parameters:

  - Local Calls - Same Network (mins/day)
  - Local Calls - Other Mobile Network (mins/day)
  - Local Calls - Landline (mins/day)
  - Local SMS - Same network(SMS/day)
  - Local SMS - Other Network (SMS/day)
  - National SMS (SMS/day)
  - STD Calls - Same Network (mins/day)
  - STD Calls - Other Mobile Network (mins/day)
  - STD Calls - Landline (mins/day)
  - ISD Calls(mins/day)
  - International SMS (SMS/day)

  The above-mentioned parameters are a sample set of parameters that can be used with a predefined low, medium and high usage as set by TRAI or an agency

- A multi-interfaced approach needs to take in mind the fact the social indicators that exist in our country. This makes it imperative to ensure that Tariff comparison is not just provided by one interface as identified such as a web portal (Section 1.29 of consultation paper). Overall, 71 million users accessed Internet in year 2009, with 52 Million "active" users who accessed it at least once in a month. **This puts India's internet penetration at roughly 6%**. It is thus imperative that alternative interfaces need to be used and this could include but not be limited to:

  - Ability to send an SMS to a predefined short code that allows the portal to get in touch with customers on the phone to provide the best plan

- o Ability to empower non internet users in rural areas through a call center that contacts customers and gets usage details on the phone to make a more informed choice

- A multi-interfaced approach should also take into account India's Literacy rate of roughly 65% and the issue with SMSes being sent in English or transliterated in English script. It is thus imperative that these factors would make **web portals and English SMS mesages just one means of delivery** but not the predominant means of deliver for information about Tariffs. Also as mentioned in section 1.13 of the consultation paper, there is a large population of the 96% of pre-paid customers who are from rural areas and a delivery mechanism to ensure that information reaches this rural subscriber base are taken into account

1.2   Issue based responses

This section delves into responses for each individual issue that has been put forth by TRAI in its Consultation Paper No. 12/2010 on 'Certain Issues relating to Telecom Tariffs'. For convenience each issue has been listed under the chapter they belong to as per the consultation paper. Each issue listed is followed by Yudofud's response

1.2.1   Multiplicity of Tariff Plans and Transparency
This section lists issues from Chapter 1 of the Consultation Paper

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

    The Indian Telecom market is heavily saturated with a large number of Network Operators to choose from and a large number of plans that each network operator provides. The following are the challenges that Telecom subscribers face:

    - A single point, preferably at the point of sale of a mobile handset itself, where tariffs are displayed in a transparent and uniform manner. www.ChangeMyNetwork.com plans to work with Handset retailers to provide kiosks where customers can chose the best plan for them based on their usage
    - Hidden costs and charges which are not apparent to a normal mobile user at the time of purchase of a plan. www.ChangeMyNetwork.com already has a functional portal that has made all plan data uniform in nature so that hidden costs are factored into account and thus can be used by Telecom subscribers to find the most cost-effective plan
    - Inability to compare plans within the same network and across networks to chose the best plan. With the ability to present plans in a uniform manner www.ChangeMyNetwork.com has been able to achieve this aspect
    - An inability to visualise cost as mobile plans are call driven and not usage driven. www.ChangeMyNetwork.com takes daily usage into consideration based on the following parameters:

        - o Local Calls - Same Network (mins/day)
        - o Local Calls - Other Mobile Network (mins/day)
        - o Local Calls - Landline (mins/day)
        - o Local SMS - Same network(SMS/day)
        - o Local SMS - Other Network (SMS/day)
        - o National SMS (SMS/day)
        - o STD Calls - Same Network (mins/day)
        - o STD Calls - Other Mobile Network (mins/day)
        - o STD Calls - Landline (mins/day)
        - o ISD Calls(mins/day)

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o International SMS (SMS/day)

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?**

Day to day regulation is very necessary to drive better transparency. In point VII of the Introduction of the Consultation paper, TRAI has mentioned that Telecom providers are mandated to report Tariffs to the authority within 7 days after conducting a self-check to ensure consistency. However, self regulation has not always been successful and TRAI should move to a more stringent proactive checking mechanism. As mentioned in TRAI's consultation paper (section 2.8 of Consultation Paper) just as PayPhonePlus which acts as an **external agency to carry out day to day regulation** for Ofcom in the UK, TRAI should also have an agency to carry out day to day regulation which Yudofud would be happy to carry out on TRAI's behalf through its www.changemynetwork.com portal. This Third party system can be exposed to operators to enter their plans which will then be approved by Yudofud after an elaborate cross verification mechanism, which includes checking for tariff plans with misleading titles etc.

Further, Mobile plans that needs to be exchanged between Mobile Operators and the Telecom Regulatory Authority of India so that TRAI would be able to present these Mobile plans to the end user in an easy to understand manner need to be entered in what is called as a **Common Exchange Format.** These are a set of fields that take care of all permutations and combinations that are required to effectively compare tariff plans across networks.

The fields that are required in the Common Exchange Format are explained in **Chapter 4 titled Appendix – 1: Common Exchange Format** of this document.

The Common Exchange Format that has been presented will need to be entered directly by Network Operators in an online system that is provided on the ChangeMyNetwork.com portal. Each Network Operator will be provided credentials to administer the corresponding plans of that Network. This includes:

- Adding a new plan
- Modifying an existing plan
- Removing a plan that is no longer valid

Operators will also be provided an offline tool that will allow them to add, remove and modify plans in bulk. This data entered will be used by the algorithm to assist end subscribers in choosing the most cost effective plan for them. A set of the data that is entered will then flow to TRAI for internal reporting purposes of TRAI.

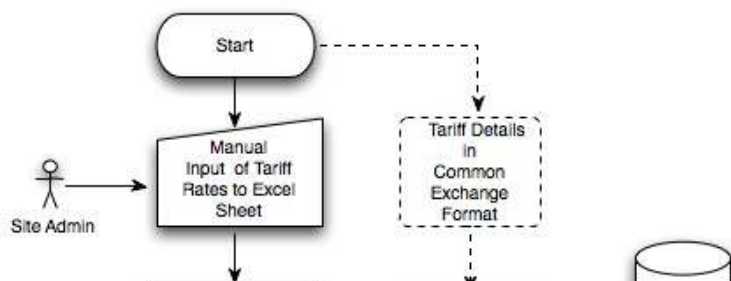The flow of information is captured in the diagram below:

Figure: Workflow for Common Exchange Format flow

The algorithm used for displaying the plans in an easy to understand manner is described below
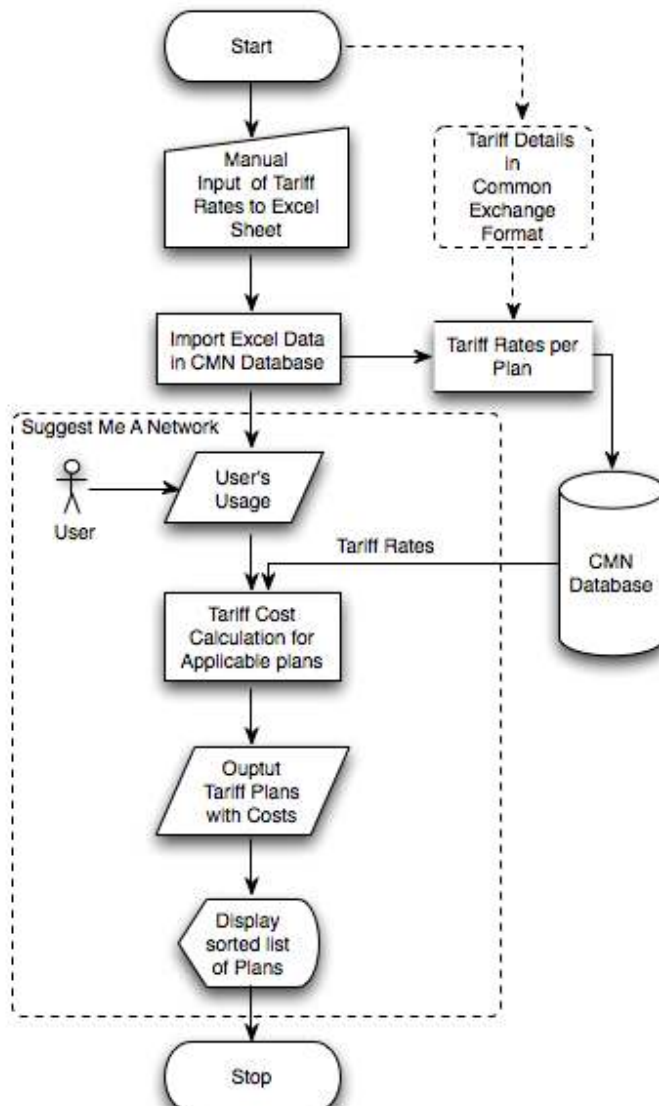

Figure: Workflow for calculating and displaying plans to end subscribers in a uniform manner

- The consumer is first required to enter daily mobile usage details along the following lines:

- Local Calls - Same Network (mins/day)
- Local Calls - Other Mobile Network (mins/day)
- Local Calls - Landline (mins/day)
- Local SMS - Same network(SMS/day)
- Local SMS - Other Network (SMS/day)
- National SMS (SMS/day)
- STD Calls - Same Network (mins/day)
- STD Calls - Other Mobile Network (mins/day)
- STD Calls - Landline (mins/day)
- ISD Calls(mins/day)
- International SMS (SMS/day)
- State
- Network
- PayType

- The tariff cost details for all the tariff plans are retrieved based on the State and PayType entered by the user, from the pre-populated tariff-database

- The recurring cost calculation formulae is applied to each such retrieved plan for the mobile usage details entered by the user

  For the calculations purpose the mobile usage is distinguished into following:

Voice Calls	Local Intra Network GSM to GSM calls
	Local Inter Network GSM to GSM calls
	Local GSM to Landline calls
	National Intra Network GSM to GSM calls
	National Inter Network GSM to GSM calls
	National GSM to Landline calls
SMS	Local Intra Network SMS
	Local Inter Network SMS
	National Intra network SMS
	National Inter network SMS

  Apart from the above usage charges the recurring cost calculation also considers the free usage units provided by the Mobile Service Providers under each of these categories.

  The tariff details (including free usage) taken from the Service Providers are fed into the ChangeMyNetwork's database under their respective column heads, on a regular basis. The values retrieved from the database are then used for the calculation of the recurring cost for each of the plan.

- Also the one-time cost calculation formulae is required to be applied to each of the retrieved plan using the one-time cost details in the pre-populated tariff-database and store the all the results. For the calculation of one-time cost to the consumer ChangeMyNetwork considers the following cost factors:

  o Subscription fees for Pre-Paid and Post-Paid users
  o Cost of the SIM card
  o Security Amount

- o Fixed rent in case of Post-Paid Users
- o Clip Charges

- The results are then sorted in an ascending order of total recurring cost and displayed in a tabular form to the users with other details like Plan Name, Service Provider's Name, One–time Cost, Total Cost etc. Users can see details tariff rates by clicking on the plan name.

Note: As per a survey conducted by ChangeMyNetwork more consumers favoured the breakdown of total cost i.e. recurring monthly cost and the one-time cost as one-time cost is similar across all networks and tariff rates are variable.

Section 1.32 of the Consultation paper references an ERG report that has mentioned some of the challenges in creating such a price comparison website and these have been repeated below:

- Developing the detailed website specifications, in defining the data formats and in devising the content update procedures
- Service providers did not keep their information updated on a regular basis
- Structure of the price comparison website generally requires substantial work to accommodate changes due to the links existing between several different items
- Choice of the algorithms that would deliver the most accurate results is considered an important challenge
- Choosing the most important parameters while keeping user friendliness
- Building public visibility for the website and making users aware of the practical relevance
- How to include all price schemes that the service providers offer

Yudofud's www.changemynetwork.com believes that as an operational portal it has taken into account all the challenges mentioned above though ensuring that Service providers keep their information updated on a regular basis is a responsibility that TRAI needs to ensure. It will also seek TRAI's support in building public visibility for the portal

Yudofud also believes that a multi-interfaced approach needs to take in mind the fact the social indicators that exist in our country. This makes it imperative to ensure that Tariff comparison is not just provided by one interface as identified such as a web portal (Section 1.29 of consultation paper). Overall, 71 million users accessed Internet in year 2009, with 52 Million "active" users who accessed it at least once in a month. **This puts India's internet penetration at roughly 6%**. It is thus imperative that alternative interfaces need to be used and this could include but not be limited to:

- Ability to send an SMS to a predefined short code that allows the portal to get in touch with customers on the phone to provide the best plan
- Ability to empower non internet users in rural areas through a call center that contacts customers and gets usage details on the phone to make a more informed choice

A multi-interfaced approach should also take into account India's Literacy rate of roughly 65% and the issue with SMSes being sent in English or transliterated in English script. It is thus imperative that these factors would make web portals and English Portals just one means of delivery but not the predominant means of deliver for information about Tariffs. Also as mentioned in section 1.13 of the consultation paper, there is a large population of the 96% of pre-paid customers who are from rural areas and a delivery mechanism to ensure that information reaches this rural subscriber base are taken into account

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?

The fundamental problem that prepaid customers, who constitute more than 96% of the Mobile Phone market, face is a lack of information. This can be solved through a multitude of measures that try and educate this segment such as:

- A single point, preferably at the point of sale of a mobile handset itself, where tariffs are displayed in a transparent and uniform manner. www.ChangeMyNetwork.com plans to work with Handset retailers to provide kiosks where customers can chose the best plan for them based on their usage
- Mandate relationship centers of all mobile phone Network operators to provide kiosks where customers can chose the best plan for them based on their usage which will be provided by www.changemynetwork.com
- Mandate relationship centers of all mobile phone Network operators to provide telephone based help-lines that reach a neutral third party service centre such as www.changemynetwork.com which will provide this information

The challenge within prepaid segment is the number of rural subscribers. www.ChangeMyNetwork.com has been working with various players in the rural retail network segment to ensure that rural subscribers can be provided the necessary information.

Yudofud believes that a **One Standard Plan for All Service Providers** is **not advisable** for the following reasons:

- The Telecom industry has shown rapid growth because of TRAI's ability to bring forth sensible regulation into this sector. A **One Standard Plan for All Service Providers** that has been proposed by some consumer organizations tries to evade the problem of providing information to a subscriber segment by pushing the onus onto Network Operators thus dampening a truly competitive spirit
- The very fact that such a plan exists is because consumers would have wanted or demanded such a plan. In spite of low subscribers in some plans the decision on the number of plans should not be a responsibility of TRAI and should purely be a choice left with Mobile Phone Network Operators as it is a business decision
- If a common exchange format is introduced by TRAI as mentioned in Yudofud's response to issue No. 2 then the onus will be on Mobile phone operators to streamline its plans automatically as it becomes a maintenance overhead for updating these plans on a regular basis
- The number of Plans according to the information that TRAI sourced from various Mobile Network Operators (Table No.2, Section 1.5) shows that of a total 5074 plans in GSM, CMDA, Fixed Wireless and Wireline of both post-paid and pre-paid approximately 1200 plans, i.e around 25% of the plans are Pre-paid whereas the remaining 75% are post-paid plans. Thus **One Standard Plan for All Service Providers** specifically for pre-paid plans is not necessary

However, irrespective of whether a **Standard Plan for All Service Providers** is introduced or not, TRAI should still implement a price calculator engine, or partner with a provider such as www.changemynetwork.com

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

Based on the information TRAI sourced from its service providers (Table No.2, Section 1.5) there are roughly 5074 plans in total as of March 31st 2010 for GSM, CMDA, Fixed Wireless and Wireline subscribers. While this number by itself may look large it needs to be looked upon from the perspective of the Indian Telecom market with the following factors:

- The fact that there are 23 circles and most of the plans are just repeated or customised for that particular state puts plans on each circle at an average of about 250 plans
- The fact that there are about 6-11 operators in each circle is another factor for this huge number

Taking this into consideration the sheer magnitude of plans should not be a cause for consternation and **must be perceived in general as beneficial to the customer**. A wide variety of plans and a patronisation of so many plans by itself suggest that it provides customers with choice and enhances true competition thus making it beneficial for the subscribers. However, to ensure that the information surrounding these plans are available to the customer, especially in post-paid services which contributes to 75% of the plans, it is necessary to have a platform such as a price comparison engine leverage the benefits of such a wide variety of choice. Yudofud will provide this through its portal, www.changemynetwork.com

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?**

In the true spirit of competition, Yudofud believes that there should be **no cap** on the number of tariff plans on offer and the cap of 25 should actually be lifted totally. However, this must be done hand-in-hand with a few additional provisions:

- As mentioned in TRAI's consultation paper (section 2.8 of Consultation Paper) just as PayPhonePlus which acts as an **external agency to carry out day to day regulation** for Ofcom in the UK, TRAI should also have an agency to carry out day to day regulation which Yudofud would be happy to carry this out on behalf of TRAI through its www.changemynetwork.com portal. This Third party system can be exposed to operators to enter their plans which will then be approved by Yudofud after an elaborate cross verification mechanism, which includes checking for tariff plans with misleading titles, the need of introducing a new plan among the consumer base if an existing plan can be modified or improved and other factors
- A price comparison engine website followed by a multi-interface system that helps in educating users of the plans that are available across all mobile network operators that is driven based on usage. Yudofud would be happy to provide this on behalf of TRAI through its www.changemynetwork.com portal

1.2.2   Miscellaneous Tariff Related issues

This section lists issues from Chapter 2 of the Consultation Paper

1. **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?**

In an ideal scenario Premium rate SMS and calls are made by customers on their own volition with a full understanding of the charges that are to be incurred to them. However, due to the complexity of the product chain (as mentioned in Chapter 2.5 of the consultation paper) it becomes very difficult for addressing grievances even in a retroactive manner once the call or SMS is complete. Yudofud **does not recommend any norms on rates** or prescribing such a limit. Focus should rather be ensuring a code of conduct that includes but is not limited to:

- Ensuring that there is an empanelment for Premium SMS and calls operators

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- Those operators that are not empanelled will not enjoy a direct debit but will have a holding period of funds with a third party entity before funds are debited to their accounts
- Ensuring that the premium rate service providers unambiguously announce tariffs at the beginning of the call.
- Mandate that a waiting time beyond a particular time period is not acceptable. Moreover, billing must start at the time a call is connected and not once the number is dialled
- Work with a third party agency just as Ofcom works with PayPhoneplus for day to day regulation in the UK (Section 2.8 of the consultation paper) to redress customer grievances and ensure that the model code of conduct is being followed

2. **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?**

As mentioned in the response to the previous issue Yudofud focus should be on ensuring a code of conduct that includes but is not limited to:

- Ensuring that there is an empanelment for Premium SMS and calls operators
- Those operators that are not empanelled will not enjoy a direct debit but will have a holding period of funds with a third party entity before funds are debited to their accounts
- Ensuring that the premium rate service providers unambiguously announce tariffs at the beginning of the call.
- Mandate that a waiting time beyond a particular time period is not acceptable. Moreover, billing must start at the time a call is connected and not once the number id dialled
- Work with a third party agency just as Ofcom works with PayPhoneplus for day to day regulation in the UK (Section 2.8 of the consultation paper) to redress customer grievances and ensure that the model code of conduct is being followed

3. **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?**

In general as a principle, Yudofud believes that Telecom operators should not bear the cost of tariffs that are fixed by parties whose lines are used on a rental basis. Thus, **there is sufficient justification to allow Mobile Phone Network Operators to realign ISD tariffs** in respect to existing lifetime subscribers. It would also be interesting to have the following data to understand the magnitude of the issue:
- Number of Life time subscribers who have used ISD facility in the last 1 year as a percentage to the Total number of Life Time subscribers
- Percentage of revenue generated from Life time subscribers who have used ISD facility in the last 1 year to the total revenue from ISD
- Total revenue loss that operators perceive as a result of fixing ISD call rates for Life time subscribers who have used ISD facility

However, as the 43rd amendment of the TTO clearly mentions a freeze on tariffs for life time plans. A possible win-win situation has been articulated below:

- Allow Mobile phone network operators to realign ISD tariffs for existing lifetime subscribers

- Provide a money-back mechanism for all subscribers in the form of free talk time especially to those subscribers where a substantial amount was paid upfront for procuring the lifetime validity plan. This can be set either as a fixed amount or can be a percentage of the initial amount that was paid for which subscribers provide this money-back talk-time scheme.

4. **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?**

Yudofud believes that the following needs to be done to improve transparency and prevent instances of un-intended recharges:

- Telecom operators should build internal systems in place that do not allow recharges when an in-eligible voucher is selected. This could be done at the time of the call, when either the scratch card code is being verified as a voice message, followed by an SMS that shows this status allowing subscribers to claim a refund at the spot. The same can be done when third party retailers recharge on behalf of the customers
- Any usage based price comparison engine of Tariff plans that is being built must ensure that the checks and balances are present that clearly show plans along with valid recharge vouchers or special packs wherever applicable for that particular plan alone. Yudofud's www.changemynetwork.com ensures that a combination of plans and their corresponding valid recharge vouchers and special packs are only displayed when a customer enters the anticipated usage details

1.2.3 Misleading Tariff Advertisement

This section lists issues from Chapter 3 of the Consultation Paper

1. **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?**

Based on our experiences in working in the Tariff transparency domain, Yudofud believes that the guidelines to prevent misleading tariff advertisements need to be evolving in nature as regulating such a complex domain is fairly difficult. Tariff transparency can be achieved only through a multi-faceted and multi-interfaced solution. Apart from regulating advertisements it needs to ensure that plans fundamentally be published not only on a per call basis alone but also be published on a **daily usage basis**. This means that apart from Network Operators publishing Tariffs on a per call basis they should publish details of how much it would cost a customer taking low, medium and high usage on a daily basis for the following parameters:

- o Local Calls - Same Network (mins/day)
- o Local Calls - Other Mobile Network (mins/day)
- o Local Calls - Landline (mins/day)
- o Local SMS - Same network(SMS/day)
- o Local SMS - Other Network (SMS/day)
- o National SMS (SMS/day)
- o STD Calls - Same Network (mins/day)
- o STD Calls - Other Mobile Network (mins/day)
- o STD Calls - Landline (mins/day)
- o ISD Calls(mins/day)
- o International SMS (SMS/day)

The above-mentioned parameters are a sample set of parameters that can be used with a predefined low, medium and high usage as set by TRAI or an agency.

2. **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?**

The thirteen scenarios, of misleading advertisements, mentioned in the paper represents most of the marketing gimmicks present in the market. However Yudofud has observed few other scenarios and need to be addressed:

- Advertising Calling Cards with a attracting call rate but keeping a high administrative fees or rental fee for the usage and a very low validity period, which effectively make the call rate much higher and unreasonable

- Advertising certain CUG plans with lower on-net call rates but higher than the usual off-net call rates and high rental fees.

- Advertising some varying discount plans like Uninor's '24x 7 Badalta Discount Plan' without disclosing the frequency at which the call rates are updated in the ''Discount Engine' and not billing the actually applicable discounts

- The Airtel plan has a plan title "Larger Than Life @ 396(Airtel/AP/GSM/17)" that claims the plan to be valid for a lifetime. However the plan has a minimum usage criterion that mandates a minimum recharge of Rs 200 for every 180 days for maintaining the Life Time validity. In such cases this should be sold as a plan valid for 3 months and not as a Life time plan.