



November 29, 2010

The Telecom Regulatory Authority of India  
Mahanagar Door Sanchar Bhawan  
Jawahar Lal Nehru Marg (Old Minto Road)  
New Delhi-110002

Kind Attention: **Shri Raj Pal , Advisor (ER)**

Dear Sir,

**TRAI Consultation Paper on "Certain Issues related to Telecom Tariffs"**

This is with reference to the TRAI Consultation Paper on the subject matter. In this regard, kindly find enclosed our response for your kind consideration.

Yours Sincerely,

**For Bharti Airtel Limited**



**Bharti Airtel Response to**  
**TRAI Consultation Paper on “Certain Issues relating to Telecom**  
**Tariffs”**

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

We are of the opinion that the Indian telecom subscribers do not face any challenges while choosing their tariff offers. This can be established as follows:

- a) The tariff forbearance policy adopted by TRAI for the last 10 years has led to the advantage of all the stakeholders. This has proved to be a win-win situation with the customers getting the lowest tariff in the word, the Government getting enhanced revenue share and the service providers getting sustainable profits that can be utilized for further investments and expansion of service capability. The policy of forbearance has also led to the exponential growth of telecom sector.
- b) Despite maintaining forbearance, TRAI keeps a vigil on the plans launched by service providers. Operators are also expected to comply with tariff regulations by doing self check prior to launching any tariff in the market. Additionally, market forces keep in check/ control the tariff charged by service providers, so no service provider can charge in an arbitrary and anti-competitive manner.
- c) With almost 15 operators per circle, there is hyper competition in the market. So we believe that there is no need to have regulation on tariff, which are already being taken care by the market forces.
- d) Further, the present tariff structures are also very customer friendly. For example in Airtel Mobile Services, under the Airtel Advantage Plan which is by far one of the most popular tariff plans across the country the tariff is Re 0.50p / min for local and STD calls on Airtel network and Re 0.60p / min for local and STD calls to any other network. This reflects the simplicity in the manner that the tariffs are offered today.

- e) The Authority in the Consultation Paper has specified certain web-based solutions provided by regulators and other organizations that provide tariff comparisons between operators. Further, in a fiercely competitive market like the one we have in India, operators have the freedom to market their products and services through various possible channels such as brochures, retail outlets, websites, bills, or any other manner, as long as they do not misguide the consumers about another service provider's plans by projecting theirs to be the most beneficial. Hence we believe that as a result of the initiatives taken by the TRAI, consumers in India get adequate tariff information to make an informed choice when opting for a tariff plan or any changes thereto.
- f) Consumers on the other hand depending upon their economic background, financial status and personal preference, often decide the extent of telecom expenditure that they are willing to bear on a monthly basis and thus have a fair idea of their preferred tariff plan. We therefore believe there is absolutely no reason to believe that consumers today face any kind of challenges in understanding and choosing tariffs in the competitive market that exists today.

**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) Service providers already provide web-based calculators to compare existing tariff plans of a service provider so that a customer can compare the different tariff plans offered by a service provider and is able to choose the tariff plan that suits his usage the best. Therefore any consumer who is computer literate can easily browse through the service providers' websites and choose the plan that would give him/her the maximum value for money and accordingly exercise his/her choice.

In India the vast majority of subscribers are prepaid customers and a very high percentage today are from rural areas with low computer literacy rate and little or no

access to websites of the service providers. There also does not exist any source of



- b) information that provides a comparative analysis of the tariff plans offered by all the service providers.
  - c) To address the above concerns, the service providers generally keep the tariff plans as simple as possible and communicate them in a manner in an easy to understand manner. This brings about transparency in tariff offers, enables the customer to understand the same in a simple manner without any pre-requisite knowledge of any kind and facilitates in his/her choice of a suitable tariff plan. This in turn has resulted in tariff simplification which we have exemplified with the Airtel Advantage Plan as mentioned above.
  - d) In addition to the above, if any consumer wants specific discounted packs / top –ups due to his specific usage (heavy local / STD / regional specific / night usage, SMS usage), the consumer can opt for any special tariff voucher at a nominal cost which will give him the benefit of reducing the tariff for that specific tariff type with a defined validity period. Alternately, there are heavy user packs also available in the market for each of these types which help reduce the effective rate significantly and offer great value for money to the consumer.
  - e) Further, all the Tariffs are being filed with the TRAI with in seven days of introducing the Tariff. Therefore, the question of complexity and confusion of Tariff does not arise. We are therefore of the view that no further regulations/directions/measures are required to enhance transparency.
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?**

It will be grossly incorrect on the part of the Authority to mandate a “One Standard Plan for All Service Providers” due to the following reasons:

- a) Segmentation is one of the most critical steps while formulating the marketing strategy. Segmentation allows various operators to formulate their sales and marketing strategy.



- b) The operators formulate the tariff packages to cater to the demand of various segments of customers. .
- c) So, in our view, the determination of tariff plans/ packages should be left to market forces. Mandating a “One Standard Plan for All Service Providers” would force operators to offer the same plan to each and every customer and this will work against the introduction of new innovative schemes/plans and customized benefits being provided to the subscribers. This may actually increase the tariff of some customers as their need may not fit into the standard tariff plan and will hence result in the cross-subsidization between various market segments. The absence of any distinction in the tariff plans on offer by various service providers will also hinder the successful implementation of MNP in the country.
- d) The Telecommunication Tariff Order 1999 and all its subsequent amendments keep the tariff for telecom services under forbearance, since this has worked in an efficient manner and has a created competitive market scenario. Keeping tariff under forbearance would be beneficial and in the interest of the public at large. It is important to take note of the fact that the constant drop in call charges over the years has been the result of the tariff being under forbearance. Further, the TRAI itself in the recent similar Tariff Order for Addressable Platforms in Broadcasting has suggested that the retail tariff be kept under forbearance where there is sufficient competition in the market.

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

- a) India is a vast country comprising of remarkably diverse demographics covering its age, sex, literacy, economy, linguistic preferences and travel habits. To cater to the various segments of the market, wide range of tariff plans providing the maximum value to the consumer are required.
- b) In a hyper competitive market like India, the existence of a large number of tariff plans and offers in the market provides ample choice and flexibility to the customers/market segments rather than creating confusion in the minds of the consumer.



Declining Average Revenue Per User (ARPU) consistently is the testimony of the fact that its ultimately subscriber who's getting benefitted for the competition and the large number of tariff plans have helped the customer in choosing better and better plans with

- c) least cost for maximum value. There is no reason to believe that the increased complexity by way of more number of plans (choice) available in the market has any which way has harmed subscribers interest rather its proved opposite by reduced ARPU consistently.

**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) All service providers have maximum of 25 tariff plans (both postpaid and prepaid) on offer, as fixed by the TRAI, for the benefit of the customers so that he can choose the relevant plan depending upon his usage.
- b) Operators are using various means of communication to communicate the complete details of the tariff plans to the customers (both prepaid and postpaid) in addition to website. Operators are also communicating the tariff plans, offers, schemes through POS, posters, advertisements both print and electronic media so that customer will have complete details of the tariff plan before availing the same.
- c) We feel the existing cap of 25 on the number of tariff plans on offer is appropriate to provide the requisite flexibility to offer competitive tariffs in the current market conditions.
- d) However, while keeping this limit, for 'Mobile Services' there should not be any separate cap for different types of network, e.g. GSM or CDMA, installed by the same operator to provide Mobile Services.
- e) There may be need of increasing this limit once data services through 3G become popular. 3G services will open more possibilities for innovative and customized products depending on voice, data with varying speed and volume, combo plans and may need expansion of this cap beyond 25 as well. Keeping this

in view it is important that we maintain the existing cap of 25 and should be open for any revision of the same in future.

**6. Should there be any limit prescribed on the rates for premium rate SMS and calls? If so, what should be the norms for prescribing such limit?**

We are of the opinion that there is no justification behind defining limits on the rates for premium SMS and calls. Some of the examples of such services are advice by experts, sports updates, astrology, facility to speak to a doctor for general advice on some medicines, facility to book movie tickets by sending an SMS or making a call, etc. This is supported with the following rationale:

- a) Premium services offered by service providers requires large investments, which are to be recovered from the customer availing such services by charging a premium rate to the customers for the value delivered to them. Such premium services generally have a higher cost and are used by a smaller set of customers. Any attempt to regulate/reduce the tariff would result in de-motivating the Service Provider to provide innovative services for which the cost is greater than the limit prescribed by the authority.
- b) Further, these days with the growing phenomenon of competitions on television channels and FM radio stations, premium voice calls or SMS are being increasingly used for indicating preference through tele-voting. As far as the tariff for the premium voice calls and SMS used for tele-voting is concerned, the tariff is not just for the telecom service provided to the customer but also for the opportunity to participate in the competition/contest/voting/survey etc. Since the customers / viewers are fully aware of this and are willing to pay before using the service, there is absolutely no justification behind dictating the price for what the market can freely absorb. Any regulation of the rates for premium SMS or calls would therefore kill the business model itself.
- c) Also there is no entry barrier for the service providers to provide premium rate services which ensures that there is free competition. The most important factor for price determination is the age-old principle of demand and supply. When there is a demand for a certain commodity and there is short supply, it is quite natural that the product is priced at a premium until and unless this gets corrected by more players coming into the market to deliver the same product which rationalizes the price on its own. So in our view market forces correct the tariff. The industry has seen such a phenomenon in the past wherein the launch of competitive products at premium rates has brought down the tariff consideration. Thus the premium charge is for

the innovation and incubation of the idea till it is replicated by other service providers.

- d) This will also restrict the growth of value added services which is fast growing segment and is a contributor as well as by product of the growing knowledge society in India.

**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?**

TRAI has already taken adequate measures through their various directions to ensure that the tariffs for premium services are transparently communicated to safeguard consumer interest. These are being strictly ensured by service providers whenever they promote premium services to their customers in all various forms of communication. Television channels and other content providers are also stating the charges upfront for any such premium services offered.

**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?**

- a) The reasons mentioned by the Authority in its consultation paper are adequately covering the rationale for the increase in ISD tariffs for the existing lifetime subscribers. Also, as a result of the termination charges for incoming international calls being specified in the IUC Regulation, the Indian service providers do not possess the ability to negotiate bilateral agreements on a reciprocal basis with the international service providers.

- b) As the international termination charges are not under the control of Indian regulations, we believe that there is a strong need to permit the Indian service providers to realign the ISD tariff.

- c) We believe the best way to address the issue on hand is to make necessary modifications to the 43<sup>rd</sup> Amendment to the Telecom Tariff Order dated 21 March 2006 and thereby de-linking ISD tariffs from the tariff for all types of subscribers including lifetime subscribers. This would permit the charging of



revised ISD tariffs with immediate effect for all existing lifetime subscribers.

- d) As far as the lifetime validity customers are concerned, it is also pertinent to mention that by the very nature of the lifetime validity product and the market segment towards which this product was targeted, and continues to be targeted, it is evident that the tariff was intended for domestic usage only i.e. local and STD for voice and SMS. Hence the contractual agreement with the lifetime subscribers should be considered only for the local and STD usage which is under the control of the Indian service providers.
- e) The ISD tariff is in turn dependant on various factors like the termination charge levied by other countries, termination charge levied on special numbers in other countries, rate of foreign exchange, all of which are beyond the control of Indian service providers and change quite frequently.
- f) It is therefore important that:
  - Firstly, the termination charge for incoming ILD calls be brought under forbearance and left to the market forces. This would give the Indian access service providers an equal opportunity to align the international terminating rates in line with the terminating rates paid by them for terminating the calls to foreign countries/destinations.
  - Secondly, flexibility should be allowed to service providers to realign the ISD tariff in respect of existing lifetime subscribers which can be achieved by amending the 43<sup>rd</sup> Amendment to the Telecom Tariff Order in order to allow the implementation of the revised ISD tariffs to the existing lifetime subscribers with immediate effect.
  - Thirdly, the minimum subscription period of 6 months should not be applicable where there are any changes made to the regulatory environment of the country with regard to the wholesale telecom tariffs.

**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) Most of the service providers are offering various top up packs/recharge coupons basis the usage pattern of the customers so that maximum value & benefits can be offered to the customers. Operators are using various means of

communication to communicate the complete details of the tariff plans, schemes, offers (both prepaid and postpaid) available to the customers in addition posting the same on their website.

- b) In order to ensure that customers get the benefit of the recharge, it is important that the consumers are transparently communicated the benefits so that only those who seek those benefits opt for the recharge.
  - c) In order to address issues around transparency, we would like to inform that Airtel has set up an automated system which can be accessed by the customer by dialing into a special IVR number (12131 – My Airtel My Offer). On dialing into this IVR number, the customer will be given information on various benefits available to him basis his usage pattern. This information is regularly updated to reflect any modifications thereto. Basis the information accessed by him/her, the customer can go to any recharge outlet and choose the denomination voucher which is suitable for him/her to get the desired benefit. Therefore, two customers recharging with same denomination, may get different benefits depending upon their usage profile since these are segmented offers and designed to give maximum value for money to the customer. This automated system also ensures that communication about the benefit of the recharge is sent to only eligible customers basis the segmentation rules applicable.
  - d) We are of the opinion that, having implemented this solution, there is no need for the customer to rely upon for any other source of information as this is solution provides personalized and specific information to the customer. This also eliminates any miscommunication of information to the customer.
- 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) We believe that, the guidelines issued by TRAI to ensure transparency in communication of tariff for various products and services offered to the telecom consumers are adequate and there is no need to mandate any additional aspects.

- b) The industry is also answerable to the Advertising Standards Council of India which lays down specific guidelines to ensure fair and transparent communication. Apart from this, consumers' rights are also protected through legal forums like the Consumer Courts. Service providers are also governed by fair competition rules drawn up by the Competition Commission of India and any misleading information can be scrutinized appropriately.
  
- c) It would be appreciated by the Authority that creativity of advertisements cannot be restricted through pre-defined formats especially keeping in mind the various media through which advertisements are communicated and the diverse segments of the market at which the advertisements are targeted. The service providers should therefore have the freedom to use their creativity to the fullest.

Therefore, we believe there are adequate safeguards to ensure transparency in communication so that customers are not misled in any manner by service providers and there is no need for any new direction in this regard. However, there is a case for review of some of the existing guidelines which have become redundant in changed market scenario. For instance, the format for tariff publication / advertisements vide TRAI direction dated 2 May 2005 has become redundant as rightly captured in paper in changed conditions. The format was designed when there were many tariff elements making the same very complex but today the scenario is quite different with so much of competition and simple tariff structures. It is our submission that TRAI should do away with this format. Still if the regulator wants to have a format then it should be a simple table capturing the Local, STD, ISD, Data per unit rates for comparison. There is also need to recognize that the advertisement/ promotion of the tariff plans through different media has to be different format. It may not be possible in TV commercials to convey all the details about the tariff plan the way it can be conveyed through website or through the printed brochures etc. A common standard advertising format may not be an advisable thing to do. It is submitted that this requirement of standard format may not be imposed on the media other than print and website.

**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 disagree with some of the instances of tariff advertisement classified as misleading in the Consultation paper for the following reasons:



- a) While we agree that a strict definition of the word “Unlimited” would mean ‘without any limits’, we beg to differ with the use of the word “Unlimited” in tariff advertisements being termed as misleading. The limits set out by most service providers is implicitly unlimited since the capping on usage is done at a very high level.
- b) It is our belief that if transparency in communication is maintained by stating upfront the usage limits (which are genuinely very high), we feel the customer is adequately informed to make a reasoned choice and hence this would not amount to misleading the consumer in any manner.
- c) The word “Unlimited” has to also be seen from the perspective of the conditions imposed. For example, in the Fair Usage Policy on Internet Broadband, we have defined fair usage levels for unlimited data transfer plans and needless to mention, the usage levels set are very generous and such that most customers will not be affected by the Fair Usage Policy. This also has no impact on the data transfer limits which remain unlimited. To address TRAI concern on the “Common man”, the criteria for ‘Fair Use Policy’ is based on the maximum use by common man i.e. number of calls, minutes consumed, data volume/ speed etc.
- d) The Authority we believe would appreciate that, the purpose behind having the Fair Usage Policy in place is that the service providers want heavy usage customers to use their service extensively, but at the same time are cautious to avoid any kind of abuse by a select few customers that would result in poor customer experience for the larger base of customers using the service. Thus the intent of Airtel's Fair Usage Policy is only to provide the optimum internet experience to all customers.