

Email

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Re: Comments on Consultation Paper_Tariff Issues of Telecom Services





From : ds@cuts.org Fri, Jan 17, 2020 01:31 PM
Subject : Re: Comments on Consultation Paper_Tariff Issues of Telecom Services 📎 1 attachment
To : Amit Sharma <advfea2@traf.gov.in>
Cc : vijaylb25@gmail.com, traifaipur@gmail.com, gc@cuts.org, usm@cuts.org, ujk@cuts.org, adg@cuts.org

Dear Mr Sharma

Greetings from CUTS International!

This refers to the trail mail regarding 'Comments on Consultation Paper Related to Tariff Issues of Telecom Services', we are hereby attaching comments on behalf of CUTS for your necessary consideration and needful.

Regards,

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**CUTS' Submission on
TRAI Consultation Paper on Tariff Issues of Telecom Services**

CUTS International is consumer organisation as well as policy think tank. It works on issues related with trade, regulation and governance adhering to research, advocacy, networking and capacity building approach. Details at: <https://cuts-international.org/>. Following are CUTS responses on the issues raised in the TRAI Consultation Paper on Tariff Issues of Telecom Services¹.

Issues for Consultation

Q1. Do you foresee any requirement of regulatory intervention at this stage in tariff fixation to protect the interest of telecom service providers as well as the consumers? Please support your comments with justification.

CUTS: Since, telecom sector is under heavy stress and that the sector has seen significant consolidation in recent past, it may be desirable to a time-bound tariff fixation of floor prices within a band to prevent race-to-bottom competition or overcharging.

Though price control is a market distortive approach and should be avoided as far as possible, viewing the current sorry state of telecom sector, it may be wise to introduce time-bound (say 2 years or till the sector recovers, whichever is earlier) for data and bundled data-voice tariffs, but not on voice-only tariff.

Since telecom sector is a capital intensive sector and there are innovative introduction (like 5G) on the cards, the economic health of the sector should be good so that consumers benefit in future with early new tech introduction and better quality of services.

In addition to this for the Potential investors, it is essential to balance the tariffs to align with costs of the service providers for price setting, and it will also provide more choice to customers as would attract more investors in the sector.

Overall, the regulator has to follow the balancing act in order to favour consumers and support TSPs as and when, it feels like.

¹ Consultation Paper No. 22/2019

Q2. Do you foresee any need for change in TRAI policy of forbearance in tariffs? Please give reasons for your response.

CUTS: In this extra-ordinary situation, TRAI may like revisit this forbearance policy.

Q3. If the answer to Q1 is in affirmative, is fixing a floor price, i.e. a standing prohibition on TSPs not to offer services below a predetermined price level, the answer? Please give detailed reasons for your response.

CUTS: Yes, fixing a floor price could be a solution to help the telecom sector to come out of stress. If such strategy helps check further consolidation of the sector, it would be good for consumers in the long run.

The policy objective in this regard should be to provide the service to more and more new consumers by making access easier and to improve the service available to existing consumer. Provision of greater choice through competition is also expected to benefit the consumer in terms of better services and lower tariffs. Therefore, while liberalisation policy is itself geared to improve consumer welfare, a need is there for certain specific policies to achieve this objective.

Q4. Do you perceive a need to fix floor price despite the fact that the TSPs have increased their tariff recently? Please support your response with detailed justification.

CUTS: Yes, fixing a floor price may be needed till the sector regains its health, because one never knows when race-to-bottom competition begins again, which would require lowering of tariffs by TSPs to be relevant in the market.

With fixation of tariff, it is very essential to adopt tariff structure suitable to social requirements through policy initiative to ensure that tariff is affordable for all users.

Q5(a). What methodology should be used to fix floor price by the Authority and why? Please give detailed methodology with calculations and supporting justification.

CUTS: The floor price may need to be only for 'data' and 'bundled data-voice' services (with or without VoLTE) and may not extend to 'voice/call only' services. It has been observed that due to dirty competition though the tariffs of bundled data-voice tariffs came down significantly, that for voice only (those preferring call only on feature phone) is in effect costlier than the bundled tariff. The tariff options have also reduced significantly for the voice/calls only services, if validity time is taken into

account. The fixation of floor price for data or for data-voice combo should be conditional on increasing options for 'voice only' services both in terms of 'talk time' and 'validity'.

Any fixation of the floor price should be time-bound, based on the probability of recovery of economic health of the TSPs.

Q5(b). If a floor price is considered, what should be the mark up over the relevant costs for arriving at a floor price? Please give detailed calculations and justification for your response.

Q6: Considering that cost of delivery of telecom services is likely to be different for different TSPs, what parameters should be considered to decide floor price and why? How can it be ensured that such a floor price fixation exercise does not result in windfall profits to few TSPs? Please give your response with detailed reasoning.

Q7. Is there a need to fix floor price for mobile data service? If yes, can such floor price be applied uniformly to different categories of subscribers such as retail consumer, corporate, tendered or otherwise contracts, segmented and any other including one on one? If it cannot be applied uniformly, will it not result in discrimination between various categories of subscribers? Please give your answer with detailed reasons and justification.

Q8. What should be the basis and methodology for floor tariff fixation for mobile data service? Give detailed justification and calculations for your response.

Q9. What should be the representative cost for fixing a floor price for mobile data service? Give detailed calculations and justification for your response.

Q10. Should fixation of floor price be considered for voice calls also? Please give your comments with detailed justification.

CUTS: NO. In fact, fixation of floor price for 'data' and 'data-voice' combo should be on the condition that the TSPs should give wide and cheaper options for 'voice calls' only service. Those who only want to use voice call services have not only very limited

options on 'talk time' based tariffs, but also find it costlier in comparison to voice-data combo plans.

Q11. If the answer to Q10 is affirmative, given that different technologies are being used to provide voice services (2G, 3G and 4G), what should be the methodology used to arrive at a floor price for voice services? Please give detailed calculations and justification for your response.

Q12: Should there be any limit on TSPs to offer free offnet calls? Please explain your response with justification.

CUTS: NO, there should not be any limit on TSPs offering free offnet calls. Let the competition in the market decide this.

Q13. If your answer to Q12 is affirmative, how should unlimited voice calls be defined? Please give your comments with detailed justification.

Q14. If a floor price is considered, should there be any floor price prescribed for bundled offers, including those having unlimited voice calls and data? Please give your comments with methodology and detailed justification.

CUTS: Yes floor price should be decided for both bundled 'data-call' offers and 'data only'.

Q15. If a floor price is considered, should there be a price ceiling also to safeguard consumer interest? Please give your comments with detailed justification.

CUTS: Yes there should be a price band of floor price and price ceiling, within which competition can play in. In such a case, quality of service may increase since TSPs would like compete more on quality and less on price, which is among the lowest in the world.

Consumer protection should be the aim therefore the policy should be adopted in such a tariff structure should be set which is suitable to social requirements to ensure that tariff is affordable for all users

Q16. If your answer to Q15 is in affirmative, what should be the methodology used for fixing a price ceiling for mobile data service, voice services and

bundled offers. Please give detailed calculations and justification for your response.

There should be a consensus between all the stakeholders like TSP's regulator, CAGs, who represent consumers through discussions and suggestions.

Q17. Should all the tariff plans (retail consumer, corporate, tendered or otherwise contracts, segmented and any other including one on one) offered by the TSPs be subject to floor price tariff orders? Please give detailed justifications for your answer.

Q18. How can it be ensured that all the tariff plans of TSPs (retail consumer, corporate, tendered or otherwise contracts, segmented and any other including one on one), comply with the floor tariff orders? Please give you response with detailed justification.

Q19. Any other relevant issue that you would like to highlight in relation to the above issues?