
Comments on Comments

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Subject : Comments on Comments
To : Amit Sharma <advfea2@traf.gov.in>

Sat, Mar 14, 2020 06:27 PM

Dear Sir,

I have gone through the consultation paper, comments and have been following the news related to telecom sector as i am aware of its consequences.

The most important issue is Floor Price. In the pretext of giving relief to the telecom companies the public is being penalized. It appears that the decision is already been taken and this is only eye wash.

Please look history of these telecom companies, their decisions and actions. They have not made provisions for statutory dues and now they want relief.

In my opinion it should not be done and tariff should be decided freely by the telecom companies. Rather the TRAI and CCI should keep eye now that these telecom companies should not engage themselves in unfair pricing my cartelisation.

Due to the reasons given above TRAI should not press the issue further. Some of the important points which have also been highlighted in the comments are highlighted again for not to go for Floor Pricing.

Most of the countries have not implemented a floor price for the telecom sector, and from the looks of it, no developed market has even broached the subject. Globally, there are only 4-5 countries where the regulator stipulates some form of tariff fixation.

Price increases and a two year moratorium on spectrum payment of 42,000 crore recently approved by the government would provide enough cash flow relief to the service providers and put them on the path to recovery. Today AGR payment has also been allowed to be paid in next 15 years and that too without interest.

Recent tariff hikes are expected to lead to restoration of pricing power to the service providers and would result in improvement in the operating metrics of the industry.

The floor price will depend on multiple variants, the technology, utilization of the network, volumes and many more. It's difficult to set a floor price when service providers have a mix of 2G, 3G, 4G and VOLTE services, with each having a different cost of generating a call.

Stress in the telecom sector is not caused by absence of floor pricing it has been caused by higher operating cost, high debt in total capital mix and higher spectrum price. Companies have also not invested in technology and could not compete with the operator with highest technology and lesser service cost. Floor Price will be equal for all operators and whether that would address the problem ?

So it is not in national interest not in the interest of consumers. It will also make the telecom companies inefficient. Hence, there is no clear justification for why the regulator should adopt a floor and ceiling fixation policy.

Please close this issue and there should be parliament debate on this important issue.

Regards

Mahesh Kumar Gupta
Owner Bajarang Oil Mills
Alwar
