

Vodafone Idea Ltd Comments to the TRAI Consultation Paper on “Validity period of Tariff Offers”

At the outset, we are thankful to TRAI for giving us this opportunity to provide our comments to the TRAI Consultation Paper on ‘Validity period of Tariff Offers’ dated May 13, 2021.

We would like to submit our detailed comments for Authority’s kind consideration, as follows:

Issue-wise Comments

Question 1: Whether TRAI should intervene in the issue of validity period or allow the same to be under forbearance?

and

Question 2: If the answer to the Question 1 is yes, then whether the TSPs be mandated or merely advised to offer tariff (for PVs, STVs and CVs) for a specified duration?

VIL Comments to Question 1 and 2:

1. Most critical issue – Floor Pricing for Data services:

- a.** At the outset, we would like to first bring the attention to most critical issue i.e. deep financial stress in the mobile sector and the massive investments it requires to further roll-out networks.
- b.** For dealing with this issue, the Authority had issued a consultation paper on Tariff Issues of Telecom Services dated 17.12.2019, related to fixation of Floor Tariff. The comments placed on TRAI’s website shows that all TSPs supported prescribing floor tariff for Data services. However, the Authority has not concluded the consultation process as yet and has not prescribed any floor tariffs.
- c.** Industry association COAI has also requested the Authority to conclude the consultation process and prescribe floor tariff for Data services, with unanimous views of its member operators.
- d.** While on one-hand industry is dealing with deep financial pressures, on the other hand it requires massive investments for network roll-outs and upcoming 5G spectrum and its network roll-out.

- e. There has been a market failure in terms of rationalisation and tariff hikes to a level which can sustain the industry and pull it out of the financial troubles. The present tariffs are one of the lowest in the world posing survival risks, thereby creating reasonable chances to duopoly market, if such lower tariffs are not redressed.

Therefore, we request the Authority to take floor pricing for tariffs on first and foremost priority, conclude the consultation process and prescribe floor tariff for data services.

2. In prepaid tariffs, Pricing and Validity are tied together:

- a. With regard to tariffs, it is important to look at all the components of a tariff construct holistically and not in piecemeal. Tariff construct is basically a combination of two components i.e. price and non-price (validity / benefits).
- b. In case of prepaid tariffs, both pricing and validity are tied together, to make up a final construct for the consumer. The validity issue can't be dealt in isolation by keeping the price issue unchanged.
- c. For resolving one set of concerns, if the Authority is looking for intervention on non-price component (i.e. validity) by removing forbearance, it is much more imperative that the price component is also addressed in totality and the Authority should intervene and remove forbearance to the extent of setting floor prices for data services.

Therefore, we request the Authority to see the tariff related issues holistically, thereby also intervening on the price component of the tariffs, removing forbearance and prescribing floor prices for data services.

3. Exhaustive framework on Transparency

- a. To ensure transparent information to consumers about the tariffs, the Authority has prescribed provisions in TTO'1999 related to publication of tariffs as well as various other regulations/directions viz.: Telecom consumer Protection Act, 2012, Directions related to tariff publications/black out day, Metering and Billing regulation entailing a comprehensive Metering and billing audit.
- b. Through above-said provisions, the Authority has laid an exhaustive framework to ensure consumers have various means and modes to access and are provided with, adequate and timely information about their applicable tariffs, both before enrolling the service as well as post enrolment.

- c. Being committed to transparency to consumers, VIL has been following above-said regulatory framework in letters and spirits and tariff information is being provided to consumers in various stages, transparently and adequately through various means like VI website, mobile app, SUK, tariff sheets, digital KYC journey, printed material at PoS, 3rd party mobile apps, pull and push SMS, USSD etc.
- d. Further, adequate reminders are sent to consumers towards the end of validity cycle, so that consumer is not inconvenienced due to lapse of validity unknowingly.
- e. We also note that the Authority also acknowledges that transparency is being maintained in informing tariff validity of 28 days, and has mentioned the same at para 2.3 of the consultation paper under response.
- f. Considering complete transparency being maintained by the TSPs, there is no reason for intervention in tariff validity by the Authority.

Considering all above, we most humbly request the Authority that (a) to take up floor pricing of tariffs as first and foremost priority, conclude the consultation and prescribe floor tariff for data services; (b) no intervention is required on validity period.

Question 3: Whether the period to be specified should be considered as 30 days or a month with requirement of tariff to be renewed only on the same date of each month or separate tariff offers be mandated for 29/30/31 days in addition to the present practice of offering tariff for 28 days?

VIL Comments to Question 3:

1. 28 days/week-based validity structure in existence for a decade:

- a. The current practice of offering 28 days validity for prepaid recharges (or in multiple i.e. 56/84 days) prevails in the market for almost a decade now. It was being followed for rate cutters also before the advent of unlimited recharges.
- b. As it is prevailing in market for many years, the customers are well conversant with this structure of validity, which is in weekly multiples.
- c. Any change to existing 28/56/84 days validity structure will be a massive change and will require gigantic efforts in terms of consumer awareness, configurations in billing systems, publications in own and 3rd party channels and retail channel education.

2. Better recharge journey in existing 28 days than in 29/30/31 day validity:

- a. In case of 29/30/31 days validity offers also, the ‘days of a calendar month’ will not be static as such, customers recharge renewal date will be random and keep on changing month-on-month. Therefore, a 29/30/31 day validity recharge will not be helpful but, instead may give impression of monthly validity to consumers and create confusion.
- b. Below table snapshot clearly explains customer’s recharge journey over a year in case of 28/56/84 vs 30/60/90 day validities–

Table -1. Recharge Journey of different validity recharges, over a Year

Recharge validity	category	Recharge Number												
		1	2	3	4	5	6	7	8	9	10	11	12	13
28 Day Variant	Rc Date	1-Jan	29-Jan	26-Feb	26-Mar	23-Apr	21-May	18-Jun	16-Jul	13-Aug	10-Sep	8-Oct	5-Nov	3-Dec
	Weekday	FRI	FRI	FRI	FRI	FRI	FRI	FRI	FRI	FRI	FRI	FRI	FRI	FRI
30 Day Variant	Rc Date	1-Jan	31-Jan	2-Mar	1-Apr	1-May	31-May	30-Jun	30-Jul	29-Aug	28-Sep	28-Oct	27-Nov	27-Dec
	Weekday	FRI	SUN	TUE	THU	SAT	MON	WED	FRI	SUN	TUE	THU	SAT	MON
Recharge validity	category	1	2	3	4	5	6	7						
56 Day Variant	Rc Date	1-Jan		26-Feb		23-Apr		18-Jun		13-Aug		8-Oct		3-Dec
	Weekday	FRI		FRI		FRI		FRI		FRI		FRI		FRI
60 Day Variant	Rc Date	1-Jan		2-Mar		1-May		30-Jun		29-Aug		28-Oct		27-Dec
	Weekday	FRI		TUE		SAT		WED		SUN		THU		MON
Recharge validity	category	1	2	3	4	5								
84 Day Variant	Rc Date	1-Jan		26-Mar				18-Jun				10-Sep		3-Dec
	Weekday	FRI		FRI				FRI				FRI		FRI
90 Day Variant	Rc Date	1-Jan		1-Apr				30-Jun				28-Sep		27-Dec
	Weekday	FRI		THU				WED				TUE		MON

- c. As can be seen from above, since ‘days of a month’ are not static at 30 days, customers recharge renewal date will continue to be change during subsequent renewals, in both versions of validity. However, with 28/56/84 day packs, customer renewal cycle will positively occur on the same weekday as that of the earlier recharge.
- d. Also, having tariff offers in 29 or 30 or 31 days in addition to 28 days, would stray away from the goal of having a clear, concise and simplified set of offerings to customers, and instead would clutter the offerings thereby leading to more confusion.
- e. Further, presently digital recharges constitute 45 to 50% of total recharges and any 2/3 times increase of product offerings will lead to complexity of discovery, identification and confusion to choose products on the digital media.

- f. We have also taken feedback from our customer care centres about concerns/requests from consumers requesting a 30/60/90 day recharging cycle for ease of recharge however, no such substantial concerns or requests have been noticed.

3. Technical system designed for Validity as fixed number of days

- a. As prepaid offerings in fixed number of days is existing for almost two decades, our technical system viz. primarily IN system, are designed and evolved over years, for configuration of prepaid offerings with validity as fixed number of days like 7/14/28/30 days validity.
- b. In our present IN system, it is not feasible to set the due date for next recharge to be on the same date (as of initial recharge) in the subsequent month, irrespective of the number of days in the month.
- c. Thus, there would be technical limitation in existing systems for supporting recharge which has validity expiry on same day every calendar month in a year.
4. We would also like to state that upon checking websites for practice being followed by telecom operators in different countries, we have found various examples wherein the product validity is mentioned as monthly, however the actual validity of the products provides 30 days of validity, irrespective of the number of calendar days of a particular month. The website link of such Operators are provided as below.

Operator	Country	Validity Followed	Weblink
Singtel	Singapore	7/28 Days	https://www.singtel.com/personal/products-services/mobile/prepaid-plans/data-plans
Maxis (Hotlink)	Malaysia	30 Days	https://www.hotlink.com.my/en/plan/hotlink-prepaid-unlimited
Vodafone	UK	30 Days	https://www.vodafone.co.uk/mobile/best-sim-only-deals/pay-as-you-go-sim
Vodafone	Italy	30 Days	https://www.vodafone.it/eshop/tariffe-e-prodotti/tariffe/tariffe-per-tablet-pc-e-chiavette.html?icmp=MDD_sim_tablet_pc_chiavette
Vodafone	Portugal	30 Days	https://www.vodafone.pt/internet-movel.html#tarifarios-cartoes
Etisalat	UAE	7 Days	https://www.etisalat.ae/en/c/mobile/plans/prepaid-plans.jsp?catName=Prepaid_plan&listVal=Prepaid_plan

Further, the above table also shows different validities of products in different markets globally e.g. in case of Singtel (Singapore) it offers weekly and four weekly packs too.

With regard to the examples of global telecom operators and their countries being quoted in the consultation paper, largely have postpaid consumer segments and operate mostly with contract based arrangements therefore, may not be a comparable example for India telecom industry.

5. We would like to submit that similar to Postpaid, a 30 day month cycle would not solve the purpose in case of prepaid, since all the days of a month are not equal to 30 days. Unlike in Postpaid, it is not feasible to have a billing cycle concept for prepaid, so customer would have to recharge on a set date to renew services.
6. Having week based recharges of 7/14/28/56/84 days validity creates a very clear validity structure and enables consumer to quickly and easily compare between the MRPs of different tariffs and opt for higher or lower validity recharge, as per requirement.

Therefore, we recommend that the market should continue on the present 28 days/week based recharges and no mandatory provision should be prescribed for any specific validity recharges.

Question 4: Whether on the lines of a monthly offering, the other periods viz., quarterly, half-yearly and yearly prepaid tariff offerings be mandated or just the monthly offerings be required?

VIL Comments to Question 4:

1. Existing offerings

- a. In the current tariff offering in market, there are already offers with higher validities, like in case of STVs/CVs varying from 1-90 days and for Plan Vouchers of 180 days and more.
- b. On a sample PAN India basis, please refer the following examples of available tariff recharges varying between 1-90 days, 180 days and 365 days validity:

MRPs	Validity
STV 149	28 Days
STV 249	28 Days
STV 399	56 Days
STV 599	84 Days
PV 1197	180 Days
PV 1499	365 Days
PV 2399	365 Days

2. Insignificant uptake of higher validities: As per our analysis, there is very less consumer uptake of the recharge offerings with higher validities.

Considering above, we recommend that no mandate is required for other periods viz. quarterly, half-yearly and yearly prepaid tariff offerings as options are available in higher validities.

Question 5: If there are any other issues/suggestions relevant to the subject, stakeholders are invited to submit the same with proper explanation and justification.

VIL's Comments to Question 5:

1. Floor pricing for Tariffs:

- a. As explained above, the most relevant question w.r.t tariff is to address the floor pricing and help telecom operators come out of deep financial stress.
- b. **We most humbly request the Authority to take floor pricing for tariffs on first and foremost priority, conclude the consultation process and prescribe floor tariff for data services.**

2. Increase in STV/CV validity limit:

- a. Presently, only plan voucher can be provided for more than 90 days validity and minimum 6 month validity.
- b. Consumers are more familiar and comfortable with STVs/CVs recharge than with plan voucher recharge which changes the tariff plan of a subscriber.
- c. **We request the Authority to consider allowing STV and CV with higher validity i.e. till 180 days (beyond existing 90 days).**

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