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Dear Sir

This is with kind reference to the Draft Telecom Consumers Protection (Thirteenth Amendment) Regulations, 2026, please find below ASSOCHAM suggestions.

## **Draft Telecom Consumers Protection (Thirteenth Amendment) Regulations, 2026**

### **ASSOCHAM Suggestions**

#### **TRAI's Proposal under the Draft Amendment**

- Mandates a **Voice + SMS-only STV for every bundled plan validity**.
- Requires a "**largely proportional**" **price reduction** compared to bundled packs.
- Together, these amount to **de facto retail price control and component-wise pricing**, departing from tariff forbearance.

#### **1. Background and Market Evolution**

- Telecom is now **core infrastructure** for India's 5-trillion-dollar ambition – it underpins JAM, UPI and other digital payments, tele-medicine, online education and e-governance; **any move that discourages data use directly hits financial inclusion and digital delivery of public services**.
- Over two decades, tariffs have moved from **high, voice/SMS-only, per-minute pricing to simple "all-in-one" bundles**, driven by 4G rollouts, fierce competition and tariff forbearance – not granular price-setting.
- Since 2016, India has become a **data-first market**: ultra-low per-GB prices and bundled prepaid packs (voice + SMS + data) are the **default way Indians enter and stay in the digital economy**, with average usage now around **27–30 GB per wireless user per month**.
- This outcome reflects **forbearance and commercial freedom** for TSPs to design bundles has benefitted the nation by proliferation of mobile broadband and connecting a large parts of the population ;
- However, micro-design (forced unbundling, cost-allocation formulas) now risks **unravelling a model that works and could potentially be detrimental for**

**mobile broadband proliferation goals.**

### **Low data packs – already de facto Voice + SMS packs**

- The operators are already offering **entry-level packs of less than INR 200 (28-day validity) which** is, in economic terms, a **voice + SMS pack with only free/incidental data**:
  - 2 GB for the entire month is insufficient for regular browsing or video,
  - and is **primarily there to keep essential services like UPI, DigiLocker, UMANG and other government digital services working.**
- This clearly shows that **low-value “pure telecom” options already exist in the market**; forcing a Voice+SMS-only grid for every validity is unnecessary and risks pushing price-sensitive users out of data altogether.

## **2. Industry Economics and Consumer Outcomes**

- The sector is **highly capital-intensive** (spectrum, AGR, network capex) and in a **fragile recovery** after years of tariff compression and price wars; ARPU repair has only just begun.
- **5G investments are largely sunk**, and services are being offered **without an explicit premium** to build the ecosystem; TSPs need **pricing flexibility across the portfolio** to monetise these investments over time.
- Constraining the relative pricing of **Voice+SMS-only vs bundled packs** will:
  - compress prepaid revenues,
  - weaken the business case for rural coverage, QoS upgrades and 5G/6G, and
  - be seen as a **higher regulatory risk and cost of capital** by investors
- Unlimited 5G on most packs was a **deliberate, time-bound commercial strategy**, not evidence that 5G capacity is free; locking in new revenue-reducing rules now **aggravates 5G payback risk.**

## **3. Limits of “Proportional” Component Pricing**

- Telecom networks are **shared and integrated** – voice and SMS increasingly run over the same IP/data infrastructure; **costs cannot be cleanly or objectively split** between “data” and “non-data”.
- Tariffs are **designed as bundles** – voice, SMS, data, and sometimes with OTT or other services (free access to generative AI apps etc. ) are priced together based on usage patterns and competition, not as independent line items with fixed stand-alone prices.
- Removing one component **changes the entire product economics** (traffic mix, network load, revenue profile); it is **not a simple subtraction of a “data charge” or “voice charge”**.
- A “largely proportional” reduction rule, therefore, forces **arbitrary cost allocation** and drags TRAI into **continuous micro-pricing of internal components**, a role

better played by markets.

#### 4. Forbearance Track Record

- TRAI's long-standing approach has been **tariff forbearance plus transparency and ex-post intervention**, which has delivered both low prices and continuous innovation.
- Forcing **one-to-one “pure” variants** (Voice+SMS-only, pure data, etc.) for every bundle is **product design by regulation, not transparency regulation**.
- India's largest tariff innovations – **per-second billing, “free”/bundled roaming, unlimited voice packs** – all came from **competition under forbearance**, not from prescriptive price control; **flexible, market-driven tariffs have consistently delivered more consumer value** than formula-based controls.
- The Draft 13th Amendment, therefore, **cuts against this proven framework** and reduces flexibility precisely when operators need it most for 5G, convergence and future 6G evolution.

#### 5. Cross-Sector Regulatory Practice

- In **banking**, salary/premium accounts bundle ATM, digital, card and insurance; regulators focus on **total charges and disclosure**, not on computing a “pure account minus free ATMs” price.
- In **health insurance**, base cover plus wellness / tele-consult / OPD is priced on portfolio risk; removing one feature does not trigger a mandated, linear premium cut.
- In **airlines and travel**, flexi fares and packages (flight + hotel + transfers) are priced holistically; **regulators do not mandate proportional fare reductions** when baggage or meals are removed.
- Across sectors, the regulatory focus is on **overall price, transparency and abuse control**, not on engineering internal price ratios – TRAI's proposal would be an **outlier**.

#### Industry Request

- **Withdraw the mandates** on Voice + SMS-only packs and “largely proportional” pricing, given their limited consumer upside, high implementation cost and significant risk to sector economics and investment.
- **Keep tariff forbearance and pricing flexibility central** to tariff regulation, rather than micro-designing tariff components or internal price relationships.

Thanking you with best regards

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