

ISPAI response to Draft Telecom Consumers Protection (Thirteenth Amendment) Regulations, 2026

Background and Market Evolution

Telecom infrastructure is **foundational to India’s \$5 trillion economic ambition**, supporting ecosystems such as JAM, UPI, digital payments, telemedicine, online education, and e-governance. Regulatory intervention that discourages data usage could **adversely impact financial inclusion and digital public service delivery**.

In the last two decades, tariffs have transitioned from **high-priced, voice/SMS-centric per-minute billing to simplified bundled offerings**, driven by 4G expansion, competition, and tariff forbearance—not prescriptive price-setting. India has now evolved into a **data-first market**, with ultra-low per-GB pricing and bundled prepaid plans forming the **primary gateway to digital participation**. Average monthly consumption now stands at approximately **27–30 GB per wireless user**.

This transformation reflects the success of **regulatory forbearance and commercial flexibility**, enabling TSPs to design optimal bundles and drive widespread mobile broadband adoption. However, regulatory intervention in product design—through **forced unbundling or prescriptive cost allocation—risks undermining a proven and effective market model**, potentially impacting broadband penetration goals.

Operators already offer **entry-level packs**— typically valued under INR 200 with approximately 28-day validity— that effectively function as **voice + SMS plans with incidental data**. The data included within this pack is insufficient for sustained browsing or streaming, but adequate to enable **essential services such as UPI, DigiLocker, UMANG, and other government applications**.

Therefore, **low-cost, “pure telecom” options are already available in the market**, making mandatory Voice + SMS grids redundant and potentially counterproductive for price-sensitive users.

Industry Economics and Consumer Outcomes

The telecom sector remains **capital-intensive**, with substantial investments in spectrum, AGR obligations, and network infrastructure, and is still in a **fragile recovery phase** after prolonged tariff compression. Telco companies are still working to recover investments made for 5G rollouts with services currently offered **without explicit pricing premiums** to accelerate ecosystem adoption. Sustained recovery requires **pricing flexibility across tariff portfolios**. The provision of **unlimited 5G in current plans reflects a strategic, time-bound market approach**, not an indication of zero marginal cost.

Introducing relative pricing of **Voice + SMS-only versus bundled offerings** is likely to compress prepaid revenues, weaken incentives for rural expansion, QoS improvements, and future 5G/6G investments, and increase perceived **regulatory risk and cost of capital** for investors. Locking in restrictive pricing rules at this stage may **undermine long-term investment recovery**.

Limitations of “Proportional” Component Pricing

Telecom networks operate as **integrated, shared infrastructures**, where voice and SMS are increasingly delivered over the same IP/data backbone. As such, **cost allocation across services is neither linear nor objectively separable**. Tariffs are inherently **bundle-based**, combining voice, SMS, data, and sometimes additional services (e.g., OTT access, AI applications), priced holistically based on usage patterns and competitive dynamics.

Removing a single component will **fundamentally alters the economic structure of the product**, impacting network utilisation, traffic profiles, and revenue models. It cannot be reduced to a simple deduction of a “data” or “voice” cost. A “largely proportional” pricing mandate would therefore involve **arbitrary cost attribution and continuous regulatory intervention in tariff design**, a function more effectively performed by competitive market forces.

History of Tariff Forbearance

TRAI’s long-standing regulatory approach—**tariff forbearance supported by transparency and ex-post oversight**—has consistently delivered **affordable pricing and sustained innovation**. Requiring **one-to-one “pure” variants of bundled offerings** constitutes **regulatory intervention in product design**, rather than ensuring transparency.

Key tariff innovations in India—such as **per-second billing, bundled roaming, and unlimited voice plans**—have emerged from **market competition under forbearance**, not prescriptive regulation. The Draft 13th Amendment departs from this proven model, **reducing flexibility at a critical juncture for the telecom economy**.

Cross-Sector Regulatory Practice

Regulatory frameworks in other sectors also emphasize **overall pricing transparency and consumer protection**, rather than component-level pricing mandates.

In Banking, bundled offerings (e.g., account services, cards, insurance) are regulated through disclosure norms, not component pricing. In the case of health insurance, premiums reflect portfolio risk; removal of a feature does not automatically yield a linear price reduction. Aviation and travel sector also offers bundled fares and packages are priced holistically without mandated proportional adjustments.

TRAI's proposed intervention would therefore represent a significant **departure from established cross-sector regulatory principles.**

Industry Request

It is requested that:

1. Mandates relating to compulsory Voice and SMS-only pack variants, and “Largely proportional” pricing requirements be withdrawn since these measures offer limited incremental consumer benefit, while imposing significant operational complexity and risks to sector viability and investment cycles.
2. Tariff forbearance and pricing flexibility be restored as the cornerstone of telecom regulation, avoiding prescriptive intervention in product design or component pricing.