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Subject: Response to the Consultation paper on — No. 12/2010, titled “Certain Issues relating to Telecom Tariffs”

Dear Sir,

Welcome the opportunity to respond to the Telecom Regulatory Authority of India’s (TRAI) Consultation Paper on —R No. 12/2010, titled “Certain Issues relating to Telecom Tariffs”.

Kindly find my response to the consultation paper in following pages.

Yours Sincerely,
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Disclaimer: Kindly note that the views presented below are solely my personal views and not that of my employer.

Comments / Feedback on the TRAI Consultation Paper No. 12/2010, titled “Certain Issues relating to Telecom Tariffs”.

TRAI Question	Banibrata Dutta
<p>What, according to you, are the challenges which Indian telecom subscribers face while understanding and choosing the tariff offers?</p>	<p>For people who research the various tariff-plans meticulously on the web, compare the plans, and determine which one fits their requirements best, based on their expected usage pattern, the level of information provided on the website of most operators these days is not so bad. This however is largely true for post-paid tariff-plans. For prepaid-tariff plans, the plan comparison is not very clear, because the "promotions" hide the true cost of a plan, or rather distract potential customers away from digging deeper to find the true long term cost of taking up the plan.</p> <p>For people (who form the very large and significant bulk) who just walk into a store or pick up a plan from a road-side kiosk, the luxury of such research is simply missing. The retailer / DMA just pushes the plan that offers best margins to them (if there are differentials), or the SIM cards of plans for which he has highest inventory. The choices are not published, not clarified or explained at the point-of-sale. Sometimes the retailers themselves are not aware of all the plans.</p>
<p>What according to you are the required measures to further improve transparency in tariff offers and facilitate subscribers to choose a suitable tariff plan?</p>	<p>TRAI could make it mandatory for all Retailers and Kiosks to put up clear, visible, unobscured notice / memo that informs potential customers of the advantage of choosing a plan that suits their usage pattern the best, and publish IVR numbers and website where they could research their plans, and identify the plan that suits their needs.</p> <p>Also, it'd help to ensure that retailers have inventory of various kinds of plans, s.t. people are not forced to pick one due to lack of choice. This one however, could be difficult to implement, as has serious cost implications.</p>
<p>Do you think mandating “One Standard Plan for All Service Providers” particularly for the prepaid subscribers would it be relevant in the present scenario of Indian telecom market?</p>	<p>Personally, I do not like the idea of "One standard plan for all service providers". Prepaid forms more than 95% of market, and having one standard plan, is killing one differentiation parameter. Tariff-plans are service differentiation tools. Having 1 single tariff plan is like saying all Hotels should have same per-night tariff. So we stop having hotels with different Star-ratings. Even if that is for pre-paid vacation clubs, would that be acceptable ? Also, tariff-plans are a means to keep the operators competing with each other. If Tata had 1 tariff plan, standardized across industry, do you think they would have ever launched a 1ps/second plan ?</p>
<p>Do you think the existence of large number of tariff plans and offers in the market are beneficial for the subscribers?</p>	<p>Strongly believe that they are beneficial for subscribers. Where the benefits evaporate, and we are left with a ugly sediment of confusion, is lack of infrastructure, process and will to educate customers about the choices. An informed customer, given choices stands to benefit lot more, than one who has no choices at all.</p>
<p>In your opinion is it necessary to revise or reduce the existing cap of 25 on the number of tariff plans on offer? If so, what would be the appropriate number?</p>	<p>Typically, any human being would find it very hard to compare 25 plans side by side. I would put that side-by-side comparison limit to 5-7 at most, that too if seen in print or on web. Over IVR, my ability to comprehend differences is limited to 3 at the most, I'd think.</p> <p>However, does a potential customer have to really evaluate "all" available plans ? I don't think so. The tariff plans, address different market segments. We should try to seek answer to the question if whether 25 market-segments (including niches) do exist in this country, or not ? I have no doubt that we do, in which case 25 seems to be fine. What we do need is better classification, and what TRAI could do is to help provide broad guidelines for tariff-plan classification, e.g. 5 plans per tariff-class, and 5 tariff-classes. A tariff class broadly represents a major market-segment, and the 5 tariff plans in a class, represent the various usage-patterns in that segment.</p>

<p>Should there any limit be prescribed on the rates for premium rate SMS and calls? If so, what should be the norms for prescribing such limit?</p>	<p>Personally, I'd not like to see a limit on premium rate SMS and calls. People always have a choice to not use premium-rate services. However for people that do use them, the market-forces should be able to help maintain reasonable price levels.</p> <p>What may really help the consumers whoever is TRAI setting revenue-share guidelines for the premium-rate services, because the real "innovators" and "content creators" get such a miniscule %age share of that, for them to survive, they would prefer the pricing to be at a decent level. If TRAI could foster more equitable (less skewed) revenue-share, I am quite certain that premium rate services would come down to more reasonable levels, and there would be more such services.</p>
<p>If not, what further measures do you suggest to improve transparency in provision of the premium rate services to prevent the instances of subscribers availing such services without understanding financial implications thereof?</p>	<p>There could be threshold set s.t. premium rate below a certain per-minute charge (say Rs.3/- per minute), can proceed as they are. However the services which charge a premium rate above such a threshold are mandated to play a voice-prompt announcing the charge-rate of the call, before hand-off to specific service happens. The threshold will help to keep the cost of operation low, where the premium rate margins are lower.</p> <p>As for premium rate SMS's, a subscriber who sent an SMS to a premium rate number whose per-SMS cost is above a threshold (say Rs.3/-) should be sent a SMS by operator advising them of the premium rate, and why it was charged so.</p>
<p>Do you think there is sufficient justification to allow the service providers to realign the ISD tariff in respect of existing lifetime subscribers in view of the grounds mentioned in their representations?</p>	<p>Yes</p>
<p>What measures do you think are necessary to improve transparency and to prevent instances of un-intended recharges by subscribers in situations of cross-restrictions of recharges?</p>	<p>This is indeed a big problem. The solution to this problem would be in form of recharge voucher/plans clearly stating the base-plan they are applicable-to (for stated level of benefit), and the ones they are not applicable-to (offering reduced level of benefit).</p>
<p>Considering the nature and structure of the prevailing tariff offerings in the market and advertisements thereof, do you think there is a need for TRAI to issue fresh regulatory guidelines to prevent misleading tariff advertisements?</p>	<p>Absolutely</p>
<p>Do you agree that the instances of 'misleading' tariff advertisements listed in this paper adequately capture the actual scenario in the market? If not, provide specific details.</p>	<p>Yes it does</p>
	<p>Other suggestion: Introduce web-based mechanism for subscribers to query their prepaid-balance online. This could be based on some additional one-time charge (say Rs.50/-) per account to recover the cost. This means opens flood-gates of possibilities for 3rd party recharge / monitoring balance levels (by authorized 3rd parties), and thus offering upsell / cross-sell opportunities as well.</p>

	<p>Other suggestion: The tariffs for the plethora of wireless internet options offered by Reliance, Tata etc., via technologies s.a. CDMA EV-DO, WiMAX are either published at obscure places in their website, and thus very difficult to find, and the lifetime of tariff plans change often. There should be clear instructions to publish clear, unambiguous data tariff plans, at specific locations in operator website.</p>
	<p>Other suggestions: Many tariff-plans or promotional offers have a caveat s.t. the said reduced tariff may not be used for commercial purposes. Here the definition of "commercial purpose" is not clear or specified. A newspaper vendor and a morning milk-delivery boy uses SMSs to inform their regular clients that they will be late that day, or will come to collect payments, may be construed as "commercial use", but this isn't clear.</p>