



## Response to TRAI Consultation Paper on: “Validity period of Tariff Offers”

We thank the Authority for giving us the opportunity of responding to this Consultation Paper.

Our question-wise response is as follows:

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

#### **COAI Response:**

1. It is pertinent to note that under tariff framework, designing a tariff includes non-price (e.g. validity) and price factors, both of which are integral to tariff designing and are influenced by competitive landscape. In our view, the Authority should take a holistic approach than intervening selectively on one aspect. **Therefore, it is imperative that the consultation related to pricing aspects of tariffs (i.e. floor pricing) be concluded and floor pricing for data services may kindly be prescribed.**
2. That said, we wish to submit that our members are complying with the regulatory principles prescribed by the Authority, especially with that of transparency, while designing and publicising tariffs.
3. The primary criteria adopted by the Authority for any intervention in a regulated market are the proven instances of market failure. We are of the view that there is neither non-compliance of transparency principles nor market failure with regard to validity period of tariff plans. Several options are available to the customers, which enable them to recharge easily for a shorter time frame or a longer time frame as per their need. All these options are being exercised by the subscribers.
4. Given the competition in the telecom market in India, TSPs closely monitor the market and the needs of the subscribers and design the best suited tariff plan to cater to any emerging requirement. Therefore, we strongly believe that there is no requirement of TRAI intervention on the issue of validity period of tariffs.
5. As acknowledged by TRAI in the Consultation Paper at para 2.3, we would like to highlight that all the tariffs related details like price, validity, benefits etc. are available on the TSPs websites and Apps which can be accessible by customers 24x7. The customer can also connect with TSPs customer care in case of any kind of information required by him. It is pertinent to mention here that, as all the TSPs have been transparently disclosing the tariff related details to their customers, hence, the question of subscribers getting confused in terms of validity of tariff does not arise.
6. Thus **full Transparency is adopted by TSPs** in communicating all the requisite details pertaining to tariffs including validity period, to the customers. Hence, **we are strongly of the view that no intervention of TRAI is required on the issue of the validity period of tariffs.**
7. Moreover, we reiterate that considering financial challenges faced by the industry, in terms of business viability and in attracting investments, **the Authority had kindly initiated a Consultation Paper on ‘Tariff Issues of Telecom Services - Floor Tariffs’ on 17th December 2019, which unfortunately remains to be concluded.**

All TSPs have submitted comments thereby supporting prescribing floor tariff for data services. **Therefore, we request the Authority to kindly conclude this important consultation and prescribe floor tariff for data services.**

8. Considering all of the above, we request the Authority to:
  - (a) Urgently conclude the consultation process on 'Tariff Issues of Telecom Services - Floor Tariffs' and prescribe floor tariffs for data services.
  - (b) Not intervene with regard to mandating any specific validity period.

**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?**

**COAI response** - Please refer response of Question 1.

1. TSPs are offering new and innovative tariff products in the market which are designed to provide telecom services at affordable and competitive price to the consumer which also varies from LSA to LSA.
2. Thus, Tariffs should not be regulated and should be left to market forces.

**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?**

**COAI response:**

1. Tariff offerings with 28 days validity are existing for almost a decade and consumers are well conversant with the same. Any change to such structure will be huge and entail mammoth activity in terms of awareness of crores of subscribers, configurations in billing system, retail channel awareness and publications of such tariffs.
2. Our members are offering tariffs with validity ranging from 7 days to 365 days to cater to requirements of all its subscribers. Weekly multiple periods of 7/14/28/56/84 days are **well accepted by the subscribers**. Our member TSPs have not received any significant concerns or complaints from subscribers with regard to the 28 days validity recharge.
3. The 28 days validity tariff is also in compliance with the transparency principle of tariffs laid down by TRAI which are also listed in the answer of Q1.
4. Besides the above, we would like to state that in **a year, every month varies in terms of number of days** like 28/29, 30 & 31 days. Hence, even if the tariff offering for 30 days is mandated then the scenarios remain the same and consumers will have to recharge more than once in months having 31 days.
5. It is pertinent to mention that in the case of a postpaid service, every TSPs has followed a concept of a fixed billing cycle on monthly basis. Every TSP has informed

their postpaid customers well in advance about the tariffs benefits validity, billing cycle etc. before activating any tariff plan on customer mobile number.

6. With regards to proposal of monthly tariffs for pre-paid subscribers, i.e. the tariffs to be renewed on the same day of each month, we submit that the same is not practically possible, as this approach is primarily a postpaid structure. The Authority is well aware that in the postpaid scenario, the billing is on monthly basis and the subscribers are issued a pro-rata bill for some days in the first bill and then the subscriber is moved to a fixed billing cycle date. Thereafter, subscriber's bill is generated on that day every month. However, in pre-paid, such monthly billing structure would not be possible due to prepaid nature and it would not be possible to have 31 billing cycles, as customers can opt to recharge on any day of the month. Moreover, a prepaid product by its very nature offers fixed benefits for a fixed validity, hence the benefits cannot change with the change in number of days in a month.
7. Our member TSPs have also examined the international examples shared by the Authority in its consultation paper and submit that these examples belong to countries where majority of subscriber base is on postpaid or contract based billing and are used to pay their telecom dues on same day every month. In such context, the operators have offered such plan, on postpaid platforms only, to cover a small minority of prepaid customers to postpaid like structure. However, in India the share of prepaid subscribers is more than 95% and the pre-paid billing platforms are designed to offer validity of fixed number of days rather than the renewal of tariff on the fixed day of every month. As explained above, in pre-paid billing structure, a customer can opt to recharge on any day of the month and it may not be possible to have 31 billing cycles. Considering the technical difficulties, the Authority should not mandate monthly tariffs i.e. renewal of the tariffs on the same day of each month for pre-paid subscribers.
8. It is pertinent to mention here that for the subscribers, desirous of having monthly tariffs of fixed date charging, advance rental option in postpaid is always available. The industry has itself highlighted and represented before the licensor regarding cumbersome process of postpaid to prepaid and vice-versa migration and such migration process is being simplified by DoT to OTP based migration. In this regard, DoT vide its letter No. 800-05/2019-ASII dated 21/05/2021 has issued instructions and asked TSPs for Proof of Concept (POC) for OTP based process for conversion of mobile connection from Pre-paid to Post-paid and vice versa. DoT stated that decision regarding implementation of the procedure shall be taken after the assessment of the outcome of the POC. Post implementation of this OTP based migration process, the prepaid customers desirous of such tariff can then easily migrate to such plans without going through a cumbersome activation process and can also revert back to prepaid if the structure is not found to be suitable. Thereby, the complaints being received by the Authority vis-à-vis monthly tariff plan requirements will significantly reduce and there is no case for regulatory intervention by the Authority in the validity of tariff plans.
9. Moreover, we would also like to highlight that in the case of prepaid customers, **TSPs send such information, pertaining to validity/ expiry, to the customers several times in advance via SMS, before the expiry of validity** of the tariff vouchers. TSPs intimate their customers even after the expiry of Tariff voucher validity also. **Hence the question of subscribers getting confused does not arise.**
10. Our TSP members use advance technology tools and have an effective internal customer management system which maintain transparency at every step. Customer can also check their usage, validity and other tariff related details over TSPs website

and Apps also. Hence, we are of the view that there is sufficient clarity provided to customers in terms of validity of tariff.

**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?**

**COAI response:**

1. Apart from Monthly offerings, the quarterly, half-yearly and yearly prepaid tariff plans are already available in the Market. The long term validity tariffs like quarterly, half-yearly and yearly are more popular than monthly tariffs.
2. It is pertinent to mention that Forbearance regime of TTO will provide flexibility to every TSPs to design their tariff plans on the basis of Marketing scenario which varies circle wise to serve their customer with maximum benefits. We strongly believe that the current forbearance regime of TTO should be continued and there should not be any mandated criteria to be adopted in terms of validity of the tariffs. Tariff packages should be left to TSPs to design as per the requirements of the customers with best and maximum service benefits.

**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.**

**COAI response:**

1. Considering the financial position of the industry in terms of ARPU, financial viability and future investment, the Authority had initiated a Consultation Paper on 'Tariff Issues of Telecom Services - Floor Tariffs' on 17th December 2019 which unfortunately remains to be concluded. Therefore, on this important matter, we request an early conclusion by the Authority and also prescribing of floor tariffs for data services.
2. Presently STVs/CVs are limited due to validity restriction till 90 days (except for data STVs/CVs). We request Authority to consider revising the limit to 180 days so that recharge vouchers with higher validities in addition to plan vouchers, can be offered to the consumers.
3. It has been observed that there is minimal applicability of Top-up vouchers, as the tariff offerings have evolved over a period of time, and the customers are being offered with more and more bundled/ Special Tariff Vouchers (STVs) and Combo Vouchers (CVs). Such offerings with, bundled minutes and data, limit the use of top-up vouchers for very limited use cases. **The customer prefers one time recharge, which offers bundled services because of which the top-up vouchers have almost lost their significance.**
4. In view of the above, we are of the view that **the existing restrictions about the offering of Top-up vouchers in multiple of ten rupees and STV and Plan vouchers, not in multiples of ten rupees, should be removed.**
5. Further the Authority had prescribed colour band and specific denomination for different types of vouchers. However, in the last few years the market has changed

and has become data-centric. Also, the vouchers are now being provided by the TSPs digitally through online mode.

6. Moreover, because of the on-going COVID pandemic, most of the customers have shifted to digital platforms for recharges. Hence paper vouchers have lost their relevance.

7. In view of the above, we request Authority that :

**a. The segregation of type of products basis the MRP may be done away with, and Special Tariff/ Combo/ Plan vouchers may be allowed to be offered in multiples of Rs. 10.**

**b. As increasing number of subscribers are opting for digital recharge, the provision of mandatory colour coding of the vouchers should be done away with.**

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