

To,
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SUBJECT: VOICE Comments on ‘Consultation Paper on Tariff Issues of Telecom Services’

Voluntary Organisation in Interest of Consumer Education (VOICE) is a consumer protection group set up by teachers and students of Delhi University in 1983.

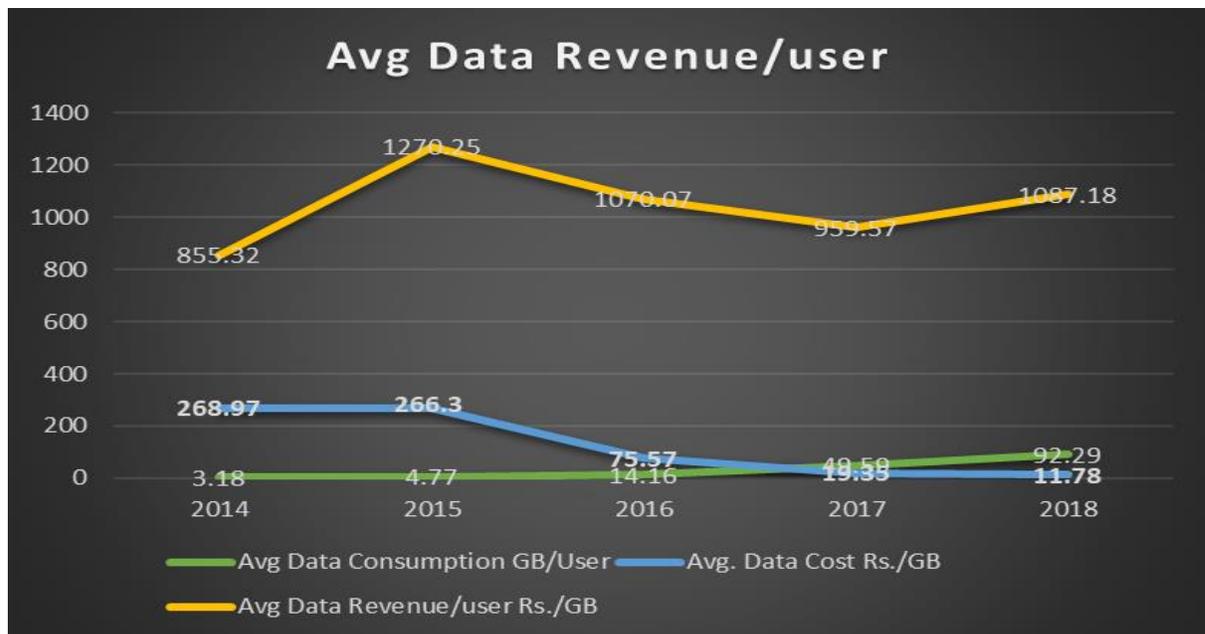
We at VOICE as part of our advocacy initiative in Telecommunications continuously raise different issues with Policy makers impacting consumers based on the knowledge through Consumer feedbacks.

As a registered CAG we are in forefront of providing inputs to the Government, Regulatory authorities, consumers and business community at large related to consumer concerns and interests.

In continuation of this effort on behalf of consumers we at VOICE have following COMMENTS –

While analysing the data provided with the consultation, following observations are worth noting-

1. From Figure 4, it is obvious that the average data revenue per subscriber has remained at almost at the same level-



2. We should also analyse data demand elasticity – data consumption we believe has been substantially aided by low prices specially in the price sensitive and low purchasing power Indian market.

3. Recent interest shown by domestic as well as foreign investors in Airtel's offering of QIP/FCCBs shows that TSPs are perceived to be good investment with long-term viability. So, all the press reporting about their bad financial health seems to be only posturing to get maximum Govt. concessions.

At the outset we believe that incumbent operators should not be provided with an undue advantage over a new entrant thereby increasing entry cost and marketing freedom to acquire customers to a new operator and resultant reduced competition.

Q1. Do you foresee any requirement of regulatory intervention at this stage in tariff fixation to protect the interest of telecom service providers as well as the consumers? Please support your comments with justification.

We do not feel any need for regulatory intervention as TSPs are free to adjust tariff as per their requirement without any restrictions- regulatory or otherwise. Tariffs should strictly continue to be market driven. As it is entry barrier for any new entrant in telecom is extremely high and any such intervention will further make any new competition quite prohibitive.

Q2. Do you foresee any need for change in TRAI policy of forbearance in tariffs? Please give reasons for your response.

This TRAI policy of forbearance in tariffs has stood test of time and has been fair to both the consumers as well as the TSPs as well as to new entrants in the Telecom space. So, there is absolutely no need for any change at the given time.

Q3. If the answer to Q1 is in affirmative, is fixing a floor price, i.e. a standing prohibition on TSPs not to offer services below a predetermined price level, the answer? Please give detailed reasons for your response.

N.A.

Q4. Do you perceive a need to fix floor price despite the fact that the TSPs have increased their tariff recently? Please support your response with detailed justification.

No. As noted above these market driven pricing without any floor price is most appropriate.

Q5(a). What methodology should be used to fix floor price by the Authority and why? Please give detailed methodology with calculations and supporting justification.

If at all TSPs need protection through fixing of floor prices, minimum of the cost of data incurred by any TSP should be used (refer clause 2.19 of consultation paper). This will ensure that a bare minimum compensation is available to all TSPs as well as it will be a driver for TSPs to improve their data procurement costs whose costs are higher than this floor price.

Q5(b). If a floor price is considered, what should be the mark up over the relevant costs for arriving at a floor price? Please give detailed calculations and justification for your response.

None.

Q6: Considering that cost of delivery of telecom services is likely to be different for different TSPs, what parameters should be considered to decide floor price and why? How can it be ensured that such a floor price fixation exercise does not result in windfall profits to few TSPs? Please give your response with detailed reasoning.

Please refer to answer to Q5(a).

Q7. Is there a need to fix floor price for mobile data service? If yes, can such floor price be applied uniformly to different categories of subscribers such as retail consumer, corporate, tendered or otherwise contracts, segmented and any other including one on one? If it cannot be applied uniformly, will it not result in discrimination between various categories of subscribers? Please give your answer with detailed reasons and justification.

There is absolutely no need to fix any floor price.

Q8. What should be the basis and methodology for floor tariff fixation for mobile data service? Give detailed justification and calculations for your response.

If at all TSPs need protection through fixing of floor prices, minimum of the cost of data incurred by any TSP should be used (refer clause 2.19 of consultation paper). This will ensure that a bare minimum compensation is available to all TSPs as well as it will be a driver for TSPs to improve their data procurement costs whose costs are higher than this floor price.

Q9. What should be the representative cost for fixing a floor price for mobile data service? Give detailed calculations and justification for your response.

As above.

Q10. Should fixation of floor price be considered for voice calls also? Please give your comments with detailed justification.

Not at all as explained above for data.

Q11. If the answer to Q10 is affirmative, given that different technologies are being used to provide voice services (2G, 3G and 4G), what should be the methodology used to arrive at a floor price for voice services? Please give detailed calculations and justification for your response.

N.A.

Q12: Should there be any limit on TSPs to offer free offnet calls? Please explain your response with justification.

No, let these be determined entirely thr' market forces. Evolving technology anyway has made voice calls redundant (VOIP or similar with pure data play) any such intervention will make TSPs loose business to other media players like Skype, WhatsApp etc.

Q13. If your answer to Q12 is affirmative, how should unlimited voice calls be defined? Please give your comments with detailed justification.

N.A.

Q14. If a floor price is considered, should there be any floor price prescribed for bundled offers, including those having unlimited voice calls and data? Please give your comments with methodology and detailed justification.

As argued above, no floor price is needed as on date.

Q15. If a floor price is considered, should there be a price ceiling also to safeguard consumer interest?
Please give your comments with detailed justification.

Yes, and then it will come down to a cost plus tariff regime – almost eliminating market forces, risk taking and ultimately elimination of competition- a command economy scenario open to manipulation by Industry-Politician-Executive nexus.

Q16. If your answer to Q15 is in affirmative, what should be the methodology used for fixing a price ceiling for mobile data service, voice services and bundled offers. Please give detailed calculations and justification for your response.

No floor or ceiling required as explained above.

Q17. Should all the tariff plans (retail consumer, corporate, tendered or otherwise contracts, segmented and any other including one on one) offered by the TSPs be subject to floor price tariff orders? Please give detailed justifications for your answer.

No floor or ceiling required as explained above.

Q18. How can it be ensured that all the tariff plans of TSPs (retail consumer, corporate, tendered or otherwise contracts, segmented and any other including one on one), comply with the floor tariff orders? Please give you response with detailed justification.

No floor or ceiling required as explained above.

Q19. Any other relevant issue that you would like to highlight in relation to the above issues?

Already noted in the beginning. Any tariff related prescription leads to inefficient market place and recent noise by TSPs and their sympathetic Financial analysts is to-

- 1. Extract as many concessions as possible from the government & regulator, and***
- 2. Make entry for any new market entrant almost impossible***

In conclusion we at VOICE are of the opinion that no floor or ceiling is required to be initiated by TRAI and current tariff regime for Telecom industry has and continues to serve industry & consumers satisfactorily.

**Hemant Upadhyay
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VOICE / 16/01/2020**