

Information Note to the Press (Press Release No. 125/2019)

For Immediate Release

Telecom Regulatory Authority of India

New Delhi, 17th December 2019: Telecom Regulatory Authority of India (TRAI) has today released a Consultation Paper on “**Tariff Issues of Telecom Services**”.

The Telecom Regulatory Authority of India (TRAI) has been mandated by the TRAI Act, 1997 to regulate the tariffs offered by the Telecom Service Provider for its various services. The telecommunications sector in India has witnessed several changes in the past few years in terms of the tariff offerings of various telecom service providers. This has not only resulted in an exponential increase in the use of telecom services but has also resulted in the tariffs of telecom services in India being amongst the lowest in the world.

In the last few months, many concerns have been raised about the health of the Indian telecom sector and the need to fix a floor price for telecom services. Department of Telecommunications has recently forwarded representations received by it from the telecom service providers regarding various issues, *inter alia*, including plea from some of the Telecom Service Providers (TSPs) seeking floor tariff fixation by the regulator/Government. In this regard, a meeting was also held with the TSPs to discuss the tariff related issues. The TSPs raised various concerns in the said meeting.

The major private TSPs have, meanwhile, announced a revision in their tariff offerings, applicable from the 3rd and 6th of December 2019 for the different TSPs. The hikes announced range from 15 to 50% increase in tariffs for the various tariff offerings of these TSPs. Subsequently, the Authority received a detailed representation from Cellular Operators Association of India (COAI) dated 3rd December 2019 seeking fixation of a floor price by the Regulator.

TRAI has so far observed a policy of forbearance in respect of telecom tariffs for valid reasons. It gives the service providers the freedom and flexibility to design their tariff offerings as per the demands of the market. It gives free play to the forces of healthy competition and has resulted in an exponential growth in the Indian telecom sector in the past two decades. Most economists also advise against the fixation of price



controls as it leads to economic inefficiencies, consumer harm, market distortions and reduced innovation.

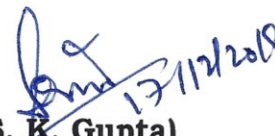
However, ensuring the provision of ever-increasing data consumption and a good Quality of Service requires a lot of investment in maintaining and improving telecom infrastructure. Fast pace of technological changes in the sector require huge capital investments. Telecom sector is the infrastructure provider for many other sectors of the economy. Thus, making sure that the telecom sector remains healthy and its orderly growth are equally important.

These are crucial issues currently impacting the telecom sector and a detailed deliberation by all the stakeholders is necessary to find the best way forward.

Accordingly, the Authority has decided to **float a consultation paper on the issue so that all the stakeholders in the value chain can get an opportunity to fully participate in the deliberations and give their views on such crucial issues affecting consumer interest.**

Considering this aspect, a consultation paper on **“Tariff Issues of Telecom Services”** has been issued to invite comments from all the stakeholders, on various issues relating to tariff in telecom sector.

The consultation paper on “Tariff Issues of Telecom Services” has been uploaded on TRAI’s website (www.trai.gov.in). The written comments on the issues raised in the consultation paper are invited from the stakeholders by 17th January, 2020 and counter-comments by 31st January, 2020. For any clarifications on the afore-said consultation paper, Shri Amit Sharma, Advisor (F&EA), Telecom Regulatory Authority of India, Mahanagar Doorsanchar Bhawan, Jawahar Lal Nehru Marg, New Delhi – 110002. (Tel/Fax: +91-11-23234367, email-id: advfea2@traigov.in) may be contacted.


(S. K. Gupta)
Secretary, TRAI