

Bharti Airtel Ltd.

India & South Asia

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Ref No: RP/ FY 19-20/062/812

Dated: 13.03.2020

To,

Shri Amit Sharma,

Advisor (Finance & Economic Analysis),

Telecom Regulatory Authority of India,

Mahanagar Door Sanchar Bhawan,

Jawahar Lal Nehru Marg, Old Minto Road,

New Delhi - 110002.

Subject: Counter comments on Consultation Paper on 'Tariff Issues of Telecom Services.'

Dear Sir,

This is with reference to your above-mentioned consultation paper. In this regard, please find enclosed our counter comments for your kind consideration.

Thanking You,

Yours' Sincerely

For **Bharti Airtel Limited**

A handwritten signature in blue ink that reads 'Amit Kushwaha'.

Amit Kushwaha

Vice President - Regulation & Compliance

Encl: a.a.

Bharti Airtel's Counter Response to TRAI's Consultation Paper on "Tariff Issues of Telecom Services"

We have studied all the responses and based on additional feedback received, we wish to submit the follows :

1. There is a dire need to repair the industry, which is going through an extraordinary period of stress. The heavy debt burden of the industry, coupled with unsustainable pricing, will inhibit future investments. We believe that an explicit intervention in the form of a floor price will help put the industry back on its feet and enable investments into 5G. We are also of the view that this intervention must be a temporary measure and the industry must return to tariff forbearance within two years.
2. All responses from across the industry as well as several neutral players have reinforced this need for a floor price.
3. We would further like to submit that of the three approaches that we have presented to determine the floor price, the best option is the **Telescopic Price Model**. This approach provides an incentive for higher consumption and will, therefore, continue to build on the strong data penetration and usage that India has seen. We reiterate our proposal for this model as below:
 - There must be a Minimum Subscription charge (MSC) for customers of Rupees 75 for every cycle of 28 days. This will enable operators to recover the basic cost of providing a network to customers. At the current point, there is already an MSC of between Rs. 45 and Rs. 75 for 28 days of service.
 - Unlimited voice will be priced at Rs. 60 per month. This is because the average usage is 1000 minutes and the cost of voice is treated as 6p per minute. Metered calls will be under forbearance.
 - For plans beyond 28 days, it is proposed to have it in multiples of 28 days. These Long validity plans (56 days and above) can be entitled to a maximum discount of 15 percent.
 - There will be an incentive to use more - as a result price per GB will go down with greater use.
 - First 5 GB data at Rs. 30 per GB per Month

- Next 5 GB data at Rs. 20 per GB per Month
- Next 5 GB data at Rs. 10 per GB per Month
- Subsequent blocks of 5 GB data at Rs. 5 per GB per Month

With this approach, while the industry will still not recover the full cost of the GB based on our model, we expect that blended price per GB in this approach will be approximately Rs. 22 based on current consumption and ROCE would be approx. 10 percent under steady state.

4. The second best option will be to move to the Fixed Price model. The advantage of this model is that it will be easy to implement. However, in this model, there is no incentive for greater use and the industry could see a slowdown in consumption for a period of time, while network quality will improve dramatically. The details of this model are as below:

- There must be a Minimum Subscription charge (MSC) for customers of Rupees 75 for every cycle of 28 days. This will enable operators to recover the basic cost of providing a network to customers. At the current point, there is already an MSC of between Rs. 45 and Rs. 75 for 28 days of service.
- Unlimited voice will be priced at Rs. 60 per month. This is because the average usage is 1000 minutes and the cost of voice is treated as 6p per minute. Metered calls will be under forbearance
- For plans beyond 28 days, it is proposed to have it in multiples of 28 days. These Long validity plans (56 days and above) can be entitled to a maximum discount of 15 percent.
- Further, there should be a floor price set at Rs. 30 per GB, in line with our response to the cost of production of a GB of data (Rs. 30 per GB)
- Every subsequent GB will be priced at a floor of Rs. 30/GB

We hope that our submissions will merit kind consideration of the Authority and a decision on floor pricing will be arrived at soon considering the extraordinary situation facing the industry.