

Re: Comments to Consultation Paper dated 13th May 2021 on “Validity period of Tariff Offers”

From: Dua Consulting

Date: 11th June 2021

I. Issues for Consideration

Before we dwell into specific responses, let us understand that the primary **reason for resistance from consumers on 28 day plan may come from their comfort in the historically followed 30 day telecom plan cycle for prepaid schemes**

We also see two major reasons why customers may object to 28 day prepaid plans-

- (i) Like most bills for utilities are scheduled monthly, the customer has a convenience of remembering the due date of plans. It is known that a major share of mobile customers using prepaid schemes reside in rural India, and the knowledge of dynamic plans that Telecom service providers provide may not be fully understood by customers.
- (ii) Some customers also argue, that by changing the billing cycle from 30 to 28 days, Telecom service providers charge for 13 billing cycles instead of 12, thereby manipulating the customer.¹ (*We personally do not subscribe to this point of view since pricing of TSPs continues to be on a competitive basis for customer acquisition and retention.*)

We are of the opinion that to facilitate to the needs of customers, it will be of no harm for the telecom service providers (*TSPs*) to also allow the option of monthly payment to customers. It may also be noted that the telecom service providers in most countries also charge customers on 30 days/ monthly basis².

Alternatively, TSPs may also allow its customers using 28 day prepaid plan, a grace period of 3 days, in which a customer may make outgoing calls, and receive incoming calls, to ensure that the customer gets ample opportunity to recharge their telecom plans. In case of such recharge, the payment towards recharge shall be due from the original due date, like the offering in post-paid plans.

It should also be appreciated that as per the needs and convenience of customers, Indian TSPs have also introduced prepaid telecom schemes for shorter periods, making telecom services affordable and accessible to all³.

¹ <https://www.change.org/p/telecom-regulatory-authority-of-india-request-to-trai-to-ban-28-day-validity-billing-cycle-for-prepaid-postpaid>

² Table (ii) of Enclosure 1 in this response.

³ Table (i) of Enclosure 1 in this response.

II. Responses to Consultation Paper

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

TRAI should intervene in the issue of validity period of prepaid schemes since it is causing an inconvenience to customers. The Telecommunication Tariff (Sixty Third Amendment) Order, 2018 also prescribes that flexibility given to the TSPs by tariff forbearance is a core feature of current tariff framework. At the same time, several regulatory principles have been laid down to ensure protection of consumer interest and orderly growth of the sector. The primary responsibility to ensure consistency of tariff with the regulatory principles, directions and guidelines rests with the TSPs. The tariff filing provision plays a critical role in this regard, enabling TRAI to monitor the prevalent reported tariffs and effectively intervene, wherever required.⁴

The present issue of tariffing is therefore within the domain of TRAI.

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?

TRAI may intervene in the form of advisory to offer tariff for (plan vouchers and Special Tariff Vouchers) to address the issue of customers before TSPs.

Alternatively, TRAI may also introduce the concept of grace period in the existing plans, so that customers using 28 day prepaid plan get a grace period of 3 days, in which a customer may make outgoing calls, and receive incoming calls, to ensure that the customer gets ample opportunity to recharge their telecom plans. In case of such recharge, the payment towards recharge shall be due from the original due date, like the offering in post-paid plans. The TSPs might consider making the customer aware that his or her validity is expiring on such and such date. These could be recorded messages or Texts to the customers to alert them.

⁴ Regulatory principles governing tariff- Clause 3.2 of The Telecommunication Tariff (Sixty Third Amendment) Order, 2018.

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?

The tariff period may be considered for the same date of each month. Example: If a customer recharges for a monthly prepaid plan on January 2, his next date of due shall be February 2, and so on. The monthly calculation that TSPs may make for such schemes can be 30.5 days⁵. The billing cycle should be the calendar month, renewable each month within say a grace period of 4 to 5 days. However, if they resort to 30 days anytime within the month it runs foul in the face of the 28 day tariff argument of variable renewable date. Nonetheless, if the customer can remember the date of renewable, his or her problem. So be it.

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?

As it may be seen from the table below, most TSPs already offer prepaid tariff for more than monthly offerings. Any further introduction to quarterly, half yearly and annual schemes may be left to the choice of TSPs. It should also be appreciated that as per the needs and convenience of customers, TSPs have also introduced prepaid telecom schemes for shorter periods, making telecom services affordable and accessible to all. No down side seen for anybody to introduce **quarterly, half-yearly and yearly prepaid tariff offerings, mandating these might not be necessary. The tariffs for such offerings must be in public domain and filed with TRAI.**

In this regard, it is also relevant see the practices followed domestically and internationally. It is clear that Indian TSPs appear to be out of sync from the rest of the world. Might be for good reason, but on the face of it do not appear to be rational as well as logical, except to confuse the customer.

⁵ Calculated as 366 days divided by 12 months.

Enclosure 1

Table (i)- pre-paid and post-paid plans by TSPs in India

S. No.	TSP	Pre-Paid Plans	Post-Paid Plans
1.	Reliance Jio ⁶	<ul style="list-style-type: none"> ▪ 14 days ▪ 24 days ▪ 28 days ▪ 56 days ▪ 84 days ▪ 336 days ▪ 360 days ▪ 365 days 	Bill Cycle
2.	Airtel ⁷	<ul style="list-style-type: none"> ▪ 2 days ▪ 24 days ▪ 28 days ▪ 56 days ▪ 84 days ▪ 365 days 	Bill Cycle
3.	Vodafone ⁸	<ul style="list-style-type: none"> ▪ 2 days ▪ 18 days ▪ 20 days ▪ 24 days ▪ 28 days ▪ 56 days ▪ 77 days ▪ 84 days ▪ 180 days ▪ 365 days 	Bill Cycle
4.	BSNL ⁹	<ul style="list-style-type: none"> ▪ 18 days ▪ 22 days ▪ 26 days ▪ 28 days ▪ 30 days ▪ 75 days 	Bill Cycle

⁶ <https://www.jio.com/en-in/4g-plans>

⁷ <https://www.airtel.in/recharge-online>

⁸ <https://www.myvi.in/prepaid/best-prepaid-plans>

⁹ <https://portal2.bsnl.in/myportal/tariffs.do?PREPAID>

NOTE:- The Validity Period for the pre-paid plans offered by BSNL is different for different states, this list is of the state of Maharashtra

Table (ii)- Monthly Prepaid plan followed by various countries

S. No.	Country	TSP & validity period of the monthly Prepaid plan	
1.	USA	Pure TalkUSA	Monthly
		Red Pocket Mobile	Monthly
		Lyca Mobile	Monthly
		AT&T	Monthly
2.	UK	O2	30 days
		Three	Monthly
		EE	Monthly
		Vodafone	30 days
3.	Russia	MegaFon	21/30 days
		Beeline	Monthly
4.	Canada	Bell Mobility	Monthly
		Freedom Mobile	Monthly
5.	Australia	Amaysim	28 days
		Optus	28/30 days
6.	Japan	Mobal EST 1969	30 days
		Sakura Mobile	Monthly
		Rakuten Mobile	30 days