

महानगर टेलीफोन निगम लि०

( भारत सरकार का उद्यम )

Mahanagar Telephone Nigam Ltd.

(A Government of India Enterprise)

CIN: L32101DL1986GOI023501



MTNL/RA/TRAI CP-03/2017

Dated 07.04.2017

To,

The Advisor (F & EA-II)  
TRAI, New Delhi

- Sub. : Comments on TRAI Consultation Paper dated 17.02.2017 on “Regulatory Principles of Tariff Assessment”.

TRAI issued Consultation paper on 17.02.2017 on the aforesaid subject and asked the various stakeholders to comment on the issues involved in the consultation paper. In this reference following comments are submitted for consideration:

**The question-wise comments are as given below:**

**Question 1: Do you think that the measures prescribed currently are adequate to ensure transparency in the tariff offers made by TSPs? If not, then, what additional measures should be prescribed by the TRAI in this regard? Kindly support your response with justification.**

**MTNL Comments:** Yes, in our view the present measures implied by the regulator regarding the transparency in tariffs offered by the TSP's are adequate, and ensures the protection and awareness to the subscribers.

**Question 2: Whether current definition relating to “nondiscrimination” is adequate? If no, then please suggest additional measures/features to ensure “non-discrimination”.**

**MTNL Comments:** In our view, to serve the market requirements pertaining to differential segments, the service providers shall be provided with sufficient liberty to offer the tailored products to the customers as per their needs. This is in the interest of subscribers also, as if TSP's are restricted to offer only standard packages and subscribers are forced to select only out of the standard packages, the subscribers may end up paying for the services not even required by them.

“Non-discrimination” as defined u/c 2(k) of the TTO provides for not to discriminate between subscribers of same class and such classification shall not be arbitrary. If the standard definition is strictly adhered with, the further definition of terms “same class” and “arbitrary” may also be clearly defined by the regulator, including the classification of subscribers pertaining to “same class”.

The regulator, in the present market scenario may therefore provide only the broad guidelines and should allow the TSP’s to tailor their products very specific to individual subscribers needs.

**Question 3: Which tariff offers should qualify as promotional offers? What should be the features of a promotional offer? Is there a need to restrict the number of promotional offers that can be launched by a TSP, in a calendar year, one after another and/or concurrently?**

**MTNL Comments:** As mentioned in the consultation paper itself, no strict definition of “promotional offer” has been provided by the Regulator. However in general sense the “promotional offer” may be understood as the offer given to customer for a limited time with a view to incentivize their subscription and increase their subscribers.

The Promotional offer upto the period of 90 days, which offer the discounted tariffs for registration charges, security charges, voice, SMSs or data etc. may qualify as promotional offers. The promotional offer should be available to the new as well as the existing customers. No, there is no need to restrict the number of promotional offers that can be launched by a TSP, in a calendar year.

However, the regulator may ensure that TSP should not be allowed to offer anti-competitive and unfair (as defined under Competition Act) packages, and thereby disturbing the fairness of economic principles and level playing field among TSP’s in the market. e.g. no TSP shall be allowed to make any promotional offer at the cost below the average package cost, and hence provisions of heavy financial disincentives, upon violation of such principles may be made by the regulator.

**Question 4: What should be the different relevant markets – relevant product market & relevant geographic market – in telecom services? Please support your answer with justification.**

**MTNL Comments:** The concept of “relevant market” should have differentiation in terms of “product market” and “geographical market”.



Presently the “geographical market” has been clearly defined by the licensor in terms of service area, however with the provision of unified license (UL) which is common/bundled permission for all the services, defining the “product market” definition may be a complex situation.

The “relevant product market” may be defined on the basis of type of services offered. As mentioned in the consultation paper and decided under various jurisdictions, defining the “product” on very fine/micro levels of technologies may end up with so many “product markets” as technologies are of continuous evolving nature.

Therefore in our view, considering the aspect of downward compatibility of equipments towards technologies (e.g. a VoLTE handset in mobile technology is compatible with 2G/3G/4G technologies), the “relevant product market” should be defined under broad categories of technologies, like Fixed line, Mobile, Data services.

**Question 5: How to define dominance in these relevant markets? Please suggest the criteria for determination of dominance.**

**Question 6: How to assess Significant Market Power (SMP) in each relevant market? What are the relevant factors which should be taken into consideration?**

**MTNL Comments:** The “dominance” criteria w.r.t. a “relevant product market” may be based on market share, revenue, switching capacity, traffic volume etc. However to determine the dominant position of a TSP in the relevant market, the factors mentioned u/s 19(4) of The Competition Act, including “size and resources of enterprise”, “economic power of the enterprise”, “dependence of consumers on the enterprise”, should also be considered, to ensure application of Competition Act in the relevant market.

**Question 7: What methods/processes should be applied by the Regulator to assess predatory pricing by a service provider in the relevant market?**

**MTNL Comments:** The predatory pricing may be considered as the strategic business tactic adopted to enhance market power with the objective of eliminating competition by offering discount in tariffs much lower than the general offers in tariff of the other competitors with an intention to increase its customer base by incumbent/new service provider.

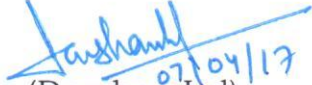
As the authority for determination of pricing of telecommunication services offered to subscribers, has been provided under the Jurisdiction of the

Regulator under the TRAI Act, the regulator is also duty bound to ensure non-elimination of competition and level playing field among TSP's in the relevant market. For this the regulator should ensure that the pricing offered by any TSP should not be deep down to even the floor pricing determined by the regulator on the basis of costs incurred in offering such services.

Further, the regulator may make provision for imposition of heavy financial disincentives on the TSP's offering such predatory pricing and thereby disturbing the market economics, level playing field, besides causing loss to national exchequer in terms of applicable fee/taxes and thereby inflicting national interests.

**Question 8: Any other issue relevant to the subject discussed in the Consultation Paper may be highlighted.**

**MTNL Comments:** No comments

  
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