

RESPONSE OF MR. SV PRASAD (RETAIL CONSUMER) HYDERABAD TO TRAI
CONSULTATION 22/2019 ON TARIFF ISSUES OF TELECOM SERVICES

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.

Response to Q1: Tariff Fixation though submitted as a common demand of all TSPs, it is more of a demand originating from TSPs who made sizeable investments in past on older generation 2G & 3G technologies and compelled to invest further in newer tech. like 4G, 4G+/LTE at a faster pace due to competitive pressures to survive in a disruptive market environment brought in by newer player-RJIO, who lent their voice to such demand purely to ride piggy back on older players business compulsions and make higher business profits. However these older generation TSPs are also concurrently providing 2G/3G services both for their own financial reasons like sunk costs, interest burden etc and also due to old generation handsets still in use with bottom of the pyramid consumers in small villages and towns. RJIO is the sole player with 4G-LTE network and investments for whom tariff fixation add a good amount of additional profits directly to their bottom lines at no extra investment and efforts, indirectly casting a burden on the entire consumer value chain. There is hardly any justification for Tariff Fixation in view of the recent steep price increases orchestrated in concert by all the TSPs and also plans in the offing for another round of steep tariff increases, subject to absorption of the first round of steep price hikes by consumers, in view of adverse judgement of SC to deposit huge dues based on AGR, with penalties and interest. It is quite possible that in view of AGR demands issue, the govt. may roll out a benign 5G regime with provision for phased payments to encourage competition, in view of large fresh capital needs for TSPs. ***In view of the above, the only plausible reason for TSPs to ask for Tariff fixation is to pre-empt a cat fight among themselves later on resulting in a price war once again, after a series of steep price hikes as being envisaged, merely to protect or grab market shares.*** Comparison with tariffs of other nations is not so relevant here, as the low tariffs are solely due to the actions of TSPs themselves, and certainly neither due to demand nor subscriber number contraction.

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

Response to Q2: Absolutely no reason to change the TRAI policy of forbearance in tariffs. If TRAI is inclined to accept the request of TSPs for Floor pricing, **to protect consumer interests and to ensure a non-discriminatory tariff regime a few prerequisites are to be ensured viz.,**

- a. Zero IUC regime for all TSPs and nil charges for off net calls
- b. Floor Tariffs should be applicable only subject to removal of unlimited voice plans and voice billing should be made based on ACTUAL USAGE on per second/ minute basis and data billing based on per MB/ GB actual usage basis, uniformly applied across the entire consumption range., SUBJECT TO OVERALL MINIMUM MONTHLY CONSUMER COST, IRRESPECTIVE OF USAGE OF DATA OR VOICE OR BOTH. FLOOR PRICING SHOULD NOT BE ENFORCED ON A SELECTIVE BASIS ON EITHER VOICE OR DATA ALONE, AND IDEALLY IT SHOULD BE AGNOSTIC TO THE MODE OF TELECOM RESOURCE USAGE., AS INDIA HAS VARIED SEGEMENTS OF USERS ON A PAN-INDIA BASIS.

Regulators need to acknowledge the fact that such unlimited voice plans, purely targeted for demand expansion, have often ended up in gross waste of national productivity in terms of abnormally high usage of voice minutes which come at zero incremental unit cost pricing to consumer and also abuse of telecom resources, especially in the hands of less evolved and less educated consumers

- c. In case of 4G+ technologies where voice/ SMS/ video call usage is based on data packets, the same should be metered in terms of data and clubbed with data usage of consumer AND IN NO CASE DATA CONSUMPTION FOR SUCH USAGES SHALL GO UNACCOUNTED FOR AND NOT METERED AS DATA USAGE.
- d. All the COMBO PLANS OF DATA AND VOICE/VIDEO CALL / SMS shall be withdrawn in Tariff fixation / Floor Pricing regime as usage will have to be

metered separately on unit rate basis for all types of communications and billed together in a single bill, irrespective of type of billing regime.

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.

Response to Q3 : Though response to Q1 is not in affirmative, should TRAI decide in favour of adopting a floor pricing model, instead of adopting a pre-determined price for unit rate of voice or data usage separately or in combination thereof and further subject to minimum billable volume of usage per month/ week ., regulators may rather adopt a model stipulating a minimum monthly/ weekly spend by the consumer for usage of telecom resources in whichever way the consumer prefers based on their needs., irrespective of actual method of communication i.e, Either Voice/ SMS / Video calls / Data or any combinations thereof., which in turn would be subject to the listed tariffs or rates for unit consumption, based on each TSPs business model. This is essential to bring parity and uniformity across different technologies 2/3/4G/LTE, geographies, market sizes and different levels of affordability on a pan India basis.

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.

Response to Q4 : Answered in previous responses furnished above. To summarise, it is best left to market forces/ TSPs to decide their offerings for a few more years on a regulatory forbearance model and TRAI may intervene suo moto if the competitive price wars emerge later on and continue for more than 6 months, affecting sustainability of the industry and also discourage entry and viability of newer players & technologies.

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.

Response to 5(a) : It is a very complicated and dispute prone area to fix floor price based on cost plus model in view of mix of technologies and series of

investments made by TSPs. Hence current average ARPUs of different TSPs need to be taken as the sole basis for floor pricing, with adequate markdowns (a mark down of at least one thirds of such average ARPU) in the interests of the consumer at the bottom most segment of users at village and town levels for affordability reasons. **However such a floor price need to be decided by TRAI as commonly agreed by all the TSPs unanimously in view of lack of uniform global trends and to safeguard TSPs from market contraction and consequent loss of revenue. This floor price may be subject to automatic increase on an annual basis due to cost push inflation by linking and calibrating with consumer price index-CPI**

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.

Response to Q5(b) : Answered in the above furnished response for 5(a)

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.

Response to Q6 : Certainly some TSPs are bound to be significantly benefitted in the short run if floor pricing model is adopted to safeguard survival of the weakest TSP and this is invariably bound to happen and unavoidable. Hence such a decision should be effective for no more than 2-3 years initially subject to further review based on overall health of the industry and market expansion.

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.

Response to Q7 : Data is the new oil fuelling even voice communications to a large extent, so any floor pricing has to be primarily made applicable to Data.

However till such time 2G & 3G technologies co-exist., instead of applying floor price to data in isolation, it should be made applicable for a combo of Voice, SMS, Video calling & Data applications put together & the consumer should be free to usage any combination of the above modes of communication resources as per listed tariff of TSP, subject to payment of minimum monthly spend. The monthly spend could be on based on billing cycles or monthly debit to the main balances of the consumer whichever way the consumers prefer instead of limiting it to voucher or cash recharge. All segment of bulk users shall be applied same unit rate of consumption of data/ voice/ SMS/ video calls., however a uniform fixed percentage discount for bulk usage as commonly agreed to by all the TSPs may be allowed on their listed tariffs. The model of minimum monthly spend would hence be limited to retail users alone while bulk users are subject to minimum tariffs/ rates for data/voice/SMS/ videocalls, as listed by a TSP for retail users with an optional max. corporate discount as agreed to by TSPs unanimously.

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

Response to Q8 : Mentioned in above furnished responses

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

Response to Q9 : Mentioned in above furnished responses

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

Response to Q10 : Mentioned in above furnished responses

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.

Response to Q11 : Mentioned in above furnished responses

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

Response to Q12 : Mentioned in above furnished responses – Further, as mentioned earlier the regime of IUC and billing for offnet calls should be withdrawn completely if floor pricing model is to be adopted in addition to implementing other pre-requisites listed at response to Q2.

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

Response to Q13: Mentioned in above furnished responses – Further, as mentioned earlier in response to Q2., the set of other pre-requisites to implement floor pricing need to be implemented first i.e., unlimited voice call packs should be withdrawn completely and voice is billed as per unit usage as per filed tariff of the TSPs based on the technology they adopt esp., 2G/3G/4G etc., where it is not possible to meter voice usage in terms of data volume and added to the overall data usage volume, as feasible with latest technologies like 4G-LTE/ VoLTE/VoIP. **None of the TSPs shall offer unlimited voice calls, in any form or pack.**

The floor price would be applicable at two levels for retail consumers i.e.,

1. Minimum monthly spend irrespective of the telecom resource & mode consumed by the user i.e, either data/voice/SMS/videocalls billed as per listed tariff, but subject to the minimum monthly spend aggregating all above modes.

2. The tariff / billing beyond the minimum monthly amount payable shall also be purely in terms of unit usage of data/voice/SMS/Video calls as per respective tariffs of the TSPs & subject to minimum/ floor tariffs applicable for all TSPs and with no discounts on higher usage in case of retail consumers.

Only the second level of floor pricing would be applicable for corporate / bulk users with an optional max. discount percentage as TSPs unanimously decide.

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.

Response to Q14: Mentioned in above furnished responses – **Bundled offers shall be withdrawn altogether and billing should be made on unit usage basis for data/ voice/ SMS/ videocalls in a single bill., subject to minimum monthly amount & minimum tariffs in case of retail consumers & subject to minimum tariffs alone in case of bulk users**

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.

Response to Q15: Not at this stage., however regulatory shall explicitly reserve such option to be exercised in the interests of the consumer at later stage on need basis.

Q16. If your answer to Q16 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.

Response to Q16: Not applicable and not required during initial roll out. The same can be reviewed after the initial review period of 2-3 yrs.

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.

Response to Q17: Furnished in response to Q7 & Q13. Further as detailed earlier at response to Q7 & Q13., bulk users like corporate, tendered etc (excluding leased facilities, lines etc which do not have any volume limits) the usage of Data/ voice/SMS should be applied with same rate per unit of consumption extended to retail users. However instead of minimum monthly spend as stipulated for retail consumers, such bulk users would only be subject to minimum unit rate of consumption - at the same tariff as extended to retail consumers, as floor price/ floor unit rate & there would be no minimum monthly

spend stipulation for such class of users. However being bulk users a uniform discount percentage (or range of percentages) as unanimously agreed by TSPs could be allowed to their respective offerings. **TRAI will not decide such percentage or range of percentages and in absence of unanimity among TSPs, no discount shall be allowed for such bulk users and adopt uniform tariff for both retail and bulk users.**

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.

Response to Q18: All TSPs have to mandatorily file /submit their tariff of offerings online to TRAI in a format to be prescribed by TRAI., one month in advance before the effective date of roll out and also post on TSP websites, and the same can be adopted in absence of any objections from TRAI. Any revision in tariff, even minor changes can be made not more than once in a calendar quarter.

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