

To,

The Advisor (ER)
TRAI, New Delhi

Sub. : Comments on TRAI consultation paper (02/2012) on “Review of Policy of Forebearance in Telecom Tariffs”.

The TRAI issued consultation paper oNo. 02/2012 on 06.02.2012 on the aforesaid subject and asked the various stakeholders to comment on the issues mentioned at the Chapter No. 3 of the consultation paper. The following comments are mad for consideration & submission to TRAI:

- 1. Do you perceive any need for a change in present regulatory framework for telecom tariff fixation?**

MTNL response

No, as acknowledged by the TRAI in Para 1.17/1.20 of Chapter 1, since the time, TRAI took up the responsibility of regulating tariff for telecommunication services, there was a downward trend in the tariff levels and at present also, there is no sign of substantial reversal in the trend of tariff.

- 2. Should TRAI withdraw from the policy of forbearance?**

MTNL response

No, due to overall competition in the market with number of players operating and offering various attractive/innovative tariff plans, as per the needs of diverse category of subscribers, any deviation by TRAI from forbearance policy may form, unenthusiastic atmosphere in the market.

- 3. If yes, what should be the basis of tariff regulation? Should it be by way of specifying a standard tariff package or by way of fixing tariff as a ceiling for individual charging components such as calls, SMS, etc? Please also suggest the methodology.**

MTNL response

N/A

- 4. Would tariff regulation affect the ability of the telecom service providers to introduce innovative tariff plans?**

MTNL response

Certainly, as responded to point no. 2 above and agreed by TRAI in Para 1.18 of chapter 1, tariffs offered by mobile operators have different components of fixed charges and usage charges. Since a typical tariff plan incorporate several components like rental, processing fee, call charges, SMS, data usage charge, free calls, concessional rates etc, service providers create different packages with combinations of the above pricing components to serve varying needs of different customers. It is an accepted practice that the price of each component varies from plan to plan with the operators often cross subsidizing various pricing segments as per their capabilities.

- 5. What would be the best method of managing the telecom tariffs so as to protect consumer interest even while affording the telecom service providers the necessary flexibility?**

MTNL response

Tariff forbearance followed by the TRAI, so far, with close watch on the market development to protect consumer interest and leaving the self tariff regulation by the market forces, is fine in present scenario.

- 6. Is tariff for data services offered by the service providers competitive and reasonable?**

MTNL response

Yes, as per table under Para 1.19 of chapter-1, average outgo per outgoing minute from 1999 to 2011 for the mobile services has declined substantially, resultantly, putting pressure on revenues of the Companies. On the contrary, operating cost, due to inflationary trends, rising interest rate and employee cost etc. has affected the bottom line of the Companies. It is reiterated, since a typical tariff plan incorporate several components like rental, processing fee, call charges, SMS, data usage charge, free calls, concessional rates etc, service providers create different packages with combinations of the above pricing components to serve varying needs of different customers. It is an accepted practice that the price of each component varies from plan to plan with the

operators often cross subsidizing various pricing segments as per their capabilities.

7. What are the factors that impact competition in data service in the market?

MTNL response

As stated in response to point No. 6.

8. What can be the possible measures by the regulator for facilitating enhanced competition for availability of data services at affordable tariff?

MTNL response

Tariff forbearance followed by the TRAI, so far, with close watch on the market development to protect consumer interest and leaving the self tariff regulation by the market forces, is fine in present scenario.

9. Should TRAI regulate tariff for data services by way of fixing ceiling tariff to protect the interest of the consumers? If yes, what should be the basis and justification for tariff fixation?

MTNL response

No, Tariff forbearance followed by the TRAI, so far, with close watch on the market development to protect consumer interest and leaving the self tariff regulation by the market forces, is fine in present scenario.

(Pradeep Kumar)
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