

ABTO/ 57/ 2004/ 050

15th March 2004

Shri Pradip Baijal,
Chairperson,
Telecom Regulatory Authority of India,
A2/14, Safdarjung Enclave,
Opp. Bhikaji Cama Place,
New Delhi – 110 029.

Sub : ABTO Response to TRAI Consultation Paper No. 4/2004 on Application of principle of Non-discrimination in tariff schemes like CUG (Closed User Group), VPN (Virtual Private Network), F&F (Friends & Family) etc dated February 13,04.

Dear Sir,

ABTO is pleased to furnish its response to TRAI Consultation Paper No. 4/2004 dated 13th February 2004 on Application of principle of Non-discrimination in tariff schemes like CUG (Closed User Group), VPN (Virtual Private Network), F&F (Friends & Family) etc.

ABTO requests the TRAI to consider its views as mentioned in the Annex. while making recommendations on the above subject.

Thanking you,

Yours faithfully,

(S.C.KHANNA)
SECRETARY GENERAL

CC : Dr. D P S Seth, Member, TRAI
Mr.P.K. Sarma, Member, TRAI
Dr. Arvind Virmani, Member, TRAI (Part Time)
Prof . Sanjay Govind Dhande, Member, TRAI (Part Time)
Dr Harsha Vardhana Singh, Secretary cum Principal Advisor, TRAI
Mr. M. Kannan, Advisor (Econ), TRAI
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Mr. Rajendra Singh, Advisor (MN), TRAI

**ABTO Response to TRAI Consultation Paper No. 4/2004
on Application of principle of Non-discrimination in tariff schemes like CUG (Closed User Group), VPN (Virtual Private Network), F&F (Friends & Family) etc dated February 13,04.**

Question 1

Whether differential tariff for calls within the network should continue to be treated as discriminatory ?

Tariffs for calls within the network offered by the service providers to users should not be treated as discriminatory since this a universal practice. As TRAI has ordered forbearance in tariff, the service providers are free to set any tariff in the consumer interest and for their benefit. Concessional / discounted tariff for CUG/ VPN schemes does not infringe upon the principle of discrimination enunciated by TRAI. Discounted tariff to a group of consumers, like CUG or for bulk usage is prevalent in almost all countries in the world. Discounts of this type are a way to build brand loyalty and reduce subscriber churn. In our country too, discounted prices are offered to consumers for bulk purchase of almost any product in all industry segments (from FMCG to industrial products).

As such, tariffs on offer in the telecom sector for bulk usage by CUGs etc. should not be considered as discriminatory.

Question 2

Whether CUG and VPN schemes should be disallowed as it involves differential call charges and thus, amounts to discrimination ?

Call charges / tariffs on offer for CUG or VPN type of services are not discriminatory as these are discounted tariffs for a specific kind or class of subscribers or a kind of special tariff for bulk usage by a group of users. Any class of subscribers can qualify for these charges on fulfilling the minimum entry criteria. As such, any group can opt for a CUG/ VPN service or for the bulk usage tariffs.

Question 3

Whether above terms and conditions are to be prescribed by the authority to ensure that these schemes are not misused? If so then what would be appropriate criteria to define aforesaid conditions?

Services like CUG and VPN are nothing but differentiated marketing tools that operators use across the world to promote and increase subscriber penetration.

It would, therefore, not be in the overall interests of market growth for the regulator to intervene or restrict any such innovative tariffs for such intra group services and schemes. Any such restriction would not encourage the true spirit of free and open market competition

We would, therefore, request TRAI to consider the many such examples existing in other parts of the world and leave the rest to the market as it has done in the case of tariffs, intervening only if it feels absolutely necessary.