

Shri Pradip Baijal
Chairperson,
Telecom Regulatory Authority of India,
A2/14, Safdarjung Enclave,
New Delhi - 110 029.

Dear Sir,

Sub: ABTO Response to TRAI Consultation Paper No. 5/2004 on Limiting the Number of Tariff Plans Offered by the Access Providers.

ABTO is pleased to furnish its response to TRAI Consultation Paper No. 5/2004 dated 08th March 2004 on Limiting the Number of Tariff Plans Offered by the Access Providers.

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

Thanking you.

Yours faithfully,

S C Khanna
Secretary General

Encl.: a/a

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 (Eco), TRAI
Mr R K Bhatnagar, Advisor (FN), TRAI

ABTO Response

4.2 What should be the permitted number of plans?

In keeping with market practices globally and in an effort to nurture greater competition in the sector TRAI today has adopted a policy of forbearance in tariff plans for almost all services. It has also followed this up with the requirement that only those tariff plans that are implemented in the market should be reported to TRAI for information and subsequent examination.

Operators are thus implementing tariffs after a self-check for compliance with the principles of non-discrimination, IUC compliance and non-predation. Thus, for TRAI to intervene and introduce any kind of cap on tariff plans is not necessary at this moment as it will amount to further interference with the dictates of the market place. As TRAI's own analyses have proved, a hands off approach on tariff matters has resulted in rapid growth in the sector combined with the lowest tariffs for consumers.

As such, we would like to submit that TRAI should not introduce any restrictions on the number of tariff plans on offer in the market.

4.3 What should be the service segments for application of the proposed cap?

Service and Project segmentation is market driven and need not be regulated.

ABTO is of the firm view that there should be no caps on number of tariff plans since this would unnecessarily create confusion within the market and not be in the best interests of the consumers. All segments should, therefore, be free to fix their tariffs and tariff plans.

4.4 Should a minimum validity period be specified for tariff plans on offer in the market?

ABTO is of the view that no minimum validity period should be specified for tariff plans on offer in the market. Any such specification of validity would curb the freedom of operators in the market and be an unnecessary impediment in the action of competitive forces. This would in fact be a disincentive for operators to come forward with new offerings.

Further, specifying a minimum validity period would actually be disadvantageous to consumers since tariffs are falling continuously and lack of rapid response by operators in the market would deprive consumers of the benefits of such falling tariffs.

4.5 Are business / corporate plans to be treated as a separate segment?

The principle of forbearance should equally apply to tariffs for all segments. Defining and segmenting customers for pricing and tariffing purposes is purely a function of the market and service providers should be given as much flexibility as possible to create innovative and new products and tariffs. There should not be any defined limitations by segregating any specific customer profile.

4.6 How to treat value added services / tariff toppings?

Value Added Services or tariff toppings should be treated in the same way as tariffs. It is a function of the market and should be forborne. TRAI should apply a hands off approach here too for the maximum benefit of the market and consumers.

4.7 Should promotional plans offers be made as a standard discount offer?

Promotional plans and offers are the best marketing tool available to operators. Such plans have been instrumental in attracting huge numbers of subscribers thereby increasing the teledensity in the country substantially. It is therefore in the fitness of the things that operators and service providers should have complete freedom to make these offerings. Whether or not to restrict the period for which this is on offer is a business decision best left to the operators.

The idea to mandate standard discounts on tariffs without affecting the basic structure of the tariff plans on offer will again lead to many complications and this would serve to kill innovation and competition. Marketing ingenuity will be reduced and there will be no excitement to among customers and service providers alike.
