CHAPTER IIIrd
PRICING DECISIONS

PROLOGUE:
In this chapter we included the following:
Pricing in relation to market share, pricing for target return, pricing to present competition, pricing for profit maximisation, and pricing seeing customer’s ability to pay.

INTRODUCTION:
The price is a key element of the marketing mix; it must be acceptable to target customers and it must reflect the other components of the mix accurately. The price of the service is the value attached to it by the service provider and it must correspond with the customer's perception of value. If the service is priced at too high a level, customers who will not buy it will see it as poor value for money. On the other hand, if the price is too low, the service may be perceived as shoddy or inferior in quality.

Many service providers offer a range of services at various price levels to meet the needs of different target segments that may have different levels of spending power. Airlines offer business class and economy class travel, for example, and theatres offer seats at different prices according to the layout of the theatre, the view accorded by the seats and their relative proximity to the performance. Both airlines and theatres also offer different prices to customers buying the service at certain times, with lower prices being charged in the less busy, 'off-peak' periods.

Many factors influence the price, which is ultimately charged. The type of organisation, the structure of the market, the life cycle stage of the service and prices charged by the competition may all have an impact on pricing decisions. Organisational objectives are also part of the pricing equation. If the service provider wants to position it as offering a value-for-money, family restaurant, for example, the menu prices will be quite different from those of an exclusive gourmet establishment. Sometimes service providers, such as those in the public sector, have constraints imposed over the prices they can charge to customers. This has an impact on other aspects of the marketing mix, as the elements are always linked interdependently. These aspects of pricing the service are explored in this chapter.

KEY PRICING CONCEPTS:
There are many alternative pricing concepts and techniques available to marketing organisations. As with all aspects of marketing concepts and tools, certain
of these have more relevance for service organisations than others. Rather like the promotional tools, which go to make up the promotional mix, many of these tools and concepts may be combined to create an overall pricing strategy, which is most effective for the organisation over time.

Other issues, such as organisational objectives, will impact on the choices and decisions made with regard to pricing policy and are covered later in this chapter. Initially, however, it is useful to consider the various approaches to pricing policy and examples of the way in which pricing is used as a marketing mix tool. Some of the most commonly used pricing concepts can be described as follows:

PRICE SKIMMING:
Here the supplier 'skims the cream' off the market by offering a product or service at a high price on a low volume basis. This is particularly appropriate for new products in new market situations where a proportion of consumers are always prepared to pay more for new, innovative goods. The price skimming approach can help speed up the payback period. Frequently, the price reduces after a period as the products become more popular and sales volume increases. Mobile telephones are an example of this: the actual product (the telephone) has reduced in price over time since initial introduction to the market and the service (mobile communications) charges have also reduced, bringing the mobile phone within reach of ordinary consumers.

PENETRATION PRICING:
In this case the price is set at a low level in order to attract high volume sales, thus penetrating the market and gaining substantial market share. For new products and services the payback period is lengthy but with the advantage of establishing a strong market position. The strategy is especially suitable for use when entering highly competitive markets, such as the fast food restaurant business in the UK, or international airlines. New entrants would be unlikely to succeed by charging high prices; pricing would have to be attractive in comparison with the competition to penetrate the market.

MIXED PRICING:
This is based on the above two pricing strategies; begin with a price skimming policy then reduce the price as competitors enter the market to defend the organisation's position and attract new customers. The example given previously of mobile communications typifies this approach.

COST PLUS PRICING:
Here pricing is based on the costs of producing the good or providing the service. The total costs are computed then the price determined by adding on some required margin or 'mark up'. This approach has a number of weaknesses in that it
considers neither the competitive situation nor the market potential. Prices may be set too high against those of competitors to attract customers or may not be set high enough to exploit demand, especially if the product or service is innovative, new, or distinctive in some way from competitive offerings.

VARIABLE PRICING:
This is particularly relevant in industrial and business-to-business markets where individual contracts are priced according to specification. Service providers such as architects and consultants quote a price according to the needs of the project. Tendering is a situation, which generally reflects this approach. Sometimes variable prices include some fixed element, such as hourly labor charges, but even these may be variable in line with the complexity of the work.

MARGINAL PRICING:
Marginal pricing is based on the concept of marginal cost and is particularly relevant for service industries. The marginal cost is ‘the cost of the last unit of output’ and may be very low. For example, a unit of output for an airline could be defined as a fare paying passenger so the marginal cost of the last unit of output - one extra passenger on a plane - will be very low in comparison with the overall costs of fuel, maintenance, staffing costs and so on. It is probably equal to the cost of the meal and drinks served on board. Therefore, when there is spare capacity on a passenger airline, empty seats, which can be filled by passengers paying vastly reduced ticket prices, are preferable to empty seats.

This is the principle behind ‘standby’ airfares where seats are offered at the last minute for a fraction of the normal fare - anything over the marginal cost is a contribution to the company’s profits. Travelers arriving late at night can often negotiate reduced room rates in hotels, and holiday makers prepared to make a last minute reservation can book package tours at heavily discounted prices. The perishable nature of services means that empty seats on a plane or vacant bedrooms in a hotel represent a business opportunity, which is lost. Such surplus items cannot be set aside for an end-of-season sale, for example, so any tactics (using promotional tools as well as reduced prices) which can help to maximize take-up of the service, thereby reducing any surplus, are extremely valuable.

PROMOTIONAL PRICING:
Sales promotion techniques often use tactical pricing reductions as a means of increasing sales over a short period. Discounts, special offers, vouchers, rebates and even ‘buy now pay later’ schemes and interest-free credit are all examples of promotional pricing. It is useful to aid penetration or as a seasonal tool (hence the end-of-season ‘sales’) but should be treated as a short-term tactic, not a long-term measure.
The overall effect of a price war between suppliers competing with one another can be to de-value the market. 'Loss leaders' are another example of promotional pricing used in retailing especially. A staple product is offered at a loss-making price to attract customers to the store where they will (hopefully) spend money on other products.

DIFFERENTIAL PRICING:

Another form of promotional pricing of particular concern to service marketers is differential pricing, where different prices are charged for the same service at different times or to different customers. This tactic is used to attract more business in slack periods or to attract particular groups of customers to make up demand at particular times. Differential pricing may be seasonal, reflecting the different prices charged for the same holidays in low-, mid- and high-season or by time period, hence the price of rail fares in peak periods compared with off-peak periods.

Hairdressers or theatres might offer reduced prices to senior citizens or students on certain days or for certain shows, when demand is likely to be low. In these circumstances, the differential price charged may be based on marginal pricing; demonstrating again how more than one approach may be combined in creating the ideal pricing strategy for an organisation.

PRICING ISSUES FOR SERVICES:

The overall pricing strategy will be influenced by the organisations' objectives but certain factors will impact on actual pricing decisions and the selection of appropriate pricing policies. The factors affecting pricing policy include the following:

- Costs of producing the service and breakeven analysis
- Competitor pricing
- Demand levels and elasticity
- Regulatory factors
- Marketing mix
- Positioning

Basic financial considerations need to underpin pricing decisions if a service provider is to operate profitably or survive in the competitive environment. Most service organisations are concerned with making a profit or, in the case of not-for-profit organisations, charities or services in the public sector, covering costs and possibly raising funds. It could be argued that there are exceptions; services which are heavily subsidized, such as museums, for example, but even subsidized services will generally seek to maximize possible sources of revenue and operate in a cost effective manner.
Some services, which do not charge prices to the end consumer as a rule, are, nevertheless, subject to pricing mechanisms within local and national government. State schools and National Health Service Hospitals are examples of these. Other services are constrained in their pricing policy because fees or prices are standardized at national level, as with student fees which are standardized to a large extent at UK universities.

Many public sector services traditionally supplied by local authorities such as refuse collection, school meals and janitorial services are now open to tender and public sector service providers are forced to compete for business against commercial service providers from the private sector. The costs of providing the service need to be analyzed and prices set at competitive rates if the local authority is to continue to supply the service. In all the examples given, however, analysis of what the service costs to produce and deliver and other cost factors is an important task.

COSTS HAVE PRODUCING THE SERVICE AND BREAK-EVEN ANALYSIS:

In order to use costs as the basis for any formal pricing decisions, it is necessary for service organisations to analyze all costs accurately. Where organisations offer a range of services, the costs for each individual service must be assessed. There are three main components, which make up the costs of providing a service: variable costs, fixed costs, overheads.

Variable costs fluctuate in relation to the level of service output. They include the costs of materials and provisions, staffing costs and other areas of expenditure such as advertising. Fixed costs are those costs, which do not generally alter in line with the volume of output. They include the costs associated with buildings, depreciation of vehicles and machinery, rates and local taxes, for example. It is true to say that fixed costs may, in fact, change over time with increased levels of service output (e.g. if another branch of a restaurant is opened) but they do not fluctuate in the way that variable costs do. Overheads are the costs attributable to management and administration within the organisation.

Some costs may be shared costs, which are allocated across the whole range of services. The costs of premises and vehicles are examples of costs, which are likely to be shared, but staffing costs may also be shared across a range of services unless service personnel are only involved in the production and delivery of individual service lines.

Breakeven analysis is a basic tool which can be used to calculate the minimum quantity of a service which must be sold in order to cover the costs of producing and delivering that service; in other words, to break even. Cost curves are plotted on a chart, then a revenue curve can be superimposed over them, thus creating a graph which depicts the profit/loss picture for several possible cost-revenue situations at different levels of service sales volume. The diagram illustrates breakeven analysis.
Breakeven analysis is of limited value in determining pricing policy as it is based on very simplistic assumptions about the relationship between costs, price and demand:

- No account is taken of price elasticity of demand in relation to actual revenue.
- The breakeven point is derived from a calculation rather than from a forecast of the actual sales volume required to reach certain levels of profitability.
- In reality, variable costs within service organisations do not necessarily increase proportionately with levels of output and fixed costs do not remain completely constant irrespective of levels of output.

As with many marketing concepts and tools, managers should not rely on the breakeven concept in isolation in making pricing decisions. It is important to understand the concept, however, and its value as a simple method of evaluating different pricing options, especially where forms of cost-based pricing are involved. It should always be used in conjunction with other approaches, which take into account the structure of the market, the potential demand for the service and the competitive situation.

COMPETITOR PRICING:
Organisations need information about competitors' prices in order to make pricing decisions. This does not necessarily mean that organisations are going to set prices at the same level, nor to undercut competitors' prices even, although tactical pricing battles are often seen between rival organisations or brands. The effect of price-cutting as anything other than a short-term, promotional tactic designed to gain
short-term competitive advantage can be to de-value a market with the result that all competing organisations lose revenue eventually.

Competition-orientated pricing (or 'me too' pricing as it is sometimes known) occurs frequently in markets, which are very price sensitive and where the core benefits sought are largely similar. Bank charges tend to be set at more or less the same level between the main banks and major airlines set their fares at competitive levels to survive in the market. Organisations operating competition-orientated pricing strategies will tend to attempt to influence consumer preference through other elements of the marketing mix such as service quality.

There may even be very valid reasons for choosing to set a price considerably higher than the main competitors if the service offered is of a much higher quality, or provides additional benefits. As stated previously, all marketing mix elements are interdependently linked, and price determination will take into account many factors besides competitor pricing. The key issue, however, is to analyze competitor pricing relative to the organisation's own pricing strategy and that of other competitors.

It can also be difficult to determine who competitors are, if indirect competition is included as well as direct competitors. A restaurant may compare its prices with those of other restaurants and eating establishments in the locality but in reality there are other choices available to prospective customers in terms of how they spend their leisure time and money. It may be necessary to consider how the price of a meal at the restaurant compares with the price of an evening at the bowling alley or a trip to the local cinema or leisure center.

DEMAND LEVELS AND ELASTICITY:

The level of demand for a particular service offering will be a key influence on pricing decisions. Demand levels may vary for a number of reasons:
- Economic conditions and trends in consumer spending
- The stage in the life cycle of a service
- Seasonal variations
- Busier times of day - peak periods
- Level of marketing and promotional effort
- Degree of substitutability of the product or service.

The key task is to forecast levels of demand and potential demand, taking price into account. The demand for some goods and services will go up and down in line with price increases and decreases, whereas the demand for other types of goods and services will remain more or less constant. Price elasticity of demand represents a measure of how sensitive demand is in relation to changes in price. Cigarettes, petrol, electricity and basic foodstuffs tend to have low elasticity while luxury or non-essential goods and services will tend to be more prices sensitive.
REGULATORY FACTORS:

Regulatory measures imposed by government and other bodies on many kinds of organisations affect pricing decisions and, ultimately, the price charged. In the services sector, consumer 'watchdog' bodies set up by national government, such as OFTEL, which monitors the telecommunications suppliers, monitor UK public utilities prices. These watchdog bodies bring pressure to bear on the service providers to supply at fair prices and to restrict price increases.

Charities and not-for-profit organisations are frequently subject to constraints laid down within the constitution of the organisation, or set down by the board of trustees or other governing body regarding what they can charge for their services. Public sector services such as leisure centers and school meals services are also similarly constrained in their pricing decisions. Frequently such services are subsidized to some degree so they are able to afford to operate at a level, which might technically be loss making.

Other formal regulatory factors influencing prices in the UK include legislation such as the Trade Descriptions Act and the Consumer Protection Act. Collusion between companies in price setting is not allowed and the Monopolies and Mergers Commission is established to prevent the creation of monopolies.

MARKETING MIX:

As stated previously, the elements of the marketing mix are interdependently linked. Each element must sit congruently with the others to make the whole marketing mix offering credible and attractive. Some possible influences of the price on the other elements of the mix are as follows:

Product/service offering: The price must reflect the value of the product accurately. Determining what value is associated with particular products or services is highly complex as perceived value is extremely subjective. What represents good value to one customer may not do so to the next. Many organisations offer a range of offerings at varying price levels in order to suit as many potential customers as possible. Offerings may vary in quality from the basic 'budget' range to a luxury range, at prices to reflect the different quality levels. Hotels frequently offer varying standards of accommodation across a wide price scale. Other services may be offered at a discount for quantity or regular purchase.

Promotion: Price may or may not be a feature of promotion. Price sensitive goods and services often rely on attracting customers on the basis of price and will wish to communicate this to all potential customers. Similarly, organisations offering promotional pricing such as special discounts or vouchers will include this in promotion. Whether price is specifically referred to in the promotional message or not, however, it should accurately reflect the service quality and value to match customers'
expectations. Price reductions and offers used in sales promotion represent a key part of the promotional mix.

**Place:** Expensive products and services which can command premium prices will be distributed through selected channels which should reflect the quality and status of the offering. Location can also be closely linked to price. More expensive, exclusive professional services such as law firms and stockbrokers are likely to be located in up-market city center offices. Consumers expect to pay more for these services than they would for a similar service from a provincial practitioner.

**People:** Service quality should, ideally, never be compromised by price. Differences in the level of service offered are, however, often clearly reflected in the price charged. More expensive services will often require higher levels of staff training and more specialist knowledge on the part of individual members of staff.

Process and physical evidence Physical evidence is important in determining what constitutes Value for money in the services sector. Facilities, decor and the physical environment in which the service exchange takes place (or is initiated) should reflect the price of the service. High street travel agents offer a combination of characteristics in respect of these marketing mix elements to attract customers; well trained staff in smart uniforms and pleasant, bright offices together with the latest in computer technology for on-line booking and information systems.

### 3.1 PRICING IN RELATION TO MARKET SHARE

Market share is the ratio of the firm’s sale those of the industry (competitors plus the firm itself). Companies often pursue a market share objective when industry sales are flat or declining they want to get a larger share.

B.S.N.L & Reliance want to maximize their market share. They believe that a higher sales volumes will lead to lower unit costs & highest long –run profit. They set the lowest price assuming the market is price sensitive.

**MARKET PENETRATION PRICING:**

Penetration pricing as the name indicates seeks to achieve greater market penetration through relatively low prices it is the opposite of skimming pricing the method too is quite useful in pricing of new products under certain circumstances. Reliance Infocomm is not a luxury item & there is no affluent price insensitive segment backing it, but is capable of bringing in large volume of sales, the Reliance Infocomm & B.S.N.L. both are choose the penetration pricing & make large size sales at a reasonable price before competitors enter the market with a similar product. The strategy suits this type of products & also brings many advantages to the both
company. For in such products, the quantity that can be sold is highly sensitive to the price lives even in the introduction, the stage. And soon after introduction, the product may encounter stiff price competition from other brands. Penetration pricing in such cases will help the firm obtain a good coverage of the market & keep competition out for quite some time. However, for products of this category, large sales may be necessary for break even, even in the initial stages & penetration pricing alone can bring in the high volume of even in the initial stages & penetration pricing alone can bring in the high volume of sales required for breaking even & making profits. Infocomm is offering handsets with connections to subscribers on a down payment of Rs.501 & monthly charges of Rs.200 for a specified period. As for the tariff plans, the subscriber can choose from three schemes, the Dhirubhai Ambani pioneer offer (DAPO) & two other plans budget 149 & budget 249.

A company might initially price a product high to attract price. Insensitive consumers & recoup initial research & development costs & introductory promotional expenditures. Once this is done, penetration pricing is used to appeal to broader segment of the population & increase market share.

BSNL did this in India recently when each cut their prices to increase their respective market share.

On 27th August 2004, B.S.N.L on Friday also cut the prepaid cellular charges (to any cellular network) for intra-circle (local) to Rs.0.90 per minute from Rs.2.20. This works out to a 60 percent reduction. Prepaid subscribers can now make calls to any fixed network at Rs.1.20 per minute down from Rs.2.40.

B.S.N.L also announced cuts for its post-paid cellular subscribers making intra-circle calls. Call made by customers in post-paid plan 325 to any cellular network will be reduced by 42 percent to Rs.0.80 minute from Rs.1.40 earlier. Calls made by post paid 325 customers to any fixed network will be charged up to 33 percent less.

Tariff wars began with reliance Infocomm bringing down prepaid tariff is on all intra-circle calls to 99-paisa per-minute. The current price war initiated by hutch in the post-paid segment is expected to be match by the other service providers. This strategy delivers results in the following situations:-

(a) When the size of the market is large & it is a growing market:
(b) When the customers loyalty is not high: customers have been buying the existing brands more because of habit rather than any specific preferences for it:
(c) When the market is characterized by intensive competition.
(d) When the firm uses it as an enjoy strategy; and
(e) Where price quality association is weak.

A large number of south East Asian firms have used this strategy to enter foreign markets. In India, we have been witnessing the launching of several products that have deliberately been priced lower than the leader firm.
The problem with this strategy is that it often heralds a price war within the industry, which could prove fatal to all firms. Following figure traces the decline in Indian tariff:-

(Selected per minute charges for Mobile services & Indian market 2000-2004)

- Increased Competition Among GSM Operators
- Introduction of Unified license & Full competition among GSM & CDMA operators.

**FIGURE No. 11**


They do not include monthly fees, interconnection charges, or roaming fees. They are not the average of than current charges through hot India By September 2000, tariffs had dropped to Rs.4.00 per min, whether for incoming or outgoing calls in early 2001, the third license BSNL opened its networks in Delhi & Mumbai, charging an average of Rs.2.18 per min. (Rs.1.50) incoming & outgoing) other operators within those circles reacted, reducing their fees to Rs.1.60 (incoming) to Rs.2.80-2.85 (outgoing). In July 2002, BPS and orange in Mumbai reduced their charges to as low as Rs.1.49 in response to new competition from Airtel.

During 2003, the limited mobility Licenses began to competition was formalized with the introduction of the unified License in the letter part of the year. With that tariffs fell further. In Nov. 2003, Tata reduced, its charges to Rs.0.70-Rs. 0.80-an average of Rs.0.75. In December, Reliance slashed them to Rs.0.40. Other operators were compelled to follow. In little more then three years, competition reduced per minute charges by 90%. Access, prepay, roaming, & messaging tariffs, likewise, fell.

The result of these low tariffs has been continuation of the extraordinary increases in mobile subscribers then India has experienced since early 2003.

This pricing method is used to appeal to a broader segment of the population & increase market share.

BSNL & reliance did this in India in telecom sector recently when each cut their prices to increase their respective market share. According to ‘TRAI’.
MARKETING OF TELECOMMUNICATION SERVICES IN INDIA
-A Comparative study of BSNL & Reliance Infocomm Ltd.

CHAPTER III
PRICING DECISIONS

FIXED LINE INCLUDED WLL (F) SUBSCRIBERS BASE.

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<tr>
<td>B.S.N.L</td>
<td>22.48</td>
<td>28.11</td>
<td>33.22</td>
<td>35.90</td>
<td>36.11</td>
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<tr>
<td>RELIANCE</td>
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Table No. 4

(2) MOBILE CELLULAR & WLL (M) SERVICES SUBSCRIBERS BASE (IN MILLION)

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<td>RELIANCE</td>
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Table No. 5

After analyzing the TRAI report, we find that BSNL has captured a large market share in case of fixed landline while in case of mobile reliance has large market share.

India: Telecomm & technology fore cost March 29, 2004

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<tr>
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<th>2003</th>
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<th>2006</th>
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<td>129,128</td>
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<td>Mobile Subscribers (‘000)</td>
<td>21,992</td>
<td>48,537</td>
<td>67,737</td>
<td>86,937</td>
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<td>Telecommunications Investment (US &amp; M)</td>
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<td>13,300</td>
<td>16,383</td>
<td>22,491</td>
<td>27,997</td>
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Table No. 6

Source:- www.shostec.com

LALITA CHAUDHARY

Dr. M.K. JAIN
India’s telecommunications sector, like the broader economy, has the potential to grow rapidly, but it remains underdeveloped and poorly regulated. Despite ten years of reform, state-owned companies such as Bharat Sanchar Nigam Ltd. (BSNL), Mohanagar Telephone Nigam Ltd. (MTNL) and Videsh Sanchar Nigam Ltd. (VSNL); now partly privatized – continue to dominate India’s fixed-line telecomm services market. Private-sector telecomm operators have made the greatest inroads into mobile and satellite services. Despite this, India’s telecomm market, especially in the mobile sector, has begun to expand very rapidly-albeit from a low base and is now the second fastest-growing mobile market in the world after China following the entry of aggressive private operators like Reliance Infocomm. The number of cellular subscribers has more than doubled in the part year, and stood at 23.3 m at end-January 2003 (not including Limited mobility subscribers).

Based on the Economist Intelligence unit’s analysis of India’s demographic and income trends, recent regulatory changes, and prices and services innovations in the market, we expect the number of mobile subscriptions to rise to around 125m by 2008.

BSNL:

BSNL is the 400-pound gorilla attempting to storm its way into cellular land and scoop up a huge share up a huge share of the market.

BSNL has definitely succeeded in attracting masses by throwing very affordable tariff plans at them. What else can be stated to support this statement than BSNL grabbing second spot in entire nations market share? And this happened with in nine months since its launch in last Aug./Sep. But as soon as the private operators realized the danger they responded by slashing prices to same extent and making same offers.

It has invested over Rs.2,000 crore ($20 billion) and it hopes 15 lacks (1.5 million) customer will be using its cellular services by March 2003. That’s 10 percent to 15 percent of the entire cellular market.

BSNL plans to be in metro cities (this week services were launched in Maharashtra, Gujarat & Karnataka). But BSNL has an even more ambitious target, he want to wipe out the competition and grab 50 percent of the GSM cellular market in the next two to three years.

Cellone was hopping to get about 8,1000 subscribers in Lucknow initially. What happened was far beyond their wildest hopes. The first 8,000 subscribers signed on in two days. One the third day the company closed advance bookings after touching the 10,000 marks.

RELIANCE INFOCOMM:

About ten percent of the total is from enterprise, but in terms of revenue I believe it would be higher than fifteen percent or so. Markets share in the broadband network coverage area.
3.2 PRICING FOR TARGET RETURN

Target profit pricing: A firm may set an annual target of a specific Rupees volume of profit, which is called target profit pricing. Suppose Reliance Infocomm owner wishes to use target profit pricing to establish a price for a Samsung mobile and assumes the following:-

- Variable cost is a constant Rs.517 per wire.
- Fixed cost is a constant Rs.6,11,000.
- Demand is insensitive to price up to Rs.1410 per unit.
- A target profit of Rs.1,64,500 is sought at an annual volume of 500 units.

The price can be calculated as follows:-

\[
\text{Profit} = \text{Total revenue} - \text{Total Cost} \\
= (P \times Q) - [FC + (UVC+Q)] \\
164500 = (P \times 500) - (611000 + (517 \times 500)) \\
164500 = 500P - [611000 + 258500] \\
164500 = 500P - 869500 \\
500 P = 1034000 \\
P = 1034000 \\
500 \\
P = 2068
\]

A difficulty target profit pricing is that although it is simple and the target involves only a specific rupees volume, there is no benchmark of sales or investment used to show how much of the firm’s effort is needed to achieve the target. Involves only a specify rupees volume, there is no benchmark of sales or investment used to show how much of the firm’s effort is needed to achieve the target. Firms such as Reliance & BSNL often use target return-on-sales pricing to set typical prices that will give the firm a profit that is a specified percentage, say, 1 percent, of the sales volume. Suppose the owner decides to use target return-on-sales pricing for the mobile and makes the same first three assumptions shown previously.
The owner now sets a target of 20 percent return on sales at an annual volume of 625 units. This gives –

\[
\text{Target Profit} = \frac{\text{Total Revenue}}{\text{TR} - \text{TC}}
\]

\[
20% = \frac{\text{P} \times \text{Q} - [\text{FC} + (\text{UVC} \times \text{Q})]}{\text{TR}}
\]

\[
0.20 = \frac{\text{P} \times 625 - [611000 + (517 \times 625)]}{\text{P} \times 625}
\]

\[
0.20 = \frac{625 \times \text{P} - [611000 + 323125]}{625 \times \text{P}}
\]

\[
0.20 \times 625 \times \text{P} = 625 \times \text{P} - 934125
\]

\[
125 \times \text{P} = 625 \times \text{P} - 934125
\]

\[
125 \times \text{P} - 626 \times \text{P} = -934125
\]

\[
-500 \times \text{P} = +934125
\]

\[
\text{P} = 934125
\]

\[
\text{P} = 500
\]

\[
\text{P} = 1868.25
\]

So at a price of Rs. 1868.25 per-unit and an annual quantity of 625 units.

\[
\text{TR} = \text{P} \times \text{Q} = 1866.25 \times 625 = 1167656.25
\]

\[
\text{TC} = \text{FC} = (\text{UVC} \times \text{Q})
\]

\[
= 611000 + (517 \times 625)
\]

\[
= 611000 + 323125
\]

\[
= 934125
\]

\[
\text{Profit} = \text{TR} - \text{TC} = 1167656.25 - 934125
\]

\[
= 233531.25
\]

As a check

\[
\text{Target return on Sales} = \frac{\text{Target profit}}{\text{Target revenue}}
\]

\[
= \frac{233531.25}{1167656.25}
\]

\[
= 20\%.
\]

Source: Eric Berkowitz
In target return pricing the firm determines the price that will yield its target rate of return on investment (ROI). Target pricing is used by mobile to achieve as also used by public utilities, which need to make a fair return on their investment.

Suppose a company has invested million in the business and wants to set a price to earn a 20% ROI, specifically 47,00,000. The target return price is given by the following formula:-

\[
\text{Target-return price} = \frac{\text{Unit Cost} + \text{Desired Return} \times \text{Invested Capital}}{\text{Unit sales}}
\]

\[
= \frac{376 + 0.20 \times 10,00,000}{11750000}
\]

\[
= 376 + 0.17
\]

\[
= 376.17
\]

Source: Philip Kotler

Many business firms use the break-even concept in their pricing methods. They use the concept not only for determining levels of production. An idea of the break-even concept is essential for correctly understanding most of the cost-based methods of pricing.

In any business, costs, volume, price & profits are interrelated. For most products, different demand levels & and sales volume may materialize at different price levels. And different volume levels have different associated cost levels. A particular volume level & its associated cost level, generates a particular profit levels the price remaining the same. When we consider different price levels, we have different profit levels, resulting through their associated levels of volume and costs. The firm can project profits at different price levels and choose the one that is particularly suited to it.

In producing and selling a certain volume of any product, certain fixed costs and certain variable costs are incurred. When the volume is increased or decreased, the variable costs go up or down. The fixed costs usually remain the same. In a telecom company is eventually concerned with the total of the variable fixed costs incurred for the particular volume. At that volume, at assume and level of price, a particular level of total revenue is generated. The break-even exercise is aimed at relating these two entities. Total costs and the total revenues at different levels of volume and consequently at different levels of prices.

At a level where the total costs exactly equal the total revenues, the breaking even of costs and revenues takes place. The result is zero profit. At a level where the revenues exceed the costs, profits are earned and at the other level losses are incurred. The number of units that are required to be produced and sold in order to reach a no loss no profit position at the given level of unit price, is indicated by the break-even point. Usually, when more units than the break-even level are produced and sold at the
given price, the profits go up. And each additional unit made and sold brings in same additional profit. Each unit made and sold below the break-even point result in a loss. The graph below illustrates the break-even concept.

![Graph illustrating break-even point]

TR – Total Revenue  
TC – Total Cost  
B – Break-even point

Reliance Infocomm are moving into the hinterland with a target of setting up infrastructure across 5,000 towns in the current fiscal. The idea is to match the presence of Bharat Sanchar Nigam Ltd (BSNL), which tapped into the latent potential for communications in rural areas to become one of the top three mobile players in the country.

It’s Okay for BSNL to go rural since they are not concerned about profit and loss. A private players needs to first check on the return on investments, industry source said.

Reliance Infocomm’s wireless business, Feels that the target of 250m by 08 is achievable at Rs.1,000 or less.

His rivals in other cellular companies do not share the same confidence. “Are you saying that once the subscriber gets a handset of around Rs.1,000 then about 50% of the population will go mobile? The price elasticity is not endless.
Reliance Infocomm and BSNL their subscribers, as of end of March 2004, we include there for comparison.

Positions of selected Indian Telecom operators, March 2004.

<table>
<thead>
<tr>
<th>Operator</th>
<th>Mobile Subscribers.</th>
<th>Landline Subscribers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance (Private)</td>
<td>7,200,000</td>
<td>500,000</td>
</tr>
<tr>
<td>BSNL (Govt.)</td>
<td>5,200,000</td>
<td>35,400,000</td>
</tr>
</tbody>
</table>

Table No. 7

Source: www.shosteck.com

3.3 PRICING TO PRESENT COMPETITION

In several industries, competition oriented pricing methods are followed competition based pricing, or competitive purity pricing does not, however, mean exactly matching competition. Three policy alternatives are available to the firm under this pricing method.

- Premium Pricing
- Discount Pricing
- Going rate Pricing

PREMIUM PRICING:

Means pricing above the level adopted by competitors. This is a strategy used by affirm that has heterogeneity of demand for substitute products with joint economics of scale.

DISCOUNT PRICING:

Discount pricing means Pricing below such levels: & Parity pricing means matching competitors pricing. Where costs are difficult to measure or competitive response is uncertain, firms feel that the going price is a good solution because it is thought to reflect the industry’s collective wisdom.

Where supply is more than adequate to meet demand and the market remains competitive in a stable manner and where the channel and consumers are well aware of their choices, parity pricing may be the answer. Similarly, when a market-leader has established a market price with the intention of stabilizing the price, the smaller firms in the industry may have to go in for parity pricing.

Most companies will adjust their list price and give discounts and allowances for early payment, volume purchases, and off-season buying. Companies must do this carefully or find that their profits are much less than planned.
Discount pricing has become the modus operandi of a surprising number of companies offering both products and services. Reliance Infocomm and BSNL two of the most popular brands in the India engaged in a price war that ultimately tarnished their brand equity.

Four kinds of discounts are especially important in marketing strategy; (1) quantity, (2) Seasonal (3) Trade (functional), & (4) Cash discounts.

(1) QUANTITY DISCOUNTS:
To encourage customers to buy larger quantities of products firms at all level in the channel of distribution offer quantity discounts. Quantity discounts are of two general kinds: non cumulative and cumulate. Non-cumulative quantity discounts are based on the size of an individual purchase order. They encourage large individual purchase orders, not a series of orders.

Cumulative quantity discounts apply to the accumulation of purchase of a product over a given time period, typically a year. Cumulative quantity discounts encourage repeat buying by a single customer to a far greater degree than do non-cumulative quantity discounts.

(2) SEASONAL DISCOUNTS:
To encourage buyers to stock inventory earlier than their normal demand would require, manufacturers often use seasonal discounts. It also rewards wholesalers and retailers for the risk they accept in assuming increased inventory carrying costs and having supplies in stock at the time they are wanted by customers.

(3) TRADE DISCOUNTS:
To reward wholesalers and retailers for marketing functions they will perform in the future, a manufacturer after gives trade, or functional, discounts. These reductions off the list or base price are offered to resellers in the channel of distribution on the basis of (1) where they are in the channels & (2) the marketing activities they are expected to perform in the future.

Traditional trade discounts product lines such a hardware, food, and pharmaceutical items.

(4) CASH DISCOUNTS:
To encourage retailers to pay their bills quickly, manufacturers after them cash discounts. Retailers provide cash discounts to consumers. These discounts take the form of discount for – cash policies. A typical example is “2/10, net 30”, which means that payment is due within 30 days and that the buyer can deduct 2 percent by paying the bill within 10 days.
TENDER PRICING:

Business firms are often required to fix the prices of their products on tender basis. Tender pricing is of a special type, though it is also a competition-oriented method of pricing. It is more applicable to industrial products and the products/services purchased and contracted by institutional customers.

The problem faced by any firm in tender pricing is basically one of finding a price that is consistent with costs, profits and company objectives and also low enough to get the business. A related problem is one of avoiding regrets of having missed a better price and profits due to over anxiety in recuring the orders and/or wrong estimation of competitors’ bids. The marketer has to set this price lower than what his competitors would quote for their products.

The seller has to thoroughly analyze the tender pricing policy of his competitors and decide his offer. He should also work out alternative offers based on possible changes in the decision of buyers and competitors.

PRODUCT LINE PRICING:

When a firm manufactures and markets a large variety of products that can be grouped into a few homogeneous product lines, a special possibility in pricing arises. As the products in a given product line are related to each other, sales of one influence the sales of other. In such a situation, the aim of the firm is not to fix optimal price for each product independent of other products, but to fix the price of each product in such a manner that the entire product line is proceed optimally resulting in optimal sales of all the product in the line put together and optimum total profits from the line. A set of mutually, related prices for the various products in the line will be the outcome of such a policy. The total costs of the entire product line and the total desired profits from the entire line go into such pricing. A further refinement is that tentative prices for various products in the line are worked out and adjusted later, based on competitors prices for these products and the demand reactions at different price.

BSNL:

Aug 27, 2004:– Telecom rates crashed on Friday with Bharat Sanchar Nigam Ltd (BSNL), India’s largest telecom provider slashing STD & cell from across BSNL networks (inter-circle & intra-circle) will get chapter by 33 percent.

BSNL locals cell rates have dropped up to 60 percent.

All fixed line subscribers of B.S.N.L will benefit from a 33 percent reduction in STD call charges.

Among the fixed line subscribers, those making calls beyond 1-00 km will be changed Rs.2.40 per minute for a 30 minutes pulse in place of Rs.3.60 per minute for a 20 minutes pulse.

Under the revised rates for fixed line phone users, the call charges for a distance beyond 100 km will be Rs.1 against the existing Rs.1.80 a minute. The call charges
for distance beyond 200 km would be Rs.2.40 per minute in place of Rs.3.60 a minute. The fixed line subscriber base of BSNL is 35 million.

India's first commercial call was made in Calcutta in 1995, at a charge of Rs.16.80 per-minute since then, tariffs have continuously dropped. At first, increasing competition among the original full mobility operators, later it was driven by the greater competition from the limited mobility operators drove this.

With this, the number of competitors increased from up to four per circle to as many as six. This is similar to the United States, which is served by six national operators. In addition to regional ones no other major world markets are as competitive. As an outcome, parallel to the U.S. India has experienced a steady reduction in tariffs, which has made it among the lowest cost markets in the world.

BSNL networks (Inter-circle and intra-circle) will get cheaper by 33 percent. BSNL Local Cell rates have dropped up to 60 percent. Cell subscribers (both post and prepaid) only those making calls beyond 500 km will enjoy a similar reduction. For other cell subscribers, the change in STD call charges will be in the range of zero to around 16 percent. Cell users number 7 million. By September 2000, tariffs dropped to Rs.4.00 per minute.

Whether for incoming or outgoing calls. In early 2001, the third licensee MTNL, opened its networks in Delhi & Mumbai, charging an average of Rs2.18 per minute (Rs1.50 incoming & Rs2.70 outgoing.

2004, BSNL on Friday also cut the prepaid cellular charges (to any cellular networks) for intra circle (local) to Rs0.90 per minute from Rs2.20. this works out to a 60 percent reduction. Prepaid subscribers can now make calls to any fixed network at Rs1.20 per minute, down from Rs2.40.

BSNL also announced cuts for its post-paid cellular subscribers making intra-circle calls. Calls made by customers in post-paid plan 325 to any cellular network will be reduced by 42 percent to Rs.0.80 per minute from Rs1.40 earlier, calls made by post paid 325 customers to any fixed network will be charged up to 33 percent less.

Broadband goes boom: Price crash, New Delhi high speed internet prices are beginning to crash with cable service providers reducing 24 hour service providers reducing 24-hour net Rs.300 a month, half of what they have been charging so far.

Customer will have to pay. Now you can pay less for short duration calls made from a public call office (PCO) even as calls longer than two minutes become dearer.

Calls made from a PCO to a mobile subscriber of Private operators such as Airtel and Hutch will also cost more from Rs.2 for a two-minute call at present, BSNL will now charge Rs.1.20 for a call of 45 seconds made from its PCOs. The same amount can be used to make a 60-second call to a BSNL mobile subscriber.

BSNL officials said the company was deploying differential terrifying for private mobile operators, for competitive reasons. Cellular operators may protest this as they have done against Reliance Infocomm's unlimited call package.
The BSNL move is seen as an attempt to thwart competition from private players moving into the PCO business segment in a big way. The number of PCO booths went up from 18 Lacks in Dec. 2003 to 23 Lacks at the end of 2004. BSNL and Mohannagar telephone Nigam Ltd (MTNL). Account for about 20-lacks booths.

However, private operators such as Reliance Infocomm have about 1.3 lacks PCO booths and are spreading its network into the rural segment as well.

### BSNL’S CELLONE (Postpaid) TARIFF

<table>
<thead>
<tr>
<th>I</th>
<th>Initial charges for talking connection</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Registration fee</td>
<td>Rs. 500</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Activation Charges (include 8% service Tax)</td>
<td>Rs. 216</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Security Deposit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Local</td>
<td>Rs. 1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Local + STD</td>
<td>Rs. 2000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Local + STD + ISD</td>
<td>Rs. 3000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Roaming (additional)</td>
<td>Nil</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II</th>
<th></th>
<th>Plan-225</th>
<th>Plan-325</th>
<th>Plan-525</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Monthly Rental</td>
<td>225</td>
<td>225</td>
<td>225</td>
</tr>
<tr>
<td>2.</td>
<td>Plan charges for confeessional</td>
<td>Nil</td>
<td>100</td>
<td>300</td>
</tr>
<tr>
<td>Usages per month (Rs.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III</th>
<th>Call charges (Rs. Per min.)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Outgoing (pulse rate: 15 sec.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i).</td>
<td>Local calls (calls within the same SA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Cell to cell</td>
<td>0.90</td>
<td>1.40</td>
</tr>
<tr>
<td>b.</td>
<td>Cell to Fixed, include WLL (mobile)</td>
<td>2.40</td>
<td>1.80</td>
</tr>
<tr>
<td>(ii).</td>
<td>STD calls (calls outside SA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Cell to cell</td>
<td>2.40</td>
<td>1.80</td>
</tr>
<tr>
<td>b.</td>
<td>Cell to Fixed, include WLL (mobile)</td>
<td>2.40</td>
<td>2.40</td>
</tr>
<tr>
<td>0.200km</td>
<td>3.60</td>
<td>3.60</td>
<td>3.60</td>
</tr>
<tr>
<td>&gt;200 km</td>
<td>1.80</td>
<td>1.80</td>
<td>1.80</td>
</tr>
<tr>
<td>&gt;500km</td>
<td>2.40</td>
<td>2.40</td>
<td>2.40</td>
</tr>
<tr>
<td>(iii).</td>
<td>ISD Calls</td>
<td>As per Fixed line charges</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Incoming (Pulse rate: 60 sec.)</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>Service tax: Extra at accruals on item II, III at Optional service</td>
<td></td>
<td>Billing Cycle: Monthly</td>
<td></td>
</tr>
</tbody>
</table>

*Table No. 8*
BSNL'S EXCEL (pre paid) TARRIFF

<table>
<thead>
<tr>
<th>Initial Charges for taking the connection</th>
<th></th>
<th></th>
<th></th>
<th>Rs.200</th>
<th>Rs.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial SIM cost/activation charges (inclusive of service tax)</td>
<td>300</td>
<td>500</td>
<td>1000</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Free talk value on initializing the SIM (Validity of 7 days grace period of 15 days and addl. Grace period of 60 days.)</td>
<td>102.07</td>
<td>101.77</td>
<td>103.55</td>
<td>2.09</td>
<td></td>
</tr>
<tr>
<td>Card Value, validity, etc. (for subsequent recharge)</td>
<td>22.22</td>
<td>37.04</td>
<td>74.07</td>
<td>148.15</td>
<td></td>
</tr>
<tr>
<td>1. Card Values (Rs.) (Maximum sale price) (inclusive of service tax)</td>
<td>30</td>
<td>45</td>
<td>60</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>2. Fixed charges (processing charge)</td>
<td>175.71</td>
<td>361.19</td>
<td>822.38</td>
<td>1849.76</td>
<td></td>
</tr>
<tr>
<td>3. Service Tax (8%) (Rs.)</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>4. Net Call Value (Rs.)</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>5. Validity (in days) from date of latest recharge</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>6. Grace Period (in days) (only emergency and IVR calls allowed credit not over permitted.)</td>
<td>0-500km</td>
<td>Fixed line charges</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Additional Grace period of SIM only (in days) (SIM reactivation allowed without activation charges, credit not over permitted.)</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Call Charges (Rs. Per minute)</td>
<td>Free</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Outgoing (pulse rate : 30 seconds)
   (i). Local Calls (Calls within the same SA)
      (a) Cell to Cell | 2.20 |
      (b) Cell to Fixed, including WLL (mobile) | 2.40 |
   (ii). STD Calls (Calls outside SA)
      (a) Cell to Cell | 2.40 |
      (b) Cell to Fixed, including WLL mobile | 2.40 |
      0-500km | 3.60 |
      >500km |
   (iii). ISD Calls
      Fixed line charges

2. INCOMING (Pulse rate: 60 seconds)

Table No. 9

Source: based on information taken from BSNL office

Tariffs have continuously dropped. At first one was driven by increasing competition among the original full mobility operators. Later it was driven by the greater competition from the limited mobility operators with expanded competition, tariff declines are spreading beyond the entire telecom industry.
# PREPAID TARRIF

<table>
<thead>
<tr>
<th>No.</th>
<th>Card Values, Validity, etc. (For subsequent recharge)</th>
<th>SIM</th>
<th>Rechargeable Coupons</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Face value of the card (Rs.)</td>
<td>200</td>
<td>70 150 300 500 1000 2000 300</td>
</tr>
<tr>
<td>II</td>
<td>Net Call value (Rs.)</td>
<td>-</td>
<td>38 85 175 361 822 200 3000</td>
</tr>
<tr>
<td>III</td>
<td>Validity (in days)</td>
<td>-</td>
<td>7 15 30 45 120 180 365</td>
</tr>
<tr>
<td>IV</td>
<td>Grace Period (in days)</td>
<td>-</td>
<td>3 5 15 15 15 15 15</td>
</tr>
<tr>
<td>V</td>
<td>Additional Grace Period for SIM only (In days)</td>
<td>-</td>
<td>60 60 60 60 60 60 60</td>
</tr>
<tr>
<td>VI</td>
<td>Free Talk Value on Initialisation of the SIM (Rs.)</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

## (2) Call Charges with 60 Second pulse for 24 Hours

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs. Per Min.</th>
<th>Roaming Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Outgoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A) Calls within the same LSA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Cell to Cell (including calls to UASP’s fully mobile service on level ‘9’</td>
<td>0.90</td>
<td>1.50</td>
</tr>
<tr>
<td>(b) All others</td>
<td>1.20</td>
<td>1.50</td>
</tr>
<tr>
<td>(B) STD Calls (Calls outside The LSA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Cell to Cell</td>
<td>2.00</td>
<td>2.40</td>
</tr>
<tr>
<td>(b) All others</td>
<td>2.40</td>
<td>2.40</td>
</tr>
<tr>
<td>(C) ISD Calls</td>
<td>As Pstn</td>
<td></td>
</tr>
<tr>
<td>II Incoming</td>
<td>Free for all 24 Hrs.</td>
<td>2.00</td>
</tr>
<tr>
<td>III SMS Charges (Rs. Per SMS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Local</td>
<td>0.60</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Table No. 11**

Source: www.timesofindia.indiatimes.com
# CellOne Plans

## Initial Amounts on Taking the Connection

<table>
<thead>
<tr>
<th></th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration Amount</td>
<td>500</td>
</tr>
<tr>
<td>(free in many cases)</td>
<td></td>
</tr>
<tr>
<td>Activation Charges</td>
<td>200</td>
</tr>
<tr>
<td>(One Time)</td>
<td></td>
</tr>
<tr>
<td>Security Deposit</td>
<td></td>
</tr>
<tr>
<td>a. Local</td>
<td>1000</td>
</tr>
<tr>
<td>b. Local + STD</td>
<td>2000</td>
</tr>
<tr>
<td>c. Local+STD+ISD</td>
<td>3000</td>
</tr>
</tbody>
</table>

## Fixed Monthly Charges

<table>
<thead>
<tr>
<th></th>
<th>Plan-225</th>
<th>Plan-325</th>
<th>Plan-525</th>
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<tr>
<td>a. Monthly Rental</td>
<td>225</td>
<td>225</td>
<td>225</td>
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<tr>
<td>(Rs.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Plan Charges for</td>
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<td>100</td>
<td>300</td>
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<tr>
<td>Concessional Usage</td>
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<td></td>
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</tr>
<tr>
<td>per Month (Rs.)</td>
<td></td>
<td></td>
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<tr>
<td>c. Loyalty Discount</td>
<td>25</td>
<td>75</td>
<td>175</td>
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<tr>
<td>after 6 months of</td>
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</tr>
<tr>
<td>more (Rs.)</td>
<td></td>
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<tr>
<td>d. Pulse Rate (Rs.</td>
<td>60</td>
<td>15</td>
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<tr>
<td>Per minute)</td>
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## Call Charges (Rs. Per minute)

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<th>SL Particulars</th>
<th>Plan 225</th>
<th>Plan 325</th>
<th>Plan 425</th>
<th>Roaming charges across all plans</th>
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<tr>
<td></td>
<td>Rs. Per min.</td>
<td>Rs. Per min.</td>
<td>Rs. Per min.</td>
<td>Rs. Per min.</td>
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<tr>
<td><strong>1 Outgoing</strong></td>
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<tr>
<td>(i) Calls within the</td>
<td></td>
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<tr>
<td>same LSA</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Cell to Cell</td>
<td>0.90</td>
<td>0.80</td>
<td>0.40</td>
<td>1.50</td>
</tr>
<tr>
<td>including calls to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UASP's fully mobile</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>service on level '9'</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) All other's*</td>
<td>1.20</td>
<td>1.20</td>
<td>1.20</td>
<td>1.50</td>
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<tr>
<td><strong>(ii) STD calls</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>(calls outside the</td>
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<td></td>
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<tr>
<td>LSA)</td>
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<td></td>
</tr>
<tr>
<td>(a) Cell to Cell</td>
<td>2.00</td>
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<td>1.80</td>
<td>2.40</td>
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<td>including calls to</td>
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<td>UASP's fully mobile</td>
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<td></td>
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</tr>
<tr>
<td>service on level '9'</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) All other's*</td>
<td>2.40</td>
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<td>2.40</td>
<td>2.40</td>
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<tr>
<td>0-200 kms</td>
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<tr>
<td>&gt;200 kms</td>
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<td></td>
<td></td>
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<tr>
<td><strong>(iii) ISD Calls</strong></td>
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<td></td>
<td></td>
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<tr>
<td>As PSTN</td>
<td></td>
<td></td>
<td></td>
<td>2.00</td>
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<tr>
<td><strong>II Incoming</strong></td>
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<td></td>
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<tr>
<td><strong>III SMS Charges</strong></td>
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<td></td>
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<tr>
<td>(a) Local</td>
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<td>0.40</td>
<td>0.40</td>
<td>0.80</td>
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<tr>
<td>(b) National</td>
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<td>0.80</td>
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**TABLE 12**
### Table No. 13

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<td><strong>Pulse Rate</strong></td>
<td>60 sec</td>
<td>60 sec</td>
</tr>
<tr>
<td><strong>Fixed Charged</strong></td>
<td>299</td>
<td>880</td>
</tr>
<tr>
<td><strong>Call Charges Per Min. In Rs.</strong></td>
<td></td>
<td>Validity 30 Days</td>
</tr>
<tr>
<td><strong>Local</strong></td>
<td></td>
<td>Garce Period 7 Days</td>
</tr>
<tr>
<td><strong>Own Network</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cell to Cell</td>
<td>0.40</td>
<td>0.60</td>
</tr>
<tr>
<td>Cell to Fix</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Other Network</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cell to Cell</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Cell to Fix</td>
<td>1.00</td>
<td>1.00</td>
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<tr>
<td><strong>STD (Own &amp; Other Network)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cell to Cell</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Cell to Fix</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>ISD</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA, Canada, &amp; UK</td>
<td>7.20</td>
<td>7.20</td>
</tr>
<tr>
<td>Europe (Other Than UK), Singapore, Thailand, Malaysia, Indonesia &amp; Hongkong</td>
<td>9.60</td>
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<tr>
<td>Rest of World</td>
<td>12.00</td>
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</table>

Source: www.timesofindia.indiatimes.com
BSNL’S LIFE TIME TARIFF

<table>
<thead>
<tr>
<th></th>
<th>OWN NETWORK</th>
<th>OTHER NETWORK</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRA CIRCLE</td>
<td>1.60</td>
<td>2.00</td>
</tr>
<tr>
<td>INTER CIRCLE</td>
<td>2.40</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Table no. 14

Source: www.timesofindia.indiatimes.com

RELIANCE INFOCOMM:
Tariff wars began with reliance Infocomm bringing down pre-paid tariffs on all intra circle calls to 99 paisa per-minute. The current price war initiated by Hutch in the post-paid segment is expected to be match by the other service providers.
Reliance Infocomm claims that it can drop prices for international bandwidth by up to 70 per cent using spare capacity on its Flag Telecom undersea cable. To do so, reliance needs access to the Mumbai Landline station, which is controlled by VSNL. After initial resistance, VSNL has agreed to provide Reliance with the requested capacity at a 40 percent discount.

Reliance Cuts STD to Re.1/min.
Friday, September 03, 2004 New Delhi First is kicked off a round of prepaid tariff cuts. Now, Reliance Infocomm has opened up yet another the telecom price war.

The company on Thursday slashed STD charges for calling any network GSM, landline or CDMA across the country 1 a minute.

In return, post-paid subscribers will have to make a commitment to pay Rs.549 a month (Rs.499 as rental, Rs.25 for service and Rs.25 as caller ID charges).

The calls will be even charge 40 paisa a minute for Reliance-to-Reliance phones under this scheme.

Those opting to pay Rs.499 a month will enjoy the same benefits, except that they will pay Rs.2.50 a minute for extra circle landline. True, Reliance schemes charge higher rentals compared with landline of BSNL, which charge a month in urban areas and even less in rural/remote areas.

But by bringing down STD calls to the magic figure of Re.1 a minute across the country and across networks, they moved very close to the often-discussed “death of distance” in telecom.
### FW/LSI CORDLESS POSTPAID TARIFFS

<table>
<thead>
<tr>
<th></th>
<th>FW 150</th>
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<th>FW 02</th>
<th>FW 03</th>
<th>FW 04</th>
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<td>1800</td>
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<td>1000</td>
<td>1000</td>
<td>1000</td>
<td>1000+1000</td>
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<td>Activation Fee (Non refundable)</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
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<td>NLD SECURITY</td>
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<td>1000</td>
<td>1000</td>
<td>1000</td>
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<tr>
<td>CALL RATE</td>
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<td>Rs.1.20</td>
<td>Rs.1.10</td>
<td>Rs.1</td>
<td>Rs.90p</td>
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<td>FREE CALL (Units)</td>
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<td>450</td>
<td>1000</td>
<td>1750</td>
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<tr>
<td>FREE CALL (Rs.)</td>
<td>60/-</td>
<td>180/-</td>
<td>495/-</td>
<td>1000/-</td>
<td>1575/-</td>
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<tr>
<td>LOCAL + STD SMS</td>
<td>50p</td>
<td>50p</td>
<td>50p</td>
<td>50p</td>
<td>50p</td>
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<td>ISD SMS</td>
<td>3 Rs.</td>
<td>3 Rs.</td>
<td>3 Rs.</td>
<td>3 Rs.</td>
<td>3 Rs.</td>
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Pulse rate in seconds for LOCAL and NLD calls

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<th>To Reliance</th>
<th>To other Mobile</th>
<th>To Other Fix Lines</th>
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<tr>
<td>Local &amp; Intra - circle calls</td>
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<td></td>
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<tr>
<td>&gt;50 Kms</td>
<td>180</td>
<td>60</td>
<td>45</td>
</tr>
<tr>
<td>&gt;50 Kms</td>
<td>180</td>
<td>60</td>
<td>45</td>
</tr>
<tr>
<td>Intra Circle</td>
<td>90</td>
<td>45</td>
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<tr>
<td>&gt;50 Kms</td>
<td>30</td>
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**DOCUMENTS REQUIRED**

1. ADDRESS PROOF
   - ELECTRIC BILL
   - TELEPHONE BILL
   - BANK STATEMENT
   - BANK PASSBOOK

1. PHOTO ID PROOF
   - DRIVING LICENSE
   - VOTER ID
   - PAN CARD
   - PASSPORT

Table No. 15
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<tr>
<td></td>
<td></td>
<td>Free 12 months</td>
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<td>Free 6 months</td>
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<td>149</td>
<td>149</td>
<td>149</td>
<td>399</td>
<td>299</td>
<td>649</td>
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<tr>
<td>Advance Rental Upfront</td>
<td>99*6=Rs.594</td>
<td>149*4=Rs.59</td>
<td>6</td>
<td>149*6=Rs.894</td>
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<td>Total monthly commitment</td>
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<td>199</td>
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<td>On Net Pack</td>
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<td>75</td>
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<td>Intra circle</td>
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<td>Fixed</td>
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<td>2.2</td>
<td>1.79</td>
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<td>Inter circle</td>
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<td>International</td>
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<td>UK, Europe, Rest of Asia, SAARC</td>
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<td>Local SMS</td>
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<td>National SMS</td>
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</tbody>
</table>

**Table No.15**

Source: www.timesofindia.indiatimes.com
<table>
<thead>
<tr>
<th>S no.</th>
<th>Plan Name</th>
<th>Plan no.</th>
<th>Area</th>
<th>Rent per month</th>
<th>Free Calls per month</th>
<th>Call Charges per month</th>
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<td>1</td>
<td>Basic – Economic</td>
<td>BECOR06</td>
<td>Rural</td>
<td>150</td>
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<td>Rs. 1.20</td>
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<td>2</td>
<td>Basic – Economic</td>
<td>BECOU03</td>
<td>Urban</td>
<td>300</td>
<td>200</td>
<td>Rs. 1.20</td>
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<td>3</td>
<td>Basic – Special</td>
<td>BSPLRO7</td>
<td>Rural</td>
<td>650</td>
<td>700</td>
<td>Rs. 1.10</td>
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<td>4</td>
<td>Basic - Special (for Ghaziabad)</td>
<td>BSPL-3</td>
<td>Urban</td>
<td>475</td>
<td>500</td>
<td>Rs. 1.10</td>
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<td>5</td>
<td>Basic - Special (for modinagar &amp; Carh)</td>
<td>BSPS-1</td>
<td>Urban</td>
<td>375</td>
<td>400</td>
<td>Rs. 1.10</td>
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<td>BSPS-2</td>
<td>Urban</td>
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<td>Urban</td>
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<td>Rs. 1.10</td>
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<td>Basic - Special-Plus (Both for Rural &amp; Urban)</td>
<td>PUSPLUL1</td>
<td>Both</td>
<td>975</td>
<td>1100</td>
<td>Rs. 1.00</td>
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<td>Basic - Premium (Both for Rural &amp; Urban)</td>
<td>BPRUML1</td>
<td>Both</td>
<td>2450</td>
<td>3500</td>
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<td>11</td>
<td>GZB-250 (For Ghaziabad)</td>
<td>GZB250</td>
<td>Urban</td>
<td>250</td>
<td>150</td>
<td>250 Calls@Rs. 1.00 and Above@ Rs. 1.20</td>
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<td>Basic-General (For Ghaziabad)</td>
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<td>OneIndia Plan</td>
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</tr>
</tbody>
</table>

Note-1- Initial Registration Amount = Rs. 500 only and balance of security deposit will be charged in future bills as per 2 below-
2- Security deposit for STD connection = Rs. 2000 only and
For Local connection = Rs. 1000 only
Source:- Source: based on information taken from RELIANCE WEB WORLD

Table No. 16
Call* any phone, anywhere in India for just Rs.1
SMS* anywhere within the state for just 1 paisa

**INDIA**

ONE NATION. ONE VOICE. ONE RUPEE

India's No.1 private wireless service provider with 170 lacks customers
Largest pan-India network coverage spread across 4500 towns & 3 Lacks

<table>
<thead>
<tr>
<th>Post-paid</th>
<th>Monthly minutes of Use est. monthly bills (Rs.)</th>
<th>100</th>
<th>300</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid</td>
<td>Rs. 1100 Voucher offers 750 minutes of usage.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table No. 17

Source: based on information taken from RELIANCE WEB WORLD

3.4 **PRICING FOR PROFIT-MAXIMISATION**

A basic idea in business, economics, and indeed everyday life is marginal analysis. In personal terms, marginal analysis means that people will continue to do something as long as the incremental return exceeds the incremental cost. This same idea holds true in marketing and pricing decisions. In this setting, marginal analysis means that as long as revenue received from the sale of an additional product
(marginal revenue) is greater than the additional cost of production and selling it (marginal cost), a firm will expand it output of that product.

Marginal analysis is central to the concept of maximizing profits. In figure, marginal revenue and marginal cost are graphed. Marginal cost stars out high at lower quantity levels; decreases to a minimum through production and marketing efficiencies of over worked labor are equipment. Marginal revenue follows a down ward slope. In figure B total cost and total revenue curves corresponding to the marginal cost and marginal revenue curves are graphed. Total cost initially rises as quantity increases but increases at the slowest rate at the quantity where marginal cost is lowest. The total revenue curve increases to a maximum and then starts to decline.

![Graphs showing unit price and cost, total cost, total revenue, quality, and profit.](image)

**FIGURE No. 13**

The message of marginal analysis, then, is to operate up to the quantity and price level where marginal revenue equals marginal cost (MR=MC). Up to the output quantity at which MR=MC each increase in the total cost of producing and marketing that unit. Beyond the point at which MR=MC however the increase in total revenue from selling one more unit is less than cost of producing and marketing that unit.
the quantity at which MR=MC the total revenue curve lies farthest above the total cost curve, they are parallel, and profit is a maximum.

PRICING POLICIES OF BSNL FOR PROFIT MAXIMISATION ARE:

As a purely economic matter, predatory pricing is a form of anticompetitive pricing whose sole purchase is to harm competitors (by putting them out of business) and to harm competition (by reducing the number of competitors until monopoly like conditions are credited/restored). It consists specifically of setting the unit price of a product or service below an applicable price floor. Pricing below that price floor cannot possibly enable the firm that prices predatory to recover its variable costs (let alone its fixed costs).

Thus, the first attribute of predatory pricing that the price must be judged relative to a particular measure of cost that serves as the applicable price floor, and that pricing below that level must generate losses for the firm. Why either would the firm voluntarily decide to price its product in a way that forces it to take losses? That’s what takes us to the second and equally crucial attribute of predatory pricing.

The firm that practices predatory pricing must be able eventually to recover all the losses it takes during the time its price is held below the price floor. This implies two aspects of its market conduct. First, its sole purpose in pricing below cost and taking losses must be to force equally and less efficient competitors to take losses as well (by forcing them to match its low price) to the point that they can no longer remain viable in the market place. Second, once competitors have been mainly or wholly driven from the market. The firm expect to be able to reset its product price back up to the monopoly or near-monopoly level, generate extra normal profits, and eventually recover all the losses (and more) that it had procured in the first phase of the pricing strategy.

RELIANCE INFOCOMM Pricing Profit Maximisation:

Tariff wars began with reliance Infocomm bringing down pre-paid and postpaid tariffs on all intra-circle calls to 99 paise per minute. Decline in tariffs has stimulated subscribers and revenue growth. For maximizing profit, Reliance has reduced their price and has launched new schemes to earned more revenue.

3.5 PRICING SEEING CUSTOMER ABILITY TO PAY

There is an increasing trend to price the product on the basis of customer’s perception of its value. This method takes into account other elements of marketing mix and the positioning strategy of the firm. For the value of the product is a function of all these variables. This method helps the firm in reducing the threat of price wars.
In fact, it can help the firm steer out of the ugliest of price wars. But the key of this method is to correctly understand customer’s perception of product value and not to overestimate the firm’s product value. Marketing research can play an important role here.

An increasing number of companies base their price on the customer’s perceived value. They must deliver the value proposition, and the customer must perceive this value. They use the other marketing-mix elements, such as advertising and sales force, to communicate and enhance perceived value in buyers’ minds.

Perceived value is made up of several elements, such as the buyer’s image of the product performance, the channel deliverables, the warranty quality, customer support’s softer attributes such as the supplier’s reputation, trustworthiness, and esteem. Furthermore, each potential customer places different weights on these different elements, with the result that some will be price buyers, others will be value buyers companies need different strategies for these three groups. For price buyers, companies need to offer stripped down products A& reduced services. For value buyers companies need to offer stripped down products & reduced services. For value buyers companies must keep innovating new value & aggressively re-affirming their value for loyal buyers must invest in relation shipbuilding & customer intimacy.

It is important for the marketer to understand the constituents of perceived value perceived value of a product is based on

- Acquisition value
- Transaction value

Acquisition value refers to the perceived benefits the sacrifice made by the customer to get it. The marketer needs to reach how the customer perceives this sacrifice accordingly.

PEERCEIVED BENEFITS:

PEERCEIVED SACRIFICE:

The perceived benefits in a product seen by a buyer, sacrifice a function of the buyer’s judgment about the product quality & performance. This is based in the buyer’s experience, or experience of his or her reference groups & the publicity or news items appearing about the product.

The transaction value is determined by comparing buyer’s reference price to the accrued price that he or she pays, or in other words it is.

(Perpetual) that constitutes transaction value.

To measure perceived value, a marketer may use any of the following methods.
(a) **Direct price rating method**:- Here the customers are asked to estimate the price of each brand or model of the product which are demonstrated to them.

(b) **Direct perceived value rating**:- Here the buyers are asked to allot a point scale say from 0 to 100 points to all the competitive brands. The brand having the highest points has the highest perceived value.

(c) **Diagnostic method here**:- The buyers are asked to evaluate competing brands on different attributes which they first priorities. By multiplying the importance a weight against each company’s ratings, we can find the brand that has the highest perceived value.

(d) **Economic value to the customer**- This is calculated by comparing the company’s product’s total costs against the benefits of the product that the customer is currently using, also called reference product this method can be used by a firm to decide which market segments to be targeted for its products.

In the field of telecom sector BSNL & Reliance has reduced the tariffs of mobile services by as much as 60% so as to enable the people of the country to afford the mobile. Now even a rickshaw wala can afford to keep a mobile.

**BSNL:**

BSNL’s new ‘**Tarang**’ scheme offers four options to its customers to own a WLL handset. The subscribers can own WLL mobiles handsets by paying the premium for the comprehensive policy taken for the cost of the handset. This scheme would be offered only to those subscribers who are willing to subscribe for BSNL’s WLL service for at least one year. The customer might require to pay just Rs.20/- approximately per month. Secondly they can purchase the discounted cost of the handset in 25 equal & monthly installments of Rs.200. no down payment for the handset. Third, pay a security deposit of Rs.5000 use BSNL’s WLL mobiles phone as long as you want. The subscribers get refund when they return the handset. Fourth, the customers can bring their own handset. Tarang services are currently available at Hyderabad city, warangal Tirupathi & Chittor Towns & in the rural areas of Rangareddy, Guntur Karimnagar, Mehboobnagar, Nellore & Medak District.

B.S.N.L. offer landline facilities according to the customer ability to pay. For urban areas two months rent is 500 & free calls are 75 for rural areas two months rent is 240 & calls 150.

In case of CellOne for BSNL’s landline customers comes without any security deposit. Only Rs.200 is to be paid for the activation. They can choose the tariff plan.

The second connection for the BSNL landline subscribers would be given without a security deposit & no activation Fee but without free talk time.

In case of prepaid Excel, customers can buy card of Rs.70,150,200, 300, 500, 1000, & 2000 according to their ability to pay.

In case of Internet, Sancharnet card is offered by BSNL.
Recharge coupons of 25 hours, 50 hours, 100 hours & 200 hours are available.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Type of areas</th>
<th>Denomination (in hours)</th>
<th>Validity</th>
<th>Charges (excluding service Tax 8%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PSTN</td>
<td>25 Hours</td>
<td>6 months</td>
<td>Rs.150/-</td>
</tr>
<tr>
<td>2</td>
<td>PSTN</td>
<td>50 Hours</td>
<td>1 year</td>
<td>Rs.250/-</td>
</tr>
<tr>
<td>3</td>
<td>PSTN</td>
<td>100 Hours</td>
<td>2 years</td>
<td>Rs.500/-</td>
</tr>
<tr>
<td>4</td>
<td>PSTN</td>
<td>200 Hours</td>
<td>2 years</td>
<td>Rs.1000/-</td>
</tr>
<tr>
<td>5</td>
<td>ISDN 64 Kbps</td>
<td>100 Hours</td>
<td>2 years</td>
<td>Rs.1000/-</td>
</tr>
<tr>
<td>6</td>
<td>ISDN 64 Kbps</td>
<td>500 Hours</td>
<td>2 years</td>
<td>Rs.4500/-</td>
</tr>
<tr>
<td>7</td>
<td>ISDN 128 Kbps</td>
<td>100 Hours</td>
<td>2 years</td>
<td>Rs.1000/-</td>
</tr>
<tr>
<td>8</td>
<td>ISDN 128 Kbps</td>
<td>500 Hours</td>
<td>2 years</td>
<td>Rs.9000/-</td>
</tr>
</tbody>
</table>

Table No. 18

Source: www.timesofindia.indiatimes.com

BROADBAND GOES BOOM: PRICE CRASH:-

New Delhi: High speed internet prices are beginning to crash with cable service providers reducing 24 hours net Rs.300/- a month, half of what they have been charging so far.

Industry observers said broadband prices were set to further crash with a sharp fall in global bandwidth prices. Broadband is gathering pace in India, driven by lower access Fees, high download speeds and higher return on investment fenez, head of Pew’s media and entertainment practice.

RELIANCE INFOCOMM:

Reliance infocomm is also offering mobile services to the customers. They fixed different prices for different customer. Reliance Infocomm is offering handsets to subscribers on a down payment of Rs.501 and monthly charges of Rs.200 for a specified period. As for the tariff plans, the subscriber can choose from three schemes. The Dhrubhai Ambani Pioneer offers (DAPO) and two other plans Budget 149 and Budget 249.
POST PAID TO PREPAID MIGRATION:
Reliance Infocomm on June 14, 2004 announced that it offer RIM post paid customers the option to migrate to prepaid service. Those migrating get a promotional recharge voucher with free talk time of Rs.200/- pre-loaded on the prepaid account.

RELIANCE INFOCOMM LAUNCHES WORLD CARD:

Reliance Infocomm has announced the launch of world card, a prepaid rechargeable account based service that can be used from any RIM (Post paid and prepaid) or Reliance India Phone (Fixed wireless phone and Terminals). The card, which costs Rs.108, carries Rs.100 worth of talk time Rs.8 being the mandatory service tax. The card is valid of 60 days. After 60 days the balance talk time can be carried forward for another fortnight after recharge.

RELIANCE INFOCOMM WIDENS PREPAID REACH:

Infocomm has offered rechargeable voucher (RCVs) at attractive denomination of Rs.199 & 165, with a view to expand the prepaid subscriber base. RCVs are available at RIM prepaid retail outlets and all webworlds and webworld expresses.

RELIANCE LAUNCHES WORLD CARD OF RS.550:

In a quick response to meet the growing international telephony needs of its customers, Infocomm has launched a prepaid world card of Rs.550 denomination. The new card offers a calling rate of Rs.15.99 per minute to the Gulf, compared with Rs.18.00 per minute on the 108-rupee denomination card.

RELIANCE INFOCOMM LAUNCHED WORLD CARD:

On October 2004, Infocomm has launched world card, both for the high-end and the low-end segments, for Rs.1000 and Rs.200, respectively. The former has a talk time value of Rs.998, while for the latter it is Rs.199.60. The admission Fee in both the cases is nil. The cards have a pulse rate of 60 seconds.

RELIANCE INTRODUCES THE SMS TOP UP CARDS:

An unlimited on net SMS Top up card has been launched at a cost of Rs.55 for RIM prepaid subscribers. The Top up card gives subscribers the convenience of sending any number of SMS messages to any Reliance phone in the country.
RECHARGE CURRENCY OF BSNL AND RELIANCE INFOCOMM:

The available denominations being almost same we need to look into the talk let's compare BSNL with reliance Infocomm.

<table>
<thead>
<tr>
<th>Company</th>
<th>Denomination Rs.</th>
<th>Talk value Rs.</th>
<th>Validity/days:</th>
</tr>
</thead>
<tbody>
<tr>
<td>RELIANCE</td>
<td>330</td>
<td>149</td>
<td>30</td>
</tr>
<tr>
<td>BSNL</td>
<td>300</td>
<td>175</td>
<td>30</td>
</tr>
<tr>
<td>RELIANCE</td>
<td>550</td>
<td>349</td>
<td>45</td>
</tr>
<tr>
<td>BSNL</td>
<td>500</td>
<td>365</td>
<td>45</td>
</tr>
<tr>
<td>RELIANCE</td>
<td>1100</td>
<td>848</td>
<td>60</td>
</tr>
<tr>
<td>BSNL</td>
<td>1000</td>
<td>825</td>
<td>60</td>
</tr>
<tr>
<td>RELIANCE</td>
<td>165</td>
<td>74</td>
<td>14</td>
</tr>
<tr>
<td>BSNL</td>
<td>70</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>RELIANCE</td>
<td>199</td>
<td>50</td>
<td>30</td>
</tr>
<tr>
<td>BSNL</td>
<td>150</td>
<td>85</td>
<td>15</td>
</tr>
<tr>
<td>BSNL</td>
<td>2000</td>
<td>2000</td>
<td>180</td>
</tr>
<tr>
<td>BSNL</td>
<td>3000</td>
<td>3000</td>
<td>365</td>
</tr>
</tbody>
</table>

SOURCE: www.finacilexpress.com

Table no. 19
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