

TELECOM REGULATORY AUTHORITY OF INDIA

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TRAI orders reduction in tariffs for Roaming Services

TRAI today issued a tariff order substantially reducing the tariffs for national roaming for cellular mobile subscribers. The salient features of the new roaming tariff regime mandated by the Authority are given below:

- **Roaming tariff reduction order by TRAI is applicable for all mobile customers, prepaid and postpaid, and applicable across all types of tariff plans offered by both GSM and CDMA Mobile Operators.**
- **Simple, transparent, distance neutral composite ceiling tariffs specified.**
- **No rental permitted for roaming in any form.**
- **No surcharge is leviable for any of the national roaming services.**
- **No separate PSTN charges on roaming calls.**
- **Receiving SMS is free while roaming.**
- **Maximum permissible per minute charges for roaming calls, irrespective of the terminating networks, and irrespective of tariff plans would be:**
 - **Rs. 1.40 for outgoing local calls**
 - **Rs. 2.40 for outgoing NLD calls**
 - **Rs. 1.75 for incoming calls**

- **Charges for outgoing SMS while roaming continues to be under forbearance.**
- **Mobile operators can not charge any type of fixed or recurring charges for accessing roaming facility, for example, monthly rental, weekly rental , daily rental etc.**
- **Tariff Order would result in reduction of roaming tariffs to the extent of 22% to 56% compared with the current market rates. This is in addition to the saving for the customers on account of abolition of rentals.**
- **Order becomes effective on 15th February 2007.**
- **The Authority would closely monitor market developments on roaming and if perceptible competition evolves in the market, it would revisit the issue and even consider forbearing roaming tariffs.**

2. The Telecom Regulatory Authority of India (TRAI) had initiated a consultation process in November 2006 with the main objective of revisiting the ceiling tariffs for national roaming services specified in the year 2002. The Authority took this step based on the finding that while competition in mobile services has reached to a satisfactory level, the same is not true for roaming segment of the mobile services. The Authority considered the perception of consumers that roaming tariff was high and therefore burdensome to them. A Consultation Paper titled “Review of Ceiling Tariffs for Roaming Services” was released by the Authority on 24/11/2006 which placed before the stake holders in great

detail all aspects of the service like the currently prevailing roaming tariffs, the charging pattern, and the need for review of the tariff regime. The Paper also discussed in detail the costs for provision of the service and the costing methodology.

3. Stakeholders were given adequate opportunity to provide their views in matter. The Authority provided them with extended period for submitting written responses. They were also accorded an opportunity to present their views orally in the open house session held in New Delhi on 2nd January 2007. Following requests from the stakeholders, the Authority held further discussions with the representatives of the industry associations (COAI and AUSPI), BSNL, MTNL and a consumer organization in the second week of January 2007. The tariff order issued by the Authority today as 44th Amendment to the Telecommunication Tariff Order is the culmination of this consultation process.

4. A brief history of tariff regulation for roaming services in India and the circumstances in which the Authority continues with the regulation of roaming tariff when it has provided a flexible tariff regulatory framework for telecom services in general are given below for a better appreciation of this new Order of the Authority.

Background

5. Telecom Regulatory Authority of India had fixed tariffs applicable for national roaming services in the form of a ceiling in the year 2002 vide 18th Amendment to the Telecommunication Tariff Order (TTO)1999. The Authority at that point of time had found that the market for roaming services was lacking in competition and therefore decided to bring the service under tariff regulation. The various elements of charge for roaming mandated by the Authority through the said order were

monthly rental for national roaming at Rs.100(ceiling), roaming airtime charge of Rs.3.00 per minute (ceiling), a surcharge at 15% on airtime(ceiling) and PSTN charges as applicable from time to time to the fixed network.

6. There have been significant developments in the telecom industry during the last five years which had undoubtedly brought down cost for provision of service. While new and evolving technologies resulted in fall in equipment costs etc. the segment also benefited from various regulatory and policy measures like reduction in Access Deficit Charges, Carriage charges, Annual Licence Fees payable by the operators on the AGR, etc. This period also witnessed explosive growth of subscriber base and in Minutes of Usage, which meant further reduction of cost on account of higher utilization of capacity.

7. However there has been no salutary effect on the subscriber tariff for national roaming services in the market and the benefits of the various regulatory and policy measures were not passed on to the customers by the mobile operators. This indicates that the market in respect of the roaming services is not sufficiently competitive even now. The pattern of roaming tariff also reveals that there appears to be a coordinated arrangement in pricing of roaming services among the private mobile operators. This is further substantiated by the representations received by the Authority regarding high and non-transparent roaming charges levied by the service providers.

8. The associations representing the industry have advocated the approach of forbearance in the roaming tariff while consumer organizations and individual customers favoured the view that TRAI should prescribe ceiling roaming tariff. Based on in-depth analysis of various elements of cost, data on costs, the views of stakeholders, the

prevailing tariff for calls originated in home networks and other relevant factors, the Authority has prescribed a composite ceiling roaming charges as highlighted above, which is substantially lower than the generally prevailing market rates.

Major Changes in the New tariff regime for national roaming service

9. The existing tariff regime as per the 18th amendment to TTO issued in 2002 has a two part charging regime, a monthly fixed charge for access to the roaming facility + an airtime charge that depend on usage. In the new order, ***the Authority has moved to a usage based composite roaming tariff, thereby, removing the rental component from the charging pattern and at the same time ensuring full recovery of costs to the mobile service providers.*** Thus, while arriving upon this composite tariff the Authority has taken into account all capital costs associated with access to roaming facility, in addition to the operating costs relevant for provision of roaming services.

10. Similarly in the new tariff framework, ***the Authority has done away with the concept of a separate PSTN charge and the 15% surcharge on airtime component.*** The Authority in the derivation of estimates has covered the PSTN component of costs in fixation of composite usage based ceiling tariff which is specified on per minute basis. However, the Authority has not found any justification for allowing an additional surcharge for roaming service in the new tariff framework.

Impact of the new tariffs on roaming call charges*

[Charges in Rs. per minute]

Type of call while roaming	Currently prevalent maximum tariffs	Revised ceiling rates of TRAI effective from 15.02.07	Extent of Reduction(%)
Outgoing local call	3.09	1.40	55%
Outgoing NLD call			
0-50 Kms	3.09	2.40	22%
51-200 Kms	3.54	2.40	32%
201-500 Kms	3.79	2.40	37%
>500 Kms	3.99	2.40	40%
Incoming call			
0-50 Kms	3.09	1.75	43%
51-200 Kms	3.54	1.75	51%
201-500 Kms	3.79	1.75	54%
>500 Kms	3.99	1.75	56%

* In addition to this reduction in call charges, the customers would also benefit from the abolition of rentals.

11. As the table above indicates, there would be substantial reduction in tariffs for roaming service post implementation of the new TRAI mandated rates. The Authority expects that the reduction in tariffs would lead to substantial increase in demand and usage for the service, overall revenue growth for the service providers and provide an impetus to the growth of Indian economy and telecom services in particular. The Authority is of the view that reduction of roaming charges on the basis of cost orientation would make roaming facility affordable to the common

man. This would further promote inter-State trade, commerce and movement of people throughout the territory of India which would strengthen the unity and integrity of the nation.

The Tariff Order is available on TRAI's website www.trai.gov.in.

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