

Response to
“Consultation Paper on
Review of Tariff for National Roaming”

By

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ISSUES

Q.1. Is competition in national roaming service in India robust enough for leaving the tariff for national roaming service under forbearance?

Response to Q.1: The answer is **NO**.

After subscribing to a service provider on the basis of tariffs for flagship services (and not Also-on-offer services), the customer is in the situation of a captive customer in so far as roaming charges are concerned.

It is important to understand that 86% of the mobile customer base is from 6 large service providers (incumbents-namely Bharati, Vodafone, Idea, Reliance, Tata and BSNL/MTNL) having Pan India operations and their customers while travelling in a different LSAs roam (by default or compulsorily) on the home operator's network. Since Pan India operators (6) keep their own subscribers (86% of the customer base) compulsorily or by default on their own network, there is no competition as far as roaming tariffs are concerned.

These incumbents who are mostly Pan India charge high tariffs on roaming services from their customers as against the accepted norm of reasonable profits on cost plus basis and also higher charges from national roaming partners who do not have Pan India operations or are new licensees. Further, the unfavourable terms of the national roaming agreements forced on new licensees, increases their cost of operations and weakening their business case. This goes against the principles of level playing field. Thus commercial terms and conditions agreed to by the roaming partners are, in a way, applicable only to a very small % (fraction) of the total base of less than 14 % customers subscribing to the services from new licenses or regional players.

It is true that not many subscribers have roaming charges foremost in their minds while choosing a service provider and this becomes a hidden cost for the subscriber.

Q.2. Would it be appropriate to implement the home price rule (HPR) in national roaming service? What is the likely impact of such a regime on fair competition in telecom sector?

Response to Q. 2.: The answer is **YES**. The argument/presumption that all the National roaming subscribers are affluent and that HPR will lead to cross subsidization of costs imposed by such roaming subscribers appears to be misplaced. Imagine a situation where a pre paid rural subscriber living near the border of a LSA crosses over boundaries of licensed service area (LSA) on daily basis for his daily earnings/needs and is has to pay for roaming tariffs while he is on the network of the same operator. The following examples will help understand the field situations:

- A customer living in Muradnagar (near Ghaziabad) or Hapur goes to work in Sonapat Industrial area, or a person living in Rewari goes for work in Muradnagar. In both these cases the customer passes through three LSAs (UP East, Delhi and Haryana) of the same service provider and pays roaming tariffs for most of his calls every day.

- A customer living near Shaktinagar in UP and goes to work in Vindhya Nagar in MP along Rihand Dam (where there are a series of Hydro Electric and Thermal power plants), encounters 3 to 4 LSA boundaries (Bihar, Chhatisgarh, UP and MP) a number of times in a day although he is making calls from the network of the same service provider. The % of such roaming traffic for these marginal and rural subscribers living near the borders of LSAs and crossing the LSA borders for daily living will be quite high.

The above examples demonstrate how the roaming charges are affecting the poor subscribers adversely.

It may be kept in mind that MSS and HLRs are no more LSA specific or located in every LSA. An operator can have one MSS/HLR in the country with virtual partitioning to meet the licensing requirements. The NTP-2012 objective on '**One Nation-Roam Free**' needs to be implemented for benefit of all.

Q.3: Would it be appropriate to implement HPR in national roaming service with the provision of recovery of carriage charge on account of incoming call from the calling party?

Response to Q3.: We need to implement HPR in national roaming service. As brought out earlier 86% of the customers roam on the network of the same service provider who also is an NLD service provider licensee. The incremental cost of carriage for such service provider is negligible and so insignificant that it needs to be absorbed in the overall business plan of the service provider.

In a matter under litigation since 2009, on Termination Charges regulated by TRAI, now pending for orders in Supreme Court, one of the parties in the litigation had pointed out that some service providers are offering national long distance calls for as little as 10 paise if that call was made end-to-end on their network. The actual cost of originating, carrying and terminating a call, therefore, is only about 10-15 paise, as evidenced by such special on-net schemes. It was also argued that, if termination charges are done away with, mobile tariffs can fall as low as 10 paise per minute for national long distance (STD) calls.

The conclusion that the service providers for National roaming service would have to face market determined inter operator roaming settlement rates is not very correct as it does not apply to six Pan India operators and only applies to small players. In the matter of inter operator settlement with respect to roaming there is hardly any competition. In the matters related to wholesale tariffs between licensees, the TRAI should enforce mandatory tariffs that should be strictly on incremental cost basis. The inter operator settlement for national roaming should be on Bill and keep basis. Any other charging arrangement for roaming will lead to billing disputes.

In the absence of this discipline, it will be difficult to realise the objective of ONE NATION-FREE ROAMING laid down in NTP-2012.

Q.4: Would it be appropriate to rationalize the tariff for national roaming service on the basis of present costs?

Response to Q4.: Not Applicable (NA) in view of strict adherence to HPR being recommended. In order to avoid exploitation by Pan-India operators and help the subscribers of regional players to roam freely and enjoy HPR, TRAI needs to regulate National roaming arrangements between Pan India Operators and regional players and mandate whole sale tariffs that should be on cost basis.

Q. 9: In case the tariff for national roaming service is set, would it be appropriate to prescribe that the tariff for an outgoing SMS while national roaming should not be more than that for an outgoing SMS from home service area?

Response to Q9: Yes. The SMS is routed through signalling network and there is hardly any cost to justify additional charges for an outgoing SMS while roaming. In fact TRAI should insist that even while roaming on other service provider's network, the roaming partner should not levy any charges for SMS in the interconnect/roaming agreements. The SMS tariffs are in any case exorbitant, if at all the tariffs for specific service has to be on cost (plus reasonable profit) based.

Q.10 : In case your response to Q9 is in the negative, please support your viewpoint with reasons.

Response: NA in view of answer to Q.9.

Q.11.: Should Special Tariff Vouchers (STVs) with roaming benefits be allowed?

Response to Q.11: Since our recommendation is to apply home tariff on roaming, there is no question of STVs with roaming benefits.

Response to Q.12.: NA in view of answer at Q.11.