

Review of Tariff on National Roaming

The GSM World Association has defined roaming *"as the ability for a cellular customer to automatically make & receive voice calls, send & receive data, or access other services when traveling outside the geographical coverage area of the home network, by means of using a visited network". If the visited network is in the same country as the home network, it is known as national roaming.*

One of the key strategies/objectives mentioned in the recently released National Telecom Policy-2012 is to review national roaming charges with the ultimate objective of removing the roaming charge across the nation. It must also be stated that the transportation or carriage or National Long Distance Charge (NLDC) will stay.

Addressed below are the key points to be considered while reviewing the Tariff on National Roaming, without eliminating the NLDC –

1. Before making any decision on abolishing the National Roaming Charges, we strongly recommend the Authority to study the percentage of people who actually use the roaming service at National Level. Also for a long run it is important to analyse what impact the move of abolishing will have on future tariffs, as the cost (which is the loss to the revenue of Telecoms) will get amortized across the board even on those who would never want even use the facility/service.
2. Gross revenues earned by the incumbents from the national roaming services (10%-12%) whether inclusive or exclusive of the carriage charges, must be compensated. The gross revenue amounts to Rs 10,000-Rs 13,500 crore/- annum, according to some of the rationalists the loss of revenue could be lower to Rs 5000 crore as abolishing of roaming charges would increase the usage in terms of making or receiving calls, SMSes etc. No matter whatever measure is accepted, the loss of revenue should be compensated as it's a huge sum of money which is involved
3. The biggest flaw today in the roaming charge is that, it is flat all across the board. Authority should look at providing differential roaming charges both in rural areas and metros. This is



because the cost of obtaining telecom license in a metro is much more than obtaining the telecom license in a rural area

4. The definition of Roaming Charges should be made clear in terms of whether the roaming charges include the carriage/transportation charges or not. Also it should clearly mention other cost elements considered while fixing the roaming charges and treatment of those elements if the roaming charges are abolished.
5. Impact on Telecom Service Providers & Subscribers (Enclosed in Annexure A)

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Suggestive Measures for Reviewing the National Roaming Charges

We are of the view that TSP's can put a fixed charge for providing telecom services on roaming rather than charging extra on every call or SMS made. Special vouchers can be introduced for both prepaid and post-paid customers depending upon their usage as well as the number of days they are travelling. The biggest flaw today in the roaming charge is that, it is flat all across the board. Service Providers can, perhaps, consider differential charge for Metros, Rural areas. In addition, they could also consider NLDC distance based, say free up to 500km, and suitable slabs beyond.

Another measure could be, providing a service by the way of package or a fixed charge which will allow roaming subscriber to receive incoming calls from the visiting place to be treated as local calls which otherwise would be treated as STD calls. On the other hand, the subscriber who is calling the roaming subscriber from the visiting place for him/her also the call would be treated as a local call. Thus the proposed measure reduces the charge of receiving an incoming call from the visiting place while roaming and also helps in reducing the carriage charges. For example, if a subscriber is traveling to Bombay and he/she receives a call from Bombay itself, then by using the proposed service the call received will be treated as a local call. Similarly, the one who is calling the roaming subscriber will have to just shell out local rates for the call made.

Cost Elements to be considered while fixing the tariff for National Roaming –

Incoming call received by a subscriber while roaming incorporates the following cost elements:

- Carriage charge for carrying the call from the home network of the roaming subscriber to the visited network
- Termination charge for terminating the call in the visited network
- Incremental CAPEX and OPEX for infrastructure dedicated for roaming

An outgoing local call while roaming incorporates the following cost elements:

- Origination charge for originating the call in the visited network
- Termination charge for terminating the call in the called network

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- Incremental CAPEX and OPEX for infrastructure dedicated for roaming

An outgoing STD call while roaming incorporates the following cost elements:

- Origination charge for originating the call in the visited network
- Carriage charge for carrying the call from the visited network to the called network
- Termination charge for terminating the call in the called network
- Incremental CAPEX and OPEX for infrastructure dedicated for roaming

Conclusion

We are of the view that abolishing the roaming charges completely is not productive from the majority of consumers point of view, because TSP's are going to amortise their losses over others. Out of the total telecom revenue around 10-12% comes from national roaming. 10-12% of revenue will have to be compensated in some or the other way. If at all Government of India abolishes the national roaming charges, TSPs in turn will increase the telecom services charges which includes voice calls, SMSes, data services etc. Therefore it's the bigger section of the consumers who will suffer.

No matter whatever measure is accepted, the loss of revenue (10%of the total telecom revenue) should be compensated as it's a huge sum of money which is involved. The loss should be equally divided between the subscribers who travel frequently and their respective service operator. Subscribers who don't travel at all should not bear the burden, only the regular travelers should pay as they can certainly afford the charges and whatever measure is accepted, it won't make them stop travelling. Subscribers will continue to travel and will definitely use the telecom network for communication, so it's imperative to charge reasonable tariff rates for availing national roaming services.

In our view elimination of Roaming Charges is just a Gimmick.



Annexure A

Impact on the Telecom Service Providers

At present, Incumbent GSM operators earn 10-12 per cent of their gross revenues from the national roaming services, which amount to Rs 10,000-Rs 13,500 crore/- annum. It is presumed that this amount does not include NLDC. The roaming charges are levied as the current telecom licences are based on circles; operators enter into interconnect agreement to offer seamless service to the subscribers. Roaming charges are meant to recover the cost of infrastructure of the host service provider, including the use of spectrum of that circle. The charges are reciprocal in nature. In addition to the Roaming charges, there are of course carriage charges for use of National Long Distance services of a service provider. Such a facility of roaming in other networks when travelling means; that mobile phone subscribers can use their number seamlessly across the country. A by-product of no roaming charge could be a lower dependence on the need for National Number Portability (NNP). This could be a strong by product of such a move. However, we need also to study overall impact of such an action of completely eliminating the Roaming charges, but not the NLDC.

To abolish the roaming charges completely may not be productive from the TSP's point of view. Out of the total telecom revenue around 10-12% comes from national roaming. 10-12% of revenue will have to be compensated in some or the other way. If at all Government of India abolishes the national roaming charges, TSPs in turn will increase the telecom services charges which include, fixed charges, voice calls, SMSes, data services charges etc, which could be across the board to all customers of various denominations. The impact on majority may be more than the beneficiaries. It must be understood that of the entire mobile population, the Roamers are 7 to 8% contributing to 10 to 12% of the revenues, the loss to TSPs will have to be amortised over the remaining 90% or so. Therefore, it is unclear for whose benefit, if at all such a step is proposed? In addition, it is unclear whether it includes NLDC or not? Current roaming charges, without NLDC and termination/access, are given below –



National Roaming Charges	
Outgoing calls charges	Applicable call charges + roaming charge ranging from 75 paise per minute to Rs 1 per minute
Incoming calls Charges	Roaming charge ranging from 75 paise per minute to Rs 1 per minute
Total subscribers (as on July 31, 2012)	944.81 Million (Actual active around 600 million)
Percentage of subscribers who avail of roaming services	7-8%
Total revenue of the operators	Rs 1.35 lakh cr (TRAI)
Revenue earned from roaming services	10-12%
Total revenue from roaming services	Rs 10,000-Rs 13,500 cr (TRAI)

Impact on the subscribers

It's a win-win for the subscribers. Presently they pay normal call charges for outgoing calls on roaming plus the roaming charge of 75 paise to Rs 1 per minute. Moreover, while answering a call on roaming, they pay up to Rs 1 per minute. Abolishing the roaming charges will in turn increase the usage of national roaming services by subscribers as they will not have to worry about the high roaming charges.

At present, the average roaming charge is 75 paise per minute to Rs 1 per minute. In any given telecom circle, only seven-eight per cent of all subscribers opt for roaming services. However, abolition of roaming charges could lead to higher call rates, as TSPs will have to compensate for the loss of revenue (10% of the total revenue), which would be for all across the board. The moot question is for whose benefit is this exercise?

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