

LM/TRAI -03
April 5, 2013

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Advisor (F&EA)

Telecom Regulatory Authority of India
Mahanagar DoorSanchar Bhawan
Jawahar Lal Nehru Marg
New Delhi 110 002.

Sub.: TRAI Consultation Paper on "Review of Tariff for National Roaming".

Dear Sir,

This is with reference to Consultation Paper on "**Review of Tariff for National Roaming**" issued by TRAI, seeking comments from the stakeholders on the issues involved.

At the outset, we would like to bring to your notice that being operational only in Mumbai, LMIL is providing a PAN India coverage to its subscribers in form of inter circle roaming with an additional cost as 'Payout/Settlement Charges' to the respective VPLMN (Roaming Partners). Thus abolishing of National Roaming & implementing 'One India One Plan' initiative would be detrimental/loss making for a Service Provider/Operator like LMIL since it would result in being out of pocket for the costs incurred on account of providing roaming services to its subscribers across India.

Further, we wish to state that before initiating the review of ceiling tariff for roaming by TRAI, it is important to have clarity around the definition of Roaming Charges in India. Moreover, it must be kept in mind that there has been significant increase in the Regulatory costs due to the implementation of various regulatory directions; such as EMF, UCC, MNP, subscriber registration, VAS activations/deactivation, security & Green Technologies etc.

Please find our comments/suggestions on the various issues raised in the consultation paper, as under:-

Q1. Is competition in national roaming service in India robust enough for leaving the tariff for national roaming service under forbearance? Please support your viewpoint with reasons.

- ❖ Yes, the competition in national roaming service in India is robust enough for leaving the tariff for national roaming service under forbearance. At present, the rates for national roaming service offered by all the service providers are below the ceiling tariff prescribed by TRAI through 44th amendment of TTO. However the charges levied from roaming subscriber vary from operator to operator and also for different plans offered by the same operator.
- ❖ Forbearance has provided flexibility to operators to offer tariffs as per consumer needs and requirements. Operators have the flexibility to offer tariffs to match the needs and usage of subscribers through innovative tariff plans, Special Tariff Vouchers, Combo Plans, etc. This has been a major contributor to the growth in telecom services.

- ❖ The policy of forbearance has worked very well in the telecom sector and driven by competition and accordingly India offers the most affordable mobile services in the world.
- ❖ Also, we wish to inform you that Loop Mobile is driving the aggressive tariff to the extent that in Mumbai local and STD call rates at 50p per minute which used to be the norm has further plummeted down to levels of 30p per minute now a days.
- ❖ In view of above,
 - a. The home tariffs are significantly lower than what has been assumed in the discussion paper.
 - b. Offering these rates for roaming will entail operating below cost for some legs (incoming and STD) and wafer thin margin for other legs.
 - c. We strongly suggest and recommend that the national roaming service should be under forbearance and the existing cap on roaming tariff can be reconsidered.

Q2. 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? Please support your viewpoint with reasons.

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Q3. Would it be appropriate to implement Home Price Rule (HPR) in national roaming service with the provision of recovery of carriage charge on account of incoming call from the calling party? Please support your viewpoint with reasons.

- ❖ We wish to state that Home Price Rule (HPR) itself is flawed, since if we look at the whole proposition from the point of view of operators who are not operating at a Pan India level or do not have NLD license as part of the group service offerings, then it becomes an unviable proposition for such service providers.
- ❖ It is pertinent to mention that post implementation of HPR will result in an increase in tariff and an ordinary non-roaming subscriber (availing only local services) will also bear the burden for the service, which is primarily used by the well-heeled subscribers. TRAI has also acknowledged this fact of increase in tariffs and has envisaged a view to recover this loss of carriage from calling party, which does not seem to be rational.
- ❖ Creating a rule of matching home rates for roaming will lead to price distortions where operators seek to INCREASE the home rates in ONE PLAN and offer that as roaming plan.
- ❖ We once again reiterate that the implementation of Home Price Rule (HPR) in national roaming service will not be appropriate as the percentage decrease in tariff compare to prevailing tariff will be very high & not sustainable. This would specially apply to telecom service providers with presence in one service area or in a few service areas, whose weighted average cost would be higher than the weighted average tariff. Thereby making this a unviable proposition:-
 - Existing customers are on plans with a range of tariff and the weighted OG tariff is at 50p per min approximately. But if we factor recharge and talk time offers the effective tariff comes down to 45p per minute.
 - New customers are coming on plans where weighted OG tariff is less than 40p per min approx--- as low as 20p for ALL local calls, promotional though it may be
 - The issue is that tariff operates on a huge range. There are tariffs that are promotional in nature. There are tariffs for limited period or for new customers.
 - But at a weighted level home tariff in Mumbai is 50% lower than the tariff assumed by the consultation paper.

Q4. Would it be appropriate to rationalize the tariff for national roaming service on the basis of present costs? Please support your view with reasons.

- ❖ Tariffs can be rationalized by setting the ceiling at Rs.1.20 for local and incoming and at Rs.1.50 for STD and SMS.
- ❖ Pricing decisions should be left to the operator within the ceiling. It is possible that an operator seeks to position his service as premium and should have the prerogative to do so.

Q5. Would it be appropriate to revise ceiling tariff for national roaming service in such a manner that incoming calls while roaming are made free of charge while the cost of incoming calls is recovered through outgoing roaming calls?

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Q6. In case your response to Q5 is in the affirmative, which of the following approaches would be more appropriate?

- (i) **With Immediate Effect: viz by fixing zero tariff for incoming calls and ceilings for outgoing calls while on national roaming allowing recovery of additional cost on account of free incoming calls, from the outgoing calls while on national roaming.**
- (ii) **Through a Glide Path: viz approaching zero tariff for incoming calls in a phased manner (over a period of say three years) and fixing year-wise tariff ceilings for outgoing calls while on national roaming allowing recovery of additional costs on account of progressively cheaper incoming calls, from the outgoing calls while on national roaming.**

- ❖ We strongly disagree with the approach of recovering the cost of incoming calls from the outgoing calls made by roaming subscribers due to the below mentioned reasons.
 - ✚ Why should we contemplate a regime where pricing is below cost when:
 - Such a pricing is below cost for non-integrated and few-circle operators.
 - Such a pricing can create distortions of buying and using SIMs across different circles.
- ❖ We should contemplate this **ONLY** if we actually make India one circle, for prospective licenses to be issued; and for all
 - Allow interconnection anywhere.
 - Make entire country local.

Q7. Do you agree that there is no need to prescribe a tariff for video calls while on national roaming?

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Q8. In case your response to Q6 is in the negative, please support your viewpoint with a detailed methodology to determine the tariff for video calls.

- ❖ Video calling is at a nascent stage—less than 5% of users. Incidence of Video calling during roaming is even less. At this stage the market can be allowed to discover the price and if required Ceiling can be set at say Rs.5 per minute (to ensure operators with clout do not set very high rates).

Q9. 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?

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Q10. In case your response to Q9 is in the negative, please support your viewpoint with reasons. In case you favour prescribing separate ceiling tariff for outgoing SMS while on national roaming, please support your viewpoint with a detailed costing methodology.

- ❖ As articulated elsewhere ceiling rates can be set for calls/SMS while roaming. No additional conditions are required.

Q11. Should Special Tariff Vouchers (STVs) with roaming benefits be allowed? Please support your viewpoint with reasons.

Q12. In case your response to Q11 is in the affirmative, what regulatory restrictions should be imposed on such STVs?

- ❖ Pricing and STV options should be left to the operator to decide. In the competitive telecom scenario no additional controls/regulations are required beyond stipulating the maximum and the minimum.

Q13. Is there any other relevant issue which should be considered in the present exercise of review of the tariff for national roaming service?

- ❖ We are enclosing a copy of our earlier various submissions made to TRAI on the subject and request TRAI to consider that as part and parcel of our reply to this consultation paper.

To conclude, we strongly believe that abolishing of National Roaming & implementing 'One India One Plan' initiative would be detrimental/loss making for a single circle Service Provider, like Loop Mobile (India) Limited, since it would result in being out of pocket for the costs incurred on account of providing roaming services to its subscribers across India as compared to the other integrated operators providing PAN India services in all segments; and Hence we sincerely request TRAI to keep the interests of small operators in mind, like LMIL, before recommending such a drastic change in the licensing regime.

Thanking you,

Yours faithfully,
For **Loop Mobile (India) Limited**

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