

## **Telewings (Uninor) Submissions on TRAI draft Sixtieth amendment to TTO'99 regarding review of National Roaming Ceiling tariffs**

At the outset, Telewings welcomes this opportunity to reply to TRAI's draft sixtieth amendment to Telecommunication Tariff Order, 1999 regarding review on national roaming service ceiling tariffs.

### **Background**

The national roaming tariffs have been regulated by TRAI through ceiling tariffs specified under Telecommunication Tariff Order 1999 (TTO'99). The last downward revision was carried out by TRAI vide 55<sup>th</sup> amendment to TTO'99 effective from 01 July 2013. TRAI has now issued a draft 60<sup>th</sup> amendment to TTO'99 proposing to further reduce the existing ceiling tariffs for both voice and SMS upto 40% and 85% respectively. TRAI has argued that existing ceiling tariffs have not helped in bringing down the roaming tariffs to cost-based levels indicating that there is a lack of competition. Therefore, there is a need for further lowering of ceiling tariffs.

### **Uninor Comments**

1. Indian telecom market is a highly competitive as compared to global markets with 6-8 operators in each service area as compared to global average of 3-4 operators. The availability of MNP service coupled with lowest tariffs and stringent quality of service norms further intensifies the competition among the operators vying for the market share. **Presently, there are various tariff offers and schemes available for customers in the form of special tariff vouchers (STV) and / or combo vouchers (CV). The competitive forces in the market place are working well and ensure that any change in wholesale rates is passed on to the end customers in terms of lower tariffs. Thus, there is no requirement of further regulatory intervention.**
2. TRAI has reduced the mobile termination charge and carriage charge by 6p/min and 30p/min respectively vide 11<sup>th</sup> and 12<sup>th</sup> amendment to IUC regulation. We believe that since home service area tariffs are governed by the policy of forbearance coupled with competitive pressures, the interconnection cost reduction benefits will be extended to the end customers in terms of downward revision of their current tariffs by the operators without any regulatory intervention. Similarly, **market forces will ensure further reduction of roaming tariffs basis the downward revision in wholesale roaming tariffs on account of reduced interconnection charges.**
3. TRAI vide its 55<sup>th</sup> amendment to TTO'99 mandated the service providers to charge for outgoing voice calls and SMSs, while on national roaming equal to tariff in home service area in the tariff plans 'RTP' and 'RTP-FR' for a fixed price. This establishes the linkages between home tariff and roaming tariff. Although, the cost structure of roaming incoming call is higher as there is payout on domestic carriage and network usage charge which makes the call costlier than the normal incoming call in home network. Additionally, there are other costs like Clearing House cost, administrative & billing cost, which should be

taken into account while fixing the roaming tariffs. So in case roaming tariffs are reduced below home tariffs it will create huge imbalance in traffic pattern. The arbitrage of lower roaming tariffs and higher home tariffs will not be sustainable in the competitive scenario. The operators will be forced to bring down their home tariffs which are under forbearance. As a result, we will have a situation where TRAI prescribed caps on roaming outgoing calls would effectively put a cap on outgoing calls in home plan. There is also a possibility that majority of the subscribers may migrate to RTP plans once the regulation is notified causing further loss to TSPs. This goes against the very principle of tariff forbearance and will impinge upon operator's flexibility to design tariff packages despite of permitting Special tariff vouchers and combo vouchers.

Uninor is a sub-national operator and for offering roaming services especially in those service areas where Uninor doesn't have presence, is dependent upon the other operator networks for which substantial wholesale payout as a roaming fee is paid to the roaming partner. Any downward revision in roaming ceiling may lead to a situation where the other operator will not find it to be economically viable to offer wholesale rate to Operators like us. In such circumstances, Uninor will not be able to offer pan-India roaming services to its customers.

**We therefore request TRAI to continue with the existing ceiling tariffs of national roaming else it will be an anomaly wherein home tariffs are more than the roaming tariffs despite of having inverse relationship with the traffic usage pattern.**

4. National roaming is considered as "Add-on" service by the subscriber while choosing a tariff plan and any changes in the current national roaming tariff regime, will not have any significant bearing on the customer usage pattern for national roaming services. Generally, operators are offering roaming in three ways – mandated RTP and standard tariff plans, STV/ CVs and limited promotional offers. The most popular option opted by the subscribers, especially heavy out-roamers to avail lower roaming tariffs is special / discounted vouchers and promotional offers while in roaming in comparison to RTP plans. For instance, the usage of RTP in Uninor sub-base is as low as <2% of roaming subscribers. The traffic usage is skewed to the advantage of home segment as compared to roam and the fall in tariff has direct correlation to increase in home traffic and not so prominent in roam traffic.

While the RTP and standard tariff plans are majorly offered on ceiling rates, the discounted vouchers are offered on much lower rates coupled with various permutation and combinations to ensure adequate options available for subscribers. These discounted vouchers are innovatively designed to suite specific traffic usage viz. keeping the ceiling rates for 3 legs of the plan and reducing the rates in reaming 2 legs only - refer annexure depicting national roaming tariffs and offers launched by various operators for prepaid customers as a special tariff voucher and combo voucher in Delhi and UP West service areas during Jan-Mar 2015.

**We recommend that the ceiling should be the highest prevailing tariff in the market, so that the flexibility is there in the hands of operators to offer innovative tariff plans and special schemes / offers to match the varied customer segments.**

5. Consumer welfare is best achieved through a careful balance between regulations and a competitive environment conducive to investments and innovation. The main objective should be to lower overall operational costs through efficient and innovative utilization of resources enabled by competitive wholesale products, services and provisions that remove competitive barriers and facilitate efficient and sustainable markets. In light of this, **we recommend that in order to make this market more efficient, regulatory oversight and intervention in the inter-operator wholesale market is of much greater importance for the sector than only selective retail interventions especially for the sub-national operators who don't have pan-India presence.**
6. Once the pan-India MNP services will be available, customer has the choice of using home tariff from same/other TSP without changing his number. The flexibility is in the hands of the customer.

**In view of above submissions, we recommend that TRAI should continue with the present roaming ceiling tariffs.**

**Annexure – National roaming tariffs and offers launched by operators for prepaid customers as a Special tariff voucher and combo voucher in Delhi and UP West service areas during Jan-Mar 2015**

Special Tariff Vouchers (Delhi)

Operator	Cost Of Pack (Rs.)	Validity Day(s)	Tariff Details
<b>AIRTEL</b>	5	1	Incoming calls free + Outgoing calls @ Rs. 0.016/sec while in roaming
<b>RELIANCE (GSM)</b>	5	1	Incoming calls free + Outgoing calls @ Rs. 0.015/sec while in roaming - Applicable through USSD recharge only
<b>IDEA</b>	14	20	Incoming calls free while roaming in Uttar Pradesh, Bihar, West Bengal & Kolkata + Outgoing calls @ Rs. 0.015/sec while in roaming on Idea Network
<b>IDEA</b>	38	30	talktime Rs. 18 - Incoming calls free + Outgoing calls @ Rs. 0.015/sec while roaming in Bihar, UP (East), UP (West), Kolkata & West Bengal in Idea Network

Combo Vouchers (Delhi)

Operator	Cost Of Pack (Rs.)	Validity Day(s)	Tariff Details
<b>MTNL (GSM)</b>	43	90	talktime Rs. 0.44 - Local & STD calls @ Rs. 0.01/sec - Incoming & Outgoing calls @ Rs. 0.01/sec while in Roaming
<b>RELIANCE (CDMA)</b>	53	28	Local & STD calls @ Rs. 0.40/min while in Home & Roam Network - Incoming calls free while roaming
<b>RELIANCE (GSM)</b>	55	5	Full talktime Rs. 55 - 5 Local SMS free - Incoming calls free + Outgoing calls @ Rs. 0.012/sec while in roaming for 15 day(s)

Special Tariff Vouchers (UP West)

Operator	Cost Of Pack (Rs.)	Validity Day(s)	Tariff Details
<b>AIRTEL</b>	23	7	Incoming calls free + Outgoing calls @ Rs. 0.016/sec while in roaming
<b>UNINOR</b>	23	30	Incoming calls free while roaming in Andhra Pradesh, Bihar, Gujarat and Maharashtra & Goa - Roaming benefit is applicable on Uninor Network
<b>BSNL (GSM)</b>	33	7	Incoming calls free + Outgoing calls @ Rs. 0.015/sec while in roaming

*Source: Website of respective telecom service providers and [www.telecomwatch.in](http://www.telecomwatch.in)*