

Telecom Regulatory Authority of India Notification

New Delhi, the 30th January 2002

No.303/3/2002-TRAI (Econ.)

In exercise of the powers conferred upon it under sub-section (2) of the section 11 of the Telecom Regulatory Authority of India Act, 1997 as amended by TRAI (Amendment) Act, 2000, the Telecom Regulatory Authority of India (TRAI) hereby makes the following order by an amendment to the Telecommunication Tariff Order, 1999 by notification in the Official Gazette, in respect of tariffs at which Telecommunication services within India and outside India shall be provided:

THE TELECOMMUNICATION TARIFF (EIGHTEENTH AMENDMENT) ORDER, 2002 (2 of 2002)

Section I

1. Short title, extent and commencement:

- (i) This Order shall be called " The Telecommunication Tariff (Eighteenth Amendment) Order, 2002".
(ii) This Order shall come into force with effect from the date of notification in the Official Gazette.

Section II

Under Schedule II Cellular Mobile Telecom Service (CMTS) for the existing clause "14.a (Roaming)" the following shall be substituted, namely.-

"14.a Regional and National Roaming:-

Item	Tariff
Refundable Security Deposit	Forbearance
Entry Fee (One time charge)	Nil
Monthly Access Charge for Regional and/or National Roaming	Rs.100.00 as ceiling
Airtime charge	Rs.3.00 per minute as ceiling
PSTN charge	As applicable from time to time to the fixed network
Surcharge	15% as ceiling on airtime component.

14.aa International Roaming : Forbearance
14.aaa Other matters related to Roaming : Forbearance."

The tariffs under this Section shall be effective from 1st March 2002.

Section III

This Order contains at Annex A an Explanatory Memorandum to provide clarity and transparency to the tariffs specified in this Order.

By Order,

(Dr. Harsha Vardhana Singh)
Secretary-cum-Principal Advisor

Annex - A

EXPLANATORY MEMORANDUM

I. Introduction

1) In the Telecommunication Tariff Order (TTO), 1999, tariffs for all supplementary telecommunication services and value added services including roaming are subject to forbearance. The Authority has received complaints in respect of high tariffs charged by service providers for provision of roaming and Authority's intervention has been sought in streamlining tariffs for roaming. The Authority has considered all aspects of roaming tariffs and has decided, in consumer interest, to regulate the tariffs for national/regional roaming. This amendment, however, does not change the existing regime for international roaming.

II. Current Charging

2) TRAI examined the roaming charges levied by various cellular mobile operators. In general, roaming attracts two charges; a fixed charge for access to the facility and variable charges that depend on usage. The monthly fixed access charge for roaming for service providers varies between Rs. 0.00 to Rs. 400.00 across operators. Only one operator levies a charge of Rs. 400.00 per month, while others are generally in the range of Rs. 100.00 to Rs. 150.00 per month. Data from service providers shows that airtime charge for national automatic roaming is Rs. 10.00 per minute on a 60 seconds pulse. In addition, the subscriber is also required to pay the applicable PSTN charge and a surcharge ranging between 10% and 15% on total billed amount for the call (airtime plus applicable PSTN charges). In certain cases, the surcharge is levied only on airtime and not the applicable PSTN charges.

3) Thus the various elements of charge for roaming can be summarised as follows:

- a) Refundable security Deposit
- b) Fixed one time charges for the roaming facility
- c) Monthly access charges for roaming
- d) Airtime charge
- e) Applicable PSTN charges; and
- f) Surcharge on the billed amount

III. Analysis of Roaming Charges

4) A comparison of the airtime charge for national automatic roaming (Rs.10.00 per minute) and the peak charge for airtime across various tariff plans shows that roaming charges are considerably higher than airtime charges levied by service providers on their own subscribers. While airtime rates applicable in the subscribers home network have been declining over the last few months, roaming charges have remained at Rs.10 per minute. In this context, the Authority felt it justifiable to examine the incremental costs for provision of roaming and sought relevant data from the Cellular Operators Association of India (COAI).

5) The Authority has taken into consideration the various capital and operational cost elements provided by cellular mobile operators through COAI. In all, COAI submitted data for eight operators of which two were from metros. For the estimation of tariffs, due to incompleteness of the information given, data for one metro operator and three circle operators has been used. In tune with the methodology followed in the past, capital costs have been used to derive monthly rentals and operating costs have been used to derive airtime charge per minute.

6) In deciding on the tariff regime applicable for national roaming, the Authority considered only the additional or incremental costs associated with provision of the roaming facility. All the fixed costs submitted by COAI have been considered in the cost base for determining monthly rental for roaming. In addition, the Authority has taken into account the signalling links which the various operators share with BSNL and for which BSNL charges Rs.25.00 per roaming subscriber.

IV. Estimation of Bench Mark charges for Rental and Airtime

7) For estimation of monthly rental, 22% Annual Recurring Expenditure (ARE) has been applied to the capital cost. To this figure, signalling charge levied by BSNL of Rs. 25.00 per subscriber per month and revenue share license fee of 10% has been added to derive the monthly rental of national roaming.

8) The median cost based monthly rental is estimated from the sample as Rs.38.00. Taking account of an average prevailing airtime per minute and adding the incremental OPEX cost for roaming, we obtain an airtime charge for roaming at somewhat less than Rs. 3.00 per minute. The Authority considered that the roaming airtime charges arrived at are based on charges and cost data currently available from the service providers and that it is a value added service. The cost data available has, however, been limited. Therefore, while the Authority decided to reduce the prevailing charges for roaming, it has permitted some margin in the cost based estimates of rental, and has specified the tariffs as ceilings. The Authority has decided to specify a ceiling monthly rental of Rs.100.00, a ceiling roaming airtime charge at Rs.3.00 per minute and a ceiling surcharge (only on airtime) at 15%.

9) The Authority is of the view that there should be no fixed one-time access fee for roaming, since the relevant costs would be covered by the applicable tariffs. The refundable security deposit for roaming, however, continues to be under forbearance and shall be subject to the general regulation on security deposits prescribed in the Telecommunication Tariff Order (TTO) 1999.

(Dr. Harsha Vardhana Singh)
Secretary-cum-Principal Advisor