

The exercise to review national roaming tariffs was initiated by the Telecom Regulatory Authority of India (TRAI) in early 2013 in light of the declared intent in the National Telecom Policy (NTP), 2012 to move towards the “One Nation-Free Roaming” regime. In June 2013, TRAI announced the 55th amendment to the Telecommunication Tariff Order, instituting a new system for roaming charges, which came into effect from July 1, 2013. Through this amendment, TRAI has not just lowered the ceiling for national roaming calls and SMSs, but has made it mandatory for telecom operators to offer at least two types of free national roaming plans to their subscribers.

However, the regulator has ruled out the option of providing free roaming services to mobile phone users, as proposed in the NTP, 2012. TRAI has stated that it is unviable to follow the policy of One Nation-Free Roaming because of the costs involved in providing national roaming services. Citing problems with the idea, the regulator contends that if the policy is implemented, telecom operators will not be able to recover their interconnect costs from roaming subscribers, which account for about 13 per cent of the total 860 million subscribers. Moreover, in order to recover an estimated Rs 130 billion revenue loss on account of free roaming, they would be forced to hike call rates for the 600 million-odd non-roamers. In nearly all the cases, this would mean the poor subsidising the rich, which is unfair.

Therefore, for now TRAI has only revised the ceilings on roaming charges for various services. As per the amendment, the ceiling for local outgoing calls has been reduced from Rs 1.40 per minute to Re 1 per minute, while for national long distance (NLD) outgoing calls it has been lowered from Rs 2.40 per minute to Rs 1.50 per minute. For incoming calls during roaming, the ceiling has been reduced from Re 1 per minute to Re 0.75 per minute. The charge for outgoing SMSs, which was earlier between Rs 1.50 and Rs 3.50, has now been fixed at Rs 1.50 for an NLD SMS and Re 1 for a local SMS. Incoming SMSs will remain free. Further, TRAI has made it mandatory for telecom operators to offer special plans, under which heavy roamers can avail of free national roaming for an additional fixed charge.

According to industry experts, the impact of the amendment on telecom companies will not be significant. While the ceilings have been reduced, on the ground, outgoing call prices are likely to remain the same as most telecom operators such as Bharti Airtel, Vodafone India, Idea Cellular, Tata Teleservices and Aircel are already offering roaming services at the new ceiling prices (outgoing NLD calls at Rs 1.50 per minute and outgoing local calls at Re 1 per minute).

The service segment that is likely to be impacted the most as a result of the amendment is outgoing SMSs, which will entail a maximum charge of up to Rs 1.50 for NLD and Re 1 for local messages. Currently, many operators charge over Rs 3 for an outgoing NLD SMS. Tariffs for incoming calls while roaming will also be affected as most of the operators charge for these services Re 1 per minute, but TRAI has set a ceiling of Re 0.75 per minute.

Overall, TRAI's decision has been a balancing act for the sector as it partially fulfils the government's objective of allowing free national roaming and does not materially impact the revenues of the financially stressed telecom operators.

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