

Mahanagar Telephone Nigam Limited (MTNL) does not plan to hike its call tariffs. According to A.K. Bhargava, executive director, wireless services, MTNL, "In the backdrop of the industry trend of increasing call charges, MTNL is not only keeping its tariffs at the same level but will continue to undertake measures to benefit its customers."

So far, TATA DOCOMO, Bharti airtel, Vodafone Essar and Idea Cellular have increased call tariffs. TATA DOCOMO first doubled its net tariffs for GSM services in Tamil Nadu (from Re 0.01 per six seconds to per three seconds), followed by other circles. The operator also doubled STD call rates for new subscribers after a year of connection and increased local and national SMS charges by 67 per cent and 25 per cent respectively.

Thereafter, Bharti airtel followed suit and increased its tariffs by 20 per cent for prepaid subscribers in the Delhi, Andhra Pradesh, Kerala, Madhya Pradesh and Gujarat circles.

Airtel hiked tariffs for two plans, Advantage and Freedom, for calls and SMSs within the airtel network. Users of the Advantage plan now pay Re 0.60 per minute instead of Re 0.50 per minute for local and STD calls and Re 0.90 per minute for calls to landlines. In addition, subscribers are charged Re 1 and Rs 1.50 per local and national SMS respectively. Existing users are required to pay the new rates after the validity of their existing vouchers expires. Subscribers of the Freedom plan are now charged Re 0.12 per second for local and STD calls as compared to Re 0.01 per second earlier.

Following this, Idea Cellular and Vodafone Essar also increased tariffs for their prepaid plans in select circles while Bharti airtel applied its new tariffs to other circles. Idea increased its tariff from Re 0.01 per second to Re 0.012 per second for all calls to other networks in the Delhi service area under the per-second billing scheme, before revising call and SMS rates for circles like Gujarat, Madhya Pradesh and Maharashtra.

Vodafone Essar, on the other hand, increased tariffs in 12 circles from Re 0.01 per second to Re 0.12-Re 0.15 per second.

The key reasons attributed to this hike are the entry of new players, the resulting tariff war and

the high cost of 3G spectrum (Bharti airtel and RCOM spent Rs 122.95 billion and Rs 85.83 billion respectively). These factors have severely impacted operator margins and finances.

Moreover, cut-throat competition from new players has forced the major operators to reduce tariffs, which resulted in a drop in the average revenue per minute (ARPM). At an operating cost of Re 0.25 per minute, operators had no choice but to increase tariffs.

Meanwhile, none of the six new operators have announced any changes in their tariff plans, preferring to adopt a wait-and-watch approach to analyse the effect of the tariff hikes by the established players.

Also, the Telecom Regulatory Authority of India (TRAI) has directed operators to justify the increase in prices and provide details of these plans. Currently, operators are required to notify the regulator if they change any tariff plans or introduce any new plans.

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