

TRAI/Aircel/Corr/2013/ 56

5<sup>th</sup> April 2013

Mr. Raj Pal  
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Telecom Regulatory Authority of India  
MTNL Telephone Exchange Building  
Jawahar Lal Nehru Marg (Old Minto Road)  
New Delhi – 110 002

**Sub: Response to Consultation Paper on "Review of Roaming Tariffs"**

Dear Sir,

This is with reference to Consultation Paper on "Review of Roaming Tariffs" dated 25<sup>th</sup> Feb'2013.

In this regard, we hereby enclosed our response to the above mentioned consultation paper. These comments have also sent through e-mail at [raj.pal@nic.in](mailto:raj.pal@nic.in) and [manishsinha@traigov.in](mailto:manishsinha@traigov.in)

We hope TRAI will take our inputs into consideration while finalizing their recommendations.

Yours Sincerely  
For Aircel Group



Ramesh K  
Sr. General Manager –Corporate Regulatory Affairs

Encl: as stated above (total 8 pages)

Aircel Limited :

**Aircel Group Response to**  
**Consultation Paper on**  
**Review of Roaming Tariffs**

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## **Preface:**

At the outset, we would like to state that Roaming is a commercial arrangement with other telecom operator, for which there is a significant pay-out, more than regulated charges. As per Unified access license granted to operators under Indian Telegraph Act, Roaming service can be given as per commercial arrangements and is not a mandatory service and hence, the tariff can only be based on the commercial arrangement and the costs involved.

In case of Roaming service, normally Visiting operator would need compensation bit higher than the cost/tariff of his normal home network service else no commercial incentive left to for the visiting operator to give roaming facility to an operator.

The proposal of absorption of Roaming cost for incoming call into outgoing call tariff or the Home Price Rule, is not tenable for the telecom sector and we strongly feel it would seriously impact the revenues and misuse (like flight of SIM from one circle to another etc).

It would severely impact relatively smaller operators like Aircel where on-net roaming and off-net roaming is around 50-50% (approx) and any regulatory regime leading to non-recovery of cost, would lead to huge pay-outs to bigger operators, impacting sustainability of our roaming arrangements and business plans.

The roaming users are generally 3-5 % of total subscriber base which are generally considered to be having better affordability and hence, the absorption of incoming roaming into outgoing tariff would mean cross-subsidizing high-end users by the medium and low-end users.

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## Issues-wise Response

**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.**

**Aircel Response:**

Currently, there is enough competition available in form of Plan Vouchers with each operator. Many operators have offered roaming tariffs of 1p/sec on their network, without any charge / capping on usage and even lesser.

Therefore, in our view there is a fair competition prevailing for roaming tariffs and the policy of forbearance should continue.

**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.**

**Aircel Response:**

We are not in favour of Home Price Rule since there are various factors governing home tariffs and Roaming tariffs and both can't be equated on one ground. Indian telecom sector is divided into 23 telecom service area licenses and all have been evaluated with different License and Spectrum charges depending upon the commercial & economical potential.

Broadly, below mentioned infrastructure elements are used for providing incoming call facility to the customer during Roaming:

**a) Home Network**

- i. Core Network including GMSC, HLR, VLR etc
- ii. Intelligent Network (IN)
- iii. Signaling network
- iv. Billing system
- v. CRM, Kenan, Subscriber Management systems
- vi. Administrative and Employee cost
- vii. Roaming settlement through MACH

**b) Roaming Visiting Network**

- i. Radio Network (including Spectrum, cost of which depends largely upon the service area)
- ii. Core Network including GMSC, BSC, HLR, VLR etc
- iii. Signaling Network
- iv. Billing system
- v. Administrative and Employee cost
- vi. Roaming settlement through MACH

It is amply clear from above that in case of Incoming call, there is significant work done by both Home Network as well as Roaming Visiting Network.

We are of firm view that with Home Price Rule would bring serious impacts for telecom operators as probability of abuse increases by offering free MTC. We have fair experience of market behavior in case of making incoming free while roaming.

With our various special offerings wherein component of free incoming roaming was introduced in the market in few circles, below are our key findings:-

1. 808% growth in incoming roaming calls observed on year to year basis
2. Significant users with only incoming calls
3. In another Plan Voucher, there are huge numbers of subscribers who are only consuming incoming roaming calls between slabs of 1000 – 18850 with no Roaming outgoing usage.
4. Adverse impact on QoS.

This has only lead to a market principle that benefits offered in home shouldn't be applicable while roaming.

**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.**

**Aircel Response:**

All cost items has to be recovered from roaming calls be it incoming or outgoing.

Apart from technical / IT feasibility stated below, there is no mechanism available to charge incoming calls from mobile to mobile operator calling party and incase of calls terminated from International operators /PSTN, no back to back charging can take place. It will be not possible for an operator to segregate calls received by an Inroamer, basis calling party being an national caller or International, Mobile or PSTN etc.

**Proposal as per Consultation Paper: When a call is made to the national out-roamer, the calling party would be provided with an announcement informing him the following:**

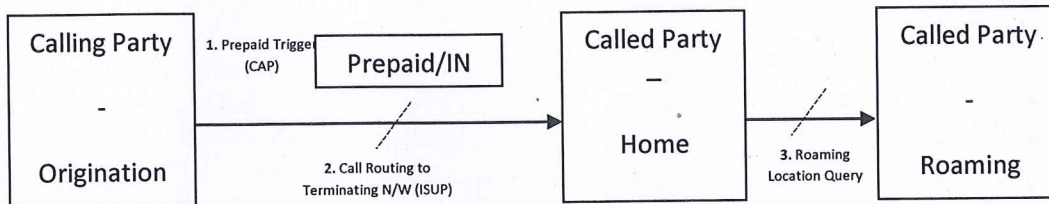
- (i) The called party is on national roaming.
- (ii) The calling party would have to pay "additional charges" in case he wishes to speak to the called party.

In this case the service provider of the calling party would collect the "additional charges" from him and pass it on to the service provider of the called party on wholesale basis.

**A. Technical feasibility & Impact Analysis on Additional Charges**

- The Charging of such an "additional Charge" from Calling Party is not technically feasible for online systems such as prepaid/IN, as the Origination network is not aware of the Roaming/Non-Roaming status of the called subscriber.
- The requirement for the charging of the Calling Party essentially translates into availability of the location information of the Called Subscriber at the time when the charging decision or call routing decision are carried out. As per the 3GPP routing principles, this information (Called Subscriber's Location) is only known to the Home Network of the Called Subscriber.

- Further, The location details of the Called Party, in terms of his VLR or whether he is roaming/not-roaming are not contained in the 3GPP specified trigger sent from MSC to IN.



- The IN permits the Call Setup to continue after checking the prepaid subscriber balance on basis of the called party number. The Origination MSC can then perform the call routing to the terminating subscriber towards its "home network". The "Home Network" makes a query to its HLR at this stage to identify the called subscriber's location.

**Observation A1.** As it would be evident, the Origination network would be required to make the charging decision before this stage. Thus, the Origination network's IN would not be in a position to perform online deduction for the "Additional Charges" in case the called subscriber is in national roaming outside his home network.

- Similarly, the Originating MSCs would also start recording the CDRs at the stage where call is routed to the Called Subscriber's home network. As stated prior, the called party's location is however identified by its home network on receipt of incoming call request. The Origination MSCs would not be able to record the National Roaming/Non-Roaming status of the Called Party in the CDRs.

**Observation A2.** Thus, the Origination network may not have the call details required to bill the "additional charges" to its postpaid subscribers.

**Observation A3.** Lastly, As the Origination MSCs would not have the National Roaming/Non-Roaming status of the Called Party in the CDRs, it would not be able to identify the amount the Home network would demand as a pass-through of the "additional charges".

## B. Technical feasibility & Impact analysis for Announcement of Calls

- The requirement for the Pre-Call Announcement to the Calling Party would again translate into having the location information of the Called Subscriber before the call routing decisions are carried out. As per the 3GPP routing principles, this information (Called Subscriber's Location) is only known to the Home Network of the Called Subscriber, which is only contacted after the call routing is done.

**Observation B1.** The provisioning of such pre-call establishment/announcement (or precall announcement) is not considered as technically viable.

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- Further, Origination Network would require a huge incremental investment to handle the additional equipment requirement should this "Roaming Location Query" be feasible and permitted.
- All the mobiles calls would have to be passed through new equipment, applications and entire infrastructure, which would be checking for "Roaming Location" as well as having IVR capabilities for pre-call announcement, should such a scenario be feasible.

**Observation B2.** The incremental investment required for such new equipment which would be humongous, as it would be required handle a huge volume of calls.

- Even if one assumes that such a pre-call announcements may get feasible, it would lead to degradation of the network quality because:-

**Observation B3.** Playing of pre-announcement will increase the holding time of the calls for call completion. Thus the Call Setup Time will be impacted substantially for all Roaming Calls.

**Observation B4.** The higher processing requirement for identification of the Roaming/Non-Roaming nature of Called party would also lead to huge increase in Call Setup Time for all mobile calls.

**Observation B5.** The increase in the holding time due to playing of pre-announcement will cause higher utilization of the radio resources, and may cause worsening of the QoS during peak traffic hours.

**Observation B6.** Such a solution, if feasible, would not be based on standardized solution available with any telecom vendor. It would have to be customized, build for specific requirement costing a lot to operators, and thus may be prone to failures and errors impacting a huge volume of the calls.

**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.**

**Aircel Response:**

We agree that ceilings of national roaming tariffs can be reviewed considering ADC has been abolished as well as termination charges have been brought down.

However, we would like to state that no other components can be touched e.g. incremental cost. As explained above, there is significant amount of work done by the Home operator in case of roaming calls and several network & IT nodes are involved for real time traffic as well as off-line billing & settlement. Hence, no reduction should be made from this component under Regulatory regime.

Operators today are operating quite below the ceiling fixed by TRAI, as standard tariff. While the local calls may be charged upto INR 1.4 per minute, STD upto INR 2.4 per minute, Incoming calls upto INR 1.75 per minute; Actual retail charge (without any discount voucher / subscription) are local at INR 1 per minute, STD at INR 1.5 per minute, Incoming calls at INR 1 per minute, which clearly illustrates the role being played by market forces.

Moreover, TRAI should also note that there are operators who are demanding signaling carriage charges as high as 20p and with dependency on bigger operators, the Roaming tariff reduction would result into non level playing field for

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relatively smaller operators. It would be worthwhile to seek that TRAI should prescribe IUC for signaling carriage charge as well.

**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?**

**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 Telecom Regulatory Authority of India 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

**Aircel Response:**

We do not agree with this approach since, there is a serious threat involved in recovering MTC calls cost through MOC calls in case of roaming because MOC actually reduces with exponential growth in MTC

It has already been described above that Aircel has observed that with free incoming roaming, MTC growth is upto 800% but MOC doesn't increase to the same level and net revenue has declined upto 80-90%.

This approach would result into wrong economic principle since, an operator dependent on other bigger operator for roaming services would end up paying a lot. In case of incoming roaming, home operator will not get anything and in case of outgoing roaming call, already the larger chunk remains with visiting operator. WE do not believe that roaming outgoing call can compensate cost of incoming roaming call.

Roaming being commercial arrangements, Regulatory regime should not make this service as loss making for some operators with advantage to bigger operators. We have serious apprehensions that this approach would result into non level playing field for relatively smaller/new operators.

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

**Q8: In case your response to Q7 is in the negative, please support your viewpoint with a detailed methodology to determine the tariff for video calls.**

**Aircel Response:**

Presently, Video calling is at a very nascent stage in the Indian telecom sector with still operators launching high-capex oriented 3G services. Thus, it would be too premature to prescribe any tariff for video calls. Moreover, Video calls are being given over 3G network & Spectrum, cost of which is too much higher than contemporary voice calls.

Therefore, we submit that roaming tariffs for video calls should be kept under forbearance.





**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?**

**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.**

**Aircel Response:**

In continuation to our number of letters submitted to TRAI on SMS termination charges being arbitrarily and unilaterally being imposed by some bigger operators; we are of the view that till TRAI comes out with Regulation on IUC for SMS, no separate tariff review of SMS can be initiated.

It is really surprising & unfortunate that on the one hand TRAI has chosen not to respond to the crisis situation & mayhem prevalent in between operators on SMS termination charges due to its policy of forbearance and on the other hand TRAI is correlating the cost of SMS in Home network or Roaming network.

TRAI has on multiple occasions conducted research and consultation on SMS termination charges therefore, may we know from TRAI as to "what is the cost of an SMS in Home Network". Till the time this is known, any deliberation equating work done of sms in home network with it in visiting network, would not be fruitful.

We would request TRAI to immediately regulate SMS termination charge in Home Network and then based on its market trend for 6 to 12 months, initiate consultation for roaming sms tariff.

There are various operators who have now set huge & arbitrary carriage rate for SMS, which would eventually result into high cost for a sms. Thus, for the sake of level playing field as well as transparent approach for all customers, TRAI should regulate SMS carriage cost as well otherwise present SMS tariffs are likely to increase substantially, if the will of large operators is allowed to prevail further.

**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?**

**Aircel Response:**

We would like to recommend that STV with roaming benefits should not be allowed as it would lead to tariff wars as well as confusions at customer's end due to increase in products from operators.

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

**Aircel Response:**

Standardization of fields required for TAP transfer and the underlying guidelines for explanation, so that there are no customer complaints on billing side.

Also, the M&B auditors are raising concerns which are not in line with GSMA PRD's.

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