



**Comments on Consultation Paper**

**On**

**“Review of Tariff for National Roaming”**

## RELIANCE'S RESPONSE TO CONSULTATION PAPER ON REVIEW OF TARIFF FOR NATIONAL ROAMING

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1. Reliance Communications Ltd (RCOM) welcomes the opportunity extended by the Authority to comment on issues raised in the consultation paper on "Review of Tariff for National Roaming". RCOM's comments on issues raised in this consultation paper are given below:

### **Roaming Charges are detrimental for Creating Common Domestic Telecom Market**

2. RCOM is of the view that the current inconsistencies in inter-circle communication are detrimental to the creation of a single telecommunications market within India. Consumers and Businesses are both adversely affected by the unreasonable roaming charges. Due to roaming charges, India is perceived as 22 separate telecom markets. Roaming charges undermine the ability of telecom service to bridge distances and unify the nation.
3. When the telecom licences were issued, the country was divided into 22 telecom circles. Each mobile operator had a circle as its territory of service area. However now most TSPs have pan-India presence and also vertically integrated with long distance network, there is little justification now to consider India as independent 22 operational circle. All pan India operators are exploiting the benefit of pan-India presence and under these circumstances there is no justification for any roaming charges.

### **Roaming Charges are Detrimental for Free Movement of People and Information**

4. The artificial segregation of country into various circles is a key barrier to the unhindered consumption of telecom services. Roaming charges is an unjustified levy on Indian citizens and an impediment for free movement of information. The roaming charges make telecom services artificially expensive and unaffordable for India citizens and get in the way of free movement of information. Thus levying of roaming charges within India is contrary to fundamental principle of our constitution for free movement of people and trade.

5. RCOM strongly believes that we require efficient inter-circle communication within India which is without any barriers like roaming charging. In a zero roaming charges situation, the customer would simply use phone as if he or she is in his home tariff zone regardless of Indian state he or she visits. The current high roaming charges limit use of mobile telephones while travelling outside home tariff which is socially and economically unacceptable and should be right away abolished. The affordable telecom service even while roaming will empower the common man and drive wider economic growth across the country.

#### **Roaming Charges are Detrimental for People Residing in bordering areas of States**

6. The inadvertent roaming charges is another major problem occurring on a large scale in every circle's bordering region. If a signal is not sufficiently strong in home circle, a cell phone can switch automatically to a more powerful network of neighboring circle resulting in many subscribers facing unnecessarily high phone bills.
7. The circle wise demarcation is causing social and cultural inconsistencies like Panchkula is in Haryana but included in Punjab, Gurgaon and Faridabad are in Harayana but included in Delhi, Ghaziabad and Noida are in UP (W) but included in Delhi etc. People so far connected culturally and socially have been divided due to artificial telecom circle boundaries.
8. Perhaps India is amongst very few countries which allow domestic roaming charges. It is a welcome step that TRAI is now reviewing the relevance of roaming charges in the new evolved telecom scenario.

#### **Insignificant Revenue Implication but Huge Social and Economic Benefits of Free Roaming**

9. RCOM believes that free roaming will not have any major impact on service providers. The TRAI in this consultation paper has estimated implication of free roaming on tariffs to be between 1.3% to 1.6%. The revenue implication if any would be only for a very short period of time as market will expand and more than recoup the cost for TSPs. Further, the revenue should be looked at in the context of socio-economic benefits that this regime would bring to the country. It would foster nation wide mobility and enhance competition across 22 circles. The Indian Telecom Market would become one integrated telecom market which shall have huge benefit for the citizens and country.

### **Free Roaming should be the way Forward**

10. Over the past few months our leadership has taken bold decision to abolish roaming charges. **The cabinet on 31<sup>st</sup> May, 2012 approved the National Telecom Policy – 2012, which is having one of the main objectives to work toward “One Nation – Free Roaming”. RCOM fully supports and welcomes Government’s free roaming policy objective.**

### **Conclusion**

11. The creation of social, cultural, educational and economic areas based on the mobility of individuals requires availability of seamless communication services across all geographies. Roaming charges are barriers to seamless usage of telecom services within India. **Therefore, to achieve India to become one common telecom market, it is highly justified to completely abolish the roaming charges.**

### **Comments on specific issues raised in the consultation paper**

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.

#### **RCOM Comments**

- i. The domestic telecommunication market cannot be called competitive in true respect as there is a large difference between Home Tariffs and Roaming charges.
- ii. Indian Telecommunication market displays following major problematic characteristics due to roaming charges:
  - a. Roaming charges act as an impediment to the Government’s efforts to develop into a knowledge-based economy
  - b. Roaming charges hinder free movement of information across the nation which is unacceptable in a democratic society
  - c. People living in state/circle bordering regions inadvertently face roaming charges

- d. Roaming charges segregate the country into 22 telecom markets and thus confine competition within a circle and not across the country.
- iii. The NTP'2012 objective to work toward "One Nation – Free Roaming" would help overcome above mentioned telecom related problematic characteristics. It will make telecom services affordable, empower the common man and drive wider economic growth across the country.
- iv. The current roaming regulation has had a limited positive effect for consumers in terms of declining prices. People still don't use telephone especially receive call when they are roaming. However, the roaming regulation to specify roaming ceiling charges would fail to bridge the gap between home tariff and roaming charges.
- v. **In view of the above Telecom Tariff Order should be amended to mandated free roaming service.**

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.

### **RCOM Comments**

- i. **RCOM supports an implementation of Home Price Rule (HPR) in national roaming service**, which implies that the service providers would levy the same tariff for national roaming calls as those applicable in the home service area. As a result, while on national roaming, the incoming calls would become free of charge while the outgoing calls would be charged at the same tariff as that for the outgoing calls made from the home service area.
- ii. The Home Pricing Rule would play its important role in fostering nation-wide mobility of individuals and free movement of information. It will facilitate social and cultural exchanges and foster economic growth.
- iii. Home Pricing Rule will enhance competition across all telecom circles and not just confined to a particular telecom circle. It will start bridging tariff difference between circles and arbitrage available with Telecom Service Providers to price telecom services differently in the various telecom circles.
- iv. **In view of the above RCOM strongly recommends to implement the Home Price Rule in national roaming service.**

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.

**RCOM Comments**

- i. No, recovery of carriage charge on account of incoming call while roaming should not be allowed. Roaming service should be available free of any charges. Any roaming charges on account of carriage cost would not help meet the NTP'2012 objective of "One Nation – Free Roaming". The problematic characteristics of roaming charges to put barrier on free movement of people and information across the nation would continue.
- ii. To stop hindrance to the free flow of information and creation of common domestic telecom market, **recovery of carriage charge on account of incoming call from the calling party should not be allowed.**

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.

**RCOM Comments**

- i. No, there is no need of aligning roaming charges to the current costs as that is inconsistent with the NTP'2012 objective of One Nation- Free Roaming. The TRAI is requested to mandate free roaming.

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?

**RCOM Comments**

- i. RCOM has submitted above that roaming charges should not be permitted as the NTP'2012 objective is "Free Roaming- One Nation". Therefore the prevailing ceiling tariff for national roaming service should be replaced by new regulation to mandate free roaming services.

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 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

### **RCOM Comments**

- i. RCOM has submitted above that there will not be any major impact on the Telcos revenues due to abolition of roaming charges. There is high price elasticity and thus telecom market will significantly expand due to free roaming and thus no impact is expected on TSPs.
- ii. **Thus RCOM suggests immediate abolition of roaming charges.**

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

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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.

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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?

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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.

### **RCOM Comments**

- i. Due to NTP'2012 objective of "One Nation – Free Roaming", TRAI should not allow any roaming charges on Voice calls, Video calls and SMSs.

Q11: Should Special Tariff Vouchers (STVs) with roaming benefits be allowed? Please support your viewpoint with reasons.

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Q12: In case your response to Q11 is in the affirmative, what regulatory restrictions should be imposed on such STVs?

- i. As we are suggesting immediate implementation NTP'2012 objective of "free-roaming-one nation". Thus the issue of reintroduction of roaming STVs will not arise.

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

#### **RCOM Comments**

- i. No Comments