

Information note to the Press (Press Release No. 35 /2013)

Telecom Regulatory Authority of India

TRAI prescribes SMS Termination Charge and Transactional SMS Charge

New Delhi, 24th May, 2013- The Telecom Regulatory Authority of India (TRAI) has today released: (i) 'The Short Message Services (SMS) Termination Charges Regulations, 2013' which prescribes cost based SMS Termination Charge as 2 paise per SMS; (ii) Amendment to the Telecom Commercial Communications Customer Preference Regulations, 2010 which prescribes a transactional SMS charge of 5 paise per transactional SMS. These regulations will be applicable from 1st June 2013.

2. SMS termination charges are the charges, which are payable by originating Access Provider to the terminating Access Provider for each SMS, terminated by it on the network of Terminating Access Provider.

3. As per the prevailing IUC regulations, SMS termination charges are under forbearance. The Authority noted that though the policy of forbearance on SMS termination charge has worked satisfactorily in the past when the use of SMS by the subscriber was limited. In the changed circumstances especially due to exponential increase in the number of commercial SMSs, large imbalance in SMS traffic between the networks of interconnecting service providers, unilateral imposition of SMS termination charge and in case of non agreement, disconnection by some dominant service providers and growing litigations amongst the service providers, the Authority reviewed the policy of forbearance in SMS termination charges and prescribed cost based SMS termination charge.

4. The issue of IUC for SMS was raised by TRAI in its consultation paper dated 27.04.2011 wherein stakeholders submitted their comments and counter comments. In continuation to its consultation paper, the Authority vide its letter dated 13.12.2012, again also asked all the service providers regarding the international practices with regard to SMS termination charge, network element used for providing SMS termination, cost data and costing methodology for estimating SMS termination charge. Many of the service providers have reiterated their stand of Bill and Keep for SMS termination charge as they have submitted in their comments on the consultation paper

dated 27.04.2012. In support of their suggestion of Bill and Keep, they have also submitted international practices in this regard. These service providers have submitted that in case, TRAI decides to prescribe SMS termination charge, it should be strictly on the basis of cost and according to their submission it should be less than 1 paise. On the other hand, some of the large Telecom Service Providers (TSP) are of the view that the termination charge for all types of SMS should be prescribed at a level, which allows the terminating operator to recover their cost as well as successfully address the concerns of SPAM and pesky SMSs. According to these large TSPs, the smaller operators are selling bulk SMSs to the telemarketers at comparatively cheap price and the revenue earned by them through the sale of bulk SMS is primarily because they are able to send large number of transactional and promotional SMS to the subscribers of other networks.

5. Keeping in view the observation of Hon'ble TDSAT that SMS Termination Charges should be cost based and on work done principle and in order to create certainty in the market, exigencies created by certain dominant players and to protect the interests of the consumers, the Authority has prescribed cost based SMS termination charge as **Re. 0.02 (Paise 2 only) per SMS.**

6. While doing this exercise, the Authority has observed that apart from promotional SMSs, there is a large traffic imbalance between different networks on account of transactional SMSs also. The Authority had earlier prescribed a promotional SMS charge of Re. 0.05 on promotional SMS sent by registered telemarketer in the seventh amendment to Telecom Commercial Communications Customer Preference Regulations, 2010. Therefore the Authority has also simultaneously released eleventh amendment to the Telecom Commercial Communications Customer Preference Regulations, 2010 to prescribe a transactional SMS charge of **Re.0.05 (paise 5 only) per transactional SMS.** In the amendment to the regulations, the provision has been made to exempt Government agencies from the transactional SMS charges.

7. The regulations along with explanatory memorandum has been placed on TRAI's website www.trai.gov.in. For any clarification/ information, Shri Arvind Kumar, Advisor (Network Spectrum and Licensing), TRAI may be contacted at Telephone No. +91-11-23220209, Fax No. +91-11-23230056.


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