



International SMS Tariffs

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Why in News?

Tech firms and telecom operators are facing off over steep **SMS tariffs**, causing **one-time passcodes and messages to consumers** from abroad to cost several times more than what they cost domestically.

- The [Telecom Regulatory Authority of India \(TRAI\)](#) has issued a consultation paper to seek views on whether there is a need to change the definition of **'international traffic'**, a key term that determines what an international SMS is, and by extension, what it should cost.

What is International Traffic?

- According to the consultation paper by **TRAI**, **'international traffic'** is the international **long-distance load or data transmitted over a telecommunication network** that **originates in one country and is destined for another country.**
 - For example, a voice call or an SMS from India to Bangladesh would be considered as international traffic.
- It includes various types of communication, **such as voice calls, SMS messages, and data transfer**, that cross national boundaries.
 - An international SMS is a text message that originates in a foreign country and terminates in India, or vice versa.
- International traffic is distinct from **domestic traffic, which involves communication within a single country.**
- It influences pricing structures and policies related to international communication services, such as call rates, SMS tariffs, and data roaming charges.
- The existing **Unified Licensing Agreement** in India focuses primarily on regulating **domestic traffic**, leaving **international traffic**, without clearly defined regulations and pricing structures.
- **Telecommunication Traffic in India:**
 - Telecommunication in India is **divided into 22 circles**, which are geographical **regions or zones** designated for efficient administration and regulation of telecommunication services. These circles ensure effective coverage and management of telecommunication operations across the country.
 - **Domestic Traffic:**
 - **Intra-Circle Traffic:** Communication within the boundaries of the **same Telecom Circle/Metro Area.**
 - **Inter-Circle Traffic:** Long-distance communication **originating in one Telecom Circle/Metro Area and terminating in another.**
 - **International Traffic:**
 - Communication between **India and foreign countries.**
- **Termination Charges:**
 - **Domestic SMS:** Regulated termination charges.
 - **International SMS:** Telecom operators have the freedom to set termination charges, making it highly profitable.

What is the Issue of Redefinition of International Traffic?

Telecom Operators' Stance	Tech Firms' Perspective
<ul style="list-style-type: none">▪ Telecom operators believe that international SMS tariffs should remain the same.	<ul style="list-style-type: none">▪ The Broadband India Forum, representing Big Tech firms like Amazon and Google as well as Internet Service Providers, disagrees with strictly defining SMS based on geographical boundaries.
<ul style="list-style-type: none">▪ They argue that messages sent through Indian gateways should not be exempt from the international SMS termination charge.	<ul style="list-style-type: none">▪ The forum believes that since messages can be sent over the internet to an Indian gateway, the classification of international SMS becomes unnecessary.
<ul style="list-style-type: none">▪ Exempting international SMS from the charge would result in a significant revenue loss for Indian telecom operators.	<ul style="list-style-type: none">▪ They argue that the high prices charged for international SMS are not justified by the actual cost of providing the service.
	<ul style="list-style-type: none">▪ The expensive international SMS pricing can contribute to fraud, putting companies at risk of financial losses.▪ Twitter alleges that telecom operators worldwide defraud the company of 60 million USD annually by creating bot accounts that request bogus SMS OTPs, resulting in significant costs for the firm.

Telecom Regulatory Authority of India

- TRAI, established under the **Telecom Regulatory Authority of India Act, 1997**, regulates **telecom services and tariff fixation/revision.**
- It ensures a **fair and transparent policy environment**, fostering a level playing field and promoting fair competition.
- The establishment of Telecom Disputes Settlement and Appellate Tribunal (**TDSAT**), as an **amendment to the TRAI Act**, transfers adjudicatory and dispute functions from TRAI. TDSAT resolves disputes between **licensors, licensees, service providers, and consumers**, and handles appeals against TRAI's directions, decisions, or orders.