



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

## 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.