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Airtel, Idea begins issuing demand notices for 10p SMS termination fee for every text message

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NEW DELHI: Leading mobile phone operators, [Bharti Airtel](#) and Idea Cellular, have begun issuing demand notices to their competitors seeking [SMS termination fee](#) of 10 paisa for every text message.

The move comes just months after these [GSM operators](#) first threatened to impose the levy but had backed off after the sector regulator [Trai](#) cautioned all telcos against imposing 'discriminatory termination charge for SMSes'.

"The move by Bharti and Idea to issue demand notices has resulted in [Vodafone](#) Essar following suit. Vodafone has now sent out letters to all telcos saying that the termination fee for text messages will be applicable from April 1, 2011," the regulatory head of a smaller GSM-based operator said. ET reviewed the notices that had been sent by Vodafone Essar to two of its competitors.

The regulatory head of the mobile phone company quoted above clarified that telcos were legally allowed to impose termination charges even for SMS, provided that the levy applied uniformly and non-discriminatorily to all players.

However, this executive explained, "Incumbents don't impose the termination charge on each other - this is a discriminatory step. Leading GSM operators have also not imposed a uniform SMS termination fee - it differs from one mobile phone company to another. Besides, for new entrants and smaller players, who have lower customer base, the outgoing text messages are several multiple times higher when compared to incoming SMSes. This raises the cost for smaller players."

Echoing this view, Uninor, in which Norway's Telenor holds a majority stake, and the only mobile phone willing to speak on record said that it was "forced to sign up for a 10 paisa SMS termination charge with larger operators, while at the time, between each other the operators followed a bill and keep principle".

"While this charge is bilateral, it hurts the young operator more since with a much smaller subscriber base, we obviously have more traffic going to others' networks," the Uninor spokesperson said. The telco said it had also raised the matter with Trai stating that the charge was unjustified, since the cost to terminate an SMS is only 2 paisa.

"It is also anti-competitive since large operators apply margin squeeze on us by pricing their on-net SMSes much lower than 10 paisa, forcing us to do the same to remain competitive and hence incur losses on each SMS we send them," the Uninor spokesperson added.

A top executive with Vodafone Essar, however, said, "Vodafone pays this levy to some of its competitors and it is only natural that we impose a termination fee for text messages that come to our network. We are within the rules as Vodafone is adhering to Trai's guidelines and imposing this on a non-discriminatory basis."

This executive added that imposition of SMS termination charges was an effective way to prevent indiscriminate and arbitrary flooding of bulk SMS by either party to each other's customer base.

While [Idea Cellular](#) did not reply to an ET query, the Bharti Airtel spokesperson said the mobile phone company strongly emphasised that "the charges of 10 paisa have been consistently offered to all operators and there is no question of discrimination". "We as a company are compliant to all norms and applicable government regulations," the spokesperson added.

ET has also learnt that dual technology operators such as [Reliance Communications](#) and Tata Teleservices have decided to ignore the demand notices of the incumbents.

"These notices cannot be enforced by any court. They incumbent cannot force anyone to pay up since this their demand is against the present and long standing industry practice of bill and keep which has also been accepted by Trai," said an executive with a dual tech telco.

Another set of telcos have also responded to the demand notices stating that current system must continue until the regulator finishes its ongoing exercise of reviewing termination rates across all forms of communication services.

These mobile phone companies in their reply have also added that these notices 'suffered from serious legal infirmities, displayed a deliberate and unwarranted defiance of regulatory intervention and also failed to appreciate Trai's directions in February 2011'.

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