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# Telecom tariff war resumes

## Airtel slashes rates, others expected to follow suit

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New Delhi, April 28

INDIA'S 250 million cellular phone subscribers could look forward to better times.

Another round of tariff war appears imminent after market leader Bharti Airtel Ltd. slashed its long distance and roaming tariffs by about 40 per cent.

An Airtel subscriber would now pay Rs 1.50 per minute for a domestic long distance call, down from a maximum of Rs 2.65 per minute. The new tariffs are applicable for all rental plans across the 23 circles in which Airtel operates.

Bharti Airtel President and CEO Manoj Kohli said the tariff cut would benefit the rural customers the most and encourage people to communicate more while travelling away from their local stations.

Shortly after Airtel's announcement, Anil Ambani-promoted Reliance Communications Limited

### DIALLING R FOR RATES

- Existing long distance call charges for all operators vary between Rs 2 per to Rs 3.00 per minute
- Airtel slashes STD rates to Rs 1.50 per minute from the existing Rs 2.65 per minute
- Reliance Communications introduces unlimited free STD for calls made between its own subscribers on specific plans
- Airtel also slashed roaming charges by over 40 per cent

(RCom) introduced "unlimited free" long distance calls, but only amongst its own 48 million subscribers.

RCom's new scheme, however, comes bundled with a higher rental for both its pre-paid and post-paid customers.

"The whole purpose of having multiple tariff options is to use specific

plans for specific set of users," S.P.Shukla, President of Reliance Communications said.

When contacted, Vodafone Essar, another leading player in the mobile telephony market, remained non-committal on its plans to cut tariffs. Tata Teleservices declined to comment.

"Price cuts have typically been used to gain market share and increase usage," said Jaydeep Ghosh, Director with consulting firm KPMG Advisory Services.

Telecom companies are expecting to offset tariff cuts through higher usage. Airtel's own research has shown about 70 per cent of mobile users in India talk for less than five minutes on an STD call.

"Currently only about 12 per cent mobile subscribers use STD services at present and a price cut will have existing users increase their usage and there will be new users as well," said Madhusudan Gupta, Senior Research Analyst at consulting firm Gartner.

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