

No. MTNL/CO/RA/TRAI/Floor price for ILD/2010
Dated 24.11.2010

To,

Jt. Advisor (I&FN)
TRAI
New Delhi - 110002

Subject: Setting floor price for settlement in India of ILD minutes

Please refer your letter no. 409-9/2010-I&FN dated 04.11.2010 regarding setting floor price for settlement in India of international long distance minutes originating from the Middle East. MTNL has examined the issue and comments are as under:

- i. Termination charges to several countries have been increased in the recent past.
- ii. There has been increase in foreign exchange rate resulting in higher payout in rupee terms, affecting the revenues from ILD business, but ILDO pass these fluctuations to access providers regularly in case of increase.
- iii. Recently higher termination charges are being levied by some service providers (near monopolies in some gulf countries which control the international gateways).
- iv. The termination charges for incoming international calls are specified in the IUC Regulation and the Indian service providers do not possess the equal opportunity to negotiate on a reciprocal basis with their overseas counter parts.
- v. Termination charges on incoming ILD calls are very low in comparison of other countries (outbound traffic is low and inbound traffic is high i.e. 1:4) which amounts to revenue loss to Government of India.
- vi. Termination charges even for easily accessible countries e.g. Gulf & SAARC & mobile network of Europe are high for example ILD Carriage & termination charges in middle east countries are Rs.5.00 to Rs.8.00 per minute in comparison to Rs.0.40 per minute termination charges while terminating in India.
- vii. The tariffs in the Indian Telecom market are lowest in the world and the service providers here are struggling to manage their cash flows.
- viii. The earlier ADC regime was compensating the access provides to some extent but after the abolition of ADC, no support is now available to them.
- ix. The increase in termination charges for ILD calls on reciprocated basis vis-à-vis other countries will help the access providers as well and increase the revenues to the Government. It will be similar to the case of access providers in the distant country.

- x. With balanced outgoing and Incoming traffic, the effect of exchange rate fluctuations will be nullified for the ILDO's.

In view of above termination charges for incoming ILD calls may be fixed by TRAI for each country on reciprocal basis and revised periodically accordingly.

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Dated: 16.11.2010

1/C TRAI letter regarding comments on setting floor price for settlement in India of international long distance minutes originating from the Middle East without disturbing the local termination charges.

2/C Outgoing carriage and termination charges for ILD (May 2009) are received from Commercial Section, C.O.

Proposed comments to TRAI are as under:

- (i) *Termination charges to several countries have been increased in the recent past.*
- (ii) *There has been increase in foreign exchange rate resulting in higher payout in rupee terms, affecting the revenues from ILD business.*
- (iii) *Recently higher termination charges are being levied by some service providers (near monopolies in some gulf countries which control the international gateways).*
- (iv) *(iv)The termination charges for incoming international calls are specified in the IUC Regulation and the Indian service providers do not possess the equal opportunity to negotiate on a reciprocal basis with their overseas counter parts.*
- (v) *Termination charges on incoming ILD calls are very low in comparison of other countries (outbound traffic is low and inbound traffic is high i.e. 1:4) which amounts to revenue loss to Government of India.*
- (vi) *Termination charges even for easily accessible countries e.g. Gulf & SAARC & mobile network of Europe are high for example ILD Carriage & termination charges in middle east countries are Rs. 5.00 to Rs. 8.00 per minute in comparison to Rs. 0.40 per minute termination charges while terminating in India*
- (vii) *The tariffs in the Indian Telecom market are lowest in the world and the service providers here are struggling to manage their cash flows.*
- (viii) *The earlier ADC regime was compensating the access providers to some extent but after the abolition of ADC, no support is now available to them.*
- (ix) *The increase in termination charges for ILD calls on reciprocated basis vis-à-vis other countries will help the access providers as well as increase the revenues to the Government. It will be similar to the case of access providers in the distant country.*

In view of above termination charges for incoming ILD calls may be fixed by TRAI for each country on reciprocal basis and revised periodically accordingly.

3/C DFA to TRAI is submitted for consideration & approval please.

DE (RA)

DGM (RA)

GM (RA)