

TELECOM REGULATORY AUTHORITY OF INDIA

NOTIFICATION

New Delhi, the 31st July, 2000

No.301-8/2000-TRAI (Econ.). – In exercise of the powers conferred upon it under sub-section (2) of section 11 of the Telecom Regulatory Authority of India Act, 1997 to notify, by an Order in the Official Gazette, tariffs at which Telecommunication Services within India and outside India shall be provided, the Telecom Regulatory Authority of India hereby makes the following Order.

The Telecommunication Tariff (Eighth Amendment) Order 2000 (2 of 2000)

Section I

Title, Extent and Commencement

1. Short title, extent and commencement :

- (i) This Order shall be called “Telecommunication Tariff (Eighth Amendment) Order 2000.”
- (ii) The Order shall come into force with effect from August 1, 2000.

Section II

Tariff

2. For items 5, 6 and 12 in the Telecommunication Tariff Order, 1999, the implementation of tariffs/pulse rates/ charges specified for the period 1st April, 2000 to 31st March, 2001 postponed by four months vide Telecommunication Tariff (Seventh Amendment) Order 2000 dated March 30, 2000 shall be postponed by another one month. Tariffs/pulse rates/charges specified for the period 1st April, 1999 to 31st March, 2000, shall continue to apply till 31st August, 2000.

Section III

Explanatory Memorandum

3. This Order contains at Annex A, an Explanatory Memorandum to provide clarity and transparency to the tariffs specified in this Order.

By Order,

HARSHA VARDHANA SINGH,
Economic Adviser

Annex A

Explanatory Memorandum

1. The Telecommunication Tariff Order, 1999 (TTO '99) envisaged rebalancing of tariffs wherein an

increase in the rentals was coupled with a reduction in call charges for STD and ISD. This resulted in a change in the revenue pattern for existing operators including the DTS and MTNL.

2. The increase in rentals and the reduction in STD/ ISD call charges required for a rebalancing of tariffs were found to be too sharp to be implemented in one phase. Therefore, the implementation of tariff re-balancing was specified in three phases. The first phase was implemented on 1st April, 1999. The second phase was scheduled to be implemented with effect from 1st April, 2000.

3. The Authority had stated in paragraph 73 of the Explanatory Memorandum to the Telecommunication Tariff Order 1999 (“TTO 1999”) that:

“The Authority has decided that it will monitor the situation in regard to revenues and traffic and, if necessary, intervene provided the actual situation differs substantially from the expectations assumed in this exercise”

4. The Department of Telecom Services (“DTS”) communicated to TRAI that during the financial year 1999-2000, “the net adverse impact on the revenues of DTS may be in the range of approximately Rs.2000-2200 crores.” As such DTS has requested the Authority to review the TTO '99 which prescribes further reduction in long distance charges w.e.f. 1st April, 2000 so that the DTS does not face further loss of revenue, curtailing its capability to finance further expansion programmes.

5. To conduct the required review, the TRAI requested for relevant data for the entire financial year 1999-2000, from all operators. In order to get the requisite inputs from all operators and for its analysis, the Authority deferred the second phase of tariff rebalancing by four months vide Telecommunications Tariff (Seventh Amendment) Order 2000 dated 30th March, 2000.

6. The required data was received from some operators only very recently, leaving no time for the Authority to process and analyse the information for the required review. It has been decided, therefore, that the time period within which the decision is to be taken on the tariff changes specified in the TTO 1999 be extended by one more month, i.e. till 31st August, 2000