



भारतीय दूरसंचार विनियामक प्राधिकरण
महानगर दूरसंचार भवन, जवाहर लाल नेहरू मार्ग,
(पुराना मिनटो रोड), नई दिल्ली-110002

TELECOM REGULATORY AUTHORITY OF INDIA
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No.409-9/2010-I&FN

Dated: 24th December, 2010

To,
All Service Providers

Dear Sir,

Subject: Review of Interconnection Usage Charges.

The framework of Interconnection Usage Charges was established by the TRAI through the Telecommunication Interconnection Usage Charges (IUC) Regulation, 2003 dated 24.01.2003. Various schedules specifying origination, carriage and termination for intra circle and inter circle as well as inter-network calls were part of this regulation. This regulation was superseded by the IUC Regulation dated 29.10.2003. The IUC Regulation dated 29.10.2003 was reviewed and amended on 23.02.2006 and 09.03.2009 for reviewing interconnection usage charges. While in 2006 only carriage charges were reviewed in 2009 a comprehensive review of all charges was carried out. This amended regulation came into effect from 1.4.2009. The methodology for determination of IUC is explained in detail in the IUC respective regulations.

2. The prevailing Interconnection usage Charges (IUC) regulation contains inter-alia origination charges, transit charges, transit carriage charge, termination charges and carriage charges. At present the origination charges are under forbearance, the termination charge for local and long distance voice call is 20 paise, for incoming international calls is 40 paise per minute and the carriage charge is ceiling based with the current ceiling at 65 p per minute. The transit carriage charge is 15 paise and transit charge is less than 15 paise.

3. The IUC review being a complex exercise and an involved task which is likely to require detailed costing analysis and careful consideration of important objectives of fostering interconnection, enhancing competition and long term sustainability and viability of the telecom sector. This exercise could only be completed with the close cooperation of the service providers. Therefore, the Authority considers it appropriate to engage the service providers in a pre-consultation process where the service providers could give their opinion about the cost models and provide detailed information about network, traffic and cost data. Towards this end the service providers are requested to furnish the following information:

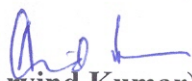
- (i) What should be the framework of Interconnection Usage Charges that meets the requirement of today as well as takes care of future developments like deployment of Wi-Max, High Speed Packet Access (HSPA), Fixed Mobile Convergence (FMC) and Next Generation Network (NGN)?
- (ii) What components of IUC for voice, SMS and any other value added services should be reviewed? What should be the level of charge for each component that requires review? Please give detailed justification/ reasons to support your viewpoint.
- (iii) Which of the following approach/ methodology should be used for estimating Interconnection Usage Charges:
 - (a) Existing Fully Allocated Cost methodology used by TRAI or any variation in it;
 - (b) FLRIC or any other variant;
 - (c) Bill and Keep;
 - (d) Left to forbearance all components of Interconnection Usage Charges;
 - (e) Any other methodology.
- (iv) Explain the approach/ costing methodology adopted, provide the model, if any, developed for estimating the level of each component of IUC for voice, SMS & any other value added services with all

calculation sheets. Give justification for adopting the proposed approach/ methodology. Also provide details of revenue, minutes of usage (MOU) (off-net/ on-net), CAPEX and OPEX corresponding to each network element, cables etc. separately for your network.

- (v) Provide cost and revenue corresponding to each service like voice service, SMS, GPRS, EDGE, roaming services and any other value added services. Also provide cost and revenue for interconnecting services like terminating call, originating call, terminating SMS and originating SMS. All cost and revenue data may be cross referenced with the accounting separation report submitted to TRAI.
- (vi) Justification as to why the model proposed by you should be used for determination of Interconnection Usage Charges for voice calls, SMSs and any other value added services.

4. The above information would be analyzed to prepare consultation paper on the subject. All the service providers are requested to furnish the requisite information to Advisor (I&FN), TRAI by 10th January, 2011. The comments may preferably be sent at advifn@traai.gov.in . In case of non-receipt of information within the stipulated time frame it would be presumed that concerned service provider has nothing to say and the Authority would proceed on the basis of the information received from other service providers and any other relevant source.

Yours faithfully,


(Arvind Kumar)
Advisor (I&FN)