

TELECOM REGULATORY AUTHORITY OF INDIA

NOTIFICATION

New Delhi, the 30th March , 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 (Seventh Amendment) Order 2000 (1 of 2000)

Section I

Title, Extent and Commencement

1. Short title, extent and commencement :

- (i) This Order shall be called “Telecommunication Tariff (Seventh Amendment) Order 2000.”
- (ii) The Order shall come into force with effect from April 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 shall be postponed by four months. Tariffs/pulse rates/charges specified for the period 1st April, 1999 to 31st March, 2000 shall continue to apply till 31st July, 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

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Annex A

Explanatory Memorandum

1. The Telecommunication Tariff Order, 1999 (TTO '99) envisaged re-balancing of tariffs wherein an increase in the rentals was accompanied 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 encompassed in the tariff re-balancing exercise were assessed to be too steep to be implemented in one phase. Therefore, the implementation of tariff re-balancing was specified in three phases. The first phase commenced with effect from 1st April 1999 and was to be followed by the second phase with effect from 1st April 2000.
3. The Authority had stated in paragraph 73 of the Explanatory Memorandum to the Telecommunication Tariff Order, 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") has 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 capacity to finance further expansion programmes.
5. To conduct a proper review, the TRAI requires data for the entire financial year 1999-2000, from all operators. The data has so far been available with a lag of about three to four months. It is, therefore, not possible to carry out the tariff review before 1st April, 2000, i.e. the date on which the second phase is to be implemented.
6. The Authority decided to review the tariffs specified in Telecommunication Tariff Order, 1999, on basis of data for the entire financial year. In view of this decision, implementation of the second phase of tariff re-balancing that was to begin from 1st April, 2000 to 31st March, 2001

has been deferred by four months. Tariffs/pulse rates/charges specified for the period 1st April, 1999 to 31st March, 2000 shall continue to apply till 31st July, 2000.