

## **Comments on consultation paper on setting floor price for settlement in India of International Long distance minutes**

*By Himanshu ,Email- [thegreathimanshu@gmail.com](mailto:thegreathimanshu@gmail.com)*

While considering termination rate for international long distance calls , the exchange rate between countries and profile of the people making call should also be taken into consideration . Analyzing just numerical figures may give wrong picture . Following points are worth noting :

- 1) When we see Average settlement cost per minute ,it appears as if there is huge difference in the termination cost in two countries , but when we take currency conversion rate its actually not

Termination charge in gulf = 13 cent

Termination charge in India = 1.2 cent

Currency conversion ratio is , 1 AED = 12 INR

So termination charge is almost same in both the countries , when it is factored in their currency , which is actual reflection of the cost of providing services in the respective countries .

### **2) In UAE**

Average local call rate in UAE = 0.14 AED

ISD call rate to India =2.4 AED

ISD call rate ( UAE to India) = 17 times local call rate

### **In India**

Average local call rate = 1 INR

ISD call rate to UAE = 9 INR

ISD call rate (India to UAE)= 9 times local call rate

### **Other angle (In terms of INR )**

Cost of making ISD call from UAE to India=2.4x12 = 28.8 INR

Cost of making ISD call from India to UAE = 9 INR

So making ISD call rate from India to UAE is cheaper than UAE to India .

In spite of this fact , traffic is skewed in reverse direction . Reason is the socio economic condition of the people of Indian origin, living in gulf countries and making call to their home. Most of them are from low income group and family's main earning member . Beside this the person who are living in gulf countries are sending huge sum of money as remittance and bringing foreign exchange to India . These people should not be penalized

by increasing the termination charge and hence making the ISD call from Gulf To India more costly.

3) Cost of providing telecom services varies according to geographical conditions of the region . Most of the areas of Gulf countries are difficult in terms of telecom service provision . So while taking any decision about termination charge, this factor too should be taken into account .

4) In the recent past there are two occasions when TRAI has taken decision which has to do with International termination charges :

A) Abolition of ADC regime

B) Revision of termination charge from 30 paise per minute to 40 paise per minute in the latest IUC regime

How these two decisions have affected the overall ISD call pattern ,this needs to be analyzed before arriving at some conclusion on termination charges.