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(along with Hindi Version)**

**Telecom Regulatory Authority of India
Notification
New Delhi, the 10th March 2006**

No.409-5-2005-FN

In exercise of the powers conferred upon it under section 36 read with paragraphs (ii), (iii) and (iv) of clause (b) of sub-section (1) of Section 11 of the Telecom Regulatory Authority of India Act, 1997, the Telecom Regulatory Authority of India hereby makes the following regulation to further amend the Telecommunication Interconnection Usage Charges Regulation, 2003 (4 of 2003), namely:-

1. Short title, extent and commencement:
 - (i) This Regulation shall be called “The Telecommunication Interconnection Usage Charges (Seventh Amendment) Regulation (2 of 2006)”
 - (ii) This Regulation shall come into force with effect from the date of its publication in the Official Gazette.

2. In Schedule III of The Telecommunication Interconnection Usage Charges Regulation, 2003 (4 of 2003), the following entries shall substitute the existing entries relating to paragraph 3.2.2:-

“3.2.2 For calculating ADC , Adjusted Gross Revenue shall have the same meaning as given in the respective licences;

PROVIDED that in calculating the ADC as a percentage of Adjusted Gross Revenue (AGR) of a Universal Access Service Licensee/Basic Service Operator, the revenue from Rural Fixed Wireline subscribers shall be excluded.”

3. Explanatory Memorandum

This Regulation contains at Annex A, an explanatory memorandum to provide clarity and transparency to matters covered under this Regulation.

BY ORDER

[RAJENDRA SINGH]
Secretary

ANNEX "A"

EXPLANATORY MEMORANDUM

1. Many operators have raised the issue whether Clause 3.2.2 of the IUC Regulation also covers the revenue generated from the mobile rural subscribers.
2. Authority has noted this issue, while issuing The Telecommunication Interconnection Usage Charges (Sixth Amendment) Regulation (1 of 2006) Dated 23rd February 2006 and observed that scope of the ADC has to be limited to Fixed wireline only. Therefore, while calculating the percentage of AGR, the revenue generated from the rural fixed wireline subscribers has only been deducted.
3. TRAI in its Recommendation on growth of Telecom Services in Rural India dated October 3, 2005 had recommended that Cellular Mobile operators / Unified Access Service Licensees should be provided support from USOF for providing and sharing infrastructure in rural areas. As mentioned in IUC Regulation dated 23rd February 2006 there is an overlap between USO and ADC. The definition of rural cellular subscriber based on the address may lead to confusion and uncertainty in the market as far as deduction of revenue from rural cellular subscribers is concerned. Keeping this in view as well as the aspect that ultimately ADC also has to merge with USOF, Authority had decided that only revenue from rural fixed wireline subscribers shall be excluded for calculation of ADC in terms of percentage of AGR. Revenue from fixed wireless rural subscribers is also not to be excluded from AGR for calculation of ADC in terms of percentage of AGR.
4. Rural Wireline subscribers are those wireline subscribers who reside in rural areas. The definition of rural area shall be same as used in conducting the Census of India.

[RAJENDRA SINGH]
Secretary