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IDEA Cellular

03rd Dec, 2010

The Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg (Old Minto Road)
Next to Zakir Hussain College
New Delhi – 110 002

Kind Attention: Principal Advisor (I & FN)

Re: Comments sought by TRAI on setting floor price for settlement in India of International Long Distance minutes

Dear Sirs,

This is with reference to the above mentioned subject, wherein the Authority has sought comments on setting floor price for settlement in India of incoming ILD minutes originating from the Middle East. In addition to the response provided by COAI, we would like to submit as follows:

- It is a well-understood fact any call has 3 cost components - Origination, Carriage, and Termination.
- In ILD calling costs, one section is outside the purview of local Regulator.
- International changes in settlement rates impact the overall ILD call costs, and therefore the price paid by the local consumer.
- It may also be pertinent here to note that the Industry has already made a representation to TRAI to allow it to charge the current ILD tariffs uniformly on all existing lifetime customers as the reasons behind the increase are completely beyond its control as already mentioned above.
- We firmly believe that the issue of ILD tariffs is an area of concern that requires urgent attention and intervention of the Authority, and welcome the consultation in this regard.
- While the issue definitely pertains to the incoming traffic from Middle East on which the TRAI has invited our comments, there are other overseas destinations also which have similarly placed monopoly operators.
- As per the available statistics, inbound traffic to India is over 4 times the outgoing international traffic. The same also holds true for Middle East.

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- Inspite of the much higher number of incoming ILD calls, India is a net payer of foreign exchange because of the higher average termination charge levied by the foreign operators on outbound ILD traffic from India compared to what they pay on inbound ILD traffic to India.

- The impact is higher in case of markets like Middle East which have monopoly operators who misuse their monopoly powers to command extremely high termination rates knowing fully well that the Indian operators can only charge a termination charge of 40p/min.

- In light of the above, we would like to make the following submissions:
  - TRAI should immediately permit reciprocal settlement rates for all incoming calls from identified overseas destinations that have monopoly operators (Eg. Middle East) to protect the Indian operators against misuse by these monopoly operators.
  - This will provide flexibility and protection to the Indian operators for fair determination of settlement rates, based on actual traffic volumes.
  - TRAI should also permit operators to charge common ILD rates to all categories of lifetime customers – new as well as existing.
  - This will put an end to the subsidization of ILD calling rates that is happening in the case of many lifetime customers who were enrolled earlier.

In conclusion, we would request the Authority to look at the issue holistically, so that the Indian operators are completely equipped to respond to cases of erratic price changes, both internally (i.e., towards its customers, particularly the lifetime customers) and externally (i.e., towards the ILD operators).

We look forward to a measured consideration of our comments by the Authority.

Regards'

Yours faithfully,

For IDEA Cellular Limited.

Rajat Mukarji
Chief Corporate Affairs Officer