

Telecom Regulatory Authority of India
Notification

New Delhi, the 12th March 2003

No. 306-2/2003-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 as amended by TRAI (Amendment) Act, 2000, the Telecom Regulatory Authority of India (TRAI) hereby makes the following order by an amendment to the Telecommunication Tariff Order, 1999 by notification in the Official Gazette, in respect of tariffs at which Telecommunication Services within India and outside India shall be provided:

**THE TELECOMMUNICATION TARIFF (TWENTY FIFTH
AMENDMENT) ORDER 2003
(2 of 2003)**

Section I

Title, Extent and Commencement

1. Short title, extent and commencement:
 - (i) This Order shall be called "The Telecommunication Tariff (Twenty Fifth Amendment) Order 2003".
 - (ii) The Order shall come into force from the date of its notification in the Official Gazette.

Section II

2. Amendment to Schedule I

In partial modification of schedule I to The Telecommunication Tariff (Twenty Fourth) Amendment Order, 2003, the following additions /substitutions/ modifications are made in the said order :-

Schedule I
Basic Services (Other than ISDN)

(The date of implementation for these tariffs shall be April 1, 2003)

Item	Tariff
<u>Note (1) at the end of Item (5)</u>	<p>(1) Rural subscribers are those who reside in a rural SDCA as specified in the new Basic Service Licenses.</p> <p style="text-align: center;">Shall be substituted to read as under:-</p> <p>(1) Rural subscribers are those who reside in rural areas. For the purpose of this schedule, the definition of rural area shall be the same as used in conducting the Census of India.</p>
<u>Note (1) at the end of Item (6)</u>	<p>(1) Urban subscribers are those who reside in Semi-Urban or Urban SDCAs as specified in the new Basic Service Licenses.</p> <p style="text-align: center;">Shall be substituted to read as under:-</p> <p>(1) Urban subscribers are those who reside in urban areas. For the purpose of this schedule, the definition of urban area shall be the same as used in conducting the Census of India.</p>
<u>Note (a) & (b) of the Explanatory Notes</u>	<p><u>(a) Rural subscribers:</u> Subscribers residing in SDCAs specified as Rural in the new Basic Service License.</p> <p><u>(b) Urban subscribers:</u> Subscribers residing in SDCAs specified as Semi-Urban and Urban in the new Basic Service License.</p> <p style="text-align: center;">Shall be substituted to read as under:-</p> <p><u>(a) Rural Subscribers:</u> Subscribers residing in rural areas. For the purpose of this schedule, the definition of rural area shall be same as used in conducting the Census of India.</p> <p><u>(b) Urban Subscribers:-</u> Subscribers residing in urban areas. For the purpose of this schedule, the definition of urban area shall be same as used in conducting the Census of India.</p>

<p><u>Item (17) Dial-up Access charges for Internet during off-peak hours</u></p>	<p><u>Reduced Dial-up charges for off-peak hours to be provided to ISPs using both access codes 172 XXX through E1/R2 lines and ISDN PRI Access code</u></p> <p>Shall be substituted to read as under:-</p> <p>Reduced Dial-up charges for off-peak hours to be provided to the customers of ISPs using both access codes 172 XXX through E1 / R2 lines and through ISDN PRI Access.</p> <p>The off-peak hours shall be from 8 P.M. TO 8 A.M on all days.</p>
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Section III

3. Explanatory Memorandum

This Order contains at Annex A, an explanatory memorandum to provide clarity and transparency to the tariffs specified in this Order.

BY ORDER

[Dr. Harsha Vardhana Singh]
Secretary cum Principal Advisor,
Telecom Regulatory Authority of India

EXPLANATORY MEMORANDUM

1. The Authority notified the Telecommunication Tariff (24th Amendment) Order, 2003 on January 24, 2003 which inter-alia contains Schedule I pertaining to Tariffs for Basic Services. This Schedule amended the definition of rural subscribers to make it consistent with the operational criterion for USO programme and the licence terms. Under the USO programme financial support for rural telephony is provided to rural SDCA's, which number less than 500 in total and form less than one-sixth of the total number of SDCAs.
2. In view of this, the Authority wrote to the Department of Telecommunications (“DOT”) and the Universal Service Fund (“USF”) Administrator, mentioning the reason for the change and noting that due this change in the definition, rural subscribers residing in SDCAs not specified as rural would get excluded from the low rentals/call charges which would be available to them in terms of the earlier definition. It was therefore felt that there was a need to re - look at the parameters based on which SDCAs are being specified as rural and redesignate SDCAs as rural or otherwise on the basis thereof. The view was that by doing so it will be possible to ensure extension of special facilities to rural subscribers in line with the USO programme and its funding. However, the Authority also noted in its communication that if it is not possible to review and develop more comprehensive parameters on the basis of which most SDCAs with marked rural subscriber base could qualify as rural SDCAs, adoption of the new definition, although helpful in focussing on the implementation of the USO programme would not be desirable as it could result in exclusion of a fairly large number of SDCAs from the rural category, affecting a sizable portion of the user population.
3. The Authority has received replies from the USF Administrator and the DOT. The former is of the view that the SDCA would be an appropriate concept for the purpose of deciding support from the USF, but the examination of the implications of the definition of rural subscribers does not fall in its purview. In its reply DOT notes that at present subscribers residing in rural areas are classified as per the Census, and are being charged tariffs for basic service as prescribed by TRAI for rural subscribers; the initial Telecommunication Tariff Order (“TTO”) 1999 specified rural and urban consumers in terms of the Census definition. It mentions that with the 2001 Census, many of the SDCAs earlier classified as rural would have already migrated to semi urban or urban categories. In DoT's view “as expressed by TRAI, there would not be much point in changing the definition of rural subscribers even if it helps focused implementation of USO programme.”

4. The Authority has taken note of the fact that neither the USF Administrator nor the DoT appears to be in a position to review urgently and specify the parameters which will help define rural SDCAs beyond the present classification decided for roll out obligations to be fulfilled by the licensees in terms of their licenses. The scope of the definition of rural subscribers goes beyond this objective. In this background, the Authority is of the view that the definition of rural/urban subscribers should continue to be the same as used earlier in TTO 1999, i.e. it should be based on the Census of India.

5. Another issue that has been addressed by this Order is the timing of the off-peak hours during which concessional tariffs are provided for dial up internet. In the 24th Amendment to TTO, 1999 the Authority decided to forbear with respect to peak/off-peak hours in view of the recent changes made in the dial up charges, and the stipulation of the Authority that such tariffs should be applied in a non-discriminatory manner for dial up to any ISP. The recent Tariff Order and IUC Regulation address the objectives of sustainability of the basic services and the provision of IUC compatible with affordable tariffs. The Consultation Paper which formed the basis for these tariffs and IUC included discussion on another important objective, namely cheaper dial up access to internet. This objective has not been addressed in the 24th Amendment to the TTO 1999, and needs to be specifically addressed. The TRAI has been discussing this matter for some time with the Basic Service Operators, and in recent weeks, having further consulted the service providers on this issue noted that various methods are being examined to address this matter in the near future. In this context the Authority has also taken note of the fact that the recent changes in the national long distance tariffs for more than 500 kms. (which account for a substantial share of the long distance calls) will lead to a more evenly distributed usage pattern throughout the entire day for these calls. This will imply lower pressure on the network due to these calls during the off-peak period. Fixing longer off peak hours for Dial-up Internet access is, therefore, one of the ways in which the impact of the recent tariff changes in terms of the 24th Amendment to TTO 1999 on access to internet can be contained without negating the validity of the objectives underlying the tariff changes for basic service. The present off peak hours offer little choice to the users in terms of time and are such that a large majority of users can not easily take advantage of the concessionary rate available during the period. Keeping these factors in view, while the Authority will continue to explore with the basic services providers ways to reduce substantially the charges for dial-up access to internet, as an immediate measure to mitigate the impact of rise in basic service tariff on the internet users specifically extend the duration of off-peak concessional usage available to the consumers. The Authority has, therefore, decided to extend the presently offered off peak hours between 10.30 PM and 6.30 AM by two & half hour on one side and one & half hour on the other side and specify that the off-peak period for this purpose will be from 8 p.m. to 8 a.m. during which the service providers will offer

concessionary rates for dial up access to the internet. Although at this stage the Authority is not specifying the extent of concession that is to be offered in the off peak hours leaving it flexible depending upon the individual operators and the market forces, it would keep a close watch on the functioning of this arrangement and should it at any time observe that the measure is not having the desired effect it would intervene and, if necessary, specify the extent of concession as well. The concerns of the basic service operators about recovery of their costs having been largely taken care of through the new IUC regime and the 24th Amendment to the Tariff Order, it is reasonable to expect that the operator can now, on their own offer affordable concessionary rates for dial up access to the internet, at least, in the off peak hours.