

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS**

**LOK SABHA
UNSTARRED QUESTION NO.4196
TO BE ANSWERED ON 21ST MARCH, 2018**

INTERNATIONAL INCOMING CALL TERMINATION RATES

4196. SHRI V. ELUMALAI:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Telecom Regulatory Authority of India (TRAI) has slashed international incoming call termination rates to 30 paise from 53 paise and if so, the details thereof and the reasons therefor;
- (b) whether the industry body Cellular Operators Association of India (COAI) has opined that the decision will lead to an annual revenue loss of Rs.2,000 crore which Indian telecom operators earn from foreign telecom service providers; and
- (c) if so, the details thereof and the reasons therefor?

ANSWER

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**THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)**

(a) In order to review Interconnection Usage Charges, TRAI had issued a Consultation Paper (CP) on "Review of Interconnection Usage Charges" on 05.08.2016 wherein, inter-alia, issues related to "International Termination Charges" were raised for consultation with stakeholders. The Authority has conducted an Open House Discussion (OHD) on 20.07.2017 in New Delhi, which was attended by many stakeholders. In order to give more deliberation on the issue of International Termination charges, the Authority also conducted a Workshop on "Review of International Termination Charges" on 16.10.2017 in New Delhi. The Workshop was attended by International Long Distance Operators (ILDOS) who carry voice traffic to/from India and Access Service Providers.

After examining comments of stakeholders and due deliberations, TRAI has issued "The Telecommunication Interconnection Usage Charges (Fourteenth Amendment) Regulation, 2018" (2 of 2018) on 12.01.2018, which came into force w.e.f. 01.02.2018. Through this Regulation, the Authority has reduced the termination charges payable by an Indian ILDO to the access provider in whose network the call terminates from Rs.0.53 (paise fifty three only) per minute to Rs.0.30 (paise thirty only) per minute.

(b) Cellular Operators Association of India (COAI) vide its letter dated 25.01.2018 has inter-alia opined that the reduction in the International Termination Charges (ITC) would result in an estimated loss of Rs.2000 crore per annum to the TSPs.

(c) The reasons for the Authority to arrive at such a decision are explained in Para 36 & 37 of the Explanatory Memorandum (EM) to the Regulation (Extracts attached). Full text of the Regulation alongwith the EM is available on TRAI website i.e. www.trai.gov.in.

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Extracts of the Explanatory Memorandum to "The Telecommunication Interconnection Usage Charges (14th Amendment) Regulation, 2018" dated 12.01.2018

- "36. Owing to the twin facts viz. — (a) menace of grey route poses serious security threat to the country apart from causing significant leakage in the revenue accruable to the country and its TSPs, and, (b) proliferation of OTT route for the carrying international voice traffic has many non-cost factors, the Authority is of the view that, while deciding on the appropriate level of ITC in the country, curbing the menace of grey route should be a more important regulatory priority than facilitating the shift of the international incoming traffic from OTT route to carrier route.
37. Essentially, the players engaged in carrying international incoming voice traffic to India through grey route thrive on the significant arbitrage opportunity presently available between the ITC, on one hand, and, tariff for domestic voice call in India plus the cost of running illegal VoIP Gateway, on the other. At present, while ITC is Rs.0.53 per minute, the average tariff for voice call¹ is about Rs.0.23 per minute in the country. Besides, there would be certain cost, albeit small, for running an illegal VoIP Gateway. It is expected that if the arbitrage opportunity is plugged or kept to a minimum, the attractiveness of the grey route for carrying international incoming voice traffic would be lost, and thereby, the carrier route for international incoming traffic would witness a legitimate growth. This would not only plug the leakages in the revenue accruable to the country and Indian TSPs, but would also ensure that India continues to earn precious Forex from the International incoming voice traffic business. Accordingly, keeping in view the comments of the stakeholders and the foregoing analysis, the Authority has decided to revise the termination charge for international incoming call to wireline and wireless from Rs.0.53 per minute to Rs.0.30 per minute. The Authority is of the view that, with this revision, the arbitrage opportunity between ITC and domestic call tariffs would become so insignificant that illegal VOIP Gateway business in India would become unviable; in turn, the grey market for ILD incoming traffic would eventually cease to exist."

¹As per TRAI's Report titled 'The Indian Telecom Service Performance Indicators (July-September, 2017), the average subscriber outgo per outgoing minute from Home Service Area (HSA) for GSM and LTE Services in Quarter Ending September, 2017 was Rs.0.23 per minute.
