

TRAI/Aircel/Corr/2013/ 220

December 9, 2013

Mr. Arvind Kumar  
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Telecom Regulatory Authority of India  
MTNL Telephone Exchange Building  
Jawahar Lal Nehru Marg (Old Minto Road)  
New Delhi – 110 002

**Sub: Response to Consultation Paper on “Revenue Sharing Arrangements for Calling Card Services”**

Dear Sir,

This is with reference to TRAI’s Consultation Paper on “Revenue Sharing Arrangements for Calling Card Services” dated 14<sup>th</sup> November, 2013.

In this regard, we hereby enclosed our response to the above mentioned Consultation Paper. The response has also been sent through e-mail at [fn@traigov.in](mailto:fn@traigov.in); and [rkgtraig@gmail.com](mailto:rkgtraig@gmail.com);

We hope TRAI will take our inputs into consideration.

Yours Sincerely  
For Aircel Group



Ramesh K  
Sr. General Manager –Corporate Regulatory Affairs

Encl: as stated above (Total 5 Pages)

Aircel Limited :

**Aircel Group Comments to**  
**TRAI's Consultation Paper on Revenue Sharing**  
**Arrangements for Calling Card Services dated**  
**14.11.2013**

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## Preamble

At the outset, we deeply appreciate the Authority's endeavor to further regulate the NLD/ILD calling cards with respect to origination access charges. Post the issuance of 'Intelligent Network services in Multi Operator and Multi Network Scenario (Amendment) Regulations, 2012 dated 18.9.2012, there have been impediments in the market, sufficient enough to act as roadblocks for launch of calling cards.

It is important to have a balanced revenue share arrangement which encourages the launch of NLD & ILD calling cards and also give a cheaper alternate for the customers to make NLD & ILD calling, and at the same time upkeeps suitable revenues both for access operator as well as calling card operator. It is not out of place to expect that the tariffs under calling card has to be lower than existing tariffs being provided by access operator, for it to become a viable offering in the market.

Thus, for a lower tariff under calling card, the most important input factor would be cost/revenue share to be paid to the access operator. In case this factor increases beyond a certain level, it will make calling cards simply unviable for an NLD/ILD operator.

In this regard, we would like to highlight that some of the operators are proposing revenue share arrangement at such a high charge, which will practically defeat the intention of the Regulator and the Licensor behind promulgating calling cards as an alternate and cheaper option for the customers to make NLD & ILD calling.

**It is most pertinent to note that the operators who have quoted high charges under revenue sharing and have also informed of having executed agreements with few other operators, have not practically launched NLD/ILD calling cards for the customers of other operators. This only indicates the arbitrage & misuse of the market position by these operators, to block calling cards services & availability of cheaper tariff & good quality NLD & ILD calling options for customers.**

The revenue share quoted by some of these operators is Rs 1 & Rs 5 for NLD & ILD calling cards respectively. In this regard, we would like to highlight the prevalent tariff offerings by these operators in the market, as follows:

### Operator A:

- Postpaid Pack Rs 55: Gives discounted ISD rates to 31 top destinations like US, Canada, UK etc and tariff is as low as Rs 2/-
- Postpaid Pack of Rs 60: Gives 135 STD minutes. Thus average tariff for customer is Rs 0.44 which would also include the termination cost of Rs 0.20.
- Prepaid Recharge of Rs 36: Discounted tariff for many ISD locations like US, Canada, UK etc and tariff is as low as Rs 2/-
- Prepaid Recharge of Rs 58: USA/Canada @ 1p/sec.
- Prepaid Recharge of Rs 68: All STD @ 40p/min.

**Operator B:**

- Prepaid Recharge of Rs 27: USA/Canada Rs1.99/min
- Prepaid Recharge of Rs 57: USA/Canada at 1p/sec (valid for first 18000 seconds only)
- Prepaid Recharge of Rs 29: 50 STD minutes free
- Prepaid voucher of Rs 38: STD mobile calls @ 40p/min

**Operator C:**

- Prepaid recharge of Rs 32: 60 local/STD minutes
- Prepaid recharge of Rs 64: 115 local/STD minutes

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## Issue Wise Response

1. Whether the access charges to be paid by NLDs/ ILDOs to access provider for calling cards should be prescribed both for NLD and ILD calls or for ILD calls only?

### Aircel Response:

The access charges should be prescribed both for NLD & ILD calls since, from the past experience there is very less possibility of operator's agreement on the origination access charges for NLD segment.

2. As the work done by the Access Provider is the same for NLD and ILD calls, should the originating access charges for NLD and ILD calls be the same or different?

### Aircel Response:

Due to difference in costs as well as market dynamics for NLD & ILD calls, we suggest that different origination access charges be fixed for NLD & ILD calling cards. The operator's tariff offering to customers is derived from various intrinsic usage factors including local, NLD, ILD, Data, SMS, and VAS etc. None of the usage factors can only be compared from the originating network perspective or from the carrier network perspective and their costing/revenue share is also linked with their respective usage volumes. Therefore, originating access charges for NLD & ILD calls can't be same.

3. What method should be applied for prescribing originating access charge to the Access Provider? Please provide all details including data and calculation sheets, if any.

### Aircel Response:

We propose that originating access charge should be prescribed on rationale approach and considering prevailing tariffs available in market. Most importantly, it should be with an objective to keep the same at market driven & justifiable level so that choice of competitive & lower tariffs is available for end customers.

The origination access charge for NLD calling card is recommended to be Rs 0.50/- per minute.

The origination access charge for ILD calling card is recommended to be Rs 2/- per minute.

4. Whether the access charges should be same for mobile and fixed-line?

### Aircel Response:

With originating call accessing the same network, the Access Charge for Origination ideally should be same for both Mobile as well as Fixed Line calls.



5. What are the issues that need to be addressed to ensure calling cards are also used when a subscriber is roaming?

**Aircel Response:**

Presently, roaming is being provided under bilateral roaming agreements and allowing calling cards while roaming would kill the incentive for operators to provide roaming services. Usage of calling cards & billing while roaming is completely different than the normal calling while roaming. In case calling cards are allowed while domestic roaming; billing & payment of origination access charge would become complex and may lead to disputes in between operators. In case of international in-roamers, it would be further complex as it may lead to international regulatory as well as billing/settlement issues.

Due to above-said issues, we recommend that calling cards should not be allowed to be used while roaming, both for domestic & foreign in-roamers.

6. What are the prevalent regulatory practices in other countries regarding access charges in case of calling cards?

**Aircel Response:**

The prevalent IDD/ILD calling method that is promoted in other countries, involves pre-fixing a short code to the International Number and availing a special tariff. This is a very popular method that is widely used by International Callers with Maxis, Malaysia. Since, many countries do not have circle-wise licensees within their country as such, India would be one of few countries which would have NLD calling cards.

7. Any other relevant information related to subject along with all necessary details.

**Aircel Response:**

Originating access charge should be kept at reasonable level to promote NLD & ILD outgoing calls.

As per the market data given by TRAI in the consultation paper, though the ILD incoming market has grown by 22% in last year (2011-12) and by 30% in year previous to it (2010-11), the outgoing market has dropped in year 2012-13 by 4% and in year 2011-12 by 2.7%.

In order to improve the outgoing market and to benefit the end customer, there is a need to promote lower ISD calling rates. So it is suggested that the origination charge to be introduced be kept at reasonable level.

