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D.O.No.CP/4-61 /416-1/2001-FN

12th November, 2001.

Dear Shri Ghosh,

Subject: TRAI recommendations on the issue of opening up of International Long Distance Telephone Service for private participation.

This refers to the Department of Telecommunication's letter No. 10-19/2001-BS-I dated 12th March, 2001, requesting the TRAI, for recommendations on issues relating to licensing of International Long Distance Telephone Service including terms and conditions of the license, number of players in this field, selection criteria and license fee structure.

2. To formulate its recommendations on the above issues, TRAI in line with its established practice, has completed a process of public consultations to ensure transparency and due consultation in its decision making process. This process included preparation of a Consultation Paper on the matter, which made an attempt to analyse the various issues connected with the opening of International Long Distance Telephone Service for private participation. Inputs from various stakeholders were solicited. Open House discussions were held at four metropolitan cities Mumbai, Kolkata, Chennai and Delhi to obtain view of the general public. TRAI received very useful inputs from the different stakeholders viz. consumers, consumer's organizations, service providers, organization of service providers and financial institutions. All these inputs have been duly considered by TRAI, before finalising its recommendations on the subject. A synopsis of the different views expressed/suggestions made to the TRAI has been prepared which appears as annexure "C" to this letter.

3. We are forwarding with this letter the recommendations which cover different aspects of the ILD services such as degree and mode of competition, scope of ILD services, selection criteria for the prospective licensees, license fee structure, license period, roll out obligations, inter-connection of the ILD networks with the other networks, access to bottleneck facilities, network engineering options and quality of service.

4. Notably TRAI is recommending two types of ILD service, one for toll quality service and the other for less than toll quality service. The lower than toll quality service is to be provided at a lower tariff rate, and on a different dialling code. TRAI while adopting a technology neutral approach has recommended that the ILD operators be

permitted to deploy VOIP and other data communication protocols to engineer their network. In making its recommendations TRAI's main concerns have been availability of service to the consumers at affordable prices, introduction of open competition and innovation in the market, keeping the entry barriers for the operators low, and creation of conditions for greater investment in the sector. It has also been our endeavour to ensure that the present licensing regime for the ILDOs now being suggested by us is in line with the regime followed for the BSOs and the NLDOs licenses.

5. We do hope that the recommendations made will be accepted by the Government and will result in introduction of effective competition in the ILD market leading to improved services and lower prices for the consumers. The Authority believes that the recommendations are consumer friendly and in public interest. It also expects that its various recommendations will be fully incorporated in the license agreement, in order that the objectives with which these have been made are achieved.

6. The recommendations along with the text of this letter have been placed today on the TRAI website (www.traai.gov.in) for public information.

With regards,

Yours sincerely,

(M.S.Verma)

Shri Shyamal Ghosh,
Secretary,
Department of Telecommunications,
Sanchar Bhavan,
New Delhi.

Encl: a) Recommendations Document (12 pages)
b) Explanatory Memorandum (42 pages)
c) TRAI's Consultation Paper as Annexure "B" to Explanatory Memorandum
d) Proceedings of the Consultation Process as Annexure "C" to Explanatory Memorandum