

TELECOM REGULATORY AUTHORITY OF INDIA
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No. 404-1/98- TRAI (Com)

Dated: May 15, 2000

Shri S. Ghosh,
Secretary
Ministry of Communication
Sanchar Bhawan
New Delhi.

**Subject : Opening up of National Long Distance Communication -NTP'99 –
Recommendations of TRAI.**

Dear Sir,

This has reference to your office letter No. 10-5/99-V/S 1/Vol.2 dated 11th April, 2000, and is in continuation of our letter of even number dated 7th of May, 2000.

2. As requested by your office, TRAI has reviewed carefully its earlier recommendations on each of the issues mentioned in the annexure to the letter under reply. For the sake of easy reference, the Authority's views on the points raised by DOT are being advised in a statement prepared in a tabular form, which is annexed hereto marked as Annexure 1.

3. It will be observed that on some issues, TRAI has revised the recommendations contained in the relative document dated the 13th December 1999. Particular reference in this regard may be made of the recommendations made of the recommendations made in respect of the number of National Long Distance Operators (NLDOs) who may be licensed, the scope of their licence i.e. the issue relating to exclusion of the intra-circle long distance calls from their purview, and the licence fee which we are now proposing as a share of the operator's gross revenue to be decided on the basis of competitive bidding. The revision is based on some recent studies and experience, our own as well as in other countries. In regard to the other issues referred to by the DOT while on some we have agreed with the DOT, in regard to the others, this has not been possible. Where we are in agreement with the DOT's suggestions as indicated in the enclosed statement, the earlier recommendations may be suitably modified.

other cases, the recommendations made on the 13th December, 1999 stand with provision wherever made in these regards.

4. It may be mentioned in this context that while the Authority's views now being conveyed are based on the consensus amongst four of the its members. one member viz. Shri Rakesh Mohan has expressed a different view on limiting the competition, the scope of the NLDO's licence and the licence fee. He has recorded his opinion in a separate letter addressed to the undersigned, a copy of which is sent herewith together with its enclosure as Annexure II. As has been mentioned in the note enclosed with his aforesaid letter of the 11th May 2000, the issues are connected. A particular view on any of the three issues mentioned, therefore has a bearing on the others as well. Shri Rakesh Mohan's view is that the entry to the NLD should be unlimited i.e. open to all, the NLDOs should be permitted to compete for the intra- circle long distance business and that the licence fee should be kept at the minimum just enough to provide for the USO and may be, some administrative costs. He, however, agrees to a reasonable entry fee. All other members of the Authority had the occasion of considering Shri Rakesh Mohan's view carefully. Their comments by consensus on Shri Rakesh Mohan's letter have also been recorded and the relative note is enclosed herewith as Annexure III.

5. The TRAI is happy to have received this opportunity of reviewing the issues indicated by you and believes that it will now be possible for the DOT to follow the Authority's recommendations and open up the NLD sector of the Indian Telecom Services on the recommended lines at the earliest and thereby fulfil one of the main expectations of the NTP 1999.

Yours faithfully,

Sd/-
(**M.S. Verma**)
Chairperson

Encl: as above