

**TELECOM REGULATORY AUTHORITY OF INDIA**

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**TRAI Releases Consultation Paper on  
Interconnection Usage Charge (IUC) Review**

On 29<sup>th</sup> October, 2003, the Authority had notified an Interconnection Usage Charges (IUC) Regulation which included carriage, termination and Access Deficit Charges. This was the result of a review exercise of the IUC/ ADC Regime notified earlier in January 2003. In the October 2003 regulation, the Authority had mentioned that in subsequent years, the Authority would review the size of the ADC payments, who should be beneficiaries of the ADC Regime, and the structure of the ADC regime.

The Authority in its IUC Regulation dated 6<sup>th</sup> January 2005 had noted that Audited Results of BSNL and other Service Providers had been recently announced and the Authority had started receiving separated accounts from the operators. Based on this and other information, it will take some time to examine the issues like admissibility and quantum of ADC for Fixed Service Providers as detailed analysis of the relevant network elements data, including the verification of the cost items presented in the Annual Reports and separated accounts of Service Providers will be required.

The Authority had mentioned in its Regulation of 6<sup>th</sup> January 2005 that it will address a number of issues through a Consultation Paper. The Authority has brought out in the above regulation, the overlap between the disbursed USO Fund and the ADC amount due. It had further proposed to address in the next Consultation Paper, the greater application of the Forward Looking Long Run Incremental Costs for ADC computation in the face of greater use of newer and less expensive technologies. It had noted the need to account for factors such as the net effect of depreciation in the gross CAPEX and allocation of costs to non-fixed line items, which are likely to decrease the overall costs per subscriber over time. In addition issues relating to additional sources of generation of ADC, BSNL

being given Mobile Licenses without Entry Fee, etc were also proposed to be discussed and analysed including Revenue Share Model, Mixed Model, unequal Revenue Share for International and National Long Distance traffic streams, etc.

The Authority has now come out with a Consultation Paper which addresses a wide range of issues, including:

- a. Justification of ADC on Fixed Wireless Lines and admissibility of ADC for non-BSNL Fixed Line Operators.
- b. ADC as Percentage of Revenue, and its various variants including mixed models, higher ADC on NLD and ILD calls etc.
- c. Interconnection Usage Charges (Carriage and Termination issues) including those for Incoming International calls, and whether to have differential rates for carriage and termination.
- d. Implications of increasing disbursement of USO Fund on the quantum of ADC payable.

In parallel, the Authority would examine the present ADC charges within 3 to 6 months of the implementation date (1<sup>st</sup> February 2005), based on latest traffic inputs. This data has already been called from the Operators.

The Authority invites written responses from all the stakeholders latest by closing hours of 15<sup>th</sup> April 2005.