

# THE HINDU Business Line

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## TRAI suggests 50% cut in termination charges by Jan

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The Telecom Regulatory Authority of India (TRAI) has proposed reducing mobile termination charges from 20 paisa to 10 paisa a minute from January 1, 2012 and to nil by 2014.

In its submission to the Supreme Court, though telecom regulator has given various models of calculating the termination charges, it has said that it preferred to do away with the charges completely over the next three years.

Mobile termination charges are paid by the mobile operator on whose network the call originates to the operator on whose network the call terminates. At present this charge has been fixed at 20 paise.

The move to reduce the fee has been opposed by incumbent operators as they stand to lose revenue. But new players are in favour of a low termination rates because for them the net outflow of traffic is more than incoming calls.

From the consumer point of view, lower termination charges could result in lower tariffs if operators pass on the proposed reduction in charges. New players, which will benefit from the move, are likely to be the first to drop tariffs which would then put pressure on the incumbents to follow suit despite being negatively affected by the lower charges.

The Supreme Court had earlier directed TRAI to evolve a new set of interconnection charges between operators for carrying calls of one network through others. The apex court had given its direction on a petition by TRAI challenging the TDSAT order, which had set aside the TRAI's Interconnection Usage Charges (Regulation), 2009. The TDSAT had set aside TRAI's 2009 IUCR on a host of petitions by various mobile service-providers objecting to the telecom regulator's order.

In its 2009 IUC regulation, TRAI had fixed a mobile termination charge (MTC) at 20 paise per minute for all local and national long-distance charges. It had also raised the MTC for incoming international calls to 40 paise per minute from 30 paise, while putting a ceiling on carriage fee of 65 paise per minute for domestic long-distance calls.

This regulation was opposed by state-run BSNL and private operators — Bharti, Vodafone, Idea, Aircel, Etisalat DB and CDMA lobby group AUSPI — which had filed several petitions before TDSAT.

BSNL wanted termination charges for the wire-line services to be fixed by the regulator on the data supplied by it on actual-cost basis. It also wanted the MTC for incoming ISD calls to be fixed through mutual negotiation between operators. Alternatively, it wanted an MTC in the Rs 3-4 range instead of 30 paise. GSM operators, including Airtel and Vodafone, want an MTC of 35 paise instead of 20 paise. New players wanted the charge to be near the 10 paise mark.

TRAI had earlier submitted before the Supreme Court that it had fixed the MTC in such a way so that the commercial interests of the exiting big operators and small operators could be balanced.

A final decision on the issue will be taken by the apex court.

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