

# TRAI cuts ISD incoming termination charges; telecom industry cries foul

## NEW DELHI, JANUARY 12:

The Telecom Regulatory Authority of India (TRAI) on Friday cut termination charges for international incoming calls to wireline and wireless connections, to ₹0.30 per minute from ₹0.53, which experts say may not only impact operators, but also lead to the country losing an opportunity to earn higher foreign exchange.

International termination charges (ITC) are payable by an international long-distance operator (ILDO), which carries calls from outside the country, to an access provider in the country in whose network the call terminates.

Even the earlier ITC of ₹0.53 per minute was far lower than the world average of International Settlement Charge (ISC), which is ₹3-3.50 per minute.

The low ITC in India has resulted in a skewed pattern of ILD traffic, with incoming to outgoing calls in the ratio of about 20:1, some stakeholders argue.

Such a skewed ratio had reduced the ability of Indian operators to negotiate ISC in global markets vis-à-vis their foreign counterparts, as the latter have much larger (India incoming) traffic to trade compared with the (international outgoing) traffic traded by the Indian operators, they said.

According to the stakeholders, an increase in ITC will provide higher foreign earnings for the country, and also a higher licence fee for the government. Besides, an increase in ITC will generate additional funds for Indian operators, help build telecom infrastructure in rural areas and enable affordable tariffs to consumers.

The Indian telecom industry earns about ₹4,500 crore a year of forex for terminating international calls, and pays a licence fee of ₹450 crore.

But TRAI said the move could curb the use of grey routes and the proliferation of OTT (over-the-top) routes for international voice calls. It said that “curbing the menace of grey route should be a more important regulatory priority than facilitating the shift of the international incoming traffic from OTT to carrier route.”

The Cellular Operators Association of India termed it a “body blow” to the telecom industry, which is “passing through one of its toughest phases.” “The loss to Indian telecom service providers on account of the reduced ITC... is expected to be ₹2,000 crore annually, and this will lead to a loss in revenue to the exchequer, from both licence fee and GST,” said Rajan S Mathews, Director General, COAI.