

**GOVERNMENT OF INDIA  
COMMUNICATIONS AND INFORMATION TECHNOLOGY  
LOK SABHA**

STARRED QUESTION NO:22

ANSWERED ON:02.03.2005

REDUCTION IN ADC

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**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

- (a) whether the Telecom Regulatory Authority of India (TRAI) announced a long awaited Access Deficit Charge (ADC) regime aimed at reducing long distance STD call charges and boosting the rural telephone operations;
- (b) if so, the details of the new regime, indicating the financial implications and viability thereof and the major objectives of the new regime;
- (c) the reaction of the private telecom operators to the new regime; and
- (d) the manner in which the BSNL is likely to be compensated after such reduction in ADC?

**Answer**

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI DAYANIDHI MARAN)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 22 FOR 2ND MARCH, 2005 REGARDING REDUCTION IN ADC.

On 6th January, 2005, the Telecom Regulatory Authority of India (TRAI) announced a revised Access Deficit Charge (ADC) regime effective from 01.02.2005. This was part of the annual review as announced by TRAI in its last Interconnection Usage Charge (IUC) Regulation effective from 01.02.2004. The new regime envisages reduction in ADC contribution for national long distance calls to 30 Paise from earlier slab of 30 P, 50 P and 80 P and for international long distance calls it envisages reduction in ADC to Rs. 2.50 per minute for outgoing calls and Rs. 3.25 for incoming calls as earlier ADC of Rs. 4.25 per minute applicable for both incoming and outgoing calls. As per TRAI, the other salient features, inter-alia, include:

- (i) Total amount of ADC for Bharat Sanchar Nigam Limited (BSNL) kept unchanged.
- (ii) Disbursement of ADC altered to ensure that amount of ADC received is unchanged while reducing the burden on customers.
- (iii) BSNL only and not the other fixed line operators to receive ADC on all incoming international calls and outgoing calls from mobile and Wireless Local Loop (Limited Mobility).
- (iv) Key objective emphasis include reducing the domestic call charges for the consumers, addressing grey international calls through a combination of policy relating to incentive (arbitrage) margin and disincentive (monitoring and penalty) for such calls, ensuring that benefit is not passed on to the foreign carriers and consumers at the cost of domestic consumers and operators.
- (v) The `other fixed line operators` will retain ADC only on their outgoing calls. ADC on all other calls will be provided to BSNL.
- (vi) The details of ADC in Rupees per minute applicable for various types of calls are enclosed as Annexure.
- (vii) TRAI will examine the implementation of the new rates with latest information after three to six months of implementation of the regime, without any further consultation process.
- (viii) New consultation process to begin soon on various matters, including admissibility of ADC amounts for BSNL, other service providers, for WLL (F), likely disbursement of USO amounts, and the Interconnection Usage Charge regime.

The long distance tariffs are expected to come down with reduction in ADC. Some private operators have announced reduction in tariffs for long distance calls. According to available information, BSNL, the incumbent has not announced any tariff reductions as it has reported that its tariff are already generally stated to be even lower than the tariff of private operators.

The Cellular Operators Association of India (COAI) has welcomed small reduction in ADC burden on the Indian Consumers but is of the view that this relief is a case of 'too little too late'. It has further stated that reducing ADC on incoming international long distance calls does not help Indian consumers in any manner. The new regime would not be effective in discouraging grey market activities. There is no justification for payment of ADC to Wireless Local Loop [WLL (F)] but not to Cellular.

The Association of Unified Telecom Service Providers of India (AUSPI) has stated that the new ADC regime is a major setback to the fixed line services because of its inequitable distribution of ADC only to the largest competitor. It had filed a petition in the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) against the aforesaid ADC regime. Mahanagar Telephone Nigam Limited has also filed a petition in TDSAT against the new regime.

Moreover, TRAI has filed a writ petition in the High Court of Delhi against TDSAT and other challenging the jurisdiction of TDSAT for adjudicating the matter.

According to TRAI, the amount of ADC to be provided to BSNL is estimated to be around Rs. 2348 crores for a period of six months from February to July, 2005. The ADC forecast figures for full year estimated to be Rs. 4954 crores for BSNL, which is comparable with the previous ADC estimations of Rs. 4792 crores. However BSNL has stated that it expect reduction in amount by Rs. 1254 crores.

It is difficult to assess the exact impact as traffic pattern is fast changing due to unprecedented subscriber growth. Further, TRAI has stated that this regime will be reviewed in a period of three to six months.

## ANNEXURE

### ACCESS DEFICIT CHARGES IN RUPEES PER MINUTE

Type of Calls	Local Intra- calls Circle Calls		Inter- Circle Calls		ILD Calls			
	0-50 Kms	>50 Kms	All distances	Outgoing	Incoming			
Fixed-Fixed			0.00	0.00	0.30	0.30	2.50	3.25
Fixed-WLL (M)			0.30	0.30	0.30	0.30		
Fixed-Cellular			0.30	0.30	0.30	0.30		
WLL (M)-Fixed			0.30	0.30	0.30	0.30	2.50	3.25
WLL (M)-WLL (M)			0.00	0.00	0.00	0.30		
WLL (M)-Cellular			0.00	0.00	0.00	0.30		
Cellular-Fixed			0.30	0.30	0.30	0.30	2.50	3.25
Cellular-WLL (M)			0.00	0.00	0.00	0.30		
Cellular- Cellular			0.00	0.00	0.00	0.30		

### COLLECTION AND DISTRIBUTION OF ADC

The amount given above is to be collected/paid as follows:

- For all Intra-Circle calls from Cellular Mobile/WLL(M) to fixed line, BSNL to be paid the access deficit amount.
- For all Intra-circle calls from fixed to Cellular Mobile/WLL(M), the originating service provider to retain the access deficit amount.
- For Intra-Circle calls from fixed line to fixed line, the originating Service Provider to retain the access deficit amount (local calls and calls within 0 to 50 Kms` do not have any access deficit charge). No access deficit charge is payable to the terminating fixed network.
- For all outgoing Inter-circle and ILD calls from fixed line, the originating service provider to keep the access deficit amount. No access deficit charge is payable to the terminating fixed network.
- For all ILD calls to fixed line, BSNL to be paid the access deficit amount by the ILDO (directly or through NLDO, wherever applicable), and the termination charge should be paid to the terminating network.
- For all Inter-Circle calls from Cellular Mobile/WLL(M) to fixed line, the access deficit charge and termination amount is to be collected by the NLDO from the originating service provider and the access deficit charges should be paid to BSNL and the

termination charge should be paid to the terminating service provider.

(g) For all Inter-Circle calls from Cellular Mobile and WLL (M) to Cellular Mobile/WLL(M), the access deficit amount is to be collected by the NLDO from the originating service provider and paid to BSNL.

(h) For all ILD outgoing and incoming calls from/to Cellular Mobile and WLL(M), the access deficit amount is to be collected by the ILDO and paid to BSNL.