

ISPAI

1178/TRAI/ISP/16

October 17, 2016

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Handwritten signature and date: 18/10/16

**Subject: ISP/ response to TRAI Consultation Paper on "Review of Interconnection Usage Charges"**

Dear Sir,

We congratulate the Authority to have come out with the consultation paper on the matter captioned above and sincere thanks for proving us the opportunity to submit our response on this matter.

We have enclosed our comprehensive response for your consideration. We believe that the Authority would consider our response in positive perspective and incorporate our concerns on the subject matter.

Looking forward for your favourable consideration.

Thanking you,

With Best Regards,  
For Internet Service Providers Association of India



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Encl: As above

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**ISPAI Response to TRAI Consultation Paper on Review of Interconnection Usage Charges**

**1. In view of the recent technological developments in the telecommunication services sector, which of the following approaches is appropriate for prescribing domestic termination charge (viz. mobile termination charge and fixed termination charge) for maximization of consumer welfare (i.e. adequate choice, affordable tariff and good quality of service), adoption of more efficient technologies and overall growth of the telecommunication services sector in the country?**

**(i) Cost oriented or cost based termination charges; or**

**(ii) Bill and Keep (BAK)?**

**Please provide justification in support of your response.**

**Response:**

Realistic Cost Based approach based on the relevant costs covering the work done including all activities and international business development costs without any arbitrage or artificial loading or differentiating the traffic on origination basis, etc. should be applied.

For calls on fixed-line networks Bill and Keep should be maintained as at present.

**2. In case your response to the Q1 is 'Cost oriented or cost based termination charges', which of the following methods is appropriate for estimating mobile termination cost?**

**(i) LRIC+**

**(ii) LRIC**

**(iii) Pure LRIC**

**(iv) Any other method (please specify)**

**Please provide justification in support of your response.**

**Response:**

The most suitable method for determining the termination cost may be LRIC+ as it takes care of some portion of common cost also along with termination as per LRIC model. This will be actual representation of all relevant logical costs.

The proportionate cost based on the time spent by the concerned employees of the Corporate office may be one of the common costs. Other common costs inter alia may be proportionate administrative cost of corporate office.



3. In view of the fact that the estimates of mobile termination cost using LRIC method and LRIC+ method yielded nearly the same results in year 2011 (as filed in the Hon'ble Supreme Court on 29.10.2011) and in year 2015 (as estimated for the Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015 dated 23.02.2016), would it be appropriate to put to use the estimates of mobile termination cost arrived in the exercises of year 2011 and year 2015 in the present exercise?

**Response:**

No comment

4. If your response to the Q3 is in the negative, whether there is a requirement of running the various LRIC methods afresh using the information on subscriber, usage and network cost for F.Y. 2015-16 for estimation of mobile termination cost?

**Response:**

No comment

5. In what manner, the prescription of fixed termination charge as well as the mobile termination charge from wire-line networks as 'zero' through the Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015 is likely to impact the growth of the Indian telecommunication services sector as a whole? Please support your viewpoint with justifications.

**Response:**

It is very necessary to grow fixed line services and usage while at fixed location home and office so that spectrum which is a scarce and costly natural resource is put to optimal use in the larger national interest and to provide higher quality of service with no blocking/call drops and higher speed broadband services. The person, who is using mobile, has no other option and suffers. With fixed line increase usage, both category of subscribers, fixed and mobile, would benefit. On fixed line, there should be no distinction on source of call, whether traditional Circuit switching or packet switching based Voip call.

The step taken by Authority in respect of fixed line termination charges has given a fillip to the growth of wireline services both for Voice as well as Data. It is our view that wireline services are hugely complementary to the wireless services with the advent of fixed mobile convergence and this regime needs to be continued in order to ensure the orderly growth of telecommunications services sector as a whole in the long run.



- 6. Whether termination charges between different networks (e.g. fixed-line network and wireless network) should be symmetric?**

**Response:**

Present termination charge is adequate for National Calls.

- 7. Which approach should be used for prescribing International Termination Charge in the country? Should it be kept uniform for all terminating networks?**

**Response:**

Yes, the International Termination Charges in the Country should be kept uniform for all terminating networks.

- 8. Whether, in your opinion, in the present regulatory regime in the country, the standalone ILDOs are not able to provide effective competition owing to the presence of integrated service providers (having both ILDO and access service licenses) and, therefore, there are apprehensions regarding sustainability of the stand-alone ILDOs in the long-run?**

**Response:**

Realistic Cost Based approach based on the relevant costs covering the work done including all activities and international business development costs without any arbitrage or artificial loading or differentiating the traffic on origination basis, etc. should be applied.

Due to no charge available, presently ILDOs are not able to provide effective competition and ILDO business is becoming unsustainable.

- 9. If your response to the Q8 is in the affirmative, which of the following approach should be used as a counter-measure?**

- (i) Prescription of revenue share between Indian ILDO and access provider in the International Termination Charge; or**
- (ii) Prescription of a floor for international settlement rate (levied by ILDO upon the foreign carrier) for international incoming calls; or**
- (iii) Any other approach (please specify)**

**Please provide justification in support of your response.**



**Response:**

We support option no. (ii) above according to which there would be a prescription of a floor price for international settlement rate which would be levied by ILDO upon the foreign carrier. The basis to determine the International Termination Rates should be the work done by all the concerned Parties.

**10. Is there any other relevant issue which should be considered in the present consultation on the review of Interconnection Usage Charges?****Response:**

1. There is also a need for timely and economical interconnection to be achieved. For this there should be an interconnect exchange in each circle for Voice as well as VoIP services such that a single common point of presence should enable exchange of traffic among all Service Providers.
2. For Bill and keep regime fixed line services, this should be applicable only for service delivery by service providers directly to subscribers over wireline (including over non licensed public band or administered point to point spectrum frequency).

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