Reliance Communications Limited (RCOM) Response to TRAI Consultation Paper on Interconnection Usage Charges (IUC)

Synopsis

In India, the incumbent TSPs are in the second term of their license period and have extensively reaped the benefits of exploitation of their sunken network investments. Based on sound logic, TRAI had given out a clear glide path for achieving ZERO termination charges in two years, in their affidavit to the Hon'able SC in 2011 itself. Despite this affidavit, TRAI was constrained to implement the glide path as the incumbent operators have always been creating hurdles to such positive regulations for the inter operator settlements (Table below refers). The **current incumbent operators and COAI have been challenging** the same since 2009 onwards at various judicial forums.

Interconnection Usages Charges Regime in India			
Year	**Whole Sale Charging**	**Remarks**	**Status**
2003	IUC introduced @ Rs 0.30 / Min and ADC	Challenged by BSNL	Pending
2009	Reduced to IUC @Rs 0.20/Min	Challenged by COAI	Pending
2015	1. Reduced to IUC @Rs 0.14/Min for Wireless 2. Made Zero for Wireline	Challenged by COAI members	Pending

With the advancements in the mobile technologies, deployment of Next Generation Networks (NGN) and migration of networks to IP, the cost of deploying the network has decreased drastically. Accordingly, there is a need to do away with **legacy issues** like termination charges and **prevent super profiteering** on this account by the dominant operators. Hence, it makes a **strong case for abolishing the termination charges altogether and making it ZERO**.

It is strongly recommended that Bill & Keep (BAK) should be implemented without any further delay from 01 Jan 2017 itself.

Executive Summary of our Response:

A. **RCOM recommends Bill & Keep regime for India as this regime would lend itself to maximizing societal welfare by contributing towards delivery of affordable telecom services and consequently lead to (a) higher levels of adoption of telecom services, (b) increased usage volumes per subscriber, (c) supporting the 'Digital India' vision of the current dispensation of the country, (d) minimizing litigations thereby enabling QoS focused services, (e) being future ready for easy migration and adoption of IP based networks, (f) supporting introduction of innovative tariffs and services, (g) avoid prolonged settlement procedures and eliminate billing disputes between operators and (h) Simplification of AGR and LF determination.**

B. **Bill and Keep is ideally suited IUC approach for Indian Telecom Market and is consistent with TRAI's informed and stated position, therefore it should be implemented without further delay with effect from 1st Jan 2017 itself.**

C. **RCom does not support cost based or cost oriented approach for determining MTC.**

D. **If at all TRAI decides to adopt cost based approach then we recommend use of Pure Long Run Incremental Cost (Pure LRIC) approach, based on avoidable costs, for prescribing Mobile Termination Charge as subscriber numbers, network utilization and network cost in past 2 years have changed drastically. It would be appropriate to arrive at the mobile termination cost afresh using the information on subscriber numbers, usage and network cost of FY 2015-2016.**

E. **MTC and FTC for the wire line and wireless services should be equated and made 'zero' irrespective of type of originating / terminating network. Symmetric termination charges will reduce the transaction and regulation cost.**

F. **International termination charges should be kept at the same level (zero i.e. Bill and Keep) as Domestic termination Charges.**

G. **Floor price for international settlement rate (levied by ILDO upon the foreign carrier) for international incoming calls should be prescribed and the revenue collected should be shared, in 80:20 ratio, between Indian ILDO and access service provider.**

H. **If Authority decides prescription of any charge for international termination then the revenue collected, in excess of the domestic termination charges should be shared in 60:40 ratio between the ILDO and the access service provider.**

PREFACE

1. Amply supported by the judicious policies and regulations of the Authority, the telecom sector, in the past two decades, has emerged as the harbinger of rapid economic progress of the country. The vision for telecom services, outlined by the GoI mandates not only proliferation but provisioning of affordable telecom services to the masses. It is to the Authority's credit that they had the foresight of such requirements, way back in 2003 itself, while stipulating the regulation of IUC.

2. Telecom services today are at the cusp of a digital revolution in India. This timely initiative of aligning the IUC, to the vision of GoI, has the potential to be the game changer for the country and the telecom industry at large. Before delving into the specifics of the questions posed in the consultation paper, we would like to highlight

the twin aspects of (a) Why there is a need to review the MTC and (b) What are the advantages of the 'Bill & Keep' regime?

3. **Why there is a need to review the MTC?**

a. **MOUs Vs Service Cost.** In the past 8 years, i.e. from Mar 2008 till Mar 2016, the wireless subscriber base has ballooned from 390 to 1033.62 million. Correspondingly the voice traffic has increased 3 folds from a mere 13.4 Lakh minutes to 39.75 Lakh minutes (Refer Figure 1). **This clearly indicated that there has been a significant improvement in network utilization which ideally should have translated into substantially reduced tariffs.**

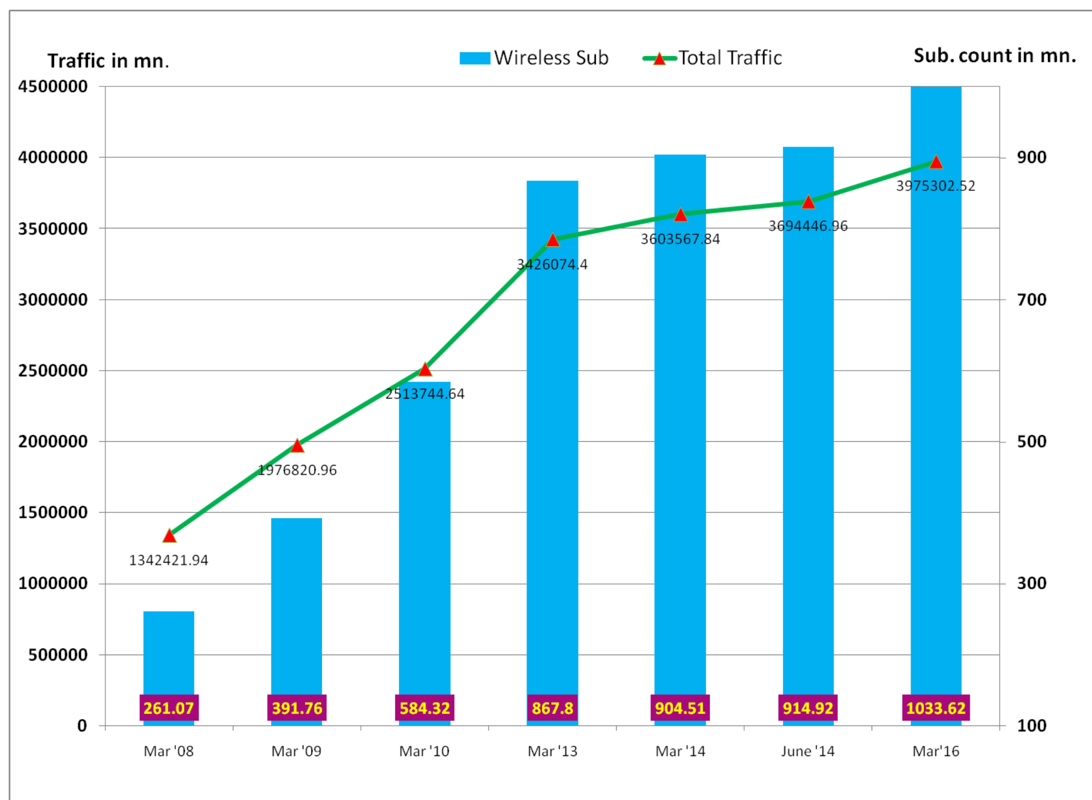

FIGURE 1 : SHOWING THE INCREASE IN SUBSCRIBER BASE AND VOLUME OF TRAFFIC
Source: TRAI PMR report

b. **Reduced Cost Structure.** Over the past 8 years,

i. Electronics costs have been reducing 15% - 25% year-on-year.

ii. Capacity available per MHz has increased significantly through utilization of techniques like AMR, multi-sector configuration etc.

iii. There has been a substantial increase in volume of data traffic including value added services, permitting reduction in the proportion of costs attributable to voice.

iv. Sharing of infrastructure has contributed significantly to OPEX reduction.

v. **NGN with an all IP backbone network** has facilitated substantial network and traffic cost optimization viz, the cost of carrying traffic and distance over which traffic is carried.

c. **On-net and Off-net Tariff Differentiation.** A direct consequence of high MTC is the massive difference between on-net and off-net tariffs. Today, most of the established operators are offering huge discounts and attractive benefits to the customers for their on–net calls. The Graph at figure 3 below, clearly shows that the reduction in MTC effected through the 2009 regulations resulted in narrowing the gap between off net and on net calls. Despite on-net calls tariffs being almost 1/5th of the off-net calls, the reduction effected in 2015, has resulted in further correction of the ratio between on-net and off-net calls.

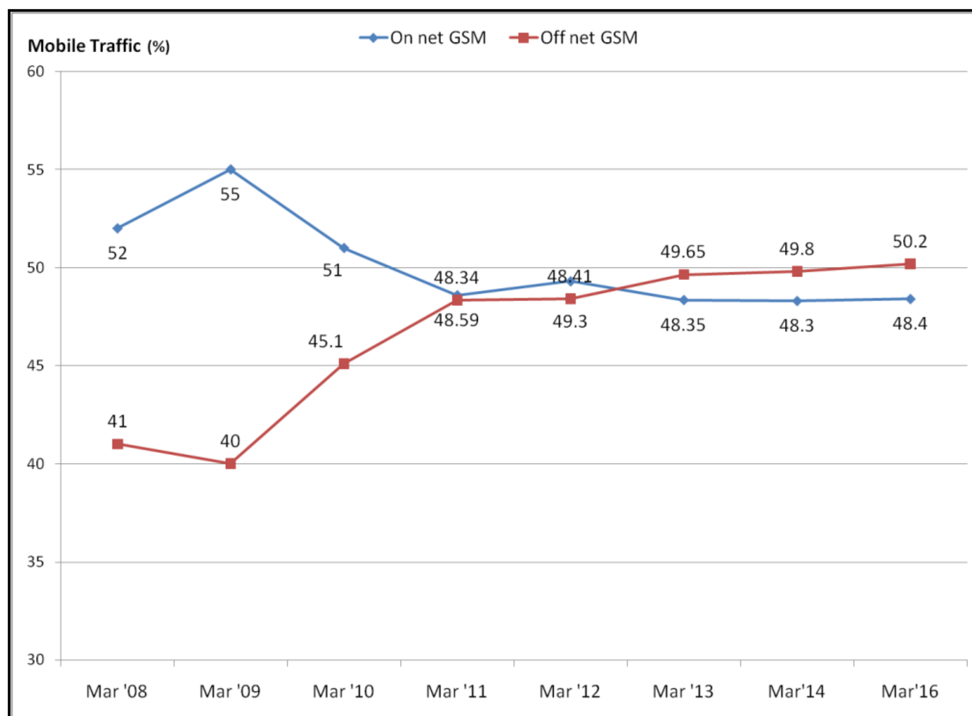

FIGURE 3 : SHOWING THE ON-NET AND OFF-NET TRAFFIC PATTERN SINCE 2008 TILL 2016
Source: TRAI PMR

4. Clearly, despite better utilization of the network, a substantial reduction in the CAPEX and OPEX of the operators, a yawning gap between the existing MTC and the ARPM, the industry has not been able to exploit the consequent economies of scale for effecting reduction in tariffs. The reduction in MTC that was effected in 2015, has proved to be an enabler for correction of on-net and off-net traffic over the networks of different operators. **Therefore, it is felt that there exists a strong case**

for the Authority to seize the opportunity of supporting the next phase of telecom revolution by introducing BAK as the way forward for IUC settlement.

5. **Advantages of Bill & Keep (BAK)**

   a. **Fosters Cost Recoveries from Operations Rather than Competitors.** In the CPP regimes, operators are able to transfer recovery of part of their operational costs to the competitors in form of termination charges. **Instead of continuing with such a legacy regime**, a scenario wherein the termination charges are low or ideally zero (BAK), each operator has to factor in his operational costs within the tariff itself thereby providing a competition enriching environment. **Thus, Bill & Keep leads to creation of an egalitarian telecom regime which negates the possibility of cost recoveries and super profiteering from operations rather than competition.**

   b. **Increased Usage and Support for Innovative Tariff Plans.**

      i. Though figure 1 above clearly shows the increase in MoU corresponding to the increase in subscriber base; however, it is observed that despite this increase in subscriber base, there is a significant fall in usage per subscriber (Figure 5 below refers).

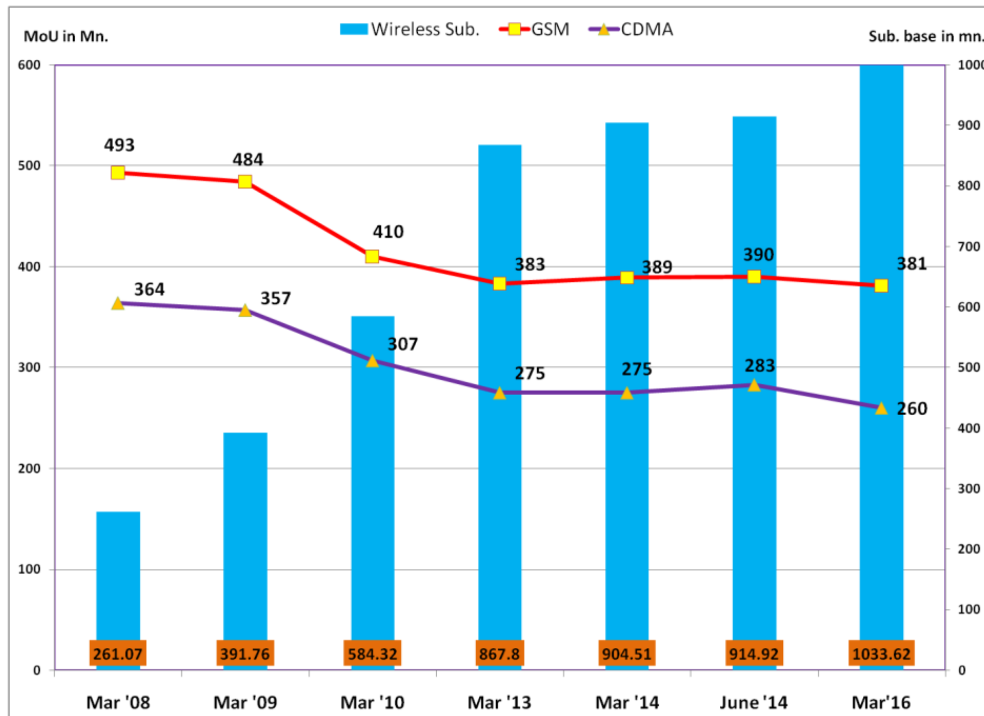

FIGURE 5: SHOWS A DECLINING TREND OF USAGE PER SUBSCRIBER DESPITE INCREASE IN SUBSCRIPTION OF TELECOM SERVICES,
Source: TRAI PMR report

      ii. BAK provides the flexibility to operators to launch innovative tariffs by removing the floor prices. The reduction in prices directly translates into

increased usage of telecom services. It is strongly felt that the declining per subscriber usage trend, observed in Indian market, can be reversed by adopting BAK.

c. **Does not impact profits.** Termination charges being the wholesale payments between operators, their **elimination does not imply an equivalent and corresponding impact on profit of an operator, albeit it also translates into reduction of costs of operations as well.** Overall, within the whole telecommunications system, net termination payments sum upto zero.

d. **Eliminates on-net and off-net pricing discrepancies.** Even though an on-net call utilizes double the network resources vis-à-vis a terminating call, yet mobile network operators are able to offer prices well below the termination charges for on-net calls, particularly for large business contracts which have a high proportion of on-net calls. This clearly indicates that the current termination rates are not being taken into revenue (profit) considerations by the operators and that their business models are purely based on volume of traffic over their networks. **Therefore, introduction of BAK shall facilitate a balanced on-net and off-net tariff pricing.**

e. **Facilitates Competition.** Given the nature of the Indian telecom market and the vast difference in the size of various mobile operators, it is extremely important that adequate safeguards are put in place, so that operators who are net receivers of wholesale termination charges, are not able to use these funds to cross-subsidize tariffs on calls made internally within their own vast set of subscribers. BAK, therefore, **ensures creation of a level playing field amongst all operators** by enabling them to compete on an equal footing. **With MVNOs being permitted in Indian telecom market, BAK shall ensure that the MVNOs too would be in a better position to compete along with other MNOs.**

f. **Avoids predatory pricing.** In a competitive market, one set of operators are forced to match these instances of predatory pricing despite having a higher cost base, thus resulting in a margin squeeze. Such distortions can be eliminated by reducing mobile termination to Zero.

g. **Is Future Proof as it supports convergence of voice and data networks.** Telecom networks are progressively experiencing a paradigm shift from being voice centric with overlay of data services to being data centric with voice as an application over them. This shift to data networks shall also entail a corresponding change in the termination from being purely minutes based to data

volume or(and) capacity based and it shall have to take into account the QoS as well. As was brought out in our response to the consultation paper on IP telephony, working out the permutation combination of these parameters for setting of termination charges shall introduce a lot of complexities. Therefore, BAK shall also lend itself to simplicity of both the IUC and MTC regimes. Operators across the globe have already started offering flat charging for voice and data services to their customers, wherein the consumers have to pay a single charge for bundled voice and data services.

h. BAK would reduce prolonged settlement procedures and eliminate inter operator billing disputes.

Given the simplicity of accounting, benefits to consumers, competition promotion and the need to have a single interconnection regime for telecom and data services, Bill and Keep (for termination charges) is the need of the hour and the best way forward.

6. Detailed responses to the queries raised in the Consultation Paper are given in the succeeding paragraphs.

Q1: 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.

Our Response.

RCOM recommends Bill & Keep regime for India as this regime would lend itself to maximizing societal welfare by contributing towards delivery of affordable telecom services and consequently lead to (a) higher levels of adoption of telecom services, (b) increased usage volumes per subscriber, (c) supporting the 'Digital India' vision of the current dispensation of the country, (d) minimizing litigations thereby enabling QoS focused services, (e) being future ready for easy migration and adoption of IP based networks, (f) supporting introduction of innovative tariffs and services, (g) avoid prolonged settlement procedures and

eliminate billing disputes between operators and (h) Simplification of AGR and LF determination.

Apart from the advantages of BAK listed in the preamble earlier, further justification in support of Bill & Keep regime is given in the succeeding paragraphs.

1. **In alignment with TRAIs Affidavit submitted to the Hon'ble Supreme Court in 2011.**

   a. Recognizing the advantages of BAK for the Indian telecom market, way back in 2011 itself, TRAI had proposed[1] reduction of MTC with a glide path to BAK in 2 years time frame while filing an affidavit with the Hon'ble Supreme Court (Civil Appeal No. 271-281 of 2011). The excerpt from the TRAI Affidavit is quoted as below:

      "TRAI is of the view that the termination rates arrived through the pure LRIC method may be made applicable now i.e. from year 2012 to provide a glide path towards B&K in 2 years. This will give sufficient time to operators to adjust to the changes in the termination regime and will ensure a smooth transition."

   b. We are sanguine that TRAI's opinion was the result of sustained and detailed research based on all the socio-economic mathematical models for determining IUC charges i.e. FAC, LRIC, Hybrid LRIC, LRIC+, pure LRIC etc. **We completely and unequivocally support TRAIs viewpoint and strongly recommend that BAK should be implemented in Indian telecom market without any further delay.**

2. **Benefits the Customer.**

   a. High termination charges prevent the emergence of flat rate access pricing as there is an inherent cost involvement in access tariffs due to this.

   b. Termination charges tend to set a 'floor' on call prices, sans which the operators can afford the flexibility of offering flat rate tariffs thereby ensuring that the average prices for making calls are reduced.

   c. **Elimination of this floor price fixing cost through BAK thus, makes it easier for operators to offer flat rate access tariffs and large bundles of minutes thereby directly benefitting the customer..**

3. **Internationally operators are supporting B&K.**

   a. European Regulators Group (BEREC) has endorsed BAK as the best alternative to the calling Party Network Pays (CPNP) IUC regime being currently implemented in Europe. In its statement titled "Next Generation Networks Future

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[1] As per TRAI affidavit in Supreme Court on IUC matter in 2011-2012

Charging Mechanisms / Long Term Termination Issues " dated June 2010 BEREC has concluded thus**:**

"To conclude, BEREC considers BAK more promising than CPNP as a regulatory regime for (voice) termination in the long term. Strict application of cost orientation in the current CPNP environment in the short / medium term for mobile and fixed networks, particularly bringing down mobile termination rates to efficient cost levels, is a major step towards BaK representing the level effect as identified in this CS."

b. Even the European Commission has summarized the advantages often associated with B&K, as follows[2]:

"Given the two-sided nature of call termination, not all related termination costs must necessarily be recovered from the wholesale charge levied on the originating operator. Even if wholesale termination rates were set at zero, terminating operator would still have the ability to recover their costs from non-regulated retail services. Rather it is a question of how these financial transfers are distributed across operators in a way that best promotes economic efficiency to the benefit of customers."

4. In view of the above it is recommended that:

   a. **Bill and Keep is ideally suited IUC approach for Indian Telecom Market.**

   b. **Consistent with TRAIs informed and stated position, the Authority should implement BAK for IUC without further delay with effect from 1st Jan 2017 itself.**

Q2: 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.

Our Response

We do not support cost based or cost oriented approach for determining MTC.

[2] EC recommendations on the Regulatory treatment of FTR and MTR in EU

If at all TRAI decides to adopt cost based approach then we recommend use of Pure Long Run Incremental Cost (Pure LRIC) approach, based on avoidable costs, for prescribing Mobile Termination Charge.

1. It is submitted that the cost methodology to be used for prescribing Mobile Termination Charge must take into account the financial differentiation on account of CAPEX and OPEX due to use of different frequency bands (the basic ingredient for provisioning telecom services) being used in different circles. Ex. An operator with 1800 MHz spectrum would require significantly higher number of sites (on a pan India basis) to provide similar coverage vis-à-vis an operator whose operations are dependent on 900 MHz band. **Therefore a model based on avoidable costs, such as Pure LRIC is considered most appropriate for prescribing Mobile Termination Charge due to the reasons given below.**

2. An examination of global best practices with regard to the costing principles for determination of mobile termination charges suggests a clear shift to utilization of the LRIC model. LRIC has emerged as the most preferred choice of regulators not only in Europe & America but also in several developing markets in Asia, Africa and Arab countries. Graphs below show that worldwide majority of the regulators have preferred LRIC methodology over other approaches especially FAC for determining MTC.

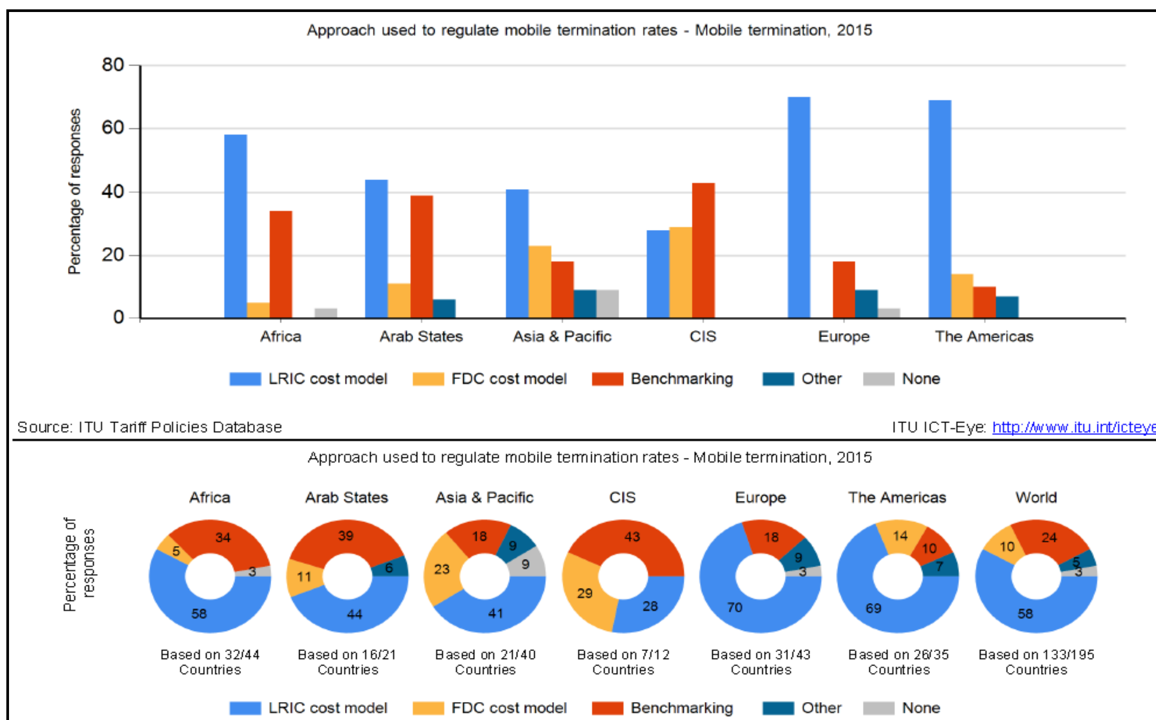

FIGURE 7 : SHOWING WORID WIDE ADOPTION OF LRIC
Source: ITU tariffs report 2015.

3. Amongst the various flavours of LRIC, we recommend that **PURE LRIC** is best till such time BAK is adopted by the Authority. The reasons for the same are as given below:

   a. Applying the Pure LRIC method ensures that only the cost related to providing additional network capacity to handle the incoming interconnecting traffic is taken into account when estimating the termination cost.

   b. The non-incremental common and joint cost, markup etc used in conventional LRIC is not allocated to termination under pure LRIC model.

   c. PLRIC based MTC will eventually compensate all set of operators wherein Operators will get their return from high usage rather from high termination.

   d. PLRIC based MTC works out the least amongst all its flavours and hence would aid the TSPs to provide competitive tariffs in a converged environment wherein substitute services offered by OTT players are eating into TSPs revenue.

   e. Implementation of PLRIC based MTC is in consonance with TRAIs own stated position that it had advocated in its affidavit filed in Hon'ble SC in 2011.

   f. International regulators such as the European Commission[3] have recommended a glide path to PLRIC model in 2009. Since then majority of the European countries have migrated to PLRIC. A Recent quote from European parliament question reply[4] stating the position of PLRIC is reproduced below for reference please:

      "*As of the beginning of August 2014 17 Member States have implemented pure long-run incremental cost (LRIC) modelling to set mobile termination rates (ES, PT, FR, UK, IT, BE, PL, DK, CZ, BG, SE, AT, EL, MT, RO, SI, SK); Lithuania is in the process of implementing its final decision. Moreover, the following three Member States set mobile termination rates on the basis of benchmarking against pure LRIC rates (LV, LU, EE). 14 Member States have implemented pure LRIC cost modelling to set fixed termination rates (FR, IE, BG, DK, MT, AT, EL, SK, UK, RO, CZ, IT, SE, HU); Slovenia is in the process of implementing its final measure.*"

[3] *EU recommendation on Regulatory Treatment of FTR/MTR dated May 07 2009*

[4] http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2014-005974&language=EN

g. A scan of the international scene (Figure --- below refers) reveals that the Countries where PLRIC has been implemented, it has lead to reduction in MTC thereby reducing the RPM and increasing MOU per subs from year 2009 to year 2013.

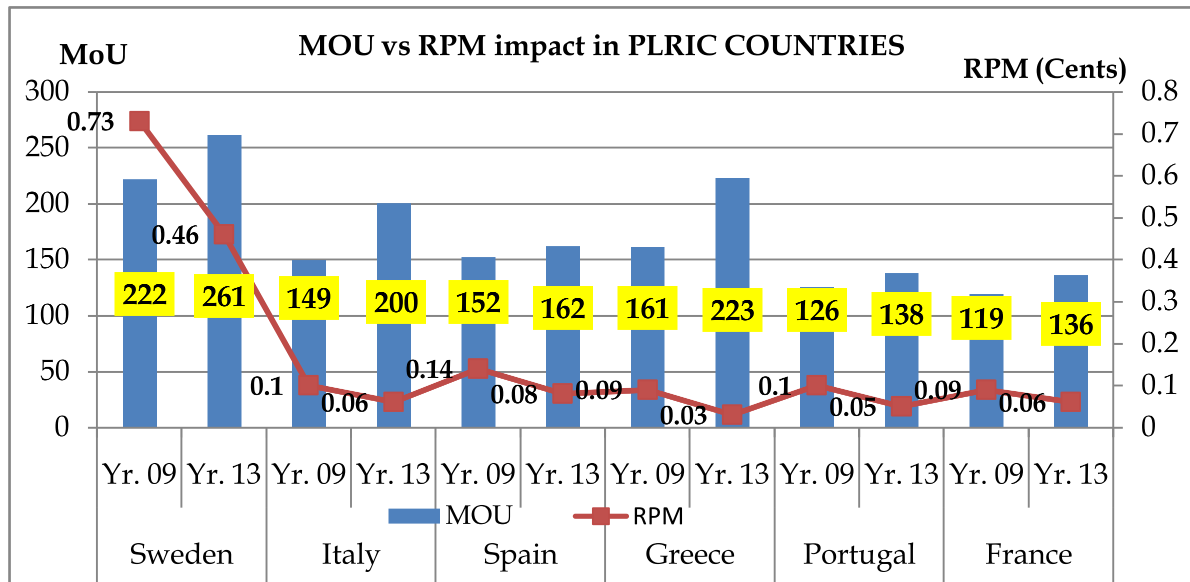

Figure : 9 Showing MOU Vs RPM impact in PLRIC countries,
Source: Merill Lynch 3Q'14

Our Recommendation

4. Based on above facts it is recommended that **MTC rate, based on Pure LRIC model should be implemented till BAK is adopted by the Authority.**

Q3: 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?

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Q4: 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?

Our Response

As brought out in the preamble above, TRAI in its Affidavit submitted to the Hon'ble Supreme Court[5] in 2011 (Civil Appeal No. 271-281 of 2011) itself had recognized the advantages of BAK for the Indian telecom market and had proposed reduction of MTC with a glide path to BAK in 2 years time frame. **The opinion formed by TRAI in 2011, was based on sound research and detailed analysis.**

We completely and unequivocally support TRAI's stated position as per its affidavit and strongly recommend that

a. **BAK should be implemented in Indian telecom market without any further delay.**

b. **If Authority still decides to continue with cost based approach, it would be appropriate to arrive the mobile termination cost afresh using the information on subscriber numbers, usage and network cost of FY 2015-2016.**

c. **Pure-LRIC method should be used for the estimation of mobile termination cost as subscriber numbers, network utilization and network cost in past 2 years have changed drastically.**

Q5: 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.

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Q6: Whether termination charges between different networks (e.g. fixed-line network and wireless network) should be symmetric?

Our Response

Post the prescription of fixed termination charge as well as the mobile termination charge from wire-line networks as 'zero' through the

[5] As per TRAI affidavit in Supreme Court on IUC matter in 2011-2012

Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015, the MoUs of to and from Wire line network have increased.

Yes, the termination charges between different networks (e.g. fixed-line network and wireless network) should be symmetric.

1. The communications world is moving towards a scenario where a subscriber is able to access similar telecom and IT services ubiquitously, at all times, using multiple devices and through any medium of access (connectivity). Prescription of differential MTC and FTC shall be against these tenets of modern converged communications.
2. Disproportionate charges for FTC and MTC has the potential to,
    a. Skew the traffic towards a particular medium of connectivity resulting in under utilization of other networks.
    b. Consequently, demand an increase of termination charges due to increased traffic on a particular network.
3. On analysis of the incoming / outgoing minutes to / from our wire line services, we have observed that the intra circle and inter circle wireless minutes terminated to RCom wire line network have increased 19% and 25% respectively from Jan’2015 to July’2016. At the same time, the overall wireless subscriber base has increased around 8%. Further analysis of TRAI’s Telecom Subscriber data Reports of 01 Sep 2015 and 09 Sep 2016 (Refer Table 1 below) reveals that the BAK regime implemented for fixed termination charged has been a success and has been able to arrest the negative growth observed in the wire line subscriber. It helped the growth of wire line broadband and enabled innovation in tariff being offered in fixed line (free night calling, Fixed –Mobile- Telephony etc) over the past one year.

Yearly Growth Rate (All India)	
Jun 2014 - Jun 2015	**Jun 2015 - Jun 2016**
-6.69	-5.38

Table 1: Showing comparative of yearly growth rate post implementation of TRAI’s Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015

4. Thus, it is amply clear that due to **TRAI Regulations which prescribed the termination charges from / to wire line network as ‘Zero’ has not only facilitated an increase in voice usage minutes to and from the wire line network but has also resulted into arrest of degrowth of wire line subscription**
5. Similarly, it is felt that **prescribing symmetric termination charges between different networks (e.g. fixed-line network and wireless network) would replicate the positive growth observed over the past one year post**

implementation of TRAI's Regulations which prescribed the termination charges from / to wire line network as 'Zero'.

Our Recommendation

6. In view of the foregoing, in the best interest of the consumer and reduction in the transaction and regulation cost it is recommended that,
   a. **MTC and FTC for the wire line and wireless services should be equated and made 'zero' irrespective of type of originating / terminating network.**
   b. **Symmetric termination charges between different networks (e.g. fixed-line network and wireless network) would replicate the positive growth observed over the past one year post implementation of TRAI's Regulations which prescribed the termination charges from / to wire line network as 'Zero'.**

Q7: Which approach should be used for prescribing International Termination Charge in the country? Should it be kept uniform for all terminating networks?

Q8: 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?

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Q9: 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.

Our Response

Yes, International Termination charge should be kept uniform for all terminating networks and should be kept at zero.

Floor price for international settlement rate (levied by ILDO upon the foreign carrier) for international incoming calls should be prescribed. The revenue

collected as part of settlement should be shared, in 80:20 ratio, between Indian ILDO and access service provider.

1. A call originating from an international network is handed over to a domestic NLD operator or access provider for carriage or termination. The path followed by the call from the ILDO gateway to its destination is the same as if it were a domestic call. Since the same network elements, as in a domestic call are utilized, the costs incurred are exactly similar irrespective of the call being originated nationally or internationally, post ILDO gateway. However, the integrated operators are advantaged beyond the ILDO gateway as they leverage their advantageous position by offering least termination charges for the calls that are received over their own ILD network and hence are able to prevail over the stand alone ILDO.
2. Though prescribing higher international termination charge, as compared to domestic termination runs the risk of prevalence of call bypass practices. Therefore, **International Termination charge should be kept uniform for all terminating networks and should be kept at zero. And with an objective to protect the revenue in flow on account of incoming international traffic and reciprocity in international termination charges, a floor for international settlement rate (levied by ILDO upon the foreign carrier) should be prescribed for international incoming calls and the revenue collected should be shared, in 80:20 ratio, between Indian ILDO and access service provider.**
3. **If Authority decides prescription of any charge for international termination then the revenue collected, in excess of the domestic termination charges should be shared in 60:40 ratio between the ILDO and the access service provider.**

Our Recommendations

1. Since there is no extra cost is involved in terminating an international call as compared to a domestic call it is recommended that,
   a. **International termination charges should be kept at the same level (zero i.e. Bill and Keep) as Domestic termination Charges**.
   b. **Floor price for international settlement rate (levied by ILDO upon the foreign carrier) for international incoming calls should be prescribed and the revenue collected should be shared, in 80:20 ratio, between Indian ILDO and access service provider.**
   c. **If Authority decides prescription of any charge for international termination then the revenue collected, in excess of the domestic termination charges**

should be shared in 60:40 ratio between the ILDO and the access service provider.

Q10: Is there any other relevant issue which should be considered in the present consultation on the review of Interconnection Usage Charges?