

REF No: TCL/RA/2012

Date: 07.06.12

To,

Telecom Regulatory Authority of India

Mahanagar Door Sanchar Bhawan,

Jawahar Lal Nehru Marg,

New Delhi - 110002

Subject: Response to Consultation Paper No. 10/2012 (Consultation Paper on Review of the Telecommunication Interconnection (Port Charges))

Sir,

With respect to the above consultation paper where in comments are sought on the cost data and costing methodology used for estimating the port charges in this consultation paper and also on the period for which these charges should remain , our comments are as follows:

- a) **Switching infrastructure costs consideration** - The switching infrastructure costs details submitted by Tata Communications in response to the August 2011 letter of TRAI are what are generally applicable costs in the market today from most vendors and similar costs would have been submitted by other operators. Furthermore, we have observed these costs consistently go on reducing at around 8% YoY and we expect the trend to continue in future. In view of this, it is suggested that the current market costs of switching infrastructure (or the last buy cost by operator within the current year) should be considered for arriving at the port charges instead of average of historical costs . *While considering the ceiling rates for port charges, the highest value of the CAPEX per E1 port is being proposed, our submission is to consider the average of the current costs which will ensure fair Capex assessment on a per E1 basis for any incremental Capex.*
- b) **Switching element minimum capacity:** TAX are aggregation switches and as such of high capacity. The ports are always expected to be in STM-1 interfaces with related MUX equipment for E1 level breakups for interconnections if required. Normal TAX switch capacities are of 30 STM-1 or higher. Cost per ports are substantially higher for lower configuration switches and as such are not indicative of costs associated with TAX switches. As an example , TCL smaller switching element (10 STM-1) costs have been atleast 4 times higher than the normal capacity switches of 128k. In view of this , it is suggested to consider only of high density switches for port cost calculation. The cost calculations submitted by TCL are in line with the above.

TATA COMMUNICATIONS

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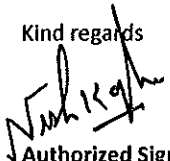
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- c) *Method of calculation* -We believe that the method used for Calculation of Ceiling of Annual Port Charges for GMSC/ TAX Exchanges as mentioned in 2.8 page 7 – 8 is reasonable.
- d) *Applicability period*: The port charges must be revisited at two year interval in view of reduction of switching infrastructure costs YoY.

Thanking you

Kind regards



↓ Authorized Signatory

Dr Nishakant Ojha