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Letter No. 1155_/TRAI/12/2014

Dated -06/12/2014

To

The Chairman,

Telecom Regulatory Authority of India,

Government of India,

New Delhi - 110002.

Subject: Appraising Interconnection Termination Charges

Dear Sir,

India presently follows the regime of Calling Party Pays (CPP) as introduced by the Telecom Regulatory Authority of India (TRAI) in 2003. Under this regime, interconnection termination charges are paid by the mobile operator on whose network the call originates to the operator on whose network the call terminates. The regulation governing these charges was last amended in the year 2009 when TRAI reduced the termination charges to a blanket 20 paisa per minute.

In 2011, the Authority in its report to the Honourable Supreme Court proposed removal of termination charges. In doing so, TRAI admitted prevalence of asymmetries in the domestic calling traffic flows among new and incumbent operators and concluded that a two-year period would be provided for ironing out such asymmetries and a new system, the Bill and Keep (B&K) regime, would be implemented in third year from the year of submission of report.

Under current settings, with asymmetries in the on-net and off-net traffic flows among players, the termination charges curtails smaller player's potential revenues while allowing larger players to exercise their market dominance. Eliminating termination charges would only benefit the overall market by reducing entry barriers for more players to invest which in turn bodes well for the consumers. Implementing B&K would encourage measures that help consumers to change their service providers and would help in ensuring transparency in tariffs enabling consumers to compare different companies' charges.

Apart from resolving technical and regulatory bottlenecks, the B&K system lies perfectly in line with the central government's broader objective of 'minimum government, maximum governance'. Moreover, the regime would strongly encourage Shri Narendra Modi's vision of Digital India by increasing affordability and inducing more people to adopt cellular services. This in turn would facilitate smoother roll-out of other welfare interventions including Direct-benefit-Transfer, which can now be operated by sending SMSs though one's mobile phone.

The aforementioned *"third year"* is now in its last months but no concrete action seems to be forthcoming from TRAI. We, therefore, request the Authority to take necessary action(s) on termination charges so that the untapped benefits can be made available to all the stakeholders (including the operators and the consumers) at the earliest.

Thanking you.

With regards,

R. Rajeswari

(President)