Regd. No.- 1430/43

ZILLA MAHILA URNAYANA PARISHAD

AT. :- DANDILO, P.O. :- ANAKHIA, DIST :- JAGATSINGHPUR

Secretary - Arati Mahapatra

Ref. No. : ZSP/521/14 Date : 5.12.14

Letter No 521/TRAI/12/2014 Dated (Date) (Month), 2014

To

The Chairman,
Telecom Regulatory Authority of India,
Government of India,
New Delhi - 110002.

Subject: Request for appraising Interconnection Termination Charges

Dear Sir,

This is in reference to the pending issue of appraising the present interconnection termination charge regime.

Since ratification of the first regulation in 2003, India's Interconnection Usage Charges (IUCs) have been governed by the regime of Calling Party Pays, which mandates the operator from which a call originates to pay to the operator on whose network the call terminates for using the latter's network. Termination charges, a major component of the overall IUC framework, work on similar lines. During the last review held in the year 2009, these charges were brought down from a variable range to a blanket rate of 20 paisa per minute implying the regulator's intent to streamline the overarching structure of the IUCs.

This intention was given firm footing in the TRAI's report, submitted after the Honourable Supreme Court's intervention in 2011. In this report, the Authority evaluated probable IUCs using a number of different methodologies and in the end, explicitly mentioned its preference for adopting the Bill and Keep (B&K) regime for the same. This system obviates the termination charges altogether thereby freeing the 'source' network provider from the obligation to pay the 'destination' service provider. While doing so, TRAI conceded the presence of certain anomalies in the market (predominantly in the domestic calling traffic flows among smaller and larger operators) and stated to provide a two-year period allowing the market to resolve these anomalies. It further added that the B&K system would be implemented at the end of this two-year period assuming the market to undergo the necessary settings during this period. As expected, this decision faced strong criticism from larger operators since they were bound to lose a major source for their 'additional revenues'.

But we would like to remind the Authority of its own acceptance of the benefits that two of its amendments regarding these charges entailed for the wider market. The first was related to its first alteration regarding carriage charges (2006) whereby TRAI decided to reduce and limit the same by imposing a ceiling. In its own words, *"the reduction in the carriage charges provided a strong basis to service providers to reduce long-distance tariffs and offer a uniform STD tariff"*[1]. More recently, the regulator, in May 2013, issued new norms imposing five paisa as termination charge on each transactional short message service (SMS) and two paisa on each normal SMS on operators from whose networks the message originates. The new regulation - Short Message Services (SMS) Termination Charges Regulations, 2013 - came into effect in June, 2013. Before this, the termination charge on SMS was under forbearance. The positive impact of the decision was felt directly on the consumers in the form of reduced tariff for the service.

[1] *"Consultation Paper on Interconnection Usage Charges"*, TRAI (November, 2014)

Arati Mahapatra
5/12/14
Secretary,
Zilla Mahila Urnayan Parisad
Dandilo

P.T.O

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A total removal of termination charges would entail similar benefits for the consumers while at the same time operators would be able to retain larger proportion of their respective revenues. Moreover, reducing these charges to zero would help in increasing usage since the domestic market is already characterised by a relatively higher price elasticity of demand. This would further result in minimizing transaction costs associated with interconnection. Furthermore, the country now boasts an effective Mobile Number Portability (MNP) scheme which, along with the increased level of competition as induced by the B&K regime, will take care of the aforementioned anomalies.

Under this light, we would also like to bring to your kind notice that three years have already passed and the TRAI seems to be holding its decision under some pretext which is affecting the pockets of the consumers. We request your good-self to intervene in the matter and guide the regulator (TRAI) to come out with a pro-consumer plan for a progressive reduction in termination charges finally converging to zero termination charges.

Thanking you.

Warm Regards,

Arati Mahapatra 5/12/10

Secretary,
Zilla Mahila Urnayan Parisad
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