TecZA

To
The Chairman,
Telecom Regulatory Authority of India,
Ministry of Telecommunications & IT,
Government of India,
New Delhi

Dear Sir,

We hereby enclose the Association's Comments on your Consultation Paper on Interconnection Usage Charges (IUC) dated 19th November, 2014. TRAI continues to be the leading proponent for driving growth and enhancing consumer benefit and in this regard we hope that the Authority considers our opinion favorably in finalizing its views on this consultation paper in the larger interest of the public.
The current Consultation Paper on Interconnection Usage Charges (IUC) dated 19th November, 2014 under discussion, builds a very strong case for significant reduction of termination charges which was also made in the TRAI Consultation Paper on Review of Interconnection Usage Charges of November 2011. We are of the considered opinion that Bill & Keep regime, at the exclusion of all others, is the only future ready regime, being the most attractive framework for Interconnection Usage Charges for deployment of future and Next gen technologies like Wi-Max, High Speed Packet Access (HSPA), Fixed-Mobile Convergence (FMC) and Next Generation Network (NGN).

Bill & Keep regime would facilitate convergence and provide more choice for consumers to use various platforms for making calls. Aligning telecoms and internet interconnection regimes is essential to maintain neutrality between telecom operators and internet services and benefit consumers.

A Bill & Keep regime will enable innovation in India and lead to much faster paced growth of high speed wireless services and will create level playing field among the new and old operators which would mean a plethora of reasonably priced choices for the subscriber across various technologies.

Current call charges will become unsustainable as telephony converges with internet. Various technologies offering voice, video calls and SMS services through internet are able to offer them free of cost as they are not subject to termination charges and follow the charging principles of Bill & Keep. The per minute call charges, that are a consequence of current Interconnection usage charging, will be undermined by VoIP provided at no incremental cost for the consumer.

An indication of times to come may be seen by the recent applications introduced by various VoIP providers. These android based applications work on 3G which can be downloaded and used independently of interconnection. This enables the subscriber to make a free-of-cost VoIP call through mobile phone to another mobile phone without any direct interconnectivity. More and more users, especially the new users, are switching to platforms of Instant Messaging.

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Bill & Keep regime would maximize economic welfare through lower prices and higher calling volumes per subscriber. It is expected to stimulate mobile take up especially among the rural and poorer segments of Indian society as prices would be more affordable. Bill & Keep eliminates the risks of legal challenge since termination charges will be zero. It will also provide a much simpler interconnect regime and will make interconnect charging much simpler, and will remove barriers to developments for subscriber benefit. Incumbent and new operators can be expected to design and develop subscriber friendly packages and applications in a competitive market.

Bill & Keep regime will reduce prices and usage would increase resulting in overall consumer benefit. New operators will be able to compete on prices when floor in termination charge is removed.

Bill & Keep will ensure that operators have to cover all the costs from their own subscribers. Incumbent operators would not be able to transfer their costs to competitors. If an operator has to bill termination cost to its own end users in a competitive market there is no incentive to charge excessive prices to subscriber as they may switch operator.

The termination charges of current regime distort competition and harms consumers. The current termination rates are very high thus distorting competition. High termination rate provides incentives to strategic and inefficient pricing and distort tariff innovation. The high rates currently distort convergence between telecommunications and the internet. Bill & Keep regime will bring more choice to the subscriber amongst operators and in tariff packaging within the existing operator.

Bill & Keep would encourage introduction of innovative tariffs based on flat rates. High termination charges prevent the emergence of flat rate access pricing. The existence of high per minute termination charges means that there is a cost involved in offering flat rate access tariffs. This cost is eliminated by Bill & Keep, thus making it easier for consumers to receive flat rate access tariffs and large bundles of minutes.

Elimination of termination charges would lead to reduction of average prices for making calls leading to higher demand and higher average usage. Mobile network operators are able to offer low prices for on net at times even lower can than the termination charges despite the fact that an on net call uses twice as much network facilities as a terminating call. This is because termination charges result in inflating the true cost of completing calls. Currently there is a vast difference between the regulated price due to termination charges and the real cost of delivering a call. Bill & Keep removes off net versus on-net advantage for operators and enhances competition.

Current voice calls are extremely expensive as compared to applications / voice calls through use of internet services which do not have termination charges. Customers are likely to migrate to the service with the lower prices when services being perfectly substitutable.

Telecom services such as voice and SMS typically are priced high. In the convergence regime, these will directly compete with VoIP and instant messaging which are free. Already most traffic is migrating to free instant messaging and voice calls. In case this correction is not made, customers shall migrate to

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the free internet substitutes.

A high termination charge regime is not in the consumer interest as it will inhibit convergence of telecommunications and the internet and delays the introduction of new services and new tariffs. It is imperative that Bill & Keep be implemented to ensure that a level playing field is provided to the telecom services and customers at large would benefit enhancing economic welfare.

Thanking you,

Yours faithfully,

Barnali

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Barnali Das,
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