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SOCIO ECONOMICAL VOLUNTARY ASSOCIATION

AT/PO :- MANDASAHI, DIST.- JAGATSINGHPUR, Reg. No .- 1407/20

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READYMADE GARMENTS, APPLIQUE, SOFT TOYS MAKING, BATIC AND FABRIC PRINT
COIR, GOLDENGRASS, WOOLKITING AND SELF EMPLOYMENT PROGRAMME.

Mob. No :- (06724) 222929, 9937447682

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

To

\The Chairman,

Telecom Regulatory Authority of India,

Government of India,

New Delhi - 110002.

Subject: Interconnection Termination Charges needs to be reviewed

Dear Sir,

India's economic model is based on domestic consumption. The consumer class forms the mainstay of most of the economy's sectors and industries. One such industry is telecom. The industry was opened for private players in the late 1990s and since then has remained on an uptrend with significant strides made in technological and affordability aspects. In the mid '90s, calling services were pretty expensive – up to Rs. 16 a minute, which have now come down drastically and are counted among the lowest in the world. Similar strides have been made in terms of expanding the customer base of the industry – from a few hundred thousands in the mid '90s to now 915 million subscribers.

These strides, especially the one related to the subscriber base, were supported largely by rising affordability. This rise in affordability was the result of technological advancements and conducive legislative environment, specifically, associated with the interconnect termination charges. It is an unwritten fact that over the last 15 years, decline in consumer tariffs has coincided with fall in termination rates. These charges, part of the overall Interconnection Usage Charges (IUCs), are levied on the operator on whose network a call originates. Over the 7 years from 2003 to 2009, these charges were reduced to a uniform rate of 20 paisa a minute from an initial variable rate ranging from 15 paisa to 50 paisa per minute implying the intention of improving and streamlining the IUC regime.

This intention was solidified in the Authority's report (October, 2011) to the Honorable Supreme Court where it suggested steadily eliminating 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 normalization of such asymmetries and a new system, the Bill and Keep (B&K) regime, would be "culminat(ed)… in the third year". For these two years, the regulator recommended adoption of Pure Long Run Incremental Cost (LRIC) method in order to provide a 'glide path' towards a full-blown B&K regime in the third year from the submission of the report.

Rebati Mallik
Secretary
SEVA, Mandasahi

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However, these three years have already passed and this 'intention' is yet to see the day's light. The B&K regime not only obviates termination charges but also result in obviating all the infrastructure (and related costs) required to monitor flow of the traffic for accounting and billing purposes. Moreover, the system reduces the burden on the regulator itself since B&K does not require much regulatory support. Furthermore, this system results in reduced retail tariffs for the final consumers since it effectively removes the 'price-floor' and nurtures competition within the industry.

Moreover, today's market settings offer a ripe environment for the implementation of the B&K regime. The market now boasts of increased penetration across the country, removal of limits on FDI, technological advancements and an increasing number of companies willing to capitalise on the country's growing market. Further, the co-existence of IP-based and non-IP networks along with different technologies (including 2G, 3G and 4G) make the existing regime of termination charges obsolete. In essence, these arrangements require a progressive interconnect regime which fosters competition and provides an impetus to growth of innovative services while simultaneously ensuring efficient, seamless and ubiquitous connectivity among various networks; and the B&K regime perfectly fits this criteria.

Under such light, we would like to re-emphasise that after submission of the report, three years have already passed, therefore, as suggested by you, the Bill and Keep method should be implemented without any delay.

We request you to take action on the termination issue at the earliest so that the benefits of the can be transferred to the consumers.

Thanking you.

With regards

Rebati Mallick

Secretary
SEVA, Mandasahi