

महानगर टेलीफोन निगम लि०

(भारत सरकार का उद्यम)

Mahanagar Telephone Nigam Ltd.

(A Government of India Enterprise)

CIN: L32101DL1986GOI023501



MTNL/RA/TRAI CP on Review of IUC/2019
Dated 09.12.2019

11528

To,

The Advisor (B&PA)
TRAI, New Delhi

Sub. : TRAI Consultation dated 08.11.2019 on "Review of Interconnection Usage Charges".

TRAI issued a consultation paper on 08.11.2019 on the aforesaid subject and asked the various stakeholders to comment on the issues involved in the consultation paper. In this reference the following comments are submitted for consideration:

- (i) The present Regulatory arrangement regarding Termination Charges for ILD traffic is suitable for the circumstances and not suggested for any principal innovation.
- (ii) The concept of introducing forbearance for termination charges for ILD traffic may be prejudicial to the interest of small/regional TSPs, as they may not possess the required negotiating power for negotiations with ILDOs. Therefore the same may give unwarranted business powers to ILDOs in dealing with small/regional TSPs and thereby may exploit such Regional TSPs.
- (iii) The TSPs not being party to the agreements between ILDOs and their counterparts of other countries, lacks visibility to their agreed terms and rates and therefore not in position to negotiate with ILDOs for termination charges accordingly.
- (iv) In the present scenario, the OTT services which are similar to Voice and SMS services provided by licensed TSPs have already dented significant part of revenue of licensed TSPs providing voice & SMS services. While the licensed TSPs on one side are obliged with financial burden to pay all applicable cess and charges w.r.t. their license, on the other side the Regulator is leaving no grounds to prejudice the financials of such TSPs.

It is an admitted position (para 1.7 of consultation paper) wherein there exists telecom service market by OTTSPs being run in parallel to that of licensed TSPs impacting their business and revenue.

- (v) The inordinate delay in deciding the regulations for OTT services is one such instance. The losses of licensed TSPs due to such similar OTT services, will be further escalated due to either such reduction in termination charges for allowing it under forbearance. It is therefore requested that the OTTSP's may also be regulated and brought under IUC regime safeguarding the business interests of licensed TSPs.
- (vi) Further, the cost per line of maintaining fixedline network is much higher than wireless network. Hence considering the future and survival of fixedline services suitable provisions may be created.
- (vii) MTNL, being a PSU, supports fair and transparent mechanisms for evaluation of IUC, and therefore recommend it to be based on actual costs, and such costs should include HR costs also. The TRAI Regulations while interpreting costs of services have always been not considering the costs submitted by PSUs. While deciding any aspects of Termination charges TRAI should consider the network costs of PSUs.
- (viii) As provided in the consultation paper the incoming ILD traffic is consistently reducing due to various reasons cited therein. The outgoing ILD traffic minutes are also in the same direction. Therefore, further reduction in ILD termination charges by way of direct reduction OR by other ways like implementing forbearance principle will result in further losses to TSPs due to substantial non-recovery of network costs.

In view of above submissions and the current market dynamics and fiercely competitive scenario, it is suggested that the present regulatory provisions for ILD Termination Charges may be continued. However, if considered necessary, the rates for ILD termination charges may be fixed over a range introducing the traffic volume slabs.

Jagshankar
09/12/19
DGM(RA&C),CO