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# **NISWARTH NOBLE SOCIETY**

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**Ref No. 02/IT/GOI**

Date: 3<sup>rd</sup> October 19

To

**Shri Ravi Shankar Prasad**

Honb'le Telecommunications & IT Minister  
Government of India,  
Sanchar Bhawan, Ashoka Road, New Delhi-110001

Sub: Interconnection Usage Charges in Telecom Sector regd...

**Respected Sir,**

We would like to bring few points regarding the current policies in the telecom sector which has direct as well as indirect impacts on the pocket of the innocent consumers. As you know, much to the detriment of consumer interest, IUC acts as a barrier to reduction in Tariffs. Ironically, demands by few existing operators for keeping IUC regime is anti-consumer and against the vision of "Digital India".

Under IUC regime, as we all know, it is clear that on net calls (that is calls which originate and terminate in the same operator network) are priced less than off net calls (that is calls originating in one operator network and terminating in another operator network). This is the effect of IUC and is certain to hamper competition which is anti-consumer.

We perceive that IUC regime is not pro-data usage. Data usage and traffic is increasing multi-fold. There is no IUC anywhere in the world for data traffic termination. Voice when carried in Internet Protocol (IP) mode is also data and therefore benefits in net pricing for consumers. IP based voice calls are being increasingly used as a result of no IUC.

Unlike in India where the IUC is static since year 2009, IUC has fallen rapidly over the last 10 years due to determined efforts by the regulators. Especially Europe has witnessed a significant decline in MTRs at a CAGR of 30.6 % (-ve) over the last five years. (2009-14). A large number of countries worldwide have already moved to a pure Long RUN Incremental Cost LRIC model, with an envisaged glide path to "Bill and Keep" regime.

The Fully Allocated Cost (FAC) method, which is being implemented in India, has become out dated and being used only in few countries like Finland, Brazil. Regulators have realised non-sustainability of MTC based on these historical methods and therefore globally there is clear shift away from FAC.

It is also worth mentioning the fact that TRAI itself had decided abolishing IUC platform by 1<sup>st</sup> January, 2020 and now when the world is understanding the benefits of Bill & Keep and following suit, there can be no justification for India to reconsider its stand to continue with IUC regime.

There are sound economic reasons which necessitate the need to move towards a 'Bill and Keep' interconnect regime namely

- Compatible with new technological innovations and emerging technologies like IP networks
- Necessary for Convergence of telecom and is the most supportive IUC regime to ensure that targets of Digital India programme will be met
- Will arrest the increase in prices and will ensure further lowering of telecom tariff in India due to greater retail pricing flexibility with Operators under BAK and increased competition
- Will promote technology neutrality since this regime will not provide benefit to any particular Technology
- Will make new investment in Telecom non-prohibitive, more and more new players can enter the market and ensure more benefits to rural India

The Current IUC regime is not compatible with the technological evolutions / IP based networks –Bill & Keep (BAK) is one of the viable option for future proofing. The advent of new technologies & diminishing boundaries between networks question the need for interconnect charges that are currently levied.

Traditional distinction between fixed and mobile voice services, and between voice and data services, are likely to become less relevant in the future. The growing and universal trend towards IP based networks further makes the existing interconnect regime irrelevant. Extending regulations from circuit switched networks to IP networks is not a rational approach as cost drivers in these next generation networks will be bits/s and not minutes. The future IP based networks will necessitate a need to establish "bill and keep".

Voice will be delivered in the data packets in an IP Network and there cannot be any termination charges in a data network. Realising these benefits there has been a relentless trend globally towards lowering of termination rates nearing to zero.

Therefore, in the interest of the telecom industry, we are of the strong view that for the interests of the consumer, IUC has to be done away with to achieve the Bill & keep Regime.

Thanking you

President



(Sati Prasad Chandra)

Cc:

The Principal Secretary to Prime Minister of India, PMO, Government of India, New Delhi

The Chairman, TRAI, Government of India, New Delhi