Ideal Welfare Society & Research Center

25-C ABRAR NAGAR, KHURRAM NAGAR, KALYANPUR, LUCKNOW

Letter No. __/TRAI/12/2014

Dated (Date) (Month), 2014

Ref. Date ....

To

The Chairman,

Telecom Regulatory Authority of India,

Government of India,

New Delhi - 110002.

Subject: Reviewing Interconnection Termination Charges

Dear Sir,

Interconnection Usage Charge (IUC) regime has come a long way since its inception in the year 2003. Initially, a revenue sharing model was suggested by the Telecom Regulatory Authority of India (TRAI) in 1999 under the title of Telecommunication Interconnection (Charges on Revenue Sharing) Regulation; and later, the regulator introduced the regime of Calling Party Pay (CPP), primarily directed towards the 'termination charges' component of the overall IUC. The main intention behind this switch between 1999 and 2003 was to provide an interconnection regime more consistent with the environment of that period which boasted of a few technological improvements and more importantly, higher number of players. Since then, the regulation was amended a number of times with the last tangible change made in 2009.

The domestic market environment has undergone a number of changes in the last 5 years. The market now boasts of increased penetration across the country, removal of limits on FDI, certain technological advancements and an increasing number of companies willing to capitalise on the country's growing market. Such market place commands a progressive interconnect regime which fosters competition and provides an impetus to the growth of newer innovative products while ensuring efficient, seamless ad ubiquitous connectivity among various networks. The Bill & Keep (B&K) model is a perfect fit under such a scenario.

The model mandates the removal of termination charges which unnecessarily jack-up the retail tariffs offered to the end consumers. This system can spur the next round of growth in the telecom sector by encouraging measures that enable consumers to change their service providers and ensure transparency in tariffs in turn empowering the consumers. Moreover, the B&K method can also escalate the competitive pressure on the overall market by permitting more firms to enter the market, including virtual mobile network operators.

This model was also endorsed by the TRAI in its report submitted to the Honourable Supreme Court in 2011. After assessing the overall interconnection usage charges using different methods, the authority concluded that there should be a progressive reduction in termination charges finally converging to zero termination charges at the end of 2 years from November 2011. This move towards a zero termination charge was to be facilitated by adopting the Bill and Keep (B&K) regime which necessitates removal of termination charges in totality.

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

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

Thanking you.

Warm Regards, Ideal Welfare Society & Research Center
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