



Socio Economic and Educational Development Society

(A Society registered under Societies Registration Act XXI of 1860)

303, Basanti Kunj Apartment, Post Office Road, Punaichak, Patna-800023
Telephone: 0612-2545012, 2295388 E-mail : seedsbihar@gmail.com

To
The Chairman,
Telecom Regulatory Authority of India,
New Delhi.

Subject: TRAI's Consultation Paper dated 19.11.2014 on Interconnect Usage Charges

Dear Mr. Chairman,

This is in response to your invitation of comments from the general public as well as other stakeholders on the above mentioned subject. The said TRAI consultation paper gives an opportunity to bring out the issues controlling growth of telephone usage in the country.

With exponential increase in mobile telephone connections the cost of running mobile phone services per connection has come down but customer tariffs are holding on their position. There has been increase also in tariffs for mobile phone usage. The customer tariffs are controlled by few incumbent mobile phone operators and TRAI is unable to control their increase in tariffs so that customers can benefit.

The number of mobile phone operators has also increased in last 5 years but benefit of competition is yet to reach the customers. The other mobile phone operators also follow the tariffs offered by the incumbent operators. TRAI should play its pivotal role of promoting competition so that customers are benefitted. Telecom companies are earning high profits by offering inflated tariffs to customers.

The Interconnect Usage Charge (IUC) payment which one operators is to pay to other is imbalanced and heavy payments are required to be made to incumbent operators for their existing network usage by the other operators who have to also invest for increase in their mobile phone towers. Thus all new investment and revenues of existing operators are consumed by incumbent operators and no scope is left for extending benefit to customers.

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The sole beneficiary of this IUC arrangement is few incumbent mobile phone operators. The existing arrangement of IUC should be stopped to avoid further extending benefits to a select few mobile operators and a simple transparent system of Interconnection arrangement should be prescribed by TRAI.

As you may be aware world over most of telecom companies have migrated towards Bill & Keep arrangements as termination charges calculated are very low and that this removes artificial impediments in growth of mobile phone traffic.

With nation moving towards Digital India and networks of mobile operators being IP based and all future connectivity being IP based the interconnection between operators would also follow to be IP based. In this new technology the prescribed manner of IUC is again Bill & Keep.

Introduction of Bill & Keep will allow competition amongst all operators in a healthy manner thereby operators using new technology offer new services in a most competitive manner and generating revenue from its own customers rather than extracting revenue from other's customers as well. This will bring in real benefits of competition to the customers whereby TRAI will also achieve its objective of promoting competition so as to benefit customers.

TRAI has got an opportunity to rationalise the decade old policy of Interconnect Usage Charges replace it with Bill & Keep policy through this Consultation Paper and perform its due service to the nation.

Look forward to a vibrant and pro-consumer telecom policy.

With regards,

Yours Faithfully,

For Socio Economic and Educational Development Society (SEEDS)

DEEPAK MISHRA
Executive Director

Deepak Mishra
18/12/2014

