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The Chairman
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Sub : Consultation Paper on Carrier Selection for NLD and ILD Services

Ref : Consultation Paper No. 10/2008 dtd. 7th May 2008

Dear Sir,

No doubt, liberalization of the market and availability of adequate competition in various segments of telecommunication services bring benefits for the consumers and the concerned stakeholders. However, the various issues involved in providing choice to the consumers for selecting their NLDO/ILDO are so many and the benefits which are likely to accrue to the consumers by way of lower tariffs or any other innovative facility are so limited in the present environment of development of telecom services in India that it may not be worthwhile to provide this facility of carrier selection at the enormous cost involved in upgradation of the networks. The various issues on account of which the earlier directions of TRAI issued in July 2002 could not be implemented so far remain the same. On the contrary, with the steep reduction in NLD/ILD call charges during the last about six years due to intense competition in the access segment and the other regulatory measures such as abolition of ADC, implementation of IUC Regime and successive reductions of carriage charges etc., has significantly reduced the benefits of lower tariffs which the carrier selection would have provided to the consumers. Irrespective of who bears the cost of upgradation of the networks, the huge investments involved would be ultimately recovered from the customers resulting in higher tariff.

Recently, a number of Access Providers have reduced the NLD tariff under various tariff packages to Rs. 1.00 to Rs. 1.40 per minute from the earlier level of Rs. 2.40 to Rs. 2.65 per minute. With the present mandatory IUC charges of Rs. 0.30 per minute for termination and the likely origination charges of around Rs. 0.45 to Rs. 0.50 per minute, the NLDOs share of NLD call charges will be between Rs. 0.20 to Rs. 0.65 per minute. There will be hardly any possibility for the NLDOs to offer lower tariffs than the one now being offered by the Access Providers. Consequent to the implementation of carrier selection, the NLDOs/ILDs will have to incur additional costs towards billing, collection of revenues, bad debts and marketing of their services. These costs will be over and above their share of the cost of network upgradation by the incumbent Access Providers. Therefore, the possibility of any major reductions in call charges on account of carrier selection being available to the subscribers does not seem to exist. Moreover, all the major Access Providers have acquired NLD/ILD licenses and have become integrated operators. In the present arrangement they do not have to share call charges with another NLDO or with any other operator in case of on-net NLD calls to their own customers in other service areas. They are therefore, in a better position to offer more attractive tariff packages to the customers.

Since most of the NLDOs do not have Points of Presence (POPs) in all LDCAs/SDCAs, intermediate handover of most of the calls by one NLDO to another for end to end carriage will be necessary. The present IUC charges for carriage are not distance based and the ceiling charges of Rs. 0.65 per minute are only prescribed as per the latest IUC Regulations. Intermediate handover of calls and carriage of calls by more than one NLDO may in fact result in end to end carriage charges being much higher than the ceiling of Rs. 0.65 per minute. Therefore, the possibility of a NLDO offering more attractive tariff packages for NLD calls does not seem to exist. On the contrary, in the present arrangement of things the Access Providers are able to negotiate lower carriage charges within the ceiling based on the volume of the bulk traffic handed over

to the NLDO for carriage to service areas/SDCAs wherever the concerned NLDO has POPs. The Access Providers are then able to offer much lower tariff for NLD calls by suitably discounting origination and carriage charges which they may not offer after the carrier selection is implemented.

On the flip side, it will be very difficult to hold any service provider responsible for end to end quality of service as 3-4 operators will be involved in the call competition. Issuing of separate bills for Access, NLD and ILD segments will not be customer friendly. The Access Providers in most of the cases will not be interested in issuing bills, collecting revenues and suffering bad debts on behalf of NLDOs/ILDs unless the commercial terms offered by NLDOs/ILDs are very attractive.

In the light of the above general observations, we are giving below our views on various questions listed in Chapter V of the Consultation paper.

Q1. Is there a case for implementation of carrier selection in today's environment?

Ans: In our opinion no major benefits are likely to accrue to the customers by implementation of carrier selection in today's environment. Due to various additional costs involved in implementation of carrier selection, the actual call charges for the customers may go up instead of further coming down.

Q2. Should carrier selection be implemented only in fixed, only in mobile or both.

Ans: Carrier selection should be implemented simultaneously in both fixed line and mobile networks.

Q3. Should only call-by-call carrier selection (CS) or both CS and Carrier Pre-Selection (CPS) be implemented in the fixed and mobile networks?

Ans: Call-by-Call carrier selection (CS) would involve dialing additional four digits resulting in increased call processing time. The total number of digits to be dialed for NLD call will increase from 11 to 15. The subscribers will find it very difficult to remember so many digits and the access codes of different NLDOs / ILDOs. They will also not know whether a particular long distance carrier has a Point of Presence in the called circles/SDCA. Therefore, most of the subscribers may not dial the additional digits for call-by-call carrier selection and thus leave the choice of routing the calls through default carrier by the access provider. In our opinion, if the full benefits of carrier selection are to be made available to the customers than both CS and Carrier Pre-Selection (CPS) should be implemented in both fixed and mobile networks.

Q4. In case both CS and CPS are implemented then in view of no major network changes in CS should it be implemented first? Give your suggestions for a reasonable time frame of implementation of CS and CPS.

Ans: It will be better if both CS and CPS are simultaneously introduced. However, in case they can not be simultaneously implemented, the time interval between the two should not be more than one year.

Q5. For what type of calls described in Chapter 1 section 3 should carrier selection be implemented?

Ans: Carrier selection should be implemented for

i) Inter circle NLD calls

ii) ILD calls

Though intra circle carriage of calls by the NLDO is permissible under the NLD license, this is with the consent of the originating Access Provider. Therefore, no carrier selection need be implemented for local or intra circle NLD calls.

Q6. In case of CS what should be the policy for default carrier considering the cost and benefits to the customer.

Ans: Since all subscribers may not necessarily exercise the choice of carrier selection, the Access Providers should be permitted to route all such calls through the de-fault carrier of their choice. Any system of routing such calls to an announcement would result in failure of large number of NLD/ILD calls. This will not be customer friendly and will also adversely effect the call completion rate.

Q7. If it is to be implemented in mobile network, should CS and CPS be implemented for both prepaid and post paid customers?

Ans: In our opinion, carrier selection if implemented, should be introduced simultaneously for both fixed line and mobile networks. In case of mobile networks CS and CPS should be implemented for both prepaid and post paid customers otherwise only a very limited number of post paid subscribers may get the choice of their long distance carrier.

Q8. In what way should carrier selection be implemented for roaming customers?

Ans: For roaming customers carrier selection should be implemented only for the incoming calls and that too after the CPS is implemented.

Q9. With reference to section 4 of Chapter 1, how do you think the customer should exercise the initial choice?

Ans: In case of Carrier Pre-Selection (CPS), the customers may exercise their choice through writing or by SMS to a specific number ear-marked by each Access Provider for this purpose or at the time of initial enrolment by indicating their choice of carrier in the application form.

In view of the considerable administrative cost involved, once the choice is exercised by a customer, he should not be permitted to change the same earlier than six months otherwise the customer should pay a specific amount towards administrative cost.

Q10. With reference to section 5.4 of Chapter 1, in the event of implementation of carrier selection, what should be the procedure followed for activation of CS/CPS to avoid slamming?

Ans: To avoid slamming the choice of carrier in case of CPS should be indicated by a customer in writing. In case of any unauthorised change of carrier by the Access provider without the written consent of the customer, suitable penalties/disincentives be provided in the Regulations on carrier selection.

Q11. What should be the mechanism for determination of up-gradation costs? Please suggest the cost recovery method in the present environment?

Ans: The up-gradation cost have to be determined on actual basis. For this purpose the concerned operators should give full justification for the up-gradation essentially required for introduction of CS/CPS alongwith the actual estimate and quotation of up-gradation cost by the concerned vendor of equipment.

Q12. If the cost is recovered from NLD/ILD service providers then should it be equally distributed among all NLDO/ILDO or there should be difference between NLD/ILD carrying voice traffic and not carrying voice traffic. How would a new entrant in long distance segment contribute towards this cost?

Ans: NLDOs/ILDOs who do not carry the voice traffic and do not participate in the carrier selection should not be made to bear the cost of up-gradation as the benefit of carrier selection will not be available to them.

In our opinion, if the carrier selection is to be made mandatory under Regulation for the perceived benefit of customers, the cost of up-gradation of any network, whether Access network or NLD/ILD network should be borne by the concerned network operator. The same principle is likely to be followed for implementation of Mobile Number Portability (MNP) in India.

Q13. What should be the reasonable time frame for implementing carrier selection separately for fixed and mobile, CS and CPS in both the networks and prepaid and post paid in case of mobile?

Ans: Unless the various issues involved which have so far stalled the implementation of carrier selection, even though a direction for its implementation was issued by TRAI way back in July 2002, are resolved, it will be difficult to make a fair assessment of the time frame for implementing carrier selection.

Q14. Should the billing be necessarily done separately by NLDO/ILDO or left for mutual agreement between access and long distance service providers?

Ans: In case of carrier selection, billing of NLD/ILD calls should be primary responsibility of the NLDO/ILDO concerned. However, they may arrive at suitable billing arrangement with the Access Providers by mutual negotiations.

Q15. Should access provider make arrangement for selection of the NLDO/ILDO who is not present in SDCA.

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Q16. If the answer to Q 15 is yes then what arrangement do you propose for carriage of calls upto the point of presence of selected NLDO?

Ans: It should be the primary responsibility of the NLDO/ILDO to collect/deliver traffic from/to the originating/terminating net works. If the NLDO/ILDO is not present in a SDCA, he should enter into a suitable arrangement by mutual negotiations with another NLDO/ILDO having POP in the concerned SDCA to collect/deliver the traffic on his behalf.

Q17. Should NLDO to NLDO interconnection/handover of traffic be mandated in the event of carrier selection being implemented?

Ans: It may not be necessary for every NLDO to be interconnected to every other NLDO in each LDCA/circle. Therefore, interconnection between NLDOs should be permissible but not mandatory.

Q18. In the event of implementation of carrier selection, would any change in the interconnection usage charge regime is required e.g. mandating origination charge, forbearance on carriage charge etc.?

Ans: Carriage charge is already foreborne within prescribed ceiling. A similar ceiling would be required to be fixed by Regulation for the origination charge so as to avoid prolonged negotiations or un-reasonable demands by certain Access Providers. Guidelines for sharing of carriage charges between two or more NLDOs when the end to end carriage of a call is carried out by more than one NLDO, would also required to be issued. Since the IUC charges for carriage are at present not linked to the distance over which a call is carried by a NLDO, end to end carriage charges for a call routed over the networks of more than one NLDO would become multifold.

Q19. Should there be any requirement to specify minimum criteria for NLDO/ILDOs, based on their coverage etc. to become eligible for selection as carrier. If yes, please provide detailed suggestions.

Ans: All NLDOs and ILDOs who can make suitable arrangements for picking up and delivery of traffic in a service area should be eligible for selection as "carrier" if the carrier selection is implemented in that specific service area. NLDOs/ILDOs who are not able to do so on account of either no roll out of their network in a service area or not being able to tie up with another NLDO/ILDO to pick up and deliver traffic on their behalf, should not be eligible for participation in the carrier selection.

Q20. Should the licence conditions of NLDOs/ILDOs be amended to allow them direct access to customers through calling cards for making national/international calls.

Ans : In our opinion, issuing of calling cards by NLDOs/ILDOs is similar to implementation of carrier selection. In both the cases the customer has to utilise the network of an access provider (CMTS/Basic/UAS Licensee) for selecting a specific NLDO/ILDO for carriage of his NLD/ILD call. Even if the issuing of calling cards by NLDOs/ILDOs is permitted, they will not be directly accessing the customers but through the networks of Access Providers. Amendment of NLD/ILD licenses, if necessary, should be permitted.

Q21. Should NLDOs be allowed to sell calling cards only in those service areas where they have point of presence?

Ans: Since a customer may buy NLD/ILD card from anywhere in the country and utilise it in any service area, it will be practically impossible to impose such a condition that they can sell the calling cards only in those service areas where they have Point of Presence (POP).

Q22. Should NLDOs be allowed to sell calling cards only for national long distance and ILDOs for international long distance calls?

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Q24. Should NLDOs/ILDOs be allowed to market national/international calling cards to promote competition in these segments to the benefit of the consumers?

Ans: Yes, NLDOs should be allowed to sell calling cards only for NLD calls and the ILDOs for international long distance calls. They should be permitted to market their own calling cards all over the country.

Q23. Should access providers be mandated to give connectivity to NLDO/ILDOs for accessing customers through calling cards.

Ans: If, NLDOs/ILDOs are permitted to set up their own IN Platforms and issue calling cards, interconnection between access networks provided by CMTS/Basic/UAS Licensees and IN Platforms of NLDOs/ILDOs will have to be necessarily provided. As such interconnection may have to be mandated like the mandatory interconnection of various IN Platforms for free phone and other IN services provided by various service providers.

Q25. Should there be restriction on making local calls using these cards in the service area for which they are sold?

Ans: Yes, the calling cards issued by NLDOs/ILDOs should not be usable for making local calls in any service area in the country.

Q26. How should it be ensured that only permitted services are offered in the market?

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Q27. Would this require any change in the interconnection regime?

Ans: Vigilance/Monitoring by the licensor will have to be strengthened to ensure that only the permitted services are offered/provided by the various licensees of different telecom services. Suitable safeguards should also be built in the rules for interconnection of different networks.

Thanking you,

Yours truly,
For **BPL Mobile Communications Ltd.**

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