Telecom Regulatory Authority of India

Notification

New Delhi, the 28th of December, 2001.

No.311-6/2001 -TRAI (Econ.)

In exercise of the powers conferred upon it under section 36 read with clauses (ii), (iii) and (iv) of sub-section (b) of Section 11 (1) of the Telecom Regulatory Authority of India Act, 1997 as amended by TRAI (Amendment) Act, 2000, to ensure effective Interconnection between different Service Providers and to regulate arrangements amongst Service Providers of sharing their revenue derived from providing Telecommunication Services, the Telecom Regulatory Authority of India hereby makes the following Regulation.

THE TELECOMMUNICATION INTERCONNECTION (PORT CHARGES) REGULATION 2001

(6 of 2001)

Section I

Title, Extent and Commencement

1. Short title, extent and commencement:

(i) This Regulation shall be called "The Telecommunication Interconnection (Port Charges) Regulation 2001." (The Regulation).

(ii) This Regulation pertains to the Port charges payable by the Interconnection Seeker to the Interconnection Provider for terminating the interconnection links on the Network Interface of the Interconnection Provider.

(iii) In this Regulation, a "Port" means a place of termination on a Switch/ distribution frame to provide a point of access or interconnection for ingress and egress of traffic between the two

Interconnecting Networks. The bandwidth of the Port shall be 2.048 Megabits per second.

(iv) The Regulation shall be deemed to have come into force with effect from date of notification in official Gazette.

(v) This Regulation shall regulate Port charges as detailed herein including those in Schedule I.

Section II

Applicability

2. Unless the context otherwise requires, all the definitions as provided under Section II and the Regulations under Section(s) III and IV of “The Telecommunication Interconnection (Charges & Revenue Sharing) Regulation, 2001" notified on 14.12.2001, will be applicable to this Regulation.

Section III

3. Reporting Requirement

(i) All Service Providers shall comply with the Reporting Requirement in respect of Port charges specified under this Regulation, as also all subsequent changes.

(ii) Where a port charge below the ceiling notified herein is to be implemented, the Service Provider may implement the proposed port charges after the mandatory notice period of 45 working days, unless the Authority within such period directs otherwise.

(iii) Port charges whenever implemented as per Schedule I herein, shall be reported to the Authority within 45 days of their implementation.

(iv) When an Interconnection Provider informs the Interconnection Seeker that it cannot provide the Ports as sought for by the latter, the Interconnection Seeker within 45 days of being so informed, may approach the Authority for seeking its intervention.

(v) No service provider shall alter any Port charge, or any part thereof, without complying with the Reporting Requirement.

Section IV

4. Review

(i) The Authority may, from time to time, review and modify Port charges.

(ii) The Authority may also at any time, on reference from any affected party, and for good and sufficient reasons, review and modify the Port charges.

Section V

5. Explanatory Memorandum

This Regulation contains at Annexe A, an Explanatory Memorandum to provide the background and reasons for issuing this Regulation

Section VI

6. Interpretation

In case of dispute regarding interpretation of any of the provisions of this Regulation, the decision of the Authority shall be final and binding.

By Order

(DR. HARSHA VARDHANA SINGH)

Secretary-cum-Principal Advisor

SCHEDULE I

PORT CHARGES

ITEM	'PORT' CHARGES	
(1) Date of Implementation	28.12.2001	
(2) Coverage	Charges for 'Ports' provided by service providers (other than the Port charges for internet, which are specified in Schedule VI of the Telecommunication Tariff order 1999).	
(3) 'Port' Charges covering all switches	No. of 'Ports'	'Port' Charges in Rs.
	1 to 16 PCMs	**N*55,000**
	17 to 32 PCMs	**8,80,000 + (N-16)*30,000**
	33 to 64 PCMs	**13,60,000 + (N-32)*20,000**
	65 to 128 PCMs	**20,00,000 + (N-64)*15,000**
	129 to 256 PCMs	**29,60,000 + (N-128)*14,000**

Notes:

(1) The above Rates are Ceiling Rates and Service Providers are permitted alternative lower charges.

(2) N refers to the number of 'ports' demanded by the Interconnection Seeker within the capacity ranges under the column 'No. of Ports'.

ANNEXE - A

EXPLANATORY MEMORANDUM

1. With the induction of new Basic and National Long Distance Operators in the Indian Telecommunication Network, a Multi-Operator environment has emerged and therefore, the Authority decided to undertake a review exercise relating to charging of ‘ports’. The charges for ‘ports’ specified in this Regulation are a result of such a review. In the course of this review, the Authority has taken into account the inputs received from operators including the incumbent, who is the main supplier of ‘ports’ at present.

2. The new entrants have been representing to the Authority that there was a reluctance on the part of the incumbent to supply ‘ports’ at the prices specified by the Authority in the past. It was also represented by the incumbent that the prevailing charges had an anomaly in that they encouraged the Interconnection Seeker to place more than the justified demand for ‘ports’, because the annual ‘port’ charges for 8 ‘ports’ were of the same order as that for 33 ‘ports’. It, thus, transpired that the ‘port’ charges needed to be re-evaluated and the existing anomaly corrected, so that there is no economic disincentive for supplying the ‘ports’.

3. When a set of ‘ports’ or Digital Trunk Interfaces (DTIs) are added in an existing Switching System, the Directly Attributable Incremental Costs (DAIC) are not only of the ‘port’ terminals, but also of other elements such as associated CCS7 Signalling Equipment, Processor, Switching Matrix etc. In this review, all such significant associated costs have been computed as overhead in the various ‘port’ slabs. These common costs have been found to be a step function which varies over a range of ‘port’ sizes. In this review, cost data for various types of Switching Systems and components thereof, which are directly attributable to the termination of a E1 link on a Switching node, were collected and a weighted average was computed. Other costs e.g. costs in respect of Network Management, Operations and Maintenance Centre (OMC), Fault Management System, etc., have been excluded, as these are not directly attributable to the Interconnection.

4. In this review, the number of slabs for ‘port’ charges have been increased to five, based on the costs of common control and Switching matrix which are observed to vary in five steps corresponding to five slabs of ‘port’ charges.

5. Based on the cost data supplied by the Operators for the Switching Systems in the Network, costs have been worked out for the various configurations. To these costs, overheads @ 10% representing freight, storage and installation costs, have been added. For arriving at the Annual Recurring Expenditure (ARE), a rate of 22% has been applied to the capital cost so worked out. The ‘port’ charges, which are in the nature of annual rentals, have been equated to the ARE so computed.

6. The Authority has considered the point made by network operators that due to provision of an Interconnection ‘port’ and consequent traffic flow, capacity enhancement would be required at other nodes as also in the interconnecting links for smooth flow of traffic across the network. However, the Authority is of the view that the cost of downstream augmentation of the network resources should be recovered from the usage charges of network elements involved in call carriage. The underlying principle is that all costs are to be recovered and that no cost elements should be double counted.

7. To remove the anomaly in the earlier exercise on ‘port’ charges, the following algorithm has been employed to determine the charges in the five ranges indicated in Schedule I.

(i) For up to 16 ‘ports’, a per ‘port’ charge of Rs. X1 is specified.

(ii) For ‘ports’ between 17 and 32 PCMs, the charge will be 16X1 + (N-16) X2, where X2 corresponds to the average cost for the capacity slab going upto 32 PCMs and X1 is for the capacity slab 1 to 16 PCMs.

(iii) For ‘ports’ between 33 and 64 PCMs, the charge will be 16X1 + 16X2 + (N-32) X3, where X3 corresponds to the average cost for the capacity slab 33 to 64 PCMs.

(iv) For ‘ports’ between 65 and 128 PCMs, the charge will be 16X1 + 16X2 + 32 X3 + (N-64) X4, where X4, corresponds to the average cost for the capacity slab 65 PCMs to 128 PCMs.

(v) For ‘ports’ above 128 PCMs, the charge will be 16X1 + 16X2 + 32 X3 + 64 X4 + (N-128) X5, where X5 corresponds to the average cost for the capacity above 128 PCMs.

By Order

[DR. HARSHA VARDHANA SINGH]

Secretary-cum-Principal Adviso