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Letter No

To

The Chairman,

Telecom Regulatory Authority of India,Government of India,

New Delhi - 110002.

Subject: Interconnection Termination Charges commands urgent attention

Dear Sir,

Interconnect Termination Charges are the whole charges payable by the 'source' service provider, on whose network the call originates, to the 'destination' service provider on whose network the call terminates. Initially, a revenue sharing model was suggested by TRAI in 1999 after which the same was amended a number of times. The regulation was last amended in 2009 in which a uniform termination charge of Rs 0.20 per minute was prescribed and the same is continuing till date. After the Supreme Court intervention in 2011, the TRAI re-assessed 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.

This system obviates the termination charges altogether thereby freeing the 'source' network provider from the obligation to pay the 'destination' service provider. The regulator noted that removal of termination charge benefits the consumer by lowering tariff rates while at the same time, it doesn't affect the operator negatively since the operator enjoys more flexibility in setting the tariff rates subject to competitive market conditions. In TRAI's own words, this creates a *"water bed effect... if you press at any point, (the water bed) will adjust by some other point rising."*

It is disappointing to note that even after showing such a steep inclination towards B&K system, the Authority has been silent since the last 3 years. Last month, it then floated a 'consultation paper' asking for further suggestions on switching to B&K regime. We would like to bring to your kind notice that the regulator in its 2011 affidavit clearly explained the supremacy of B&K regime over others:

> *"The B&K or sender-keeps-all is a model of interconnection pricing in which the originating service provider keeps the revenue billed, i.e. there remains no room for termination charges. Removal of termination charges benefits consumers and competition and reduces the imbalance in traffic flows. This system encourages flat-rate billing and time differentiated charges, both of which helps in improving capacity utilization and lie in direct interest of consumers. It also reduces the inter-operator off-net traffic imbalance, and thus helps in convergence to an equilibrium situation."*

Under such light, the delay in the implantation of the B&K regime lies beyond rationality. Had the regulator be neutral or pro-consumers, the regime would have already been in place, which is certainly not the case. Even after being aware of pros of the B&K system and cons of the current system, the Authority has not taken any concrete decision yet. We request you to kindly intervene in the matter and steer the regulator away from favouring the industry players and more towards the consumers so that the B&K regime may be adopted at the earliest for the betterment of the general public.

Thanking you.

Warm Regards

Sahyogita Samaj Vikas Sansthan Delhi