(सोसाइटी रिजस्ट्रीकरण के अधिनियम संख्या 21, 1860 के अन्तर्गत) पंजीकरण संख्या : 1457/2011-12



जन सहयोग सेवा संस्थान

ग्राम-रकौरा, पोस्ट - बाकरगंज, जिला - फैजाबाद (उ०प्र०)

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दिनांक :

1To,

Date: 18/12/2014

Dr. Rahul Khullar, Chairman, Telecom Regulatory Authority of India, Mahanagar Doorsanchar Bhawan, Jawaharlal Nehru Marg, New Delhi - 110002

Subject: Comments on TRAI's Consultation Paper on 'Interconnection Usage Charges' dated 19.11.2014.

Dear Sir,

The Prime Minister's initiative of 'Digital India' envisages promoting e-governance, transform India into a connected knowledge economy and making India a leader in digitally delivering health, education and banking services. This vision of digital India is very timely and required to be supported by every department and every citizen of this country. Further, the digital India vision has targeted Universal Access to mobile connectivity i.e. coverage for remaining 42,300 uncovered villages by 2018. The key behind success to this program is the affordable tariffs of mobile services.

- 2. National Telecom Policy -2012 has the vision to provide secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere for an accelerated inclusive socio-economic development. It envisages leveraging telecom infrastructure to enable all citizens and businesses, both in rural and urban areas, to participate in the Internet and web economy thereby ensuring equitable and inclusive development across the nation. Some of the important objectives of NTP-2012 are as follows:
 - Increase rural tele-density from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020.
 - Reposition the mobile phone from a mere communication device to an instrument of empowerment that combines communication with proof of identity, fully secure financial and other transaction capability, multi-lingual services and a whole range of other capabilities that ride on them and transcend the literacy barrier.



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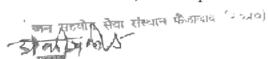
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- Encourage development of mobile phones based on open platform standards.
- Deliver high quality seamless voice, data, multimedia and broadcasting services on converged networks for enhanced service delivery to provide superior experience to users.
- Recognize telecom as Infrastructure Sector to realize true potential of ICT for development.
- 3. NTP'2012 has also provided Strategies to achieve the above objectives, inter-alia, include:
 - 1.2 To recognise telecom, including broadband connectivity as a basic necessity like education and health and work towards 'Right to Broadband'.
 - 1.12 To stimulate the demand of broadband applications and services, work closely with Department of IT in the promotion of local content creation in regional languages which would <u>enhance the investment in All-Internet Protocol (IP) networks including NGN</u>.
 - 3.1 To orient, review and harmonise the legal, regulatory and licensing framework in a time bound manner to **enable seamless delivery of converged services** in a technology and service neutral environment. Convergence would cover:
 - 3.1.1 Convergence of services i.e. convergence of voice, data, video, Internet telephony (VoIP), value added services and broadcasting services.
 - 3.1.2 Convergence of networks i.e. convergence of access network, carriage network (NLD/ ILD) and broadcast network.
 - 3.1.3 Convergence of devices i.e. telephone, Personal Computer, Television, Radio, set top boxes and other connected devices.
- 4. The rural economy contributes nearly half of the country's GDP. About 68% household and 70 % population are in rural areas. It is a universally accepted fact that higher the teledensity, higher is the GDP. In our country, while voice communication has, doubtless reduced isolation, but the rural tele-density figures are still hovering around 40% mark. This implies that the proliferation and benefits of telecom and ICTs are yet to reach a majority of rural households.
- 5. It is submitted that even after exponential increase in subscriber base and resultant traffic, the termination charges which were set by the Authority in 2003 are still at the same level. Higher termination charges are in the interest of only incumbent operators but detrimental for competition. With larger subscriber base and network reach, these operators



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are net recipient of termination charges. For new / upcoming operators, it is always challenging for offering tariffs which are competitive vis-à-vis matching the tariffs being offered by established operators coupled with cost disadvantage arises due to monopoly/oligopoly which could prevent a late entrant from gaining economies of scale. Thus at the cost of new entrant, incumbent operators can subsidize own tariff which can never be matched by a new entrant. This situation can be associated with vertical prize squeeze in which an operator with significant market power can often squeeze the margins of competitors by raising wholesale prices paid by competitors while at the same time lowering retail prices on competitive services. Further, there is an increasing trend in tariffs over past 12-18 months of established operators with reduce competition (Closure of networks by Jan

2013 due to license cancellation). In such circumstances, it is imperative to review the termination charges downward for continuity of affordable tariffs and to protect the investments of growing operators as higher termination charges act as entry barrier for the

new entrants and such situation should be addressed at the earliest.

- 6. Bill and keep method is most suitable for India as here tariffs are already under forbearance hence the service providers can recover their costs from retail tariffs. Telecom commercial communication customer protection regulation is in force, therefore no unsolicited calls can be sent by new service providers on incumbents network. It is certain that with the Bill and Keep regime, there is increase in off-net traffic. However this traffic will not be towards larger networks only but larger network will also see the tremendous increase in their outgoing traffic by which they can recover their costs. In telecom, the value of the network to the users increases as more customers join the network. In Bill and Keep regime, the value of networks to the subscribers will be increased asthere will be no difference in onnet/off-net subscribers of a network and the subscribers will be able to access the wide range of services.
- 7. At present the termination charges act as guaranteed source of revenue for incumbent operators, by which they are using to protect their market share by way of offering on-net/offnet differentials.



दिनांक :



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- 8. Bill and keep is the most efficient competitive method of setting price. For determination of appropriate regulated termination charges, regulator is depended on the information from service providers, selecting a suitable method etc. Not all information necessary for setting the efficient price is available with the regulator, who is dependent on operators that do not have incentives to provide the correct information. Apart from this, without the competitive pressure on prices, operators themselves may not have all information. The full information will only arise from the competitive process in which prices are set, demand adjusts and prices are set again as a continuous process.
- 9. In view of the above, it is submitted that instead of adopting any other method for determination of termination charges, the Authority should implement Bill and Keep method. With the adoption of Bill and Keep regime, the objectives of NTP'2012 and 'Digital India' envisaged by Hon'ble Prime Minister could be easily achieved. The bill and keep regime would be in larger interest of consumers of telecom services. Further, the implementation of bill and keep regime will be in line with TRAI's own recommendations in its report submitted to Hon'ble Supreme Court.

Sincerely, Avnish Mishra

कन सहयोग सेवा संस्थान फैलाबाद (२०४०)

President,

Jan Sahyog Sewa Sansthan