

No.101-11/2001-MN(Pt)

Date:26 /11/2002

To

CMD

B.S.N.L.,

Statesman Building,

Bharakhamba Road,

New Delhi-110001.

Subject : Discrimination by BSNL in levy of setup cost of POI.

Ref: Your letter no. 117-09/2002-Comml. dated 1.10.2002.

With reference to your letter, we would like to state that as per Cl. No (i) and (iii) of Section III of Interconnection (Charges and Revenue Sharing) Regulation, 2001(5 of 2001):

'Interconnection charges shall be cost based, unless as may be specified otherwise.

No service provider shall discriminate between service providers in the matter of levying of charges for interconnection. Provided that a different charge may be levied if justified on the basis of a substantial difference in costs incurred for providing that particular interconnection.'

2. In the light of what has been stated in para, your stand mentioned in your above referred letter that BSNL would charge different amounts of set up cost per POI depending on whether or not an Interconnect Agreement is signed with a Private CMTS Licensee, is not tenable. While the signing of Interconnect Agreements is of utmost concern to TRAI, such inexplicably different charges which are prima facie high should not be imposed without there being a full justification for the same.

3. Further, it is noted that different set up charges are specified even within the Interconnect Agreements signed by BSNL with CMSPs. As per Interconnect Agreements signed between BSNL and Bharti Cellular Ltd. the requirement is for a one time charge to be paid to BSNL @ Rs. 1,00,000/- per POI location per occasion for set up of POIs towards configuration, testing and commissioning. As per the other Interconnect Agreements signed between BSNL and Pvt. CMSPs, the CMSPs are required to pay to BSNL one time charge @ Rs. 10,000/- per PCM port subject to a maximum of Rs. 1,00,000/- per POI location per occasion for the same. In the former case, augmentation of 2 ports would require a payment of Rs. 100000/-, whereas in the latter case the CMSP would be required to pay only Rs. 20,000/- for such augmentation. Such different charges would not be justifiable in these cases.

4. Clause 11(1)(b)(iii) of TRAI (Amendment) Act 2000 mandates TRAI to ensure technical compatibility and effective inter-connection between different service

providers. Therefore, you are directed under section 13 and section 11(1)(b)(iii) of TRAI (Amendment) Act 2000, not to differentiate without justifiable reasons between service providers who have/have not signed Interconnect Agreements or signed Interconnect Agreements with BSNL at different timings, in the matter of levying of charges for interconnection. You shall issue necessary clarifications to your field units with a copy to TRAI within 10 days from the date of issue of this letter.

5. It is clarified that Authority is not deliberating on the content of Clause 13.2 (set up charges) of RIO of BSNL. The Authority's main concern in this directive is that differentiation in set up charges among service providers only on the ground of their having signed or not signed interconnection agreement with BSNL is not justified.

6. This is, however, without prejudice to our contention in the matter pending before TDSAT and subject to such orders as may be passed therein.

This issues with the approval of the Authority.

(Rajendra Singh)

Advisor (MN)

Copy to:

1. M/s.Escotel Comm.Ltd.
2. IDEA Cellular Ltd.