



June 20, 2023

**Shri Akhilesh Kumar Trivedi,
Advisor (Networks, Spectrum and Licensing),
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
New Delhi – 110 002.**

Subject: Tata Communications Limited's response to TRAI Consultation Paper on "Definition of International Traffic"

Dear Sir,

This is with reference to the TRAI Consultation Paper No. 08/2023 dated 02-05-2023 on "**Definition of International Traffic**".

In this regard, please find enclosed herewith Tata Communications Limited's response to the Consultation Paper as Annexure for your kind perusal.

We request you to kindly take on record our response and consider the same while finalizing the recommendations.

Thanking You,

Yours Sincerely,
For Tata Communications Limited,

A handwritten signature in black ink, appearing to read 'Praveen Sharma', with a horizontal line underneath.

**Praveen Sharma
(Authorized Signatory)**

Enclosure: As mentioned above

TATA COMMUNICATIONS

Tata Communications Limited

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Tata Communications Limited's response to TRAI Consultation paper on 'Definition of International Traffic'

Preamble

At the outset, we thank TRAI for providing an opportunity to share our comments/inputs on these important issues raised in the consultation paper on definition of international traffic. Tata Communications is licensed under Section 4 of the Indian Telegraph Act, 1885 to establish, install, operate, and maintain National Long Distance (NLD) Services in India and International Long Distance (ILD) Services, under the License granted by the Government of India through the Department of Telecommunications.

Tata Communications being a digital global enabler, provides various digital platforms, solutions, and connectivity services to different enterprises by focusing on convergence of platforms, connectivity, and services. The rise of instant messaging platforms has severely impacted on the SMS business in India and across the world. Services like WhatsApp, Facebook Messenger, and other messaging apps have gained popularity due to their convenience and additional features beyond traditional SMSs. As rightly pointed out by TRAI in its Consultation Paper, SMS services differentiate by offering unique features or specialized services that instant messaging platforms may not provide. For example, such services can emphasize the reliability, reach, and instant deliverability of SMS messages, especially in areas with limited internet access. The advantage of SMS is its ability to reach all mobile phones, including feature phones and non-requirement of data services for SMS services. Tata communications still see opportunities for SMS businesses in India and is committed to Indian SMS market.

ILDOs are considered as Gate keeper of PSTN/PLMN traffic (Voice & SMS and Data traffic (including internet traffic) entering or exiting the India and in the similar manner IGSPs are considered as the Gate keeper of international internet traffic. ILDOs plays a significant role when it comes to secure international communication. India is known for being one of the most affordable telecom markets globally. International SMSs are typically charged differently from domestic SMS messages and not on the basis of cost. When sending an SMS to a foreign country, additional fees are applied due to international routing and interconnection agreements between mobile operators. These fees can vary depending on the service provider and the specific countries involved. In view of the same, there is a need for regulation based on cost-based termination charges for all international traffic including international SMS termination charges which are presently under forbearance. International SMS termination charges should be reasonable and determined on the principles of cost, transparency, regulatory certainty and healthy competition in the bulk SMS market.

TSPs having Unified License with Access Service authorization) can only have direct access to the customers including Enterprises who have the requirement of telecom resources for their A2P domestic and international traffic. NLDOs and ILDOs have similar capabilities possessed by Access Service Providers to offer similar services to the customers in a secured manner. However, NLDOs and ILDOs are prohibited to have direct

access to the customer to offer requisite SMS services under UL-ILD license. Therefore, in order to create a level playing field in the Bulk SMS business for A2P domestic and international traffic among licensed service providers, ILDOs and NLDOs should be permitted to access such enterprise customers directly.

The current arbitrary pricing prevailing in the marketplace limits the growth potential of international traffic and associated revenues for Indian telecom industry. Therefore, the suggestions made by Tata Communications in its response, if considered, will provide much needed control and growth in the telecommunications ecosystem through the introduction of ILDO role in international traffic. It will enable ILDOs to curb fraudulent & spam activity in international traffic.

Our issue wise comments / inputs are as follows:

Q1. Whether it would be appropriate to define the term 'international traffic' in the telecommunication service license agreements as 'the international long-distance traffic originating in one country and terminating in another country, where one of the countries is India'? Kindly provide your response with a detailed justification

Tata Communications' Response:

- Yes, we are of the view that it is required to define the term 'international traffic' in the telecommunication service license agreements in line with the present market dynamics. The definition should cover all types of international traffic including voice and SMS.
- In our view, any traffic originated or terminated from/to a phone number or IP address (in case of A2P Messaging) located outside India can be considered as "international traffic". The need for definition of international traffic becomes important for A2P SMS services which are being provided to Enterprises for their business purposes.
- International SMS is also a type of 'international traffic' and all the licensed International Long-Distance Operators (ILDOs) under Section 4 of the Indian Telegraph Act, 1885 should only be authorized to transit such international traffic through its International gateways.
- In the current International Long-Distance Service License Agreement, Para 2 defines 'SCOPE OF LICENCE' and Para 2.2 (a) specifically define the 'SERVICE' of this License Agreement.

The current para 2.2 (a) define the 'SERVICE' as under:

2.2 (a) The ILD Service is basically a network carriage service (also called bearer) providing international connectivity to the Network operated by foreign carriers. The ILD service provider is permitted full flexibility to offer all types of bearer services from an integrated platform. ILD service providers will provide bearer services so that end-to-end tele-services such as voice, data, fax, video and multi-media etc. can be

provided by Access Providers to the customers.

This 2.2 (a) is suggested to be modified as follows:

*2.2 (a) The ILD Service is basically a network carriage service (also called bearer) providing international connectivity to the Network operated by foreign carriers. The ILD service provider is permitted full flexibility to offer all types of bearer services from an integrated platform. ILD service providers will provide bearer services so that end-to-end tele-services such as voice, data, fax, video, **SMS** and multi-media etc. can be provided by Access Providers to the customers.*

- ILDO by virtue of their global presence and world-wide interconnects has advantages to bring the traffic directly from the source i.e. from international enterprises or from International mobile operators. ILDO can be a stable and secure international gateway for all the India incoming and outgoing 'international traffic'. Thus, we are of the view that the above suggested change in the definition of international traffic will boost investments in the bulk SMS market and ensure a level playing field between ILDOs and Access Service Providers.
- Similar to International termination charges for Voice services, TRAI should also initiate consultation process to regulate the International SMS termination charges for such 'international traffic' from ILDO towards Access Service Providers considering the fact that the international SMSs are typically charged differently from domestic SMS messages. Currently IUC charges for International SMSs are under forbearance and Access Service Providers are charging exorbitant charges for terminating International SMSs into their network. When sending an SMS to a foreign country, additional fees are applied due to international routing and interconnection agreements between mobile operators. These fees can vary depending on the service provider and the specific countries involved. Cost incurred in terminating the domestic and international SMS are same which is 2 paisa/ SMS. Premium is allowed to be charged for promotional SMS which is 7 paisa/SMS. Global practice in the above regard needs to be studied while fixing international SMS termination charges. We recommend this to be regulated in line with international inbound voice traffic and work done principles. In view of the same, there is a need for cost-based termination charges for all international traffic including international SMS termination charges which are presently under tariff forbearance. International SMS termination charges should be reasonable and should not become an opportunity for vertically integrated operators to distort the SMS market and determined on the principles of cost, transparency, regulatory certainty and healthy competition in the bulk SMS market.

Q2. In case your response to the Q1 is in the negative, kindly provide an alternative definition along with a detailed justification.

Tata Communications' Response:

Not applicable in view of our response provided in Q1 above.

Q3. Since the terms 'Inter circle traffic' and 'Intra circle traffic' are already defined in the telecommunication service license agreements, whether there is still a need to define the term 'domestic traffic' in the telecommunication service license agreements? If yes, what should be the definition of the term 'domestic traffic'? Kindly provide your response with a detailed justification

Tata Communications' Response:

Yes, TRAI should define "Domestic traffic" and "International traffic" in the license agreements. The term domestic traffic should include domestic SMS traffic wherein Enterprises/Individuals who have infrastructure setup in India to originate the traffic (e.g., IP address, Phone number or combination of both etc., as origination source parameters) and with origination and termination of SMS both in India along with the data residing only in India (on cloud or otherwise). Such SMS traffic should be considered as a part of domestic traffic.

Q4. Whether there are any other issues/ suggestions relevant to the subject? If yes, the same may kindly be furnished with proper justification.

Tata Communications' Response:

We would like to submit the following points / suggestions for TRAI consideration:

- **ILDOs and NLDOs should be allowed to have direct access to Enterprise Customers who require telecom resources for their A2P domestic and international traffic:** In present regulatory framework, TSPs having Unified License with Access Service authorization can only have direct access to the customers including Enterprises who have the requirement of sending international bulk SMSs. Considering the market dynamics and increasing digital transformation requirements of Enterprises, SMS is becoming an increasingly important tool for them in terms of communication with their customers. NLDOs and ILDOs have all similar capabilities as possessed by Access Service Providers to offer similar services to Enterprise customers in a secured manner. However, NLDOs and ILDOs are prohibited to have direct access to the customer to offer requisite SMS services in their respective licenses. Therefore, in order to create a level playing field in the Bulk SMS business among licensed service providers, NLDOs and ILDOs should be permitted to access such enterprise customers directly for their A2P domestic and international traffic. With such licensing reform, standalone NLDOs and ILDOs should be able to compete effectively in the market with integrated players.
- **Issue of International Termination Charges (ITC) prescribed by TRAI vide its IUC Regulations (16th Amendment), 2020-** International termination charge (ITC) is the charge payable by an Indian International Long-Distance Operator (ILDO), who carries the call from outside the country, to the access provider in the country in whose network the call terminates. TRAI vide its amendment Regulation dated 17-04-2020 had issued "The Telecommunication Interconnection Usage Charges (Sixteenth Amendment) Regulations, 2020" which revised the present regime of fixed International Termination Charges (ITC) @ Re.0.30 per minute to forbearance regime within a prescribed range of Re. 0.35 per minute to Re. 0.65 per minute. To ensure the level playing field between standalone and integrated International Long-

Distance Operators (ILDOs), the Authority mandated that an Access Service provider shall offer the non-discriminatory rate of ITC to everyone i.e. to its own associated ILDO as well as to standalone ILDOs.

In this regard, Tata Communications Ltd. which is a duly licensed International Long-Distance Operator (ILDO) wish to bring to your kind attention its serious concerns in relation to the actions taken by Access Service Providers who have, post notification of the IUC Regulations have uniformly declared rate of Rs.0.65 paise as International Termination Charges (ITC) which resulted in defeating the very purpose of prescribing a range of permissible ITC. Tata Communications Ltd. is a standalone ILDO and has been losing its ILD Voice termination traffic to a large extent. To make the matter worse for standalone ILDOs like Tata Communications Ltd., integrated ILDOs have resorted to certain malpractices, which are totally against the principle of level playing field vis-a-vis standalone ILDOs, to circumvent the provisions of the IUC Regulation. This has resulted in non-level playing field, thereby denting standalone ILDOs ILD Voice termination traffic to a large extent which is evident from the steady decline in the India termination minutes by Tata Communications Ltd. as standalone ILDO. We request TRAI to consider our submissions made on these issues including initiation of the process for review of IUC regime for ITC and take appropriate action in respect of the violations by some vertically integrated ILDOs at the earliest.

- **Other Suggestions:**

- NLDOs to be formally authorized as a transit operator for all domestic traffic of inter and intra circle SMS from Telemarketers.
- We suggest that NLDOs should have access to regulated costs of 5paise/sms for transactional traffic, 7paise/sms for promotional traffic and direct access to Distributed ledger technology (DLT) for scrubbing mechanisms.