TATA

17th October 2016

Mr. Arvind Kumar
Advisor (BB & PA)
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg, (Old Minto Road)
New Delhi – 110002

Subject: Consultation Paper on Review of Interconnection Usage Charges

Dear Sir,

Please refer to the Consultation Paper No. 17/2016 issued by TRAI on 5th August 2016 on "**Review of Interconnection Usage Charges**".

As requested by the Authority, please find enclosed herewith Tata Teleservices' response to the questions raised in the above mentioned Consultation Paper. We hope our responses will be given due consideration.

We shall be obliged to address any further queries from your office in this regard.

Thanking you,

Yours sincerely

Satya Yadav
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Tata Teleservices Limited
And
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For Tata Teleservices (Maharashtra) Limited
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TTL Response to Consultation Paper
on
Review of Interconnection Usage Charges dated 5th August 2016

PREAMBLE:

Introduction of IUC regime has seen excellent growth of mobile services in the country. TRAI has been amending IUC Regulations regularly from the year 2003 onwards. In view of the recent technological developments in the telecommunication services sector, there is a necessity of coming out with an amendment to the IUC Regulation in the year 2016-17. The declining tariff benefits the subscriber as well as helps in increasing the mobile penetration.

1. In view of the recent technological developments in the telecommunication services sector, which of the following approaches is appropriate for prescribing domestic termination charge (viz. mobile termination charge and fixed termination charge) for maximization of consumer welfare (i.e. adequate choice, affordable tariff and good quality of service), adoption of more efficient technologies and overall growth of the telecommunication services sector in the country?

(i) Cost oriented or cost based termination charges; or
(ii) Bill and Keep (BAK)?

Please provide justification in support of your response.

TTL Response:

A well designed IUC regime is necessary to drive growth of world class telecom services in the country. It will enable competition and ensure welfare of consumers. **We are of view that cost based charging is the most appropriate mechanism for IUC in the current environment.**

However in our view, the adopted approach should be mindful of the technological changes and the domestic termination charge which may get prescribed should be independent of the underlying technology used for providing domestic voice services. In other words **we are advocating a uniform and harmonized domestic termination charge regime which is technology neutral and same across various networks.**

2. In case your response to the Q1 is 'Cost oriented or cost based termination charges', which of the following methods is appropriate for estimating mobile termination cost?

(i) LRIC+
(ii) LRIC
(iii) Pure LRIC
(iv) Any other method (please specify)
Please provide justification in support of your response.

<u>TTL Response:</u>

The IUC should continue to be determined basis the cost based approach and should be periodically reviewed, as is the case now. If in the event the authority determines Cost Oriented or Cost based termination charges the model adopted should consider the cost base of most efficient operator for computation of termination charges.

3. In view of the fact that the estimates of mobile termination cost using LRIC method and LRIC+ method yielded nearly the same results in year 2011 (as filed in the Hon'ble Supreme Court on 29.10.2011) and in year 2015 (as estimated for the Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015 dated 23.02.2016), would it be appropriate to put to use the estimates of mobile termination cost arrived in the exercises of year 2011 and year 2015 in the present exercise?

<u>TTL Response:</u>

No comments

4. If your response to the Q3 is in the negative, whether there is a requirement of running the various LRIC methods afresh using the information on subscriber, usage and network cost for F.Y. 2015-16 for estimation of mobile termination cost?

<u>TTL Response:</u>

No comments.

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5. In what manner, the prescription of fixed termination charge as well as the mobile termination charge from wire-line networks as 'zero' through the Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015 is likely to impact the growth of the Indian telecommunication services sector as a whole? Please support your viewpoint with justifications.

TTL Response:

It is very necessary to grow fixed line services and usage while at fixed location (home and office) so that spectrum, which is a scarce and costly natural resource, is put to optimal use in the larger national interest and to provide higher quality of service with no blocking/call drops and higher speed broadband services.

It is our view that wire line services are hugely complementary to the wireless services with the advent of fixed mobile convergence and this regime needs to be continued in order to ensure the orderly growth of telecommunications services sector as a whole in the long run. The present IUC regime which restricts domestic IUC only to wireless to wireless traffic and leaves out fixed lines ,we believe will help growth of fixed line service.

6. Whether termination charges between different networks (e.g. fixed-line network and wireless network) should be symmetric?

TTL Response:

The current regime which levies IUC only on wireless to wireless calls should be continued and the IUC charges should be cost based.

7. Which approach should be used for prescribing International Termination Charge in the country? Should it be kept uniform for all terminating networks?

TTL Response:

Yes, the International Termination Charges in the Country should be kept uniform for all terminating networks.

8. Whether, in your opinion, in the present regulatory regime in the country, the standalone ILDOs are not able to provide effective competition owing to the presence of integrated service providers (having both ILDO and access service licenses) and, therefore, there are apprehensions regarding sustainability of the stand-alone ILDOs in the long-run?

<u>TTL Response:</u>

Not Applicable

9. If your response to the Q8 is in the affirmative, which of the following approach should be used as a counter-measure?

- **i. Prescription of revenue share between Indian ILDO and access provider in the International Termination Charge; or**
- **ii. Prescription of a floor for international settlement rate (levied by ILDO upon the foreign carrier) for international incoming calls; or**
- **iii. Any other approach (please specify)**

Please provide justification in support of your response.

<u>TTL Response:</u>

Not applicable

10. Is there any other relevant issue which should be considered in the present consultation on the review of Interconnection Usage Charges?

<u>TTL Response:</u>

There is a need for timely interconnection to be provided. BSNL and MTNL are still charging port charges and space charges. This may be done away with. They also ask for bank guarantees. The pre-consultation paper which was issued on interconnection framework needs to be followed up with a full Consultation Paper resulting in to a robust interconnection framework.

Presently the termination charges for international SMS are under forbearance. Operators may be charging high price for per SMS to subscribers but pass on only 7 paise or 8 paise per SMS to terminating Indian operator.We request TRAI to fix termination charges for such international SMS keeping in mind the fact that it has fixed higher i.e.53 paise/minute as termination charges for ILD voice calls.

We also request TRAI to review the termination charges for domestic SMS viz. peer to peer SMS, A2P SMS and make those cost based.