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भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)
BSNL 3G BSNL LIVE
Faster than your thoughts 2010

No.1-16/2011-Regln / 652

Dated: the 08th June, 2012.

To,

The Secretary,
Telecom Regulatory Authority of India
Mahanagar doorsanchar Bhawan, Jawahar Lal Nehru Marg
(old Minto Road) New Delhi-02

{Kind Attention Sh. Arvind Kumar, Advisor (I&FN)}

**Sub: Consultation paper on review of the Telecommunication interconnection
(Port charges) – Comments thereof.**

Ref: TRAI, New Delhi consultation paper on port charges dated 09-05-2012.


Sir,

Kindly refer to your consultation paper no. 10/2012 and press release no. 88/2012 dated 09.05.2012 vide which BSNL was asked to comment on subject noted above.

2. The above consultation paper has been examined by BSNL and it has been found that cost of providing 1 port E1 has been calculated based on cost data i.e. Rs 46,430/- per port given on the basis of latest IP TAXs provided vide letter no:1-16/2011-Regln./1243 dated 02.11.2011. In this regard it may kindly be noted that **indicative cost** of Rs 46,430/- provided by BSNL is not the actual cost being incurred by BSNL to provide one port E1 connectivity to other Service Providers. Rs 46,430/- is only the incremental cost of upgrading the TAX (not the network) required to provide 1 E1 connectivity. Complete incremental cost will involve TAX expansion, additional media required between TAX and Local switches, addition cost of upgrading local switches (due to increased traffic load), incremental cost in upgrading the supporting infrastructure such as power supply, AC etc. These have not been factored into. All relevant network elements need to be taken into account while arriving at the costs.
3. Therefore, the incremental cost of all network elements i.e. TAX, Media, Transmission Systems, Local switches and other supporting infrastructure need to be taken into account before arriving at fair cost of providing one E1 port to other service provider.
4. In addition to above, it may also be noted that cost of the up-grading TAX is very small in comparison to the cost involved in upgrading other network elements.
5. Also, the incremental costs incurred in providing one E1 port varies and depend on number of ports being provided, as, after certain limit, Control part of switching equipments also need to be up-graded. Therefore incremental cost needs to be considered in different slabs as per following (as was done in Port Regulation'2001 and even 2007):

- i) 1 to 16 PCM
 - ii) 17 to 32 PCM
 - iii) 33 to 64 PCM
 - iv) 65 to 128 PCM
 - v) 129 and onwards
6. BSNL being the largest fixed line service provider is operating thousands of switches all across country from where connectivity to other service providers through these ports are provisioned. The maintenance/ incremental cost of upgrading / operating so many switches to provide connectivity are huge and not comparable with the cost incurred by other service providers.
 7. The CAPEX already incurred for provisioning of additional switching and media capacity done to provide POI connectivity has not been recovered so far. Partial provision of IP TAX in BSNL network has not resulted into any CAPEX saving for BSNL as these IPTAX has replaced TDM TAXs who have not outlived their life and hence recovery of CAPEX done on TDM TAXs was not completed. The provisioning of IP TAXs was made due to some operational/AMC issues with TDM TAX vendors even before the expiry of life. Further, the number of IPTAXs and capacity is very less in comparison to overall network. **Therefore, in real terms, there was not reduction of incremental cost being incurred by the BSNL due to induction of IPTAXs.**
 8. It may please be kept in mind that Hon'ble TDSAT has already agreed with BSNLs contention that TRAI does not have jurisdiction to issue regulations to change the licence conditions and terms of interconnect agreement already entered between BSNL and other operators. By not taking into account the total expenditure incurred by BSNL, injustice will be done to BSNL. Presently the matter is pending in the Hon'ble Supreme Court of India.
 9. BSNL has already lodged its protest against TRAI amendment of regulation of Telecommunication Interconnection (Port charges) dated 2nd Feb 2007 in TDSAT. The TDSAT has also agreed with the view of BSNL and presently case is pending with Hon'ble Supreme Court of India.
 10. In view of the above it is the fact that there has not been any reduction in the incremental CAPEX being incurred by BSNL for providing one port E1 since 2001. Moreover, operating cost of these ports has been increasing over the years such as employee, fuel , electricity and other establishment costs whereas the port charges are continued to be reduced without justification Therefore, the port charges as prescribed vide regulation 2001 shall be continued.

This is for your information and kind consideration please.


01/6/12
(Raghuvir Singh)
AGM (RegIn)