



**Counter Comments to TRAI Consultation Paper on  
Revenue Sharing Arrangements for Calling Card  
Services**

Reliance Communications Counter comments on TRAI Consultation Paper on Revenue Sharing Arrangements for Calling Card Services

1. Reliance Communications Ltd (RCom) has submitted its comments on TRAI consultation Paper on Revenue sharing arrangement for calling card services. Further, responses of the stakeholders as available on the Authority's website were studied and we hereby submit our counter comments for kind consideration of the Authority.
2. At the outset, we reiterate our view that the long distance calling card services should be made available to the masses at the earliest possible. This shall empower the customers to choose the best tariffs available in the market for making their long distance calls. We therefore believe and support TRAI's view that **fixed origination charges is the most appropriate basis for compensating the access providers which should be based on the quantum of 'work done' in completing a call. Moreover, since the work done (in calling card scenario) origination / termination of the call by the access provider is similar, therefore the origination access charge should be prescribed equal to termination charges i.e. Re 0.20.**
3. The Authority has always supported the principle of fair play in the market and has endeavored to bring competition in all segment of the Mobile and landline business including NLD/ILD. **We are therefore confident that TRAI will uphold the consumer interest and will reject any submission/intention of not providing the access to the NLD ILD operators for calling card services.**
4. TRAI is aware of the fact that the objective of provisioning competitive prices in long distance calling through calling cards has not been achieved/effective as the requisite agreements between the TSPs are either not signed or there are large variations in the rates at which they have been concluded. The exorbitant access rates i.e. Re 1 for NLD and Rs 5 for ILD being offered by some of the access operators are anti-competitive and have proved impediment in the open market competition. **We therefore, reiterate and urge the Authority to fix the origination access charges on the work done principle and bring competition in the long distance telephony market in India.**
5. Our Counter comments on some of the stakeholders views on the Consultation are as follows:
6. Stakeholders' Views: Not to Mandate calling card services by NLD/ILD operators:

**RCom's Counter comment:**

Some of the stakeholders have submitted that the Authority should not mandate calling card services by NLD ILD operators. They have also stated that the role of NLD/ILD operators is confined to carriage of switched bearer services over long distance/international long distance and are not allowed to access the customer.

In this regard, we would like to submit that **DoT vide its Licence amendment dated 21<sup>st</sup> Aug'2009 has allowed NLDOs and ILDOs direct access to the consumers by offering calling cards for STD and ISD services.** However, none of the operator has challenged this mandate and surprisingly now some of the operators are requesting for not mandating these services.

In view of the above Licence amendment, there is no doubt that the NLD/ILD operators can access the customers for facilitating calling card services. Therefore, we request TRAI to reject such comments which are impediments in the open market competition in long distance calling services.

7. **Stakeholders' views: Present termination charge of Re. 0.20 is below cost and cannot be the basis of determining the access origination charges.**

**RCom's Counter comments:**

The Authority in its Consultation paper on review of IUC dated April 27, 2011 has opined that the present regime of Re 0.20 as termination charges is above cost. Moreover, as per the media reports, TRAI in its affidavit to Hon'ble Supreme Court during October 2011 has suggested fixing revised termination charges at 10 paisa/min (including all relevant CAPEX& OPEX) with three years glide path towards bill and keep. In view of the above, the operators claim that termination charges of Re 0.20 is below cost is incorrect/not justified.

8. **Stakeholder view: Revenue Share for calling cards to be in proportion to the costs and investments made by the operators.**

**RCom's Counter comments**

One of the stakeholders has claimed that if at all Authority decides to fix the access origination charges, such revenue share should be in proportion to the costs and



investments made by the operators. It has also been opined that 95% of the investment is made by the Access and only 5% by the NLD/ILD operators.

We do not agree with the above claim of the incumbent operator that it has made huge investments for acquiring customers and building the networks and to take care of these network externalities, it should get higher share of revenue from calling card services and not merely the work done based origination charges.

In this regard, it is submitted that in calling card case it is the NLDO/ILDO who would be acquiring the customer directly. NLDOs/ILDOs have made huge investments in setting up global transport networks, network interconnects and commercial arrangements with hundreds of telecom operators in multiple countries and would make further investments for acquiring customers and set up customer service, billing support systems, marketing, sales personnel, regulatory requirements etc. It may not be out of place to mention that the ILD operators are also subjected to currency fluctuations and payment defaults/bankruptcy of carriers in other countries which increase business risks.

As far as the above claim of the incumbent operator is concerned, we believe that the size of the network and number of subscriber on a particular network is not relevant as calling card service is to connect subscribers outside licensed area or outside the country. Hence network externality is not relevant for calling card services. Moreover in calling card scenario, work done by the NLD/ILD operators would be significant and an access Provider is only the intermediary facilitating the Origination / Termination of the NLD / ILD call which is ultimately carried over the NLDOs / ILDOs network.

In light of the above, we reiterate our view that origination access charges should be based on the work done principle and be fixed equal to termination charges.

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