To,
Shri Arvind Kumar,
Advisor (Network, Spectrum & Licensing),
Telecom Regulatory Authority of India,
Mahanagar Door Sanchar Bhawan (Opp. Ram Lila Gr.),
J.L.N. Marg, NEW DELHI – 110 002
fn@trai.gov.in

Dear Sir,

Subject: Comments on "Interconnection Usage Charges"

We at VOICE as part of our advocacy initiative in Telecommunications continuously raise different issues with Policy makers impacting consumers based on the knowledge through Consumer feedbacks.

As registered CAG with TRAI we are in forefront of providing inputs to TRAI related to consumer concerns and interests.

In continuation of this effort on behalf of telecom consumers we at VOICE have following response to the questions posed in the consultation paper:

Q1: Which of the following approaches would be the most appropriate for Mobile Termination Charge and Fixed Termination Charge:
(i) Cost oriented or cost based;
(ii) Bill and Keep
Please provide justification in support of your response.

A1: It should be Bill and keep to keep healthy competition operational. Today the Mobile population has increased sufficiently to otherwise recover the operational costs by every operator. However IUC gives an undue advantage to old operators at the cost of new operators who are struggling due to additional legal burden like cancellation OF LICENSES..

Q2: In case cost-oriented or cost-based approach is used for determining Mobile Termination Charge and Fixed Termination Charge, is there a need to give a glide path towards Bill and Keep and what will be the appropriate time frame to migrate to Bill and Keep regime? **NA**

Q3: Which method of depreciation for the network elements should be used and what should be the average life of various network elements? **NA**

Q4: Should TRAI continue with a pre-tax WACC of 15% as used in framing other regulations, tariff orders, and regulatory exercises? If not, please state what pre-tax WACC would be appropriate for the present exercise, along with justification and computations.
NA

Q5: In case a cost-oriented or cost-based approach is used for prescribing Mobile Termination Charge and Fixed Termination Charge, which method would be the most appropriate for estimating these costs? **NA**

Q6: In case your response to the Q5 is fully allocated cost (FAC) method, would it be appropriate to calculate IUC using historical cost data submitted by the service providers in Accounting Separation Reports (ASRs), Annual Reports/published documents or other reports submitted to TRAI? **NA**

Q7: In the FAC method, what items/nature of OPEX should be considered as relevant for the termination cost? Please provide justification in support of your opinion. **NA**

Q8: Should CAPEX be included in calculating termination cost? If yes, what items of fixed assets from the ASRs ought to be considered relevant for termination cost? How should costs incurred by service providers for acquiring usage rights for spectrum be treated? **NA**

Q9: Would it be appropriate to take an average life of 10 years for all network elements without any salvage value for the purpose of depreciation in the FAC method? If not, please suggest an alternative method keeping in view the categorization of network elements prescribed in Accounting Separation Regulations, 2012, along with justification. **NA**

Q10: Is there any need to adjust costs associated (as reported in ASRs) with products other than voice calls, for the purpose of computing termination cost using the FAC method? If yes, please suggest the appropriate cost driver along with justification. **NA**

Q11: Do you agree with the methodologies explained for various variants of LRIC, including the detailed description of computation of the termination cost using LRIC model in the Annexure? If not, please give your answer with justification. **NA**

Q12: In case it is decided to go for an LRIC model for determining termination cost, which is the most suitable variant of LRIC for the telecom service sector in the country in the present circumstances and why?

(i) LRIC
(ii) LRIC+
(iii) Pure LRIC **NA**

Q13: In case your response to the Q12 is LRIC+, what are the common costs that should be considered for computation of termination costs? **NA**

Q14: In case there is a significant difference in the mobile termination cost and fixed termination cost, will it be appropriate to prescribe different mobile termination charge and fixed termination charge? **NA**

Q15: The Authority has already prescribed access charges to facilitate the introduction of calling cards. Is there any other issue which needs to be addressed so that the consumer gets the most competitive tariff for ISD calls?

A15: Yes, TRAI/DOT should regularize and frame rules for internet calling (VOIP) like SKYPE, VIBER, LINE etc.
Also we can think of a dynamic system taking into account incoming/outgoing traffic and incentive for matching the two.

Q16: Do you feel that the Authority's intervention is necessary in the matter of International Settlement Rates? If so, what should be the basis to determine International Settlement Rates?
A16: International Settlement Rates again should be a function of incoming/ outgoing traffic with an incentive for matching the two.

Q17: Is there a need to fix a floor for international carriage charge for incoming International traffic or prescribe some revenue share between access service provider and the ILDO to safeguard the interest of ILDOs?
A17: Ideally there should be a free and dynamic market based on demand and supply. TRAI should work towards creating one as there are alternate routes and carriers for carrying international traffic.

Q18: What is the most appropriate level for International Termination Charge? Should it be uniform or should it depend on the originating country/region? Please provide full justification for your answer. **NA**

Q19: What should be the methodology for determining the domestic carriage charge? Is there a need to specify separate carriage charges for some specific geographic regions? If yes, on what basis should such geographic regions be identified? How should the carriage charges be determined separately for such geographic regions? **NA**

Q20: Is there a need to regulate the TAX transit charges or should this be left to mutual negotiations? In the event, the transit charge is to be regulated, please provide complete data and methodology to calculate TAX transit charges.
A20: Preferably left to market forces with safe guards for healthy competition.

Q21: How can the cost of providing transit carriage be segregated from the cost data in the ASR? Please provide a method and costing details to separately calculate this charge. **NA**

Q22: If the costs of all relevant network elements are taken into account in the calculation of the fixed line termination charge, is there any further justification to have a separate transit carriage charge? Please give reasons for your answer.
A22: It is preferable to let the market forces decide these charges.

Yours' Sincerely

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