



RSM/COAI/2019/226

December 23, 2019

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Subject: COAI Counter Comments to the comments submitted by various stakeholders on TRAI Consultation Paper on “Review of Interconnection Usage Charges”

Dear Sir,

This is with reference to the TRAI Consultation Paper on “Review of Interconnection Usage Charges” released on November 08, 2019.

In this regard, please find enclosed COAI Counter Comments to the comments submitted by various stakeholders on the Consultation Paper.

We hope that our submission will merit your kind consideration and support.

With Regards,

Yours faithfully,

Rajan S. Mathews
Director General



Counter Comments TRAI Consultation Paper on Review of Interconnection Usage Charges released on November 08, 2019

At the outset, we would like to highlight key submissions made in our response to the Consultation paper in order to provide clear perspective on the issues involved:

1. Keeping the Indian ITC at a level far short of that prevailing in other countries effectively means that the domestic consumers are subsidizing their foreign counterparts; and, this is abundantly clear from the adverse international incoming-outgoing call ratio.
2. To reduce the pricing arbitrage which presently exists in the favour of foreign operators which has built up over the years, **TRAI should fix a higher ILD termination charge which can be charged by the Indian Access Providers. The ILDOs can continue to charge the foreign operators at a margin which includes their carriage cost as is being done presently.**
3. Further, there has been a considerable increase in the ILD calls which are being sent /received through OTT route, where no security provisions are applicable. The same is not in the interest of the country and is also creating a non-level playing field. Thus, TRAI is requested to come out with the Regulatory Framework for OTT players at the earliest to address these concerns.

We would like to make following submissions on the comments received from various stakeholders:

1. **ILD termination Charge equal to Domestic Termination Charge:** One of the Stakeholder has suggested that the TRAI should make ILD Termination Charge equal to Domestic Termination Charge as the work done for terminating the calls by Access Service Provider is same of for domestic & International calls. In this regard, we would like to make following submissions:
 - a. As highlighted in the Consultation Paper itself, there is a key difference between the ILD termination charge and domestic termination charge. While the domestic termination charge is determined on the basis of costs involved in terminating the call, the international termination charge is fixed on the basis of several other considerations, in

addition to costs involved in terminating the call and has significance for the international telecommunication markets.

- b. It is submitted that while deciding the ILD termination Charge, the Authority in the past has considered various factors such as:
 - i. Prevalent rates for International Settlement Charges and ITC in the international markets
 - ii. Variations in the forex rates
 - iii. Interests of the Indian consumers and services providers etc.
- c. We believe that the Authority needs to take into cognizance of the above factors before deciding on the ILD Termination Charge and this charge cannot be merely determined on the work done principle.

2. Carriage Charge should be prescribed for ILDO while the ILD Termination Charge should remain same: One of the stakeholder in its response has suggested that a new component of ILD carriage charge needs to be included to compensate for cost of carriage involved in carrying international calls. Further, the settlement rates to International Carrier should be a sum of ILDO carriage charge and the present ILD termination charge. In this regard, we would like to make following submission:

- a. At the outset, we would like to submit that any apprehension with respect to competitive advantage of Integrated ILDO vis-a-vis standalone ILDO is uncalled for. In a free market like India, all operators have obtained telecom licenses after considering the prevailing market conditions and the competition. The licence regime is open for everyone.
- b. Further, we would like to submit that International Settlement rates globally are a function of the mobile/ fixed termination charges and therefore indirectly contribute to margin for ILDOs as they operate on a cost plus basis, thereby covering their carriage costs and the business risk associated with international long-distance business.
- c. Thus, the ILDOs are safeguarded from any business associated risks and the interests of ILDOs are taken care as per the competitive market forces.
- d. It is therefore recommended that the **International carriage charge by the ILDOs should continue to be under forbearance and there should not be any Carriage Charge prescribed for the international calls.**

3. Minimum Transit Charge to be payable by Access Operators to ILDOs for the ILD outbound calls transited through ILD switches: One of the stakeholder has submitted that over and above the negotiated termination rates for ILD outbound calls being transited

through ILD switches, a minimum transit charge should also be payable by access operators to ILDOs to compensate for the deployment of complex routing systems for management of International Call routing at the ILDO Gateway. We have following submission on this issue:

- a. We do not suggest any regulatory intervention for prescribing the Transit Charge for the access providers. This should be left for the mutual agreements between access providers and ILDOs as is being done currently.
- b. We believe that any regulatory policy should be fair, transparent and maintain the level playing field.

4. Lower ILD Termination Charge will discourage OTT calling: One of the stakeholders has submitted that lower ILD termination Charge will help to discourage OTT calling, thereby arrest security concern and ultimately encourage competition among the operators. We would like to make following submission:

- a. Migration of the ILD traffic to the OTTs cannot be a reason for reduction in ITC. While growth in OTT for international calling has been a global phenomenon, it hasn't forced the operators in the foreign countries to reduce their termination rates. Termination charges globally continue to be high despite the growth in OTT traffic.
- b. The numbers provided by various stakeholders in their response to the Consultation paper indicate that the OTT substitution has not reduced because of the lower ILD Termination Charge.
- c. Traffic via the OTTs can't be compared to traffic by licensed operators, as the same bypass the entire PSTN network and are delivered as data packets.
- d. We are of the view that the reduction in the ITC is not a solution to resolve the problem of migration of traffic to unlicensed operators (OTTs) providing free services. The solution to that problem lies in regulating OTT players and not cannibalizing the legitimate revenue of the TSPs.
