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EBG Response to TRAI Consultation Paper on review of ITC

1 message

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10th December 2019

Shri Sunil Kumar Singhal,

Advisor (Broadband and Policy Analysis),

The Telecom Regulatory Authority of India

Mahanagar Door Sanchar Bhawan

Jawahar Lal Nehru Marg (Old Minto Road)

New Delhi-110002

Dear Sir,

As you may be aware, EBG has been incorporated as a Section 8 Company on 11th March 2015 in the name of 'EBG Federation'. EBG established in 1997 was a joint initiative of the European Commission and the European Business Community in India and has since been recognized by the Indian Government and the European Commission as the industry lobby representing the interest of European companies in India. EBG Federation is supported by the European Union.

As of today, EBG Federation has Chapters in Delhi, Mumbai, and Bengaluru with approximately 170 companies as Members.

The primary objective of EBG Federation is to actively support growth in India-EU trade relations, and become the most relevant advocacy group for European business in India and ensure that the needs of European business are well presented to policy and decision makers.

EBG is please to submit its response to the TRAI Consultation on Review of International Termination Charges and hope that its submissions merit the consideration and support of the Authority.

Regards

Anjali Hans

Chairperson

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EBG Response to TRAI Consultation on Review of ITC.pdf
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EBG Response to TRAI Consultation Paper on Review of Interconnection Usage (International Termination) Charges dated 8th November, 2019

About EBG

EBG has been incorporated as a Section 8 Company on 11th March 2015 in the name of 'EBG Federation'. EBG established in 1997 was a joint initiative of the European Commission and the European Business Community in India and has since been recognized by the Indian Government and the European Commission as the industry lobby representing the interest of European companies in India. EBG Federation is supported by the European Union.

As of today, EBG Federation has Chapters in Delhi, Mumbai and Bangalore with around 150 companies as members.

Preamble

EBG welcomes this consultation on Review on International termination charges by the Authority.

The Authority, had in 2018, reduced the International Termination Charges from 53p/minute to 30p/minute on the rationale that such decease would curb the grey market traffic and increase traffic on the carrier route.

However, from the data shared by the Authority in its present consultation, this strategy appears to have met with limited success.

In view of the same, EBG believes that a review of the International Termination Charges is both timely and opportune.

Issue-by-Issue response

Q1. Keeping in view the changes happening in the international telephony market structure, is there a need for change in the regulatory regime for International Termination Charge (ITC) i.e. change the existing regulatory regime from fixing uniform rate of ITC to an alternate approach? Kindly justify your comments with supporting arguments.

Q2. If your response to the Q1 is affirmative, then what should be the alternate approach? Kindly elucidate the alternate approach and benefits of the same vis-à-vis the present approach.

a The Authority, in its Consultation, has noted that

2.18……In many countries, with whom India have significant volume of ILD traffic, the international termination charges have been kept under forbearance. It has come to the notice of the Authority that, in many cases, the foreign operators fix comparatively high international termination rates for outgoing calls from India. Such high rates for termination are fixed either by their regulator or by such TSPs themselves after commercial negotiations.

2.19. In effect, for an international outgoing call the domestic access service provider is a price-taker as it cannot materially affect the international settlement charges/ international termination rates decided by international carrier/ foreign service provider. Accordingly, ***to ensure level playing field, for an international incoming call, the foreign access provider must be a price-taker*** *as the international termination charge to be paid to the Indian access provider is decided domestically. However, since, the ITC for incoming international long-distance calls in India is regulated and fixed at uniform rate, for outgoing calls,* ***the foreign access providers practically become price-makers*** *in their markets. Under such circumstances, to take advantage of the situation, foreign access providers may fix comparatively higher rates for outgoing international calls.*

b EBG agrees with the authority that **for an international incoming call, the foreign access provider must be a price-taker, i.e. either through a regulated rate or in case of a forbearance regime, the rate should be driven domestically and not by the foreign access operators.**

c The Authority has suggested in the consultation a forbearance regime may be considered for incoming international calls ITC rate i.e. leaving the ITC rates for negotiation between ILDOs and access providers. It has noted that since, most of the access service providers operating in India have ILD operations also i.e. they are integrated access cum ILD operators, such negotiations would be between Indian service providers and foreign service providers. And further such flexibility may provide required space to them for innovation in charging and tariff models.

d The Authority has noted that if such option is considered, then it may be necessary for access cum ILD service providers to offer matching termination rates in transparent and non-discriminatory manner to standalone ILDOs also. It may help access cum ILD as well as standalone service providers to negotiate ITC rates in such a manner that it balances the interests of Indian service providers as well as foreign service providers. In the data centric world, it may not only help in ensuring level playing field amongst Indian and foreign service providers but also in countering the onslaught from OTT communication apps.

e ***EBG agrees with the Authority on the above approach, i.e. forbearance with*** a matching termination rates offered by the integrated access + ILD operator in transparent and non-discriminatory manner to standalone ILDOs

f We note that the Authority has expressed a concern that a direct transition from regulated to forbearance regime for ITC rates may have the risk of unpredictable behavior by service providers and that unprecedented changes in the ITC rate may affect other sectors of economy, in addition to international telephony market. The Authority has suggested in order to cover such unforeseen risks, while considering the forbearance for ITC rates, there may be a need for fixing the ceiling rates of ITC.

g We agree that there is a need to safeguard against the risks highlighted by the authority, and support **forbearance with a ceiling rate for ITC.**

Q3. If your response to the Q1 is negative, then in the changing international telephony market structure, what other regulatory measures are required to be taken by the regulator for protecting the interests of Indian consumers and service providers? Kindly justify your comments with supporting arguments.

a Not applicable.

Q4. Your comments on any other issue related with the international termination charges may also be given.

a No comments.