

16th June, 2008

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Kind Attn: Mr. S.K. Gupta

Sub: Response to Consultation Paper on Relaxing Restrictive Provision of Internet Telephony

Ref: TRAI Consultation Paper No.11/2008 May 12, 2008

Dear Sir,

At the outset, BT is grateful to TRAI for the opportunity to respond to the consultation paper on “Relaxing Restrictive Provision of Internet Telephony” (IPT) which is very timely.

BTGC (India) PVT. LTD. which has obtained ILD, NLD and ISP licences with Internet telephony has been contributing to various policy and reform oriented initiatives of TRAI through its submissions and actively participating in open house discussions organized by TRAI, from time to time.

BT is of the opinion that removal of existing restrictions on IPT in India will go a long way to encourage convergence and result into more technology – neutral options for the consumers and businesses. In addition it will result in innovations, flexibility and unified services and further increased job opportunities in the country. As reflected in the consultation paper, the TRAI’s proposal is to remove the existing restrictions on IPT for the ISPs in line with best international practices while maintaining the Level Playing Field with Telcos, in order to fuel the growth of IPT and Broadband in the country.

BT will also like to refer to the Common Position paper of Europeans Regulators Groups (ERG), which has the collective expertise of all the 27 National Telecom Regulators of Europe, on VOIP issued in Dec. 2007, which can be a useful reference for best international practices (**Enclosed as Annex**).

The question wise comments of BT on some of the issues raised by TRAI are following;

4.1 Whether Internet Service Provider should be permitted Internet Telephony Services to PSTN/PLMN within India? If yes, what are the regulatory impediments? How such regulatory impediments can be addressed? Please give your suggestions with justifications. (Para 3.10)

Presently Internet Telephony (IPT) service is permitted to ISPs in India in a restricted manner, but has already been fully permitted to UASPs including PSTN and PLMN operators as a part of their licenses. As brought out in the consultation paper comprehensively, many developed and developing countries in the world have allowed the unrestricted usage of IPT by all type of service providers including ISPs. BT strongly believes that in line with best international practices, Internet Service Providers in India should be permitted to provide Internet Telephony (IPT) to PSTN/PLMN as well as end users within India.

As per the consultation paper para no. 3.8, Internet Telephony services within India are not rolled out by many UASL/CMTS licensee due to lack of clarity in licensing conditions. Main cause of ambiguity in this appears to be prohibition in the ISPs licence to interconnect with the PSTN/PLMN networks in India. Hence to enable the uptake of IPT through PSTN/PLMN, the restrictive clause prohibiting the PSTN interconnection in ISP licence has to be reviewed and done away with. This will remove any ambiguity among the UASPs to interconnect with ISPs networks and will enable most of them to make best use of the IP-based carriage capabilities of ISPs to reduce the cost to end users further.

4.2 Whether allowing ISP's to provide Internet Telephony to PSTN/PLMN within country will raise issues of non-level playing field? If so, how can they be addressed within present regulatory regime? Please give your suggestion with justifications. (para 3.11)

For encouraging competition, the issue of level playing field becomes of paramount importance especially for fair consideration to existing operator and their licensing conditions. Level playing field issue mainly concerns the annual licence fee (revenue share), entry fee and the IUC including ADC.

Regarding annual licence fee (revenue share) is concerned, the ISPs providing even the restricted IPT are liable to pay 6% revenue share on their revenue for IPT services, which is at par with many telcos and hence they are already meeting this requirement. As far as IUC is concerned, it mainly has three regulated components vis ADC, Carriage charges and Termination charges. TRAI has already done away with ADC for most of the services except for

incoming international calls which will also be removed w.e.f 01.10.08 and hence will not be an issue thereafter. As far as carriage charges and termination charge is concerned the same can be levied for IPT services provided by ISPs as these are based on work done principles, and each party gets compensated for the work it does in the carriage of a call.

Regarding Entry fee, it has to be seen in the light of privileges of ITSPs and UASPs which are quite differential. A major portion of the entry fee levied on UASPs is linked to the allocation of radio spectrum for mobile telephony which is a very scarce and valuable resource. The ISPs are not entitled for such resource and neither do they need the same for providing IPT services. Therefore, requirements of entry fee cannot be considered at par in both the cases under level playing field issue and hence have to be differential. Of late, govt. has already levied the entry fee on ISPs and that should be enough for the purpose.

Also as per para 3.11.6 of this consultation paper, in most of the countries ISP's are permitted to provide Internet Telephony without any restrictions and are having light touch regulation with low regulatory levies.

As another option, TRAI may consider permitting ISPs who also have carrier licenses like NLD/ILD to provide unrestricted IPT without any further levies, as they have already paid entry fee to obtain their licenses and are also paying substantial revenue share (6%) like most of telcos. It can be done in the same way as was done in case of provision of VPN services in which ISPs were permitted to offer these services by migrating to NLD/ILD license by paying the requisite entry fee and revenue share applicable to long distance operators.

Further, it will be worth mentioning here that the regulatory levies for telcos in India are amongst the highest in the world and there is a strong case for their downward revision across the board. This step can also help in the direction of achieving the level playing field as under the current regime, access providers with their own infrastructure are already advantaged over ISPs, NLD and ILD operators because they only have to pay the levies once whereas there is double charging on the input costs in ISP, ILD and NLD services.

4.3 ISP's would require interconnection with PSTN/PLMN network for Internet telephony calls to PSTN/PLMN. Kindly suggest model/architecture/ point of interconnection between ISP's and PSTN/PLMN? (para 3.12)

No specific comments. BT is in general agreement with Asia Pacific Carrier Coalition (APCC) response pertaining to this issue.

4.4 Please give your comments on any changes that would be required in the existing IUC regime to enable growth of Internet Telephony? Give your suggestions with justification to provide affordable services to common masses?

Please refer to response to item no.4.2.

Carriage and termination charges for voice services are regulated as per the existing IUC regulation of TRAI. To maintain the level playing field the existing IUC regulation especially for the termination charge and carriage cost could be made applicable to ISPs providing IPT also, under the principle of reciprocity and should be applicable on bilateral basis.

It is further mentioned that a major part of cost incurred by ISPs goes for procurement of various connectivity resources from telcos. The need for a viable business case for ISPs to have access to competitively priced leased lines and wholesale pricing regime is well recognised in the country. Therefore, there is a requirement to ensure that such connectivity resources provided by major operators are available at cost based prices on wholesale basis, through a wholesale pricing regime.

4.5 What should be the numbering scheme for the Internet telephony provider keeping in view the limited E.164 number availability and likely migration towards Next Generation Networks? Please give your suggestions with justifications. (para 3.13)

Numbering scheme plays a vital role for popularity of voice services as is evident from the user-friendliness of E.164 numbering scheme used in PSTN/PLMN network. The existing numbering scheme for PSTN/PLMN i.e. E.164 should therefore be permitted for IPT services.

Numbering Scheme indicated by TRAI can also be attempted to be adopted for IPT providers which can consist of, (Area Code: 2 to 4 Digits) + (VOIP Code including carrier Identification: 2 Digits) + (subscriber Number: 4 to 6 digits)

The 'Area Code' can be same as 'SDCA Code' for Telcos and 'VoIP Carrier Code' could be allocated to IPT providers similar to carrier access code for NLDO/ ILDO's. A differential numbering level, as is prevalent in many countries, could be one way to differentiate between IPT and traditional telephony. This may be required in cases there are some differences in the particular services, for example if IPT did not carry any obligation to provide emergency call access.

4.6 UASL and CMTS operators are allocated number resources and permitted to provide Internet telephony including use of IP devices/Adopters. Whether such devices should be allocated E.164 number resource to receive incoming calls also? If so, whether such number resources should be discretely identifiable across all operators and different than what is allocated to UASL and CMTS to provide fixed and mobile services? Give your suggestions with justifications?

Please refer to response to 4.5 above.

4.7 If ISPs are allowed to receive Internet telephony calls on IP devices/Adopters, what numbering resources should they be allocated? (para 3.13)

Please refer to response to 4.5 above.

4.8 Is it desirable to mandate Emergency number dialing facilities to access emergency numbers using internet telephony if ISPs are permitted to provide Internet telephony to PSTN/PLMN within country? If so, Should option of implementing such emergency Number dialing scheme be left to ISPs providing Internet telephony? Please give your suggestions with justifications. (para 3.14)

BT supports the APCC view on this issue and recommends that there should be no mandatory requirement for IPT providers to provide emergency access. The main requirement is that it must be made absolutely clear to customers that access the emergency services may not be available to them while using IPT.

4.9 Is there any concern and limitation to facilitate lawful interception and monitoring while providing Internet telephony within country? What will you suggest for effective monitoring of IP packets while encouraging Internet telephony? Please give your suggestions with justifications. (para 3.15)

Currently, as per their license conditions all operators are required to provide security monitoring capability in their network for services being provided by them. This is also mandatory for ISPs who have been permitted to provide restricted IPT already. We recommend applying the same lawful intercept and monitoring requirements that are part of the current licensing regime. [i.e., ISP license security conditions to continue to apply for ISPs, NLD/ILD security & monitoring conditions apply to NLD/ILD licensees, UASPs conditions for UASP Licenses), thereby making each operator responsible for security monitoring of traffic in its network.

4.10 Is there a need to regulate and mandate interoperability between IP networks and traditional TDM networks while permitting Internet telephony to PSTN/PLMN within country through ISPs? How standardization gap can be reduced to ensure seamless implementation of future services and applications? Please give your suggestions with justifications. (para 3.16)

No Comments

**4.11 Is there a need to mandate QoS to ISPs providing Internet Telephony to PSTN/PLMN within country? Please give your suggestions with justifications.
(Para 3.17)**

With the evolution of IPT technology, it has now become possible to deliver the QoS which is comparable to that delivered with conventional technology. Also in case of unlimited competition in provision of voice services, there appears to be no need to mandate the QoS to be delivered by IPT providers as the competition will take care of the same.

In conclusion, BT is very much supportive of this initiative of removing restrictions on IPT services as it will go a long way in further liberalizing the ISP regime in India and provide more cost effective options and flexibility for the end users. In case any further information is required we will be too glad to provide the same.

Authorised Signatory

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Encl: Annex as above