Fwd: ASSOCHAM Suggestions on TRAI Consultation paper on 'Pre-Consultation Paper on Review of existing TRAI Regulations on Interconnection Matters'

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Subject: ASSOCHAM Suggestions on TRAI Consultation paper on 'Pre-Consultation Paper on Review of existing TRAI Regulations on Interconnection Matters'

Shri Sameer Gupta,
Advisor (Networks, Spectrum and Licensing-I),
TRAI

Subject: ASSOCHAM Suggestions on TRAI Consultation paper on 'Pre-Consultation Paper on Review of existing TRAI Regulations on Interconnection Matters'

Dear Shri Sameer Gupta

We thank TRAI for giving us the opportunity to submit our suggestions in response to the Telecom Regulatory Authority of India's (TRAI) pre-consultation paper on the review of Interconnection Regulations. In light of the significant technological, operational, and market shifts in the telecom sector, this review presents a crucial opportunity to modernize the interconnection framework.

This submission highlights critical challenges and offers targeted recommendations to support the development of an interconnection regime that is fair, future-oriented, and aligned with the evolving needs of a robust and secure telecom ecosystem.

Need to Revise ITC Rates for Inbound International Calls

India's current International Termination Charge (ITC) ceiling of ₹0.65 per minute remains significantly below global benchmarks, despite the Authority's earlier revision. Indian telecom operators are required to maintain high-quality last-mile infrastructure, comply with complex regulatory frameworks, and invest in spam mitigation technologies—while receiving a fraction of the termination rates paid in other jurisdictions. This mismatch not only places Indian networks at a commercial disadvantage but also allows global intermediaries to exploit India's low ITC rates for arbitrage without returning value to Indian operators or consumers.

In addition to revenue and settlement imbalances, the current ITC regime has inadvertently created vulnerabilities in consumer safety. Foreign scammers and robocallers increasingly exploit India's low termination rates to flood domestic users with unsolicited and often fraudulent international calls. This undermines the advanced anti-spam mechanisms implemented under TCCCPR and shifts the burden of filtering harmful traffic to domestic operators. A higher ITC would serve as a financial deterrent to such abuse while supporting revenue sustainability, digital trust, and national interest.

Comparative ITC Rates:

- Brazil – ₹2/min
- China – ₹5/min
- Russia – ₹15/min
- EU Average – ₹17/min
- SAARC Average – ₹14/min
- North America – up to ₹19/min

Recommendations

1. **Revise the ITC rate upwards to reflect international norms and account for network costs, regulatory obligations, and infrastructure investments borne by Indian operators.**
2. **Recognize ITC as a tool to curb international spam and ensure that its pricing is aligned with consumer protection efforts under India's anti-spam regulatory framework.**

Reforming Interconnection to Reflect Industry Realities

India's telecom industry has progressed significantly, with private operators investing heavily in modernizing infrastructure, expanding connectivity, and delivering advanced services. However, interconnection frameworks—especially those involving PSU operators—have not kept pace with this evolution. Many practices remain rooted in a legacy environment where regulatory parity and technological neutrality were not fully established. As the sector moves forward, it is essential that interconnection norms evolve to eliminate outdated imbalances and support fair, efficient network integration. The following issues and recommendations are submitted in this spirit:

Shift to Centralized PoIs for Greater Efficiency

Despite the provisions of TIR 2018 allowing flexible, centralized interconnection, PSU operators continue to require PoIs at SDCC or LDCC levels, even when traffic volumes are minimal or infrastructure is lacking. This creates cost inefficiencies and acts as a barrier to expanding services, particularly in underserved areas. To improve operational efficiency and service rollout timelines, we propose that PoIs be mandated at the LSA level for all service providers.

Establish a Timeline for IP-Based Interconnection

A large portion of the industry has already migrated to IP-based interconnection to enable high-quality voice and real-time services. PSU operators, however, continue to rely on older TDM systems, leading to technical inconsistencies and unnecessary overheads. To bridge this gap and enable smoother network integration, the Authority should define clear timelines for universal mandated IP-based interconnection, supported by standardized guidelines and costing models.

Remove Prolonged 'Seeker' Classification for Cost Allocation

Under existing interconnection arrangements, many PSU operators still classify private players as "seekers" long after the initial interconnect, requiring them to absorb infrastructure-related costs indefinitely. This contradicts the Telecom Interconnection Regulations, 2018, which stipulate shared cost responsibilities after two years. We recommend that such practices be discontinued and that equitable cost-sharing be enforced uniformly across operators.

Introduce Oversight on PoI Infrastructure Charges
Infrastructure charges imposed by PSU operators for interconnection—covering elements such as power, space, and site support—have grown substantially over the years, often with automatic escalations and no cost validation. These unchecked increases create distortions in the cost structure and place an undue burden on other providers. We propose that the Authority bring these charges under regulatory scrutiny, ensuring that they are cost-justified, transparent, and subject to mutual agreement.

Reform Charging Framework for Emergency Call Routing
Although the emergency response system has transitioned to a nationwide 112 model, certain legacy short codes still require routing through PSU networks, where private operators are charged substantial lump sums and per-call fees. This is inconsistent with the objective of providing emergency services as a free public good. We recommend that all such additional fees should be eliminated to align with public service goals.

Deterrent Charge for UCC
In order to address the UCC through SMS through a deterrent change that will be payable by the Originating operator to terminating operator is essential. Currently, TRAI has implemented the deterrent charge at Rs. 0.05/SMS on A2P SMSs, which needs to be increased to Rs.0.10/SMS for it to better co-relate with the work done, in terms of various DLT related implementations done in last few years..

We again thank TRAI for giving us the opportunity and we look forward to your support and guidance for further growth of the Industry.

Thanking you with best regards

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