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Subject: ISPAI response to TRAI Pre Consultation Paper on "Review of existing TRAI Regulations on Interconnection matters"

Dear Sir,

We thank the Authority for providing us the opportunity to submit our response on this important issue.

We have enclosed our comprehensive response for your consideration.

We believe that the Authority would consider our submissions positively on the subject matter.

Thanking you,

With Best Regards,
For Internet Service Providers Association of India

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ISPAI Submissions to TRAI Pre - Consultation Paper on "Review of existing TRAI Regulations on Interconnection matters"

I. Introduction

We thank the Telecom Regulatory Authority of India (TRAI) for initiating the pre-consultation on the review of Interconnection Regulations. This is a timely and necessary step, as the telecommunications landscape is undergoing rapid transformation due to advancements in technology, rising volumes of international traffic, and emerging security threats.

Interconnection ensures **universal reachability**, a foundational principle of telecommunications. It also enhances consumer welfare by allowing users to access a broader range of services and networks without disruption or discrimination.

In this context, it becomes essential to recalibrate the interconnection framework to ensure that it remains effective, equitable, and aligned with both commercial realities and national priorities. Our submission focuses specifically on the issue of **International Termination Charges (ITC)**, which we believe merits urgent attention and revision.

II. Key Issue: Reassessment of International Termination Charges (ITC)

A. Current ITC Framework and Limitations

Under the **Sixteenth Amendment to the Interconnection Usage Charges Regulations (2020)**, TRAI placed ITC under a forbearance regime, prescribing a permissible range of ₹0.35 to ₹0.65 per minute. Telecom Service Providers (TSPs) in India currently operate at the upper end of this band (₹0.65/minute).

However, this rate remains significantly below international benchmarks and does not reflect the true cost or risk associated with handling inbound international traffic.

B. International Comparison

India's current ITC rates fall far short of what is charged in other jurisdictions. A snapshot of prevailing international rates is as follows:

- **Brazil** – ~₹2 per minute
- **China** – ~₹5 per minute
- **Russia** – ~₹15 per minute
- **Europe & Middle East** – ₹12–17 per minute (average)
- **SAARC countries** – ~₹14 per minute
- **North America** – up to ₹19 per minute

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This disparity has created a pricing arbitrage that encourages misuse of Indian telecom infrastructure for cost-effective call termination, often by actors with malicious intent.

C. National and Economic Implications

The low ITC rate has led to several adverse outcomes:

- **Increased Unsolicited and Fraudulent Calls**: India has become a hotspot for spoofed and spam calls originating from abroad, exploiting the low cost of termination.
- **Revenue Loss**: Legitimate TSPs and the public exchequer suffer from revenue leakage due to grey-route termination and arbitrage.
- **National Security Risk**: The misuse of international gateways for fraudulent activities undermines consumer trust and exposes systemic vulnerabilities.

III. Recommendation

We strongly recommend that TRAI revisit the current ITC regime and consider an upward revision of the permissible charge. A recalibrated rate structure would:

- Deter misuse of India's telecom infrastructure through pricing-based barriers
- Bring Indian ITC in line with global norms, ensuring fair interconnection practices
- Enable recovery of rightful revenues for Indian TSPs
- Enhance consumer protection and bolster national security efforts

We believe that addressing this issue through a revised ITC framework is essential for building a more resilient, fair, and secure interconnection ecosystem.

IP-based Interconnection:

There is an urgent need to upgrade the regulatory framework to make it more effective and conducive to new technologies, as telecom technologies are rapidly evolving.

One key technology initiative that needs regulatory mandate is IP-based interconnection. The Authority itself has noted in its Recommendations on Revision of National Numbering Plan dated 6th February 2025 that IP-based interconnection is best suited for managing voice traffic and would be critical for managing numbering resources. Accordingly, TRAI had recommended a consultative process delivering universal IP based interconnection at LSA level. Thus, mandatory IP based interconnection should be an agenda item for consultation.

Levels of Interconnection:

In the same recommendations TRAI has noted the need to take the levels of interconnection to Licensed Service Area (LSA) instead of the earlier proposal of LDCAs, to address the issues pertaining to numbering resources. We submit that this should be another issue for consultation.

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Further, the TRAI should also provide a glide path for centralized and Unified POIs, to remove the POI duplication efforts of each type of traffic in each LSA.

Deterrent Charge for UCC

Another key point of discussion can be the need to address the UCC through voice and SMS through a deterrent change that will be payable by the Originating operator to terminating operator. Currently, TRAI has implemented the deterrent charge at Rs. 0.05/SMS on A2P SMSs, we understand that this needs to be increased to Rs.0.10/SMS to enhance the deterrence. Additionally, a deterrent charge of Rs.0.50/minute should be made applicable for A2P voice calls and any other calls identifiable as UCC calls.

Interconnection Charges:

Another aspect affecting the efficacy of current interconnection is the various irrational charges like port charges, duct charges, Infrastructure charges and transit charges that have become obsolete due to technological evolution. We submit that these charges should be on cost-basis and on reciprocal basis and each TSP should bear costs for its traffic.

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