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Ref No: RP/ FY 19 - 20/ 062/ 764

Dated: November 01, 2019

To,

Shri Sunil Kumar Singhal,

Advisor (Broadband and Policy Analysis),

Telecom Regulatory Authority of India,

Mahanagar Door Sanchar Bhawan,

Jawahar Lal Nehru Marg, Old Minto Road,

New Delhi – 110002

Subject: Counter-Comments for the Consultation Paper on “Review of Interconnection Usage Charges”.

Dear Sir,

This is with reference to your above mentioned consultation paper. In this regard, please find enclosed our counter-comments for your kind consideration.

Thanking You,

Yours' Sincerely

For **Bharti Airtel Limited**

A handwritten signature in blue ink, appearing to read 'Ravi P. Gandhi', is written over a horizontal line.

Ravi P. Gandhi

Chief Regulatory Officer

Encl: a.a.

**Bharti Airtel Limited's Counter Comments to TRAI's Consultation Paper on
"Review of Interconnection Usage Charges"**

We would like to put forth our counter comments to the submissions made by Reliance Jio Infocomm Ltd. (RJIO) in its response to TRAI's Consultation Paper on "Review of Interconnection Usage Charges."

Para 4 of RJIO's response:

By deliberately refusing to end their 2G services and upgrade their networks to 4G

Bharti Airtel's Counter Comments:

At the outset, we would like to clarify that the deployment of any technology is a function of adoption of that technology. It is certainly not our intention to force a customer to do what they don't wish to do. Even today, there are 30 million 2G feature phones bought by poor and low income customers every quarter. To cruelly shut these networks off simply because we want to provide 4G services to the well heeled is a travesty. This is what RJIO wants us to do. You will appreciate that 2G handsets are comparatively cheaper and lack of adequate digital and financial literacy of a customer are significant factors that contribute to the customers' slow migration to 4G. For instance, in states with low financial and digital literacy viz. Bihar, West Bengal, Orissa and West Bengal, more than 60% of customers are still using 2G handsets as against a national average of 49. How then can India expect to shut off services for these customers?

At Airtel we believe that when it comes to customers it is simple. Choice over Coercion.

Notwithstanding the linkage of IUC with technology, as we have already mentioned in our response to the consultation paper, Airtel has carried out massive deployment of 4G network in the last 4-5 years and our 4G footprint is equal to that of the 2G network footprint. Every customer who has 4G/VoLTE compatible handset/device has access to Airtel's 4G/VoLTE network. Hence, non-availability of 4G network as claimed by RJIL is false and is primarily meant to confuse the Authority and divert its attention from the matter of determination of cost-based IUC, which is critical in a CPP regime.

Para 15 of RJIO's response:

15. Another critical area of enquiry which should have been addressed by the Consultation Paper should have been the apparent disproportionate adoption of 4G technology by incumbent operators. Clearly, the difference between their 4G data users and 4G voice users is large enough to warrant such an enquiry. The percentage of 4G voice traffic is at 5% and 18% against the much higher percentage, i.e., 26% and 33%, of 4G subscribers- which also leads to an inference that there is an intentional suppression of data and information by these operators to show low adoption of 4G. It is understood that the incumbent operators are using 2G technology for voice as the first option wilfully and

deliberately to receive termination charges with intent of undue enrichment by receiving windfall gains arising therefrom.

Bharti Airtel's Counter Comments:

At the outset, we are summarily dismissing the allegations made by RJIO as they are nothing less than defamatory and is a classic case of obfuscation.

In our response to the consultation paper, we have already explained the reasons of low VoLTE penetration as compared to the 4G penetration. We have mentioned that while 33% of customers are on 4G, only 17% of our traffic is on VoLTE, as not all the 4G-enabled handsets support VoLTE for all operators, thereby implying that a handset might support 4G VoLTE of RJIO but not VoLTE of Airtel. This is unfortunately the way VoLTE works and is as per global standards and protocols. As submitted in our response, only ~ 70% of the 4G handsets held by our customers support Airtel VoLTE.

Hence, the submissions made by RJIO in this regard are baseless and ought to be summarily rejected.

Para 23 of RJIO's response:

23. Continuing the IUC regime merely for supporting the legacy TSPs to provide services to 2G subscribers are against public interest. Firstly, 2G subscribers are predominantly 'voice' only users. Per legacy TSP's own reporting to the Authority, they apart from being charged a minimum tariff (Rs. 23 per month) to stay on the network are also charged heavily for voice calls (Rs. 1.50 per minute). These subscribers apart from having to pay higher are also denied the opportunity to experience the benefits of technology advancements, at the same cost (or lesser cost) they are currently incurring already. Nothing can be more retrograde than this.

Bharti Airtel's Counter Comments:

RJIO's above statement is devoid of any economic/financial logic. It also shows the arrogance with which they view poor customers. If a customer wishes to use only voice who is to say they should not allowed to. Why should we adopt a patronizing attitude to every customer who is not on a 4G network and say they are "legacy" and that they are now allowed to "benefit from technology advancement". Every customer has a choice to be on any handset that he or she wants and with any technology - be it voice or any data. The question is whether they can afford it and this fundamental point is missing in the thinking propounded by RJIO.

Secondly, the affordability of services is not on the basis of per unit tariff but on the basis of the total commitment for the usage of the required services. Unlike RJIO, which provides only fixed monthly charge bundled plans, Airtel provides both bundled as well as pay-per-use tariff plans. In a bundled plan, a customer has to commit fixed charges irrespective of their usage. Therefore, the per unit price i.e. unlimited free voice or data become pointless when compared to the plans, which do not have any fixed charges.

In pay-per-use plans, the customer pays only for the usage and such plans are preferred by the customers who have less usage and/or cannot afford fixed charges. Therefore, RJIO's comparison of the per unit rate of pay-per-use tariff plan with the fixed charge bundled plan is completely illogical.

Further, IUC is the compensation of the actual cost incurred by an operator in carrying/termination of a call in its network. This cost neither changes nor has any co-relation with the tariff charged by originating operator.

Since, IUC is not calculated for each customer and instead, is calculated on the basis of average cost of terminating a call at industry level on bulk basis, any comparison of a tariff plan offered to an individual customer or a segment of customers has no relation to the cost of the terminating operator i.e. IUC.

Hence, there is no merit in RJIO's submission.

Para 40 of RJIO's response:

A segment of customers are being intentionally kept on 2G and pulse charging:

- i. However, despite such rapid growth in broadband users and in usage of voice and data, there emerges a discordant pattern. A deep analysis of incumbent operators' data indicates a lack of sufficient effort to move all the subscribers to new technologies and flat rate tariffs.*

Bharti Airtel's Counter Comments:

This is again a round about logic of driving an agenda based on force rather than choice.

Tariffs are under forbearance and the operators are free to provide various kinds of plans/packages to fulfill the customers' need. We fail to understand how RJIO can be prescriptive to its competitors regarding what kind of tariff plans they should offer. If RJIO has decided to sell only bundled packs, it cannot force the other operators to mandatorily provide only bundled/flat rate tariffs. Such comments of RJIO are clearly against customer interest. You will appreciate that there are over 400 million customers who are still using these services through choice not coercion.

Notwithstanding the comments made by RJIO, we have already explained in our response, the status of 4G/VoLTE network that is in line with growth of technology ecosystem and Airtel is not behind the domestic or global industry in adoption of any technology including 4G.

Hence RJIO's comment about Airtel's networks must be summarily rejected

Para 42 of RJIO's response:

42. It is to be noted that as a consequence of this minimum recharge amount, no outgoing minutes or SMS or data is provided to the subscribers. This amount is charged from consumers only for receiving

incoming calls. Thus, practically, these operators have implemented a Receiving Party Pays ("RPP") regime, where, the customer himself/ herself is paying for receiving incoming calls. The IUC regime is a Calling Party Pays ("CPP") regime in which the calling party pays for the calls and a subscriber cannot be charged for these incoming calls. However, these practices by the incumbent operators have, inexplicably, been permitted by the Authority. While the legality of such practices may be examined by the Authority separately, they lead to another important query, i.e., if a service provider is charging for incoming calls, then, how can it be granted permission to also charge the originating operator for the same call through termination charges.

Bharti Airtel's Counter Comments:

As stated earlier, tariffs are intrinsically linked to competition, customer profile targeted by the operator, etc. These can be in the form of the bundled packs involving fixed monthly commitments or can be in the form of pay per use with/ without any fixed commitment. RJIO has completely failed to explain how the monthly rental/fixed charges are only applicable for incoming calls? The fixed charges are charged by any operator including RJIO itself to keep a customer live on its network irrespective of its usage be it data or incoming/outgoing voice. Therefore, any/every fixed monthly charge which is of the nature of rental cannot be attributed towards the cost of incoming call. Such charges are required to meet the administrative and network cost of maintaining the subscription, whereas the customer pays for the usage of outgoing calls and the originating network pays for the cost of termination (IUC).

IUC i.e. cost of the terminating leg of the call, is paid by the originating operator to the terminating operator for calls terminated onto its network. Hence, IUC is the compensation for the calls being carried out by the terminating service provider. This is fixed by TRAI itself on the work done principle.

In view of aforesaid facts, RJIO's comments are nothing but a futile attempt to divert the attention from the core issue of determination of IUC.