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No. MM/MP/VIP/11/2016

17th October, 2016

Sh. Arvind Kumar,
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19/10/16

Subject: TRAI's Consultation Paper No. 17/2016 dated 5th August, 2016 regarding "Review of Interconnection Usage Charges".

Sir,

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First of all, let me appreciate the efforts of the TRAI for initiating the consultation process for review of the Interconnection Usage Charges (IUC).

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1. I must admit that it's time this is done comprehensively to bring semblance of fairness to all stakeholders in the telecom sector, and more so for the benefit of the telecom service users and in public interest.
2. I request you to consider my views submitted through this letter.
3. If I look back, the Indian telecom story had witnessed a journey of unprecedented growth and success, quite unique when compared to most other global counterparts. And, thanks to the proactive and pragmatic changes in the policy and regulations, specifically at the instance of the TRAI, a paradigm shift in their own rights, have made it possible for India to be the second largest telecom subscriber market in the world.
4. I firmly believe that such policy changes should continue in the future when India embarks on the journey of next phase of telecom growth, which as per recent media reports suggest is going to be heralded by data or mobile internet based broadband penetration, which will make India witness investments in world class technology, financial inclusion and digital leadership.

So

5. I understand that:

- The power to fix the IUC are vested with the TRAI and it is binding on all the telecom service providers.

The IUC is paid by a telecom service provider to another telecom service provider for the purpose of terminating the call originating from its network.

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- The lesser the IUC, or if it is zero, it provides flexibility for all of the telecom service providers to invest more on to their network and offer better tariff, which are more beneficial for the consumers at large.
 - Precisely for the said reasons, the TRAI historically reviewed and reduced the IUC, from time to time, and it is currently fixed as 14 paise per minute for "wireless to wireless" calls.
 - The TRAI had earlier in its report filed before the Hon'ble the Supreme Court of India in 2011 submitted that the IUC needs to be reviewed periodically and must eventually be made zero for all segments of voice calls in about two years' timeframe.
 - As a first step, the TRAI in its regulations of 2015, made the IUC zero for the voice call services namely: (i) "wireless to wireline", (ii) "wireline to wireline" and (iii) "wireline to wireless" calls.
 - The TRAI preferred to retain IUC for "wireless to wireless" calls at a reduced rate of 14 paise per minute, as stated above.
6. I believe that while the above initiative of the TRAI is commendable, it ought to have gone all the way and made the IUC for "wireless to wireless" calls also as zero. This would have ensured parity amongst all of the wireline and wireless telecom service providers and a true benefit for all of the wireline and wireless telecom service users.
7. I further believe that the current regime grants significant benefits to the wireless telecom service providers at the cost of and to the detriment of wireline telecom service providers.
8. Public Sector are adversely impacted for the following reasons:
- The wireless telecom service providers are not required to pay any IUC for the calls originating from its network and landing on any wireline network, which constitutes almost ~ 90 % of the telecom users.
 - It is a well-known fact that: (i) wireline network is still the heart line for rural telephony, (ii) capital intensive, (iii) less lucrative, (iv) almost all of the wireline business is operated by BSNL and MTNL, which are Government owned public sector undertakings, and (v) hence, the private sector have chosen limited to no exposure to this lifeline service.
 - The above change has indeed caused significant reduction to the revenues of BSNL and MTNL, leaving them limited flexibility to extend more benefits to their wireline subscribers. BSNL and MTNL were thus made to sacrifice their interests for the benefit of the private sector wireless telecom service providers.
 - I am given to understand that wireline business on the whole has not seen any growth and continues to be in deterioration or reached stagnancy.
9. Private sector wireless telecom service providers are unduly benefited for the following reasons:

- The retention of IUC for wireless to wireless calls is a double whammy benefit to the wireless telecom service providers, as they continue to receive this inflow, apart from the savings they got out of zero IUC for all wireless to wireline calls.

10. Zero IUC are also skewed in favour of select few incumbent wireless service providers for the following reasons:

- It appears that the zero IUC are benefiting only a select few top three incumbent wireless telecom service providers having majority market share in terms of both revenues and subscribers. Whereas, the rest of the wireless telecom service providers, including new entrants have limited or no benefits.
- I am given to understand, precisely for these reasons, the incumbent wireless telecom service providers having majority market share alone are suggesting retention or increase of IUC for wireless to wireless calls.
- If one were to look at this closely, it reveals that this directly enables them to have an undue advantage to compete strongly with the other service providers, who are already in a detrimental state.
- From the recent media reports, I also see that these wireless operators through the COAI are campaigning for increase in the IUC, which are anticompetitive and prejudicial to the Government owned BSNL and MTNL, the other service providers, new entrants and the consumers.
- I see that almost all of the other service providers are therefore fairly suggesting zero or significantly reduced and nominal IUC for wireless to wireless calls. Unless this is done, it is apparent they will not have a fair level playing field.

11. I also firmly believe that so long as the TRAI's measures ensure reasonable and uniform parity in treatment amongst all stakeholders that includes the public and private sector service providers, the telecom service users and are in public interest, it will stand the test of legal and judicial scrutiny. This will go a long way in putting a stop to unwarranted litigations at the behest of vested interests, as is evident now from the multiple proceedings that are subjudice before various Courts.

12. I therefore recommend that the TRAI takes all of the above views into consideration and abolish the IUC and making it zero for all voice call services, including wireless to wireless calls.

Thanking you,

Yours faithfully,


(MAJEED MEMON) 17/11/16.