

No. 310-1(15)/2001(Econ.)

7th February, 2001.

To

The Chairman and Managing Director,

Bharat Sanchar Nigam Limited,

Sanchar Bhavan,

New Delhi.

SUB : Direction under Section 13 of the Telecom Regulatory Authority of India (Amendment) Act 2000 in the matter of proposed reduction of STD call charge from 26th January, 2001 for distance categories calling within 50 to 200 kms for intra-circle calls originated by the telephone subscribers of BSNL, and terminating in the basic service network.

REF : Our Direction issued vide No. 310-1(5)/2001 (Eco) dated 25th January, 2001, the Telecommunication Tariff (Eleventh Amendment) Order, 2001 (1 of 2001), and your letters No.3-5/2000-R&C (Pt.) dated 25th January, 2001 and 2nd February, 2001.

Dear Sir,

This has reference to our Direction/Order & your above letters and the discussions held at the level of Secretary, TRAI with your representatives on the above subject. As explained, the objective behind our intervention is to enlarge the scope of the tariff concession for promoting “community of interest” announced by the Hon’ble Minister of Communications, irrespective of whether their calls are carried entirely on BSNL facilities or on facilities of two operators e.g. BSNL/BSO in a Circle. It is in line with the stipulations contained at clauses 1.7.6.5 to 1.7.6.7 on ‘Interconnectivity for STD/ISD’ calls and section 1.7.7 on ‘Numbering Plan’ of the License Agreement. Please note that clause 1.7.2.3 of the License Agreement stipulates, *inter alia*, that “*In order to ensure a cost-effective seamless national*

network, the LICENSEE's network shall follow DOT's [fundamental] engineering plans". Sub-Clauses (b) and (c) of clause 1.7.2.3 mandate all BSOs to adopt an integrated charging and numbering plan in regard to PSTN calls within their service areas. Further, in the context of interconnectivity for STD/ISD calls, the last sentence of Para 1.7.6.7. states that "The Numbering and Charging plans shall always be adhered to by both DOT (now BSNL) as well as the LICENSEE."

2. As regards application of pulse rate, both the License Agreement (Clause 1.7.8.2) & the Interconnect Agreement (Clause 6.4.3) are quite clear that...*"(T)he traffic delivered on any DOT LDCC TAX from LICENCEESS LDCC TAX/SDCC tandem/local exchange will be measured on the incoming junctions of the DOT's LDCC TAX at the destination wise pulse rates applicable to the calls generated locally at the same station where DOT's LDCC TAX is located".* As clearly brought out in the Interconnect Agreement, the pulse rate at the point of interconnect (POI) will have to be determined by the analysis of SDCA code and not exchange code. SDCA codes are same for all basic operators. Similarly, in the case of calls from cellular mobile to PSTN, this stipulation about the pulse rate would apply to the PSTN leg of the call i.e. from the charging area in which POI is situated to the destination SDCA as per the Interconnection Regulation of TRAI issued in May'99.

3. Our response to various points made by you is indicated below:

(i) This has to be viewed in the context of levying two types of tariff for the same STD codes dialed by the subscriber for radial distances falling between 50 to 200 kms. In a STD call involving two basic operators the calling subscriber has no means to know whether the call is carried entirely on the facilities of the incumbent or partly on that of the incumbent and partly on that of a BSO. The Licensor has therefore mandated a seamless dialling and uniform charging plan so as to avoid customer confusion. In any case, with number portability it will be impossible to know the identity of the operator to which a called subscriber is connected. Subscriber is also not aware about the location of POI and the access charge paid by one operator to the other. The tariff is generally independent of the access charges paid by one operator to another.

(ii) In the light of an uniform charging and numbering plan for PSTN calls within a Circle as per License Agreement, the tariff concessions have to be extended for all calls whose radial distance from the originating SDCA to terminating SDCA falls in the distance category 50 to 200 kms. If any service provider is violating relevant stipulations of the License Agreement or Interconnection Agreement, the Authority will look into the same on specific instances being brought to its notice.

(iii) As explained in the meeting, the relevant quotation in para (iii) of your letter is not para 5.2 but para 5.5 of Schedule "A" of the CMTS license. In this connection, please note that the highest slab rate (namely Rs. 1.20) will continue to apply to the metered call units computed on the basis of the applicable pulse rates at the Point of Interconnect (POI).

(iv) Please note that the Authority has directed the Cellular Mobile Service Operators (CMSOs) also to pass on to their customers any benefit of the lower payment made by the CMSOs to BSNL for a PLMN/PSTN call for carriage of the call on the PSTN leg due to reduction in STD charge from the POI to the terminating SDCA. Therefore, it is not correct to state that the cellular subscriber has been excluded from the scope of our Direction/Order.

(v) Please also note that BSNL's tariff report stands approved. It may also be mentioned in this context that the tariff report (dated 29.12.2000) which was approved did not include a reference to payment of access charges, which will continue to be governed by the relevant clauses of the License Agreement/Interconnect Agreement.

(vi) As already brought out the Numbering and Routing Plans have to be adhered to by all Service Providers, including BSNL and private BSOs, and any violation of the same should be brought to the notice of TRAI. The tariff realized from the subscriber is based on the radial distance between the originating and terminating SDCCs. It does not depend on its actual routing, which varies dynamically based on the state of the network, as also the location of Point of Interconnect (POI).

(vii) Regarding para 2.2 of your letter dated 2nd February requesting TRAI to review the existing access charge regime, we would like to state that the TRAI Interconnect regulation of May'99 mainly incorporates the provisions of a commercially negotiated Interconnect Agreement, between the BSOs and the incumbent (DOT), with minor modifications. Our regulation was issued after due consultation with all stake-holders including DOT (now BSNL). It would not be tenable to modify an interconnect agreement unilaterally by one party. As you are no doubt aware, in the context of the entry of NLD operators, which will bring in a multi operator environment, involving the facilities of more than two operators to carry a call from the origination to its destination, the Authority intends to review the existing access charge regime. However, one of the essential pre-requisite for this is the accounting separation, to know the unbundled network element costs, so that access and carriage charge regime is based on the network elements involved in the carriage of a call on various network segments. This, as you are aware is likely to take some time. Till such time, the existing interconnection agreement/TRAI regulation of May'99, will govern the payment of access charge by one operator to another.

11. In the light of what has been stated above, the Authority would like to reiterate it's Order and Direction. Based on the Direction and Order of TRAI, urgent steps may be taken to ensure their implementation. In the opinion of the Authority it should be possible for you to implement the order latest by the 20th of February, 2001. Kindly arrange accordingly.

Yours faithfully,

(DR. H.V. SINGH)

2 ACTG. SECRETARY