



Consultation Paper on Review of Interconnection Usage Charges - Consultation Paper No. 13/2019

1 message

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To: interconnection.trai@gmail.com, sksinghal@trai.gov.in

Respected Sir,

This is regarding the responses to the questions asked in the consultation paper No. 13/2019 for the review of Interconnection Usage Charges (IUC).

Below are my responses to the 2 questions raised in the consultation paper:

Q1: Is there a need to revise the applicable date for Bill And Keep (BAK) regime i.e. zero mobile termination charge from 01.01.2020? If yes, then what parameters should be adopted to decide the alternate date? Give your suggestions with justification.

Answer: All the data is in front of us and provided in this consultation paper itself which says IUC charges should continue until more than at least 80% of total wireless consumers moved onto the 4G platform. I am writing this to touch on the social impact of this. Since 2016, the Indian telecommunication industry underwent a massive transformation. Since then, more than a dozen companies vanished in this space. This results in:

General Issues:

- 3 out of 4 operators still have massive 2G and 3G networks. Millions of customers are serviced on those networks. Those operators lose the most with the removal of IUC. A debilitating loss to 75% of companies in a particular industry will be a death sentence for the entire industry itself.
- Companies can't be punished only because they own a technology (read 2G/3G) when no advanced options were not available (read 4G). The old 2G/3G technology is still enabling the majority of Indians to communicate.
- The general perception among the citizens is that a particular company was able to get an undue advantage against the rest even though TRAI and DoT are regulating the sector.

National Security:

- Telecom is a critical infrastructure of the country and crucial for national security can't be allowed to move towards a monopoly or duopoly.
- A cyberattack on the infrastructure of one of the 4 companies can create communication blockage in the entire country.

Financial and Employment problem:

- Reduction in the competition will lead to a loss of revenue for the national exchanger.
- A continued and prolonged financial strain on the operators will result in their incapability to pay back the spectrum fees. Therefore, this will have a ripple effect on other sectors of the economy as well.
- Lack of or fewer bidders during spectrum auctions will result in further revenue loss.
- loss of direct employment resulted due to the closing of operations by many service providers. This situation can be further aggravated.
- loss of indirect employment. A huge number of dealerships and brand stores shut their operations after incurring heavy losses. After the recent merge of 2 telecom companies, about 45000 stores closed down in this difficult economic situation.
- In the future, when the companies will start raising prices, the consumers will suffer the most as they will not have any options available.
- Telecom being a labor-intensive sector has a tremendous opportunity to generate direct and indirect employment given that the sector flourishes itself instead of a company or two.
- Recently, one telecom service provider started collecting IUC charges from its consumers. They even dare to send messages to consumers saying that they are forced to charge them as the government policies are not according to their wishes. They are pretty courageous, I must say.

Q2: Any other issue related to the domestic wireless termination charges.

Answer: Instead of removing the IUC charges, it should be increased from the current 6 paise per minute to at least 14 paise per minute. This will justify the massive investments done by the telecom operators in 2G and 3G networks. They need a business viable scenario to continue their services to the millions of consumers on those networks. When the operators invested in 2G and 3G networks, the IUC charges were one of the parameters that justified those

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massive investments. Now, reducing them or completely removing them will cause severe financial stress on the operations of those service providers. This will not be good for the industry as well as for the citizen of this country.

Thanks,
Avinash Kumar