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भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED

To,
Advisor (BB&PA), TRAI
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
(Old Minto Road), New Delhi-110002

Kind attention: Shri Arvind Kumar, Advisor (BB&PA)

No. Regn/1-4/2011-13/2307

Dated: 13-12-2016

Sir,

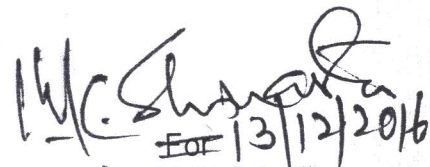
Sub:- BSNL's comments on TRAI's Consultation Paper on "Review of the Regulatory Framework for Interconnection"

Kindly refer to the TRAI's Consultation Paper dated 25-10-2016 on "Review of the Regulatory framework for Interconnection". In this context, kindly find enclosed BSNL's question-wise comprehensive comments on the Consultation Paper on "Review of the Regulatory Framework for Interconnection" (Annexure).

This is for your kind consideration please.

Encls: Annexure

Your's sincerely


For 13/12/2016
D GM (Regln-II)



Reply of BSNL to the Consultation Paper of TRAI dated 21/10/2016 on 'Review of Regulatory Framework for Interconnection'

Introductory Submission

BSNL has been taken by surprise by the timing of TRAI consultation paper on 'Review of Regulatory Framework for Interconnection'. This needs to be recalled that 'The Reference Interconnect Agreement, 2002', proposed by TRAI, is still pending for adjudication in Hon'ble Supreme Court of India vide Civil Appeal No: 3298 of 2005 TRAI Vs BSNL. TRAI appears to have not taken the leave of the Hon'ble Court or any orders for the same.

BSNL strongly believes that the action of TRAI in circulating the Consultation Paper on the Subject is highly prejudiced against BSNL. Even in the Consultation Paper, no stone has been left unturned, to project BSNL as an enemy of Telecom Industry. In reality, the Interconnection Agreement by BSNL is by and large the most uniform and non-discriminatory, which ensures that no loss is caused to the exchequer.

As history goes, it was in 2002 when TRAI came out with its Regulation on RIO and now after more than 14 years, similar exercise is being repeated. However, there has been virtually no consultation/ direction/ recommendation/ Regulation in the intervening period. Moreover, in the Present Consultation Paper on the subject, many of the questions of this Consultation Paper seem against the interest of BSNL.

1.1 It cannot be a mere co-incidence that as well as in 2002, major Private Telecom Operators viz, Airtel, Vodafone, Reliance and Idea were required to enter into interconnection agreement with Central PSU BSNL. On the issue of pending signing of Interconnect Agreements between BSNL and other TSPs who have got fresh licenses after expiry of their earlier CMTS/ UAS license, it is important to mention here that one TSP, M/s Vodafone, has already approached Hon'ble TDSAT vide Petition No: 19 of 2016 – Vodafone Vs BSNL which is sub-judice. TRAI, taking up matters which are sub-judice both in Hon'ble Supreme Court of India as well as Hon'ble TDSAT, through consultation, amounts to derailing the judicial processes and causing irreparable damage to fairness and justice.

1.2 Before moving ahead with any new directions/ regulations on regulatory framework on interconnection, BSNL strongly suggests that the differences in earlier notified 2002 RIO and other interconnect Regulations needs to be addressed and resolved first. It is requested that TRAI may wait for the legal cases, which are sub-judice, to get concluded. It may not be out of place to mention that without resolving the earlier differences

between TRAI and BSNL through Courts and also between Vodafone and BSNL in Petition no 19 of 2016, a fair framework cannot be achieved.

BSNL strongly feels that the purpose of TRAI's 'Review of Regulatory Framework for Interconnection' would be more effectively achieved if it undertakes a comprehensive analysis of the various Interconnect Agreements signed by TSPs among themselves and between BSNL and TSPs which are already in the possession of TRAI.

1.3 Of important mention is TRAI Provider / Seeker definition. TRAI has in effect given three definitions of provider/ seeker.

(1) Existing TSP is Provider/ New entrant is Seeker.

(2) During the period of Interconnection, the TSP requiring Ports due to outflow of more traffic/ congestion is Seeker and the other TSP on whose network call is terminating is Provider.

(3) A TSP having Significant Market Power (SMP) i.e. it holds a share of at least 30% of total activity in an LSA is Provider and others are Seeker.

Of the above three definitions, except for (1), the other two are clearly very unfair, chaotic and understandably meant to cause loss to BSNL and the Government of India. **Except for (1), in this competitive market, the other two shall always change, leaving too much chaos, and virtually cannot be called a definition at all.**

1.4 It is important to note that a Seeker is required to make payment of Port Charges/ infra charges etc to a Provider. And of significance is the Port charges which are being notified by TRAI from time to time.

1.5 In the initial interconnectivity, infra charges is payable by a Seeker to a Provider, since a Seeker uses Space/ Power etc of Provider for getting connection. It is also important to mention here that TRAI defines Port as

“Port” means a place of termination on a Switch/ distribution frame to provide a point of access or interconnection for ingress and egress of traffic between the two Interconnecting Networks. The bandwidth of the Port shall be 2.048 Megabits per second.

1.6 It implies that same Port is to be used for incoming/ outgoing traffic.

1.7 However, TRAI has taken no cognizance to TSPs declaring their Ports as one way after initial two years of connectivity. Not the least except recently when it observed and wrote to DoT on 21.10.2016 (in matter of RJIL vs Airtel/Vodafone) as:

18. The Authority also noted that Airtel has created two separate trunk groups for outgoing and incoming calls from RJIL to circumvent the Standards of Quality Of Service Of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 dated the 20th March, 2009 in spite of the fact that the existing interconnect agreement between Airtel and RJIL clearly spell out that the process of converting total E1s existing at the POIs into one way E1s for the outgoing traffic of each party will take place at the end of two years. By creating separate trunk groups, Airtel has effectively masked the actual position of congestion at POIs with RJIL and therefore the Authority is constrained to accept the congestion data furnished by RJIL. According to the recent congestion data furnished by RJIL vide letter no. RJIL/TRAI/2016-17/879, dated the 18th October, 2016, heavy congestion has been noticed at several POIs in various LSAs (a copy of the RJIL's letter dated the 18th October, 2016 is annexed as **Annexure-XIV**). Heavy congestion even after such a long period clearly reflects that Airtel has not made serious efforts to comply with TRAI's Regulations and License conditions.

That having Separate Ports/ E1s for incoming and outgoing traffic is not only never safe in consideration of traffic and quality of service to customers – as it always leaves space for mischief makers to affect quality of service of the other TSP, but also violation of TRAI's Regulations. BSNL has always been opposed to it. TRAI is supposed not to remain silent on the issue.

1.8 The TRAI's initiative of not prescribing fixed interconnection/ IUC charges is also a loss to BSNL and to the Government. Interconnectivity charges cannot be a basis for earning business and revenue by the TSP, as TRAI itself puts it - ***the service provider needs to be fairly compensated for its investments and operational expenses through appropriate components of IUC***. When TRAI prescribes flexible interconnection charges, those TSPs who have low expenditure takes away the business and earns profit while TSPs actually having higher expenses lose out in business and revenue, in additions to causing loss to Government as noted above.

Not to mention the long distance carriage charges which TRAI has been reducing continually and major long distance traffic is being carried by BSNL; especially from Level-II TAX to fixed line customers. Here it may specifically be mentioned that though almost all leading TSPs are having NLD

License, they are not connected to all the SDCA level exchanges of BSNL. It is BSNL NLD which still carries Wireline traffic to most of the SDCA exchanges, especially of rural and remote areas; however, TRAI has been reducing long distance carriage charges even though BSNL requires it to be increased substantially.

1.9 Bank Guarantee is another issue which has figured predominantly in interactions between BSNL and other TSPs. The very purpose of Bank Guarantee being realized by BSNL is to ensure that no financial loss occurs to BSNL and Government of India. In case of BSNL which is a Central PSU, the receivables by other TSPs are always safe as BSNL is a PSU whose 100% share lies with the Government of India; however, BSNL needs to secure its receivables from other private TSPs. DoT vide its letter in 2009 has advised BSNL to secure adequate BG from other entities and also revise the same from time to time (copy enclosed).

1.10 Of the present Consultation paper, BSNL takes strong objection to the TRAI's statement at Para 2.2 wherein it has stated as:

“
After the notification of this Regulation, private TSPs entered into agreements amongst themselves in accordance with the principles enunciated in the Regulation. However, owing to the pendency of the Appeals No. 11 & 12 of 2002 in TDSAT, the private TSPs had to enter into interconnection agreements with the public sector TSPs (M/s BSNL and M/s MTNL) on the terms and conditions offered by the public sector TSPs.
”

On the contrary, BSNL has inked a most transparent and non-discriminatory interconnect agreements, without causing loss to the Government in any way. BSNL has always followed and implemented all the TRAI's reasonable regulations and DoT's licensing conditions in its Interconnect Agreements/ Addenda, a copy of which is also always sent to TRAI. TRAI has never objected to any terms/ conditions in these Interconnect Agreements/ Addenda.

1.11 The main and important function of Interconnection and Interconnect Agreements has been to ensure trouble free flow of traffic between two TSPs, and BSNL stands tall in this aspect. BSNL has never obstructed traffic or for the matter has never refused justified connectivity to any TSP. Moreover, BSNL cannot do so – as it is the only TSP (together with MTNL) which also falls in the ambit of RTI and is answerable to the Government

for all its actions. BSNL is a Government of India entity and DoT is the administrative head of BSNL. The issues of BSNL prominently figures in Parliament.

And, save for two issues, which are still subjudice, no matter has been made against BSNL. The two issues of payment of setup charges on shifting and payment of interest on late payment are pending for final adjudication in Hon'ble Supreme Court of India. And BSNL has always honoured the judiciary.

2. At the outset, BSNL would like to submit that as an Incumbent TSP, BSNL has never *resisted entry of any new TSP in the market. On the contrary, being a Central PSU, BSNL* has always welcomed new TSPs and it is mandated to support Government initiative of entry of new TSPs in the Market and provide Interconnection for the benefit of all customers. In this regard, BSNL shall also request that BSNL should not be treated at par with private TSPs. BSNL is no private company which is running for profit. BSNL is a Government of India enterprise whose existence lies in implementation of Government policies and to provide Telecom Services at the most affordable and competitive price. The role of BSNL cannot be denied in the growth story of Telecommunication in the Country. Even as Private TSPs strive for Competition for sheer profitability; BSNL fight is for survival and for providing affordable telecom services to all in the Country. The role of BSNL can best be described more of a facilitator – aiding new TSPs in roll out and growth, mediator – keeping telecom tariffs at an affordable level for reach of all strata of customers, savior - to provide and restore services at war footing at times of emergencies and natural disasters. BSNL is not destined for direct competition with private TSPs, rather, its role is to infuse competition, foster growth of telecom density and ensure reach to all telecom facilities from every nook and corner of the Country. BSNL can never be equated with private, individualistic firms.

Just as a Government cannot be compared at par with a PSU; a PSU cannot be treated at par with a Private Entity. And in this regard BSNL seeks and expects a fair treatment from TRAI.

BSNL strongly understands and advocates that BSNL, a Central PSU along with DoT (Licensor) and TRAI (Regulator) are three pillars and have very important role in the overall growth of Telecom Industry in India at an affordable pricing. Any Pillar getting weak, will severely affect the equilibrium and cause un-repairable damage.

Many of the questions of this Consultation Paper seem directed against BSNL; however, a TSP like BSNL which is a Government of India PSU should

not be seen through a dark glass only. BSNL has no personal gain of any individual; rather it is the Government of India which is directly affected by BSNL's decisions.

Issues for Consultation

S.No.	TRAI's Question	BSNL's Reply
1	<p>Which amongst the following is the best option to ensure fair, reasonable and non-discriminatory terms and conditions of interconnection agreement between telecom service providers (TSPs), in view of the technological, market, licensing, regulatory and legal developments in the telecommunication services sector in India since 2002?</p> <p>(i) To amend the Telecommunication Interconnection (Reference Interconnection Offer) Regulation, 2002 taking into consideration the technological, market, licensing, regulatory and legal changes since the year 2002;</p> <p>(ii) To prescribe a Standard Interconnection Agreement, which must be entered into between interconnecting TSPs, in case they are unable to mutually agree on terms and conditions of interconnection agreement between themselves in a specified time-frame;</p> <p>(iii) To prescribe only the broad guidelines based on fair, reasonable and non-discriminatory principles and leave</p>	<p>BSNL is not averse to any option as long as BSNL/Government interests are protected. However, option (ii) is a no option as BSNL has earlier also stated that there can be no standard interconnect agreement. A default option will always adversely impact one party or another if any party is going to be benefited from such default agreement will never agree to negotiate. It will simply resist any mutual agreement with BSNL and then sign the default Interconnect Agreement as prepared by TRAI- which is always supporting private TSPs at the cost of PSUs. The default option leaves no room for negotiations at all, especially when one of the Parties is Public Sector Units such as BSNL. However, such agreement provides ample opportunities to private TSPs to manage many terms/ conditions considering their commercial interest largely at the cost of exchequer.</p>

	<p>the details of the interconnection agreement to be mutually decided by the interconnecting TSPs in a time-bound manner; or</p> <p>(iv) Any other method. Please provide justification in support of your response.</p>	
2	<p>Whether existing interconnection agreements should also be allowed to be migrated to the new framework which will come out as a result of this consultation process?</p>	<p>No, this question should have not been framed as the matter is subjudice before Hon'ble Courts.</p>
3	<p>What should be the time-frame for entering into interconnection agreement when a new TSP with a valid telecom license places a request for interconnection to an existing TSP?</p>	<p>Whatever Time period is decided by TRAI may be honoured – but the time period so specified shall count only after all the bilateral issues have been agreed upon and completion of all pre signing formalities.</p>
4	<p>Which details should a new TSP furnish while placing request for entering into interconnection agreement? Please provide detailed justification in support of your response.</p>	<p>In line with the earlier agreements signed by BSNL, the following papers is required by BSNL from other TSPs before signing of new Addenda/Agreement:</p> <ol style="list-style-type: none"> I. A printed copy of latest Annual Report of such Other Body Corporate(s) / Firms(s) 'or' Association(s) of Persons etc. with whom the Agreement / MoU is contemplated to be entered into/to be signed, in case the printed copy is not available, Xerox copy of the same duly certified by the Company Secretary/Director/Managing Director/Partner of such Company/Firm;

		<ul style="list-style-type: none"> II. An updated copy of the Memorandum of Association and Articles of Association of the Company: III. List of all the Directors including their name(s) and address(es) alongwith contact telephone numbers of office and residence; IV. Certified true copy of the Board's/Management's Resolution authorizing the official of such Other Body Corporate(s) / Firms(s) 'or' Association of Persons etc to sign Agreement/Contract/MoU on their behalf by the such Other Body Corporate(s) / Firm(s) 'or' Association of Persons etc to sign Agreement/Contract/MoU. V. Specimen signature(s) of such authorized official duly attested by such Company's / Firm's Banker; and VI. Director Identification Number [DIN] of all the Directors of such other body corporate; & VII. Corporate Identity number [CIN] of such other body corporate VIII. A copy of the license issued by DoT to the TSP
5	Should an interconnection agreement between TSPs continue to operate if an interconnecting TSP acquires a new license upon expiry of an old license? Alternatively, should fresh agreements be entered into upon specific request of either party to the interconnection?	As long as there is continuity in the interconnectivity, terms and conditions of the existing interconnection agreement between TSPs should continue to operate.
6	Whether it is appropriate to mandate only those TSPs who	As far as BSNL understands, RIO is required to be published by every

	<p>hold significant market power (SMP) in a licensed service area to publish their Reference Interconnect Offers (RIOs)? If yes, what should be the criteria for reckoning a TSP as SMP? If no, what should be the other approaches to streamline the process of interconnection in a fair, reasonable and non-discriminatory manner?</p>	<p>existing TSP (Provider) for all subsequent new TSPs (Seeker). Just as BSNL brought its RIO, similar exercise must have been exercised by other Provider TSPs also who signed Interconnect Agreements with new entrants; <u>but strange enough, TRAI has not said anything about the same in the Consultation Paper</u>. BSNL is not aware of any RIO being brought by Private TSPs such as Airtel, Vodafone, Idea, Reliance, Tata etc. BSNL also does not have any information whatsoever these Private TSPs have ever signed Interconnect Agreement with other Private TSPs on RIO.</p> <p>An interconnect agreement cannot be signed between two TSPs based on some third party RIO. The concept of SMP is highly prejudiced and mischievous and chaotic which is meant to give unlimited power to Private TSPs/ their associations.</p> <p>Interconnect Agreements are signed when a TSP is entering into market – as such entrant TSP cannot be said to be anywhere related to SMP. And provider/ seeker is established during initial interconnectivity only when a seeker TSP seeks interconnectivity and sets up its system at the providers premises; and the same status quo has to be maintained and there is no relevance of SMP. TRAI initiative to define provider to SMP is very anarchical. In a competitive market, any TSP may have the ability to increase its market share – but provider/ seeker cannot change every now and then.</p>
7	<p>Whether there is a need to continue with the present concept of interconnection seeker/ interconnection provider? If yes,</p>	<p>There can be only one Criterion for Provider/ Seeker. The existing TSP is Provider and a new TSP is a Seeker and shall remain seeker for ever</p>

	<p>what should be the criteria?</p>	<p>irrespective of the market share. All other definitions are prejudiced and mischievous and chaotic. The Provider/ Seeker status also seems to stem from the fact that a new entrant comes with new technological equipment which are comparatively cheaper and having less cost of maintenance while existing TSPs have already made significant investment and requires further investment for accommodating new entrant. New entrant also seizes the customer base of existing TSPs. Moreover, any other criteria adopted shall not be practicable as status of Provider and Seeker would be dynamic, unmanageable and chaotic.</p>
<p>8</p>	<p>Whether there is any need to review the level of interconnection as mentioned in the Guidelines annexed to the Telecommunication Interconnection (Reference Interconnection Offer) Regulation, 2002? If yes, please suggest changes along with justification.</p>	<p>TRAI must ensure that there is direct connectivity between access service providers for local calls.</p> <p>For intra-Circle STD calls (inter SDCA Calls of Wireline), if required, only NLD of same Access Service provider on whose network call is terminating/ originating may be allowed to carry such calls, on mutual negotiation between interconnecting TSPs. However, NLD should not be allowed to carry calls between GMSC of one TSP and SDCA Tandem of the other TSP in the same LSA. As stated above, there should be direct connectivity between access service providers for local calls (Calls between Wireless and Wireline in the same LSA is local calls)</p> <p>It is important to note here that almost all access service providers are also having NLD License.</p> <p>All NLD should be mandated to connect to all access service providers SDCA tandem/ PoP in the SDCA and GMSC exchanges for inter Circle/</p>

ISD calls.

Connectivity at Level-I TAX should be allowed for inter-Circle/ ISD calls only.

BSNL strongly objects to and resents TRAI's recommendations/ directions/ regulations and also DoT's license amendments which allow NLD/ ILD licensee to carry short distance calls and access to customers through calling cards. No regulations/ license amendments should be allowed to alter the basic framework of different license/ service authorization.

BSNL suggests/ recommends interconnectivity as below:

For Local Calls:

Wireline to Wireline: At SDCA level between one TSP SDCC Tandem/ PoP in the SDCA to another TSP SDCC Tandem/ PoP in the SDCA.

Wireless to Wireless: Between one TSP GMSC to another TSP GMSC

Wireless to Wireline: Between GMSC of Wireless TSP and SDCC Tandem/ PoP in the SDCA of Wireline TSP.

For Outgoing STD Calls:

Call from Wireline: From SDCC Tandem to NLD LDCA TAX for intra-Circle calls

From SDCC Tandem to NLD LDCA TAX/

		<p style="text-align: right;">Level-I TAX for inter-Circle calls</p> <p>Call from Wireless: From GMSC to NLD LDCA TAX for intra-Circle calls</p> <p style="text-align: right;">From GMSC to NLD Level-I TAX for inter-Circle calls</p> <p><u>For Outgoing ISD Calls:</u></p> <p>Call from Wireline: From SDCC Tandem to NLD LDCA /Level-I TAX</p> <p>Call from Wireless: From GMSC to NLD Level-I TAX</p> <p><u>For incoming STD Calls:</u></p> <p>Call to Wireline: Through NLD at SDCC Tandem</p> <p>Call to Wireless: Through NLD at GMSC</p> <p><u>For incoming ISD Calls:</u></p> <p>Call to Wireline: Through NLD at SDCC Tandem</p> <p>Call to Wireless: Through NLD at GMSC</p>
<p>9</p>	<p>In case interconnection for Inter-circle calls to fixed-line network continues to remain at Short Distance Charging Area (SDCA), should alternate level of interconnection be specified in cases of technical non-feasibility (TNF) at SDCA level?</p>	<p>No Need.</p> <p>In case of TNF at SDCA level, it shall be responsibility of the provider to upgrade/expand its exchange capacity to meet out the requirement. However, till such time connectivity for that SDCA may be provided at the adjacent SDCA large exchange of same LDCA.</p>

		<p>The interconnection seeker must be provided connectivity/ connection at SDCA level i.e. at SDCA PoP, and there after it should be the responsibility of the interconnection provider to carry the calls to adjacent SDCA large exchange of same LDCA or any other exchange mutually agreed, till such time the SDCA exchange is upgraded to increase its capacity.</p>
<p>10</p>	<p>What should be the framework to ensure timely provisioning/ augmentation of E1 ports? Please provide full framework with timelines including the following aspects:</p> <ul style="list-style-type: none"> (a) Minimum number of E1 ports for start of service; (b) Maximum time period for issuance of demand note by the interconnection provider; (c) Maximum time period for payment for demanded E1 ports by the interconnection seeker; (d) Intimation of provisioning of requested E1 ports by interconnection provider; (e) Space allocation for collocation of transmission equipment; (f) Maximum time period for establishment of transmission links by the interconnection seeker; (g) Maximum time period for acceptance testing; (h) Maximum time period for issuance of final commissioning letter by the interconnection provider; and (i) Maximum time period for start of traffic in the POI after 	<ul style="list-style-type: none"> (a) Normally number of ports asked by the Seeker is 10% of their installed capacity and same should be retained. (b) Before issuance of demand note, feasibility check is carried out, and generally within a week demand note is issued and same process should be continued - i.e. if it is feasible, maximum time period of one week should be given for issuance of Demand Note. (c) Generally one month time is provided to the seeker for payment after issuance of demand note and same should be retained – i.e. maximum time period of one month should be given for payment for demanded E1 ports by interconnection seeker. (d) Generally Intimation is given to the seeker for provisioning of the requested E1 ports within 10 days of payment and same should be retained. (e) Space is allocated for collocation of transmission equipment within 30 days from the date of payment and same should be retained. (f) Within 45 days from the date of payment seeker has to establish

	provisioning/ augmentation of E1 ports for which payment has already been made.	<p>transmission links and same should be retained.</p> <p>(g) Acceptance testing has to be completed within 75 days from the date of payment and same should be retained.</p> <p>(h) As per TRAI guidelines POI should be commissioned within 90 days from the date of payment. So commissioning letter should be issued within 90 days from the date of payment.</p> <p>(i) Maximum Time period is 90 days for start of traffic in the POI after provisioning/ augmentation of E1 ports for which payment has already been made.</p>
11	Whether augmentation of ports be allowed at higher levels such as STM-1 in place of E1?	Depending upon traffic requirement it may be allowed at STM-1 level also.
12	What should be the criteria to ensure that inflated demand for ports is not made by interconnection seeker?	<p>When a Seeker is liable to pay for initial interconnectivity and is paying for the same; the provider can only provide from the resources available – a provider with sufficient resources/ capacity should not be bothered of the inflated demand. It is the seeker who can decide on the number of ports required for initial interconnectivity; however, the provider may object if the demanded capacity is less than traffic perceived by the provider. The question should not be of inflated demand but of deflated demand which is liable to affect the traffic and service quality. It is important to mention here that TRAI imposes penalty, even on interconnection provider, on call rejection. BSNL shall use this opportunity to argue that no penalty should be imposed on interconnection provider if the interconnection seeker has been intimated for augmentation of POI and no request for</p>

		<p>augmentation is pending at interconnection provider TSP end.</p> <p>Normally the ports demanded by the seeker are 10% of their installed capacity. Moreover interconnection Provider has to look at its provisioning capacity also. If the interconnection Provider is in a position to provide E1 ports for which seeker are paying, there is no question of inflated demand.</p>
13	<p>In case the interconnection seeker agrees to bear the total cost of equipment required for augmentation in advance, should the interconnection provider give the requested ports irrespective of volume of traffic at POI?</p>	<p>Yes, in case the interconnection seeker agrees to bear the total cost of equipment required for augmentation in advance, the interconnection provider should give the requested ports irrespective of the volume of traffic at the POI. With sufficient time required for upgradation of equipment, there should be no constraint in provisioning (capacity wise) as interconnection provider is getting the cost from interconnection seeker in advance.</p>
14	<p>Should separate time periods for provisioning of ports be prescribed for (i) fixed-line networks and (ii) mobile/ IP networks?</p>	<p>No, Time period should be the same.</p>
15	<p>Whether financial disincentive should be imposed on TSPs for-</p> <ul style="list-style-type: none"> (a) Not entering into interconnection agreement within a stipulated timeframe; (b) Not providing initial POI; (c) Not augmenting POI within stipulated timeframe; (d) For violation of any clause prescribed in the regulations. <p>If yes, what should be the amount of such financial disincentives?</p>	<ul style="list-style-type: none"> (a) Yes, financial disincentive should be imposed on TSPs for not entering into interconnection agreement within a stipulated timeframe; however, the stipulated timeframe so specified should be counted only after all the bilateral issues between TSPs have been agreed upon and all pre signing formalities have been completed. Reasons for not entering into interconnection agreement must be resolved first. (b) Yes, financial disincentive should be imposed on TSPs for not providing initial POI; however, only after it has been ensured that the interconnection provider has sufficient capacity to provide initial POI to

		<p>the interconnection seeker.</p> <p>(c) Yes, financial disincentive should be imposed on interconnection provider TSPs for not augmenting POI within stipulated timeframe; however, only after it has been ensured that the interconnection provider has sufficient capacity to provide POI for augmentation to the interconnection seeker.</p> <p>(d) Yes, financial disincentive should be imposed on TSPs for violation of any clause prescribed in the regulations; provided that the regulations are just and fair.</p> <p>However, as far as BSNL is concerned, in additions, TRAI's regulations/ recommendations/ directions should not be favourable to Private TSPs at the cost of BSNL. <u>BSNL is opposed to any form of financial disincentive proposed to be imposed on PSUs like BSNL.</u> It has to be reckoned that BSNL is a Central PSU and not a private entity.</p> <p>The quantum of such financial disincentive, for questions (b) & (c), should be mutually decided between the interconnection seeker and interconnection provider.</p>
16	Whether there is a need to have bank guarantee in the interconnection agreement? If yes, what should be the basis for the determining the amount of the bank guarantee?	Yes, it is needed looking at past experiences where many Operators have left the business of Telecom and while leaving from the business due to cancellation of license or otherwise, these operators do not clear interconnect usage charges (IUC) and other payable by them to BSNL. Therefore in such eventualities, to protect the interest of BSNL (a

		<p>Government of India PSU), the Bank Guarantee is required to be given by Private Operators and not vice-versa (BSNL being a Government of India PSU) (Enclosure-Govt. of India letter to BSNL on BG).</p> <p>The amount of BG should be determined based on average annual charges billed to the Operator by BSNL</p>
17	<p>What should be the method to settle Interconnection Usage Charges and how should the delayed payment between TSPs be handled?</p>	<p>Existing method of paying Interconnect Usage Charges (IUC) of each other should be continued.</p> <p>For delayed payment between TSPs - we need to go through the reasons for delayed payment. For BSNL which is a Central PSU, delay is procedural and the receivables by other TSP is always secure. However, a Private TSP may delay Payment and after consolidating sizeable revenue, may close the Operation and virtually vanish. TSPs like BSNL then suffer huge loss. Hence Private TSPs should be made to pay interest on delayed Payments including provisions for encashment of their BG.</p>
18	<p>Whether interconnection and interconnection agreement should be service-specific or service-agnostic (i.e. a TSP can send any type of traffic on a point of interconnection which is allowed under the terms and conditions of the license given to it)? What are the advantages/ disadvantages of having service specific POIs when the TSPs are equipped with call data record (CDR) based billing systems?</p>	<p>BSNL has always wondered as to why TRAI recommended for Unified License regime to DoT and what shall be its implication on BSNL.</p> <p>Notwithstanding, even though now DoT is giving Unified License; however the UL has distinct Authorization for different types of service viz, Access Service/ NLD/ ILD etc. And not to mention, that TRAI itself seeks service specific reports from TSPs. Hence service-agnostic interconnection and interconnect agreement is not the right approach and would lead to billing</p>

		<p>issues and disputes.</p> <p>BSNL proposes to continue with existing service specific point of interconnection.</p> <p>As regard CDR based billing system, the Authority is also well aware of - as has been repeatedly raised by BSNL – that the CDR at terminating exchange/network does not have the provision to identify the location of calling subscriber, leading to billing disputes between TSPs.</p>
19	If POIs are merged together, what methods of discovery, prevention and penalization of any traffic manipulation by TSPs (whereby higher IUC traffic is recorded as lower IUC traffic in the CDR of the originating TSP) should be put in place?	BSNL is strongly against the proposal of POI merger as explained at (18) above.
20	Which policy and regulatory measures are required to be taken to encourage TSPs to migrate to Interconnection at IP level? What should be the terms and conditions for inter-connection at IP level?	Interconnection at IP level can effectively take place only when the networks of all TSPs have migrated from Circuit Switching to Packet Switching. However, it is premature to take up this issue and a separate Consultation Paper is required for the same
21	Whether there is a need to establish a framework for Interconnect Exchange to eliminate bilateral interconnection issues?	BSNL strongly opposes the idea of a separate Interconnect Exchange. BSNL as a Central PSUs is having PAN India presence. BSNL is following Government policies and have always welcomed new TSPs and allowed them transit facilities. The proposal from TRAI roots to support Private NLD Operators.

		<p>It is well known that none of private NLDOs have presence at all SDCA level exchanges and it is BSNL which is supposed to carry Wireline NLD traffic to commercially non-viable areas. And the fact that for carriage of such traffic, TRAI has overlooked BSNL demand for higher carriage and rather lowering long distance carriage charges gradually at the request of Private TSPs.</p> <p>Similar line of action by TRAI earlier proposed and then brought out regulations which allowed International Calling Card by ILDOs – aimed to assist ILDOs at the cost of access service providers. An ILDO in operation over a period of time has data of ILD callers which allows it to customize and target its customers selectively through calling card without much investment – however severely affecting the ILD revenue of access providers.</p> <p>It is pertinent to mention here that much of BSNL Wireline business has been, similarly, severely affected by TRAI's recommendation/ regulations allowing merger of CMTS license with Basic license.</p>
22	Is there any need for a separate framework for Interconnect Exchanges in view of the fact that the new NLDO authorization permits transit traffic to be carried over by NLDO?	Not applicable in view of comment at (21) above.
23	Whether access providers should be allowed to transit intra-circle calls?	TRAI Regulations provides for provider (existing TSP) and seeker (new TSP) amongst all service providers. A TSP is a Seeker who is granted

		<p>license subsequently and who launches services at a later date than the existing TSPs (Providers). And the same TSP is a provider to other TSPs who have been granted license and who launched services at a later date. Transit facility must be allowed by a provider TSP only, to its seekers TSPs, and that too only through a GMSC/Transit/ TAX Switch.</p> <p>However, a new Access Service TSP should be encouraged to have direct interconnectivity with all other existing access service TSPs in the LSA. And for the same, transit charge must be increased, so that direct interconnectivity is ensured at the earliest.</p>
<p>24</p>	<p>Under what circumstances, a TSP can disconnect POIs? What procedure should be followed before disconnection of POI?</p>	<p>In the vital interest of customers, a TSP should not be allowed to disconnect POIs of other TSP as long as the service of the TSP is continuing.</p> <p>However, the receivables of TSP need to be ensured.</p> <p>BSNL being a Government of India company, other TSPs receivables are always secure; however, private TSPs must pay Bank Guarantees of adequate amount to other party to securitize the payables. If however, the receivables exceed the amount of BG, and the TSP is not making payment over a period of time, provisions must exist to cancel the license of defaulting TSP. In such scenario, the BG available with DoT must be used to make the payment of receivable TSP.</p>
<p>25</p>	<p>Is there a need to have a coordination committee to facilitate effective and expeditious interconnection between TSPs? If</p>	<p>No. TRAI itself should co-ordinate with TSPs to facilitate effective and expeditious interconnection between TSPs.</p>

	<p>yes, who should be the members of the co-ordination committee? What should be the overall operating framework for the committee?</p>	
<p>26</p>	<p>Is there any other relevant issue which should be considered in the present consultation on the review of regulatory framework for Interconnection?</p>	<p>TRAI should not only push regulations/ recommendations/ directions for the commercial interest of Private TSPs; no Private entity would venture into a Business where it expects loss. In such scenario; TRAI taking sides with Private TSPs also raises serious doubts over the fairness and neutrality of TRAI which will surely impact Telecom in India.</p> <p>BSNL also strongly argues that Tariff to customer should not be allowed at below IUC charges for calls made to other TSP network, even for promotional purposes. A business entity should not be allowed to pump huge finances to affect customer base of other TSPs in the name of promotional offers.</p>



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DO. No. 3-1/2008 V.Tech



(Vigilance Wing)
908-909, Sanchar Bhawan, DOT
20, Ashoka Road, New Delhi-1
Dated: 26th Nov, 2008 .

Subject: Recovery case of DAIL

Respected Sir,

In reference to the above subject, I am directed to request you to get the directions as given in the Annexure 'A' enclosed, implemented on urgent basis. This has the approval of Hon'ble MOC & IT.

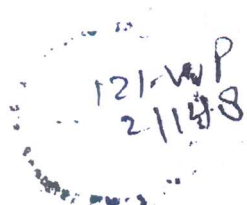
Action taken report may be submitted with in a weeks time from the date of this letter . Matter may be treated as MOST URGENT & IMMEDIATE and replied by 5th Dec, 2008.

With Regards,

Yours Sincerely,

Harsh Singh
(Harsh Vardhan Singh) 26/11/08.

Shri. Kuldeep Goyal,
CMD BSNL,
Bharat Sanchar Bhawan,
Janpath, New Delhi - 1
Ph: 23372424/ Fax: 23372444



D/F
Reasoning Compliance in time of
+ timely reply

~~PH/IA~~
GN (TR)
2/12/08

DGM (Reg-1)
discuss immediately.
2/12/08

ANNEXURE 'A'

(2 pages)

Recommendation of the Inquiry Committee Report in the Recovery case of DAIL

Remedial/preventive measures suggested and some other suggestion :-

1. "As M/s Data Access is already amidst liquidation proceedings, BSNL should at this stage vigorously pursue with the official liquidator and also join other winding up petition filed against M/s Data Access by other claimants. (Corporate Office, BSNL has informed that it has taken both the steps).

2. In addition, BSNL may proceed against the Board of "Directors both old and new management of M/s Data Access for cheating and defrauding BSNL.

3. BSNL may immediately initiate the following preventive measures with regard to interconnect arrangement with remaining operators:

- a) Adequate Bank Guarantees must be obtained before launch of services where needed, without any relaxation whatsoever. During the course of operations also wherever additional Bank Guarantees are needed they should be obtained without fail.
- b) Services should not be launched without putting in place, a proper billing and realization mechanism and billing authority should be suitably trained in it.
- c) BSNL should initiate suitable steps to ensure that an independent billing audit is introduced and through that it should be ensured that whatever traffic is generated. Terminated or transited through BSNL switches, is accurately recorded, billed and settled.
- d) BSNL may consider documenting processes and clearly nominating responsibility centres for this important activity along with monitoring mechanisms at various levels from operational POI exchanges, through Circles and Corporate Office, upto Board.
- e) The status of internal control mechanisms / internal audit mechanism in BSNL needs to be reviewed.
- f) BSNL Management may also look into the aspect of record maintenance with a view to streamline the filing/record keeping, to ensure that all relevant facts are readily available."

Further to above some other suggestions are listed below :-

"Specific to recovery from DATA Access

- a) Follow up with official liquidator of the company and ensure that BSNL claims are given proper weight age in settlement of claims.
- b) Seek legal advice and follow up to recover dues from responsible officers of DATA Access who were in any capacity associated with the setting up

of the interconnect operations with BSNL either in their individual capacity or as officers other companies. This should perhaps have already been done by the company, more particularly as they have recourse to competent legal advice including external counsel.

- c) There has been a change of ownership in the Company during this period and some allegations of deliberate siphoning of funds. Examine what action may be taken as regards this by invoking provisions of laws with reference to Economic Offences.
- d) Review the status of the various court cases on cheques dishonored and consider merging all cases (under Negotiable Instruments Act) at one place by seeking intervention of Supreme Court. BSNL should also ensure that these instruments are kept in safe custody."

General on recovery for interconnect Service with all Operators :-

- i) "Put in place monitoring mechanisms that ensure there is immediate attention to problems
- ii) Prescribe standard procedures in field formation for operationalising interconnect agreements.
- iii) Enunciate clearly the authorities who will issue orders for putting through a POI, confirm its operational acceptance, generate records for billing and be responsible for issue of bills and their collection.
- iv) Ensure that monthly reports on both physical (status of POIs and traffic) and financial (status of generation of bills and collection) parameters are generated at SSAs (Secondary Switching Areas which are the interconnect points) and monitored at both Circle and Corporate Office.
- v) Enunciate clear processes as to action to be taken when there is a wrong reporting/ dispute on traffic or billing delayed payment, etc so that delays in taking action are avoided."