

No. 310-1(5)/2001(Eco)

To,

The Chairman and Managing Director

Bharat Sanchar Nigam Limited

Sanchar Bhawan

New Delhi 110001

25 January 2001

**Subject: 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 26<sup>th</sup> 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.**

#### Background

1. In a letter dated 29.12.2000 BSNL reported tariffs to the Authority that sought to reduce the STD call charge from 26<sup>th</sup> January, 2001 by extending the duration of peak pulse rates for distance categories 50 to 200 kms compared to the TRAI standard tariff package for basic services. According to the letter, these revised pulse rates of BSNL, however, would apply only to “intra-circle calls originated by the telephone subscribers of BSNL, and terminating in the basic service network”.

2. Subsequent to the submission of BSNL's tariff report, the Authority received representations from COAI and ABTO seeking the Authority's intervention to enlarge the scope of BSNL's proposal in respect of inter-network calls also. They requested application of the revised pulse rates as indicated below for inter-network calls carried on their networks:
  - (a) the revised pulse rates should also apply for calculating the carriage charge to be paid by cellular mobile network to the fixed network;
  - (b) the revised pulse rates should apply for the carriage charge paid by private basic service providers to BSNL on intra-circle fixed to fixed network calls.
3. The Authority has examined the above requests at length and has decided that to ensure 'non-discrimination' and a 'level playing field', and also in the interest of consumers, BSNL's revised pulse rates should also apply to the inter-network call scenarios detailed at items 2 (a) and 2 (b) above.

Interconnection/Carriage charges

4. Items 2 (a) and 2 (b) relate to inter-network calls, and thus to carriage charge to be paid to BSNL for the portion of the call that is carried on BSNL's network. Both these call scenarios were examined by the Authority with a view to determining the basis on which carriage charge should be paid to BSNL. The same is elaborated in the following sections.

(i) Calls from cellular mobile to fixed network

5. According to Schedule II of the Telecommunication Interconnection (Charges and Revenue Sharing) Regulation of May 1999, for domestic long distance calls from cellular mobile to basic service subscriber, the basic service provider has to be paid Rs. 1.20 per metered call, with the number of metered calls measured at the pulse rate applicable to

basic service long distance calls. On this basis, as far as conveyance on fixed network is concerned from the point of interconnection (POI) to the terminating short distance charging centre (SDCC), the pulse rate for calls from cellular mobile should be the same as applicable to basic service calls, i.e. it should be the same as the reduced pulse rates that will be applicable from 26<sup>th</sup> January, 2001.

6. The above determination is consistent with the principle that the usage charge should be cost based, and that the same carriage charge should be paid for the same network elements used. This is the underlying basis for cost-based interconnection charges, a general principle enunciated in the Authority's May 1999 Regulation.

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(ii) Calls from fixed to fixed network

7. The carriage charge regime applicable to these calls is given by Schedule I of the May 1999 Regulation. For domestic long distance (or STD) calls, the Regulation stipulates that:

“the originating/transit service provider to pay Rs. 0.48 per unit of measured call for traffic delivered from its network to the network of the transit/terminating service provider for the call units measured at the point of interconnection for its further carriage from the point of interconnection to destination, based on the STD pulse rate”.

8. Further, Clause 6.4.3 of the Interconnect Agreement between the DoT and Private Basic Service Operators stipulates that... “[T]he traffic delivered on any DoT LDCC TAX from LICENCEES 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”.

In the light of what has been stated in the preceding sections and after due consideration of the subject matter, the Authority hereby issues Direction to BSNL under Section 13 of the Telecom Regulatory Authority of India (Amendment) Act 2000 to apply the revised pulse rates to determine carriage charges to be paid to BSNL for the inter-network call scenarios described at 2 (a) and 2 (b) above.

By Order,

(Harsha Vardhana Singh)

Economic Advisor