

## **Revision of implementation date of zero-IUC regime would harm consumer interest: BIF**

*Any delay would harm consumer interest, stifle the evolution to superior and more efficient technologies, and hurt investor sentiment in a wide range of sectors*

**New Delhi, 21<sup>st</sup> October 2019:** Broadband India Forum (BIF), a think tank for Digital Transformation, stated today that there is absolutely no need to revise the applicable date for Bill and Keep (BAK) or zero termination charge and that it should be firmly held, as earlier scheduled by the Telecom Regulatory Authority of India (TRAI), to be effective from 01.01.2020. In fact, any revision to this date would be a retrograde step and seriously harm the interests of the consumers and the nation in several ways.

Regulatory certainty and predictability constitute the single most important factor sought by all investors and players in the eco-system while making investments. Whether it is for Digital India, Smart Cities, Make in India, spectrum auction, 5G, or any other 'G', the foremost demand is always to seek consistency/certainty/predictability with regard to the regulatory environment and contract/license conditions. In the Explanatory Memorandum to Eleventh Amendment to the Regulations, dated 23rd February 2015, TRAI had clearly stated that setting a specific timeline for undertaking IUC review would impart a modicum of certainty which is in the interest of all stakeholders. The Authority had decided that the applicable date for implementation of Zero IUC Rates or BAK Regime would be 1.1.2020 vide Telecommunication Interconnection Usage Charges (Thirteenth Amendment) Regulations, 2017 dated 19.09.2017. To renege on that decision now, will create a sense of regulatory uncertainty and shall adversely impact India's image as regards future investment potential in the sector.

Further, a stable regulatory framework drives deployment of more efficient technologies with the benefit of lowering the cost of delivery to enable innovative and customer friendly offerings. **Therefore, continuing to incentivize/subsidize operators in the form of IUC for managing the significantly less efficient 2G voice networks will not only be detrimental to consumers, but also adversely impact the growth of all digital players, startups, OTTs, Application developers, etc. who need high speed 4G broadband connectivity to survive and grow - an aspect important for the economy and the nation.**

With regard to traffic imbalance, TRAI has itself recorded in the CP, that there is significant reduction in traffic imbalance (Ref CP paras 2.19 to 2.21). Therefore, considering any remnant asymmetry in traffic, two years after the earlier TRAI regulation, as a justification for levy of IUC is unwarranted. In fact, a long-term asymmetry in traffic of some operators arises only due to their inefficiencies and the regulatory framework should help expedite the move to more modern and superior technologies. As the Regulator has appropriately observed in para 2.23 of the CP, *"maximization of consumer welfare (i.e. adequate choice, affordable tariff, and good quality of service) in a sustainable manner and adoption of more efficient technologies are vital for orderly growth of the telecommunication services sector in the country."* TRAI further stated in September 2017, *"In fact, BAK will be a catalyst for traffic symmetry. It gives TSPs appropriate incentives to serve their customers efficiently and brings market discipline to competition."*

*“In internet networks which are IP based networks, there are no interconnection charges and networks can connect globally without interconnection charges. The Authority is of the view that termination charges work as a disincentive to deployment of new technologies such as VoLTE and migration to IP networks by operators. Moving towards BAK will encourage adoption of latest technologies and the deployment of IP-based telecom networks. Since IP-based Networks are poised to be the Networks of the future for providing telecom services, a BAK regime should be seen as a natural facilitator for the development of technology” – TRAI*

**Mr. TV Ramachandran, President, Broadband India Forum**, shared, *“Call termination is universally accepted to be a monopoly market. BAK offers a means of addressing this issue of the market power of terminating networks since in this regime, the networks have to recover from their own consumers rather than from their interconnecting operators. And since retail outgoing tariffs are under forbearance, the terminating operators would still have the ability to recover their costs from non-regulated services. Then why review the pre-decided date of introduction?”*

*“One may note that **post lowering of the IUC to 6 paise/minute by TRAI in 2017 there has been a great improvement in affordability with subscriber’s average outgo per minute dropping from 23 paise per minute in Sep’2017 to 13 paise per minute in Mar’2019. This has clearly resulted from the half way movement to Zero IUC. We need to sustain this trend in affordability by maintaining the scheduled onward march to BAK by 01.01.2020,**”* Mr. Ramachandran added.

All the relevant evidence from the ground, as tabled by the Authority itself in its latest paper, clearly point towards a push towards the already prescribed implementation of BAK by 1<sup>st</sup> January, 2020. Any delay in this front would only harm consumer interest, stifle the evolution to superior and more efficient technologies, hurt investor faith and sentiment in a wide range of sectors, and delay India’s achievement of Broadband for All, Digital India and other digital initiatives.

#### **About Broadband India Forum**

Broadband India Forum (BIF) functions as a policy forum and think-tank that works for the development & enhancement of the entire broadband ecosystem in a holistic, technology-neutral and service-neutral manner. BIF has established itself as a thought leader and a credible and effective voice, to help propel the nation to achieve the country’s ambitious vision of creating a Digital India. To achieve this, BIF works to promote the rapid development of policies, so as to facilitate affordable and high-speed ubiquitous broadband throughout the country.

Registered as IPTV Society, its brand - BIF was formed in October 2015, and is a fairly nascent but dedicated forum with participation from all stake holders, including Technology Providers, Telecom Operators, Internet Service Providers, Value-Added Service Providers, Satellite Operators and service providers, MSOs, startups and professional entities, as well as seasoned Industry professionals who are familiar with different technologies, operations, regulations and policies.

---

For more information, please contact:

Kaustuv Sircar: [kaustuv@broadbandindiaforum.com](mailto:kaustuv@broadbandindiaforum.com)/+91-7003157047/9999326911