Telecom Regulatory Authority of India

Notification

New Delhi, the 14TH December, 2001

No.311-4/2001 -TRAI (Econ.)

In exercise of the powers conferred upon it under section 36 read with clauses (ii), (iii) and (iv) of sub section (b) of Section 11 (1) of the Telecom Regulatory Authority of India Act, 1997 as amended by TRAI (Amendment) Act, 2000, to ensure effective interconnection between different service providers and to regulate arrangements amongst service providers of sharing their revenue derived from providing telecommunication services, the Telecom Regulatory Authority of India hereby makes the following Regulation.

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THE TELECOMMUNICATION INTERCONNECTION (CHARGES AND REVENUE SHARING) REGULATION , 2001

(5 of 2001)

Section I

Title, Extent and Commencement

1. Short title, extent and commencement:

(i) This Regulation shall be called “The Telecommunication Interconnection (Charges and Revenue Sharing) Regulation 2001" (The Regulation).

(ii) The Regulation shall cover arrangements among service providers for interconnection charges and revenue sharing, for Telecommunication Services, including wireless in local loop with limited mobility [WLL(M)], throughout the territory of India, as also those originating in India and terminating outside India.

(iii) The Regulation shall be deemed to have come into force with effect from the date of notification in the official Gazette.

Section II
Definitions

2. In this Regulation, unless the context otherwise requires:

(i) “Act” means the Telecom Regulatory Authority of India,1997 as amended by TRAI (Amendment)Act, 2000.

(ii) “Authority” means the Telecom Regulatory Authority of India.

(iii) “Basic Telecommunication Services” mean services derived from Public Switched Telephone Network (PSTN).

(iv) “Ceiling(s)” mean(s) the upper limit(s) for interconnection charge for telecommunication services as may be

specified by the Authority from time to time.

(v) “Domestic Long Distance Telecommunication Service” or DLD means the telecommunication services

required to connect one local area of a public telecommunication network to another within the territorial

limits of India so as to allow for transmission of voice and non-voice signals across different geographical areas.

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(vi) “Floor” means the lower limit of interconnection charges for a telecommunication service as may be

specified by the Authority from time to time below which such charges may not be offered.

(vii) “Forbearance” denotes that the Authority has not, for the time being, notified any interconnection charge

or revenue sharing arrangement for a particular telecommunication service and the service provider is free

to fix any charge for such service.

(viii) “Interconnection” means the commercial and technical arrangements under which service providers connect

their equipment, networks and services to enable their customers to have access to the customers,

services and networks of other service providers.

(ix) “Interconnection Charge” means the charge for interconnection by an interconnection provider to an

interconnection seeker.

(x) “Interconnection Provider” means the service provider to whose network an interconnection is sought

for providing telecommunication services.

(xi) “Interconnection Seeker” means the service provider who seeks interconnection to the network of the

interconnection provider.

(xii) “International Long Distance Telecommunication Service” means telecommunication services required

to

connect a local area of a public telecommunication network within India to a local area of a public telecommunication network in another country so as to allow for the transmission of voice and non-voice signals.

(xiii) “International Subscriber Dialing” (ISD) means direct interconnection between an end user in India with another end user in another country by means of direct dialing through public networks.

(xiv) “Leased Circuits” means telecommunication facilities leased to subscribers or service providers to provide for technology transparent transmission capacity between network termination points which the user can control as part of the leased circuit provision and which may also include systems allowing flexible use of leased circuit bandwidth.

(xv) “Non-discrimination in interconnection charge” means that service providers shall not, in the matter of interconnection charges, discriminate between service providers except on the basis of substantial cost-differential, and that too only to the extent justified by such cost differential.

(xvi) “Order” means the Telecommunication Tariff Order, 1999.

(xvii) “Originating Network” means the network to which an originator of a telecommunication message is proximately connected to.

(xviii) “Originating/Transit/Terminating Service Provider” means the service provider whose network is used for

originating/transit/terminating a telecommunication message respectively.

(xix) “Regulation” means The Telecommunication Interconnection (Charges and Revenue Sharing) Regulation 2001.

(xx) “Reporting Requirement” means the obligation of a service provider to report to the Authority at least 45 working days before implementing any new interconnection charge and revenue sharing arrangement for telecommunication services under this Regulation and any changes thereafter.

(xxi) “Set Up Costs Of Interconnection” means the initial cost of any engineering work needed to provide the specific interconnection facilities requested.

(xxii) “Subscriber Trunk Dialing”(STD) means direct interconnection between two end users within India by means

of direct dialing through public networks.

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(xxiii) “Terminating Network” means the network to which a receiver of a telecommunication message is proximately connected to.

(xxiv) “Transit Network” means the network through which telecommunication messages from originating networks or other transit networks are transmitted and delivered to terminating or other transit networks.

(xxv) “Usage Charge” means the charge levied by a service provider for carriage of telecommunication traffic on its network.

(xxvi) “WLL(M)” means limited mobility telephony service using wireless in local loop technology within a short distance charging area.

(xxvii) Words and expressions used in this Regulation and not defined but defined in the Act shall have the same meanings respectively assigned to them in the Act.

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Section III

3. Interconnection Charges

(i) Interconnection charges shall be cost based, unless as may be specified otherwise.

(ii) For determining cost based interconnection charges, the main basis shall be “incremental or additional” costs directly attributable to the provision of interconnection by the interconnection provider.

(iii) No service provider shall discriminate between service providers in the matter of levying of charges for interconnection.

Provided that a different charge may be levied if justified on the basis of a substantial difference in costs incurred for providing that particular interconnection.

(iv) No service provider shall be charged for any interconnection facility it does not seek or require.

Provided that if interconnection facility cannot be provided in the form that is sought or required by the interconnection seeker, the issue may be decided mutually between the seeker and provider of interconnection. In case such mutual agreement is not possible, the matter may be reported to the Authority for a decision. The interconnection provider shall inform the interconnection seeker within 30 days of the request for interconnection facilities whether the facilities can be provided in the form sought or required by the interconnection seeker.

(v) In the absence of a mutual agreement between the Interconnection provider(s) and the seeker(s), in respect of charges for the elements of the network used to provide interconnection, charges for the elements of the network used to provide Interconnection will be as specified by the Authority from time to time. In the event mutual agreement is not arrived at in respect of the interconnection sought and / or

charges therefor, within 30 days from the date of such request , both the parties will approach TRAI with the details of their network element costs and traffic particulars for a determination in the matter. Pending such a determination the existing arrangement, if any, will continue.

(v)(a) The existing charging arrangements, if any, between the Interconnection seekers and Interconnection providers shall hold good until changed with the concurrence of the Authority, or on the basis of a regulatory determination.

(vi) Unless specifically so provided, the Authority has forborne with respect to interconnection charges.

(vii) Where the Authority has, for the time being, forborne from specifying interconnection charges, interconnection seekers and providers shall mutually decide on such charges.

(viii) Interconnection charges mutually agreed among interconnection seeker and provider shall be based on the principles enunciated in this Section.

(ix) Where mutual agreement for interconnection charges cannot be reached within 30 days of initiating such a process for charges with respect to which the Authority has forborne, the Authority may intervene to settle the matter suo motu or on the application of either party.

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Section IV

4. Revenue Sharing Arrangements

(i) Any revenue sharing among interconnection seeker and interconnection provider shall take place out of the proceeds of the amount payable by the subscriber for obtaining the service which involves the usage of the network of the interconnection provider.

(ii) Unless specifically provided in the Schedules to this Regulation, the Authority forebears with respect to revenue sharing arrangements.

(iii) Where the Authority has, for the time being, forborne from specifying revenue sharing arrangements for any telecommunication service or part thereof, service providers shall mutually decide on such arrangements.

(iv) Where mutual agreement for revenue sharing cannot be reached within 30 days of initiating such a process for revenue sharing with respect to which the Authority has forborne, the Authority may intervene to settle the matter suo motu or on the application of either party.

(v) In the absence of a mutual agreement between the Interconnection provider(s) and the seeker(s), in respect of revenue sharing, the revenue sharing will be as specified in the Schedules to this Regulation. In the event mutual agreement is not arrived at in respect of the interconnection sought and / or revenue sharing therefore, within 30 days from the date of such request, both the parties will approach TRAI with the details of their network element costs and traffic particulars for a determination in the matter. Pending such a determination, the existing arrangement , if any, will continue.

(v)(a) The existing arrangements, if any, between the Interconnection seekers and Interconnection providers shall hold good until changed with the concurrence of the Authority, or by a regulatory determination.

Section V

5. Reporting Requirement

(i) All service providers shall comply with the Reporting Requirement in respect of interconnection charges and revenue sharing arrangements specified for the first time under this Regulation, as also all subsequent changes. This includes interconnection charges and revenue sharing arrangements that are decided on a mutual basis among service providers.

(ii) The service provider may implement the proposed interconnection charges and revenue sharing arrangements after the mandatory notice period of 45 working days, unless the Authority within such period directs otherwise.

Except that an additional period of 45 days is provided for interconnection charges and revenue sharing arrangements to be reported to the Authority for the first time after the implementation of this Regulation.

(iii) When an interconnection provider informs the interconnection seeker that it cannot provide interconnection as sought for by the latter, the interconnection seeker, within 45 days of being so informed, may approach the Authority for seeking its intervention.

(iv) No service provider shall alter any interconnection charge or revenue sharing arrangement, or any part thereof, without complying with the Reporting Requirement.

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Section VI

6. Review

(i) The Authority may, from time to time, review and modify an interconnection charge and/or revenue sharing arrangements.

(ii) The Authority may also at any time, on reference from any affected party, and for good and sufficient reasons, review and modify any interconnection charge or revenue sharing arrangements.

Section VII

7. Explanatory Memorandum

This Regulation contains at Annexe A, an explanatory memorandum to provide clarity and transparency to matters covered under this Regulation.

Section VIII

8. Interpretation

In case of dispute regarding interpretation of any of the provisions of this Regulation, the decision of the

Authority shall be final and binding.

By Order

(DR. HARSHA VARDHANA SINGH)

Secretary-cum-Principal Advisor

SCHEDULE I

INTERCONNECTION CHARGE AND REVENUE SHARING

ITEM	REVENUE SHARING FOR BASIC SERVICES
(1) Date of Implementation	BY 31ST JANUARY, 2002
(2) Coverage	Calls originating in a basic service provider's network and transmitted through or terminated in another basic service provider's network.
(3) Local calls	Bill and keep for each service provider.
(4) Domestic long distance calls (STD calls) in Basic Service	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.
(4.A) Domestic long distance calls (STD calls) in Wire less in Local Loop with limited mobility	The originating service provider to pay Rs. 1.14 per unit of measured call for traffic delivered from its network to the network of the transit 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. Provided no such charge either in (4) or (4.A) above shall be payable if the point of interconnection is at the destination Short Distance Charging Area (SDCA) and also provided that no such charge will be payable if the terminating service provider requests that the call be handed over by the originating/transit service provider at an SDCA other than the destination SDCA.
(5) International calls in in Basic Service	The originating service provider to pay Rs. 0.66 per unit measured call to the transit service provider as may be applicable, for the call units to be measured at the point of interconnection.

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(5.A) International calls in Wire Less In Local Loop with limited mobility [WLL(M)]	The originating service provider to pay Rs. 1.14 per unit measured call to the transit service provider as may be applicable, for the call units to be measured at the point of interconnection.
	Notes:(a) “Local calls” are calls which originate from subscribers of a service provider’s network/exchange system in a SDCA and terminate either (i) within the same SDCA or (ii) in the contiguous telephone exchange system of the adjacent SDCA, provided these are delivered/handed over to another service provider’s network in the destination SDCA only.(b) For domestic long distance calls in Basic Service other than WLL(M), number of units of calls for payment at Rs. 0.48 per metered call to be calculated based on the STD tariff pulse for the radial distance between the point of interconnection and the Gateway TAX where the call is subsequently delivered for further carriage/ termination.(c) For domestic long distance calls in WLL (M), number of units of calls for payment at Rs. 1.14 per metered call to be calculated based on the STD tariff pulse for the radial distance between the point of interconnection and the Gateway TAX where the call is subsequently delivered for further carriage/ termination.(d) No revenue is to be shared between basic service provider and cellular mobile service provider for calls originating from the former’s network.

SCHEDULE II

INTERCONNECTION CHARGE AND REVENUE SHARING

ITEM	REVENUE SHARING FOR CELLULAR MOBILE
(1) Date of Implementation	**BY 31ST JANUARY, 2002**
(2) Coverage	Calls originating in a cellular mobile service provider’s network and transmitted through or terminated in another service provider’s network.
(3) Local calls from cellular mobile to basic service subscriber	Payment to basic service provider at the rate of Rs. 1.14 per metered call, with number of metered calls measured at the pulse rate applicable to a basic service local call.
(4) Domestic Long distance calls from cellular mobile to basic service subscriber	Payment to basic service provider at a rate applicable to domestic long distance calls. The charge shall be Rs. 1.14 per metered call, with the number of metered calls measured at the pulse rate applicable to basic service long distance calls, with the chargeable

	distance equal to the distance of the call carried by the basic service provider for an equivalent STD from point of inter connection todestination.
(5) International calls from cellular mobile	Payment to basic service provider at a rate applicable to international calls. The charge shall be Rs. 1.14 per metered call, with the number of metered calls measured at the point of interconnection at a pulse rate applicable to an equivalent international call made by a basic service subscriber.
(6) For calls from cellular mobile to cellular mobile	For local/domestic long distance calls carried (partly) by basic service provider, an amount to be paid to basic service provider at a rate applicable to local/domestic long distance call. The amount to be calculated on the basis of the corresponding conditions specified in Item 3/Item 4 above, i.e. Rs. 1.14 per metered call, pulse rate applicable to basic service local/long distance calls, and for long distance calls the chargeable distance equal to the distance of the call carried by the basic service provider for an equivalent STD call from point of interconnection to destination.
	Notes: (a) The definition of "local calls" to ascertain revenue sharing with basic service providers for calls carried by them is the same as in note (a) in Schedule I.(b) For domestic long distance calls from cellular mobile to basic service subscriber, number of units of measured calls for determining the amount of revenue payable to basic service provider to be calculated as the number of such calls measured at the basic service provider's Gateway TAX up to the destination Short Distance Charging Area (SDCA).(c) For domestic long distance calls from cellular mobile to cellular mobile carried by basic service provider, number of call units to be paid to the basic service provider at Rs. 1.14 per metered call to be calculated based on the radial distance between the Gateway TAX at the point of interconnection where the call is accepted for further carriage and the Gateway TAX of the service provider to whose network the call is subsequently handed over. (d) For calls originating from cellular mobile, revenue sharing arrangements among one basic service provider and another basic service provider to be as specified in Schedule I.(e) This Regulation does not specifically address any revenue sharing arrangement among cellular mobile service providers for calls from subscribers of any cellular mobile service provider to subscribers of another cellular mobile service provider.

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ANNEXE - A

EXPLANATORY MEMORANDUM

1. Schedule I of this Regulation specifies revenue sharing arrangements for calls originating in a Basic Service Provider's Network including from WLL (Mobile), hand held terminals and transited or terminated in the Network of another Basic Service Provider, including the incumbents BSNL/MTNL.

2. Schedule II of this Regulation specifies revenue sharing arrangements for calls originating in a cellular mobile service provider's (CMSPs) network and transited or terminated in another service provider's network. In its Determination dated the 8th January, 2001, on six major issues relating to interconnection, the Authority has determined that 5% of the pass through revenue paid to the Basic Service Providers by the CMSPs may be retained by the later to cover there cost of billing and collection and bad debts. Payment to the Basic Service Provider @Rs.1.14 per metered call unit against Rs.1.20 represents this arrangement. The balance 5%, i.e. Rs.0.06 per metered call unit, will be retained by the CMSPs.

3. In its Tariff Order pertaining to WLL(M), i.e. the 14th Amendment to The Telecommunication Tariff Order, 1999 dated 24th May, 2001, the Authority took note of the recommendations of the Group on Telecom and Information Technology Convergence on revenue sharing arrangements for WLL (M).

4. In this context the Authority had noted in the above Tariff Order that revenue sharing arrangement between WLL(M) based basic operators and National Long Distance Operators including BSNL can be implemented only after suitable interconnect charging and billing mechanisms have been installed at the Network to Network Interfaces of the two operators, particularly to distinguish between the traffic streams originating from WLL(M) lines and those from fixed lines, and to charge them differently. The Authority further noted that no such arrangement existed, as the exchange numbering scheme did not distinguish between a fixed line or a WLL(M) line. The Authority had specified that service providers should, therefore, by mutual agreement put in place the required technical systems in their exchanges as well as at the Points of Interconnection (POIs) so as to distinguish clearly the traffic flows originating from WLL (M) lines and POTs lines, so that revenues are shared differently for the two traffic streams. It may be recalled in this connection that since WLL (M) service has been considered as a part of the basic services, it has been clearly mentioned in the TRAI's recommendations on the subject that the numbering plan for WLL (M) will be the same as that of the basic services fixed connections.

5. The Authority is in the process of determining element based carriage charges. The relevant cost data have been sought from service providers for this purpose.

6. A Regulation specifying Port Charges and Leased Line Charges will be issued separately.

(DR. HARSHA VARDHANA SINGH)

Secretary-cum-Principal Advisor