



**Comments submitted by TUG (Telecom User Group) India
regarding Consultation Paper on Review of Interconnection
Usage Charges released on September 18, 2019**

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New Delhi**



Submission: Telecom User Group – India urges government to implement BAK (Book and Keep) regime for IUC as per schedule with effect from January 1, 2020. This will foster innovation, bring down costs and serve consumer interests in the best possible manner.

Supporting Arguments:

- BAK will motivate operators to invest in latest technologies that will trigger innovations in the sector. All IP network makes the convergence of telecom and IT systems possible, which fosters innovation and creation of new services and applications. It ensures such creation in the most affordable manner both in CAPEX and OPEX.
- Customers have a right to experience latest technology. Experiencing latest technology aligns with the expectations of consumers from telecommunications services. It is the duty of the regulator and the government to push industry for greater challenges for the benefit of consumers who expect better experience and quality of service through adoption of new technologies. Analysis of trends and data suggests, consumers are adopting new technologies at a faster rate than before. As an example, it took 4-5 years for 3G to have a significant penetration among users. Compared to this it took 2-3 years for large scale 4G adoption. Similarly, users are welcoming new technologies and adopting them fast.
- The government's ambitious Digital India programme bedrocks on high-speed broadband – fixed and wireless services. With the present IUC procedures, the telecom service providers will continue to be incentivised for legacy voice centric infrastructure.
- Start-up India, another marquee initiative to foster start-ups in India demand newer technologies as majority of the new businesses leverage technology and are digital only or digital first businesses. Many of the new age businesses based on shared economy concept which cannot be even thought of without digital interventions.
- India is the country of rising middle class. This aspirational section of society is buying a lot of technology for home, public and work places.



IP technologies are playing as a catalyst in the adoption of such services. Concepts like Smart Cities, Connected Offices and Smart Homes are all possible because of data networks. The telecom operators have to increase investments in IP networks substantially irrespective of IUC being charged or not. The present treatment to IUC is a defensive strategy than being aggressive about transforming business models.

- Industry across verticals is undergoing massive Digital Transformation. Ubiquitous access and availability of latest technologies is essential to enable Digital Transformation of enterprises and industries. Education, Healthcare, Banking and many other sectors are investing heavily in digital assets and infrastructure to drive the next growth in these respective sectors. The telecom operators which will benefit the most out of such transformations also need to match reorientation with the progress and speed in these sectors.
- Industrial Revolution 4.0 has already begun world over. Indian manufacturing sector is also gearing to have wider and large-scale implementations. It is very important to have technologies which can give the lowest cost per data units consumed to make bulk data service consumption feasible.
- Telecom operators, especially incumbents had sufficient time of 2 years to make the necessary technology upgradation making termination costs irrelevant. Even with the emergence of a disruptor in the market place, the incumbents did not act fast for business as well as commercial exigencies. The further delay / extension will not guarantee that all operators upgrade to packet switched networks in stipulated time period.
- 5G rollouts have already started in many countries around the globe. India is already delayed in kick starting the journey. An all IP network is a fundamental requisite towards 5G. Any delay in the implementation of BAK procedure will derail the need for operators to have a 5G network. This will not only keep the sector backward but also downgrade India's digital as well as telecom success story.
- The OTT application emergence and growth is seen as a threat to the potential of telecom operators. One of the reasons of the success of OTT applications has been their superiority in technology than the telecom operators. If the present IUC regime is allowed to continue,



new business formats could leapfrog further eroding the business prospects of the telecom sector.

- Customers are paying over Rs 200 on account of IUC annually as per various industry estimates. The propensity of consumers to pay for new services and applications making innovations commercially viable is being consumed to primarily support the legacy voice services. Even by paying so, consumers are deprived of great experience and best quality of service. With over a billion subscribers, Rs 200 billion could be spent by consumers on new applications without spending anything extra from their pockets.
- Telecom is the backbone for harmonising the access to information and services across various socio-economic profiles among citizens. To reduce the digital divide, IP technologies are very effective as they allow very low-cost operations making communication and a plethora of services and applications available with affordability. This is very critical for widespread uptake of digital services in rural and backward areas in the country.
- The skewness between offnet incoming and offnet outgoing traffic for major operators is fading. Also, as per the latest TRAI report on Telecom Subscriptions as on August 31 2019, the subscriber shares of three major players are almost similar in the range of 28-32%. With such market orientation, the net IUC payments from one operator to another will be marginal or even nullified in due course. In this case it merits BAK implementation as no operator gains at the cost of another.



About Telecom Users Group of India www.tugi.org.in

Telecom Users Group of India (TUG India) formed in 1997, is a non-profit non-governmental membership organisation registered as a society under Society Act 1860, in NCR Delhi. It caters to the needs of telecom users in India and works closely in association with International Telecom Users Group (INTUG)

INTUG is an international association of business users of telecommunications. With members and contacts in all five continents it has a global presence. Founded in 1974, INTUG has contributed significantly towards the opening up of telecommunications markets to competition.

The group uses its influence to actively promote professional customers' interests at the international level and ensures that the voice of the business user is clearly heard. The long-term focus of INTUG is to bring down all barriers companies and public institutions face when developing their ICT strategies. For more please visit <http://intug.org/>.