

**COAI's PRELIMINARY SUBMISSIONS TO THE
WORKING GROUP SET UP TO REVIEW ISSUES ON INTERCONNECTION**

I. FUNDAMENTAL PRINCIPLES OF INTERCONNECTION

The WTO Reference Paper and GATT framework lays down that :

1. Interconnection to be ensured

Interconnection with a major supplier will be ensured **at any technically feasible point** in the network. Such interconnection is provided:

- (a) **under non-discriminatory terms, conditions** (including technical standards and specifications) **and rates** and **of a quality no less favourable** than that provided for its own like services or for like services of non-affiliated service suppliers or for its subsidiaries or other affiliates;
- (b) **in a timely fashion, on terms, conditions** (including technical standards and specifications) **and cost-oriented rates** that are **transparent, reasonable, having regard to economic feasibility**, and **sufficiently unbundled** so that the supplier need not pay for network components or facilities that it does not require for the service to be provided; and
- (c) upon request, at points in addition to the network termination points offered to the majority of users, **subject to charges that reflect the cost of construction of additional facilities.**

2. Public availability of the procedures for interconnection negotiations

The procedures applicable for interconnection to a major supplier will be made publicly available.

3. Transparency of interconnection arrangements

It will be ensured that **a major supplier will make publicly available** either its interconnection agreements, or a **reference interconnection offer**.

4. Interconnection: dispute settlement

A **service supplier requesting interconnection** with a major supplier **will have recourse**, either:

- (a) **at any time or**
- (b) **after a reasonable period of time** which has been made publicly known

to an independent domestic body,, to resolve disputes regarding appropriate terms, conditions and rates for interconnection within a reasonable period of time, to the extent that these have not been established previously.

The above are the fundamental principles of interconnection that must be clearly enunciated and adopted.

II. INDUSTRY ISSUES ON INTERCONNECTION

A. Provision of Interconnection

1. While on one hand interconnection has been made mandatory for the Licensees, various provisions of the License Agreement refer both i.e. to the service provider mutually negotiating the terms of interconnectivity and also to the connectivity being within the overall framework of interconnection regulations issued by the TRAI from time to time and compliance with the TRAI's Regulations. Reference is drawn to the relevant clauses of the UAS License, which are reproduced and attached herewith as Annexure-1
2. This **reference to both mutual agreement and compliance with TRAI's Regulations has given rise to interpretative controversies and disputes**, which have also been reflected in the judgment and orders of the Hon'ble TDSAT. For example, in its judgment in Appeal No. 11 of 2002 dated 27.4.2005 (RIO Case);
 - a. TDSAT noted that the license in several places gave flexibility to the Licensee to enter into mutually negotiated interconnection agreements while in one clause it required the Licensee to comply with any orders, etc issued by TRAI. TDSAT opined that if this latter clause were to be read as an over arching provision, then it did not make sense for other clauses to talk about "mutual agreement subject to compliance of prevailing orders, direction, determination or regulation issued by TRAI" TDSAT further noted that in many clauses the conditions had not been made "subject to TRAI determination thereby implying that these are terms set by the Licensor which cannot be altered.
 - b. As a result TDSAT concluded that a harmonious way of interpreting the various clauses would be that some of the clauses merely stipulate the terms, some allow the Licensee to interconnect on mutually negotiated terms, some provide that the

mutual negotiated arrangements would be subject to compliance with the orders, etc of TRAI and some which prescribe the standards of interfacing, interconnection routing, standards for quality of services.

- c. TDSAT further concluded that **importance has been given to mutual negotiations and in some specified matters the mutually negotiated arrangements would need to be in compliance with orders / directions / regulations of TRAI.**

3. Further, there have also been **concerns and disputes with regard to the terms of license vis-à-vis the powers of the TRAI under the Act** in the context of which TDSAT has held that **any attempt by TRAI to facilitate interconnection would need to be in consonance with the conditions of the license** and the powers available to TRAI under the Act.

- a. In this regard, TDSAT has relied on the Delhi High Court judgment in MTNL Vs. TRAI (AIR 2000 Delhi 208) and held, inter alia, that **when the Central Government puts the terms and conditions of interconnectivity in the license it is not for the TRAI to say that these conditions are of no use or suo motu vary or override them.** There is nothing in the Act, after its amendment, which would take away the effect of the law, as laid down by the High Court in the case of MTNL. Principles laid down in that judgment are quite explicit. **TRAI is now empowered to fix the terms and conditions of interconnectivity between the service providers to whom licenses have been issued prior to the amendment to the Act in 2000.** The **extent to which this power can be exercised is to bring harmony with the terms of interconnectivity of licenses issued after the amendment of 2000** so that it is in conformity with the TRAI Act and the principles laid down in the said judgment.

- b. TDSAT has also quoted from the **High Court's judgment in MTNL case that** "For all the above reasons, it would have to be held that the authority has no power to issue any regulation which in any manner converts the merely recommendatory or advisory function into a directory function. The directions and regulations which the authority may issue and/or frame must necessarily be within the framework of the said Act. **The authority has no power or function to change or vary rights of parties under contracts or licenses. It can only regulate within the terms and conditions of the license**".

4. Thus **unless the TRAI Act is amended or the TDSAT's above holding is set aside /** changed by the Supreme Court (matter is pending before the Supreme Court in Civil Appeal No. 3298 of 2005 - TRAI Vs. MTNL, **the above continues to be the law of the land.**
5. Thus **the present position that emerges is that:**
- a. **Negotiations** between the parties **have been given primacy in the license without taking into cognizance the asymmetric market power of the interconnecting parties.**
 - b. **TRAI has no power or function to change or vary rights of parties under the contracts or licenses** as a result of which **private operators continue to be subjected to one sided /asymmetric/non-reciprocal interconnect arrangements.**
 - c. TRAI is empowered to fix the terms and conditions of interconnectivity between the service providers to whom licenses have been issued prior to the amendment to the TRAI Act in 2000. The extent to which this power can be exercised is to bring harmony with the terms of interconnectivity of licenses issued after the amendment of 2000 so that it is in conformity with the TRAI Act and the principles laid down in the MTNL judgment.

Suggestions:

- a. **Fundamental principles** relating to Interconnection **in line with those enunciated in WTO** in Section I above **should clearly be prescribed in the License Agreement** itself.
- b. In respect of **specific provisions**, it should be **clearly specified** in the License the **areas where**
 - **TRAI should fix the terms** of Interconnectivity
 - **The parties should mutually negotiate** the terms of interconnection **in a timely fashion** (a maximum time period for this may also be specified in the license)
- c. Further, **in case of mutual negotiations**, it should also be **clearly prescribed** that the **negotiated terms** should be **within the overall parameters of the Regulations** issued by TRAI and that **in case of conflict; the TRAI's Regulations must prevail.**

B. Direct Connectivity & the Interconnect Seeker/Provider Concept

B.I. Within the Licensed Service Area

1. **NTP - 99 provides that Direct interconnectivity between** licensed CMSP's and any other type of service provider (including another CMSP) in their area of operation including sharing of infrastructure with any other type of service provider **shall be permitted.**
2. The **above provision was made in public interest;** so that all operators directly connect with each other as a result of which unnecessary use of third network resources would be avoided leading to savings that would in turn, translate into reduced /lower tariffs.
3. Thereafter the **License Agreements were also amended** and Clause 26.6 of the License Agreement provided that **Direct Interconnectivity among all Telecom Service Providers in the licensed service area was permitted.**
4. **All the private cellular operators as also MTNL have already directly connected with each other.** However, **BSNL CellOne has not directly connected** with many of the Cellular operators and is transiting CMSPs calls meant for BSNL's cellular mobile network through its PSTN.
5. **BSNL CellOne agrees to directly connect with CMSPs only if CMSPs approach BSNL as interconnect seeker** (i.e. pay for the costs of upgrading networks).
6. Clause 27.3 of the UAS License stipulates that **the network resources including the cost of upgrading/ modifying interconnecting networks would be mutually negotiated** keeping in view the orders and regulations issued by the TRAI from time to time.
7. **TRAI considered the issue and vide its direction dated 27.07.2003 and thereafter in its October IUC Regulation dated 29.10.2003, made direct connectivity mandatory.** However, these were **challenged by BSNL** before TDSAT.
8. TDSAT in its order and judgment dated 03.05.2005 in Appeal No.31 of 2003 - BSNL Vs TRAI and in Petition No.20 of 2004 - COAI & Ors Vs.BSNL & Ors.:

- a. Noted that the infrastructure created for interconnection entailed some expenditure and also that this should be shared between the two operators who by mutual agreement are going to have direct connectivity.
- b. Stated that wherever, till the date of the order, infrastructure had been created for connections from the Cellular Operators to Level-1 TAX the same would be used for the termination of calls to the PSTN subscribers as well as to CellOne subscribers.
- c. Directed that in the interest of level playing field, direct connectivity between the CMSPs and the BSNL CellOne may be encouraged in the future by mutual agreement on the basis of costs being shared between the CMSP and BSNL CellOne".
- d. Observed that till such time the matter was comprehensively dealt with by TRAI and final decision is taken thereon by the licensor, direct connectivity should remain permissible".

9. Thus in the interest of level playing field TDSAT encouraged direct connectivity but did not hold that it is mandatory.

10. Secondly, TDSAT has not settled the **issue of Interconnection Seeker and Provider**. Even TRAI's Regulations do not come to the rescue of the Operators in this regard. As per Clause (xi) of the October IUC Regulation, "Interconnection Provider" means the service provider to whose network an interconnection is sought for providing telecommunication services and as per clause (xii) thereof, "Interconnection Seeker" means the service provider who seeks interconnection to the network of the interconnection provider. The issues are pending before the Supreme Court in Civil Appeal Nos. 6049 of 2005 - BSNL Vs. COAI, 3299 of 2005 - TRAI Vs. BSNL and 24497 of 2005 - COAI Vs. BSNL.

B.II. Integration of 4 States

1. **On 20.5.2005 Government of India** corrected a subsisting anomaly and **allowed Inter-service Area connectivity** between Access provider **within Mumbai and Maharashtra, Chennai and Tamil Nadu, Kolkata and West Bengal and U.P. (East) and U.P. (West)**. **This decision too, was taken in consumer interest.**

2. **All the private CMSPs** in these above licensed service areas **expeditiously established direct connectivity amongst themselves** and **soon started offering** inter service area **calls between these four states at local call rates**, thus meeting the desired public interest objectives of the Government.
3. **BSNL however required the private CMSPs** to first **sign an addenda** to their existing interconnect agreements and **then apply for POIs** (which can take as long as 12 months as per the existing interconnect agreements) **to secure direct inter service area connectivity** with BSNL CellOne.
4. **In the meantime** however **existing arrangements had to continue** and thus inter service area **calls to BSNL CellOne** in these 4 states **continued to be treated and tariffed as inter circle (STD) calls**.
5. **As direct connectivity had not been mandated private operators have no option but to comply with the process laid down by BSNL**.

Suggestions:

- a) The **License may be amended** to provide that **direct connectivity is mandatory**.
- b) The **License Agreement** may clearly provide for a comprehensive definition of "Interconnection Provider" and "Interconnection Seeker".

C. Reference Interconnect Offer (RIO)

1. TRAI came out with an RIO Regulation in July 2002 that provided inter alia that :
 - a. Operators with SMP publish an RIO within 90 days of issue of the Regulation
 - b. This RIO would be based on the Model RIO and guidelines published by TRAI
 - c. The RIO would stipulate the terms and conditions on which interconnection would be provided
 - d. The above RIO would be submitted to TRAI for its approval and be published only after TRAI has approved the same
 - e. The published RIO would form the basis for all interconnection Agreements to be executed thereafter
 - f. A published RIO could be modified only with the prior approval of TRAI

4. It must be appreciated that it is very difficult for individual private operators to negotiate with the incumbent operators like MTNL / BSNL and that while in theory the emphasis is on mutual negotiations, in actual fact, this results in a unilateral prescription of terms and conditions on a take it or leave it basis by the SMP operators

Suggestions:

- a. While Operators may be given the freedom / flexibility to negotiate the terms and conditions of interconnection, but it must be provided in the License that **in the absence of agreement on the terms of interconnection** between the two interconnect parties, **the Model RIO published by TRAI must prevail.**
- b. The **license must be amended** to incorporate a provision to this effect.

D. Timely Provision of Interconnection

1. The **License Agreement does not provide for any time period** within which interconnection sought must be given.
2. The **Interconnect agreements that have been signed by the private operators with BSNL provide for a time period of 12 months to BSNL** to meet/fulfill the POI requests of the operators.
3. **In 1997, the TRAI** in its adjudicatory capacity under the un-amended TRAI Act 1997, had (vide its order dated 29.04.1997 in Petition No. 1 of 1997 - Aircel Digilink India Ltd. & Ors. Vs Union of India & Ors) **directed DoT (now BSNL)** that subject to technical integrity of the network and technical feasibility, to grant both way connectivity at Points of Interconnect and further **to grant Interconnections within 90 days of the request being received.** It was clarified that if for some reason, request for Points of Interconnect cannot be granted within the said period then DoT (now BSNL) could apply to TRAI for extension of time but such request must be made not later than at least 30 days before the expiry of the said 90 days period. To the best of our knowledge, this order of TRAI has not been challenged. However, for whatever reasons and circumstances, this order did not get fully implemented.
4. However, subsequently when **TRAI issued its RIO Regulation in July 2002**, it **provided 180 days (6 months) for provision of POIs and retained the 90 day provision only in cases of launch of service.** The key provisions of the RIO in this regard were as follows :

- a. Once the Interconnection provider received a formal demand for interconnection, he would within 30 days, either accept the demand or offer an alternative proposal for meeting this demand fully or partially along with approximate dates & issue the relevant demand notes for the accepted part of the demand.
 - b. In case no response was made within 30 days, demand will be treated as accepted and interconnection seeker would be free to deposit the prescribed amount for the required number of ports.
 - c. The date of such deposit would be treated as the date of "firm demand".
 - d. Such **accepted demand shall be met within 6 months of such deposit**.
 - e. However, **in case of interconnection** with a minimum number of required E1 ports as ascertained by the interconnection provider, **required for the launch of the service, shall be provided within 90 days** of payment of the demand note, unless found to be technically non feasible.
5. Notwithstanding the above **when BSNL issued its RIO, it provided for a period of 12 months** for grant of POI's. However, **pursuant to the TDSAT judgment** in this regard, **BSNL did come out with a revised RIO for a very brief period in 2005** where it **reduced the said 12 months period to 6 months period** and further provided that **in case of launch of service, a period of 90 days** (for upto 1 E1 Ports.)
6. It may be noted that the **RIO issue was and continues to be a subject matter of litigation**. BSNL published a revised **RIO** in 2005 without seeking TRAI's approval. TRAI approached TDSAT in this matter **by way of a Review Petition** in TDSAT which was dismissed by TDSAT on **29.3.2006**. Thereafter BSNL has yet to come up with a formal RIO.
7. It may be appreciated that **timely grant of POI's / Interconnectivity goes to the very root of issues of quality of service**. TRAI has recognized that unavailability of Interconnection between networks of service providers' results in non-completion of calls, which causes disruption of service and inconvenience to the subscribers of the network of both the interconnecting operators, and deterioration in the Quality of Service provided by the service provider and is **against the interest of the consumers and service providers**.
8. It was **in light of the above concern that TRAI on 07.06.2005** under section 13 of the TRAI Act 1997, **issued a direction to all service providers to provide interconnection on the request of the interconnection seeker within 90 days** of the applicable payments made by the interconnect seeker. This **direction has already been challenged by BSNL**

in Appeal No. 9 of 2005 and is **pending consideration before TDSAT**. It is pertinent to mention here that one of the arguments of BSNL is that TRAI does not have any jurisdiction to override License agreements / Interconnection agreements a view that has been upheld by TDSAT in its earlier judgments.

9. It may also be pertinent to note that **here again TRAI has not clarified as to who the interconnect seeker should be.**

Suggestions:

- a. In this background it **may be advisable to clearly specify the maximum period i.e. 90 days for provision of interconnection by the Interconnection provider in the License itself.**
- b. This period should **commence from the date of request/applicable payments** having been made by the Interconnection Seeker.

E. Intra Circle Carriage Charge

1. In respect of calls handed over by Cellular operators to BSNL at Level II TAX, it has been very clearly prescribed and clarified by the TRAI that a carriage charge of only 20p/minute will be payable irrespective of distance. This charge was specified by TRAI in its IUC Regulation of 29.10.2003.
2. However despite this, BSNL was levying distance based charges for the above calls. The above inter alia was challenged by the CMSPs in TDSAT vide their Petition No. 48 of 2004.
3. TDSAT in its order and judgment dated 11.11.2005 upheld the view of the CMSPs and directed BSNL not to levy distance based carriage charges for such calls as they were entitled to levy a carriage charge of only 20p/minute for all such calls as per the said Regulation..
4. In response to the above direction /judgment of TDSAT, BSNL
 - a. Filed an appeal in the Supreme Court (being Appeal No. D5558 of 2006) against the order and judgment of TDSAT dated 11.11.2005.
 - b. Filed an Appeal in TDSAT (being Appeal No. 1 of 2006) in which it challenged clause 4 (iii), (iv) and para 84 of the Explanatory Memorandum of the IUC Regulation of 29th

October 2003, to the extent it seeks to take away the right of the BSNL to demand and recover "Carriage Charges" in accordance with the actual work done principle, i.e. on the basis of the distance and in accordance with the agreed terms and conditions of Interconnect Agreements between the BSNL and other private service operators.

5. It may be noted that while the BSNL appeal has been admitted in Supreme Court, the Hon'ble Court has not granted any stay in the matter. Despite the above BSNL continued to flout the judgment of TDSAT and levy distance based carriage charges.
6. The **IUC Regulation of 29.10.2003 was amended by TRAI on 23.2.2006** and vide its Letter No. 409-4/2006-FN dated **17.5.2006**, TRAI reconfirmed that **under the 29.10.2003 Regulation, a flat carriage charge of only 20p/minute was payable** for calls handed over by CMSPs at Level II TAX and further that that the **same also continues to be applicable** in the IUC Regime notified by TRAI vide its **IUC Regulation dated 23.2.2006**
7. **Instead of implementing the above, BSNL also challenged the TRAI letter of 17.5.2006** in TDSAT (being Appeal No. 8 of 2006) The **matter came up for issue of notice and for stay** of TRAI's letter dated 17.05.2006 before TDSAT **on 30.05.2006** when **TDSAT refused to grant a stay and directed BSNL to implement the carriage charge of 20p/minute within ten days** of its order dated 30.05.2006.
8. **Vide its Circular dated 9.6.2006 BSNL has complied** with the above directions of TDSAT **with effect from 1.3.2006.**
9. It may be noted that **BSNL in its Appeal** against the 29.10.2003 IUC Regulation has stated that the **carriage charges should be in accordance with the actual work done principle and in accordance with the Interconnect Agreements** that have been signed between BSNL and the private operators. Further, Clauses 6.4.1 and 6.4.2 of the said interconnect agreements provide inter alia that :
 - a. Access charges will be payable by CMSPs for calls terminating in the BSNL network
 - b. No access charges will be payable by BSNL for calls terminating in the CMSP network.
 - c. For calculating the access charges payable by CMSPs, the point at which the calls are delivered into the BSNL network will be treated as the originating point. The calls will be

measured from such point of origin to the destination SDCA as per the standard tariff of TRAI

10. **Repeated challenges** by BSNL of all of TRAI's directions etc on interconnection lead to **intense levels of litigation** on virtually all aspects of interconnection, **first in TDSAT and then in the Supreme Court**. This naturally leads to **extensive delays**, coupled with **adverse financial consequences** for the private sector.

Suggestions:

- a. To **address the disconnect between the Interconnect agreements and the Regulations** issued by TRAI, the **License must recognize and record the role of TRAI in fixing terms and conditions related to interconnection**.
- b. **While Operators may be given the freedom / flexibility to negotiate the terms and conditions of interconnection**, but it **must be provided that in the absence of agreement on the terms of interconnection between the two interconnecting parties, the directives, etc of the TRAI must prevail**.
- c. The license must be amended to incorporate a provision to this effect.

F. Augmentation

1. **As networks grow, there is a need for operators to continuously upgrade /augment** their capacity to deal with the increased traffic.
2. However the **manner in which these costs are to be shared between interconnecting operators is not settled**.
3. **Clause 17.11 of the Basic Service License** provides that **“The network resources including the cost of upgrading/modifying interconnecting networks to meet the service requirements of service will be provided by service provider seeking interconnection**. However mutually negotiated sharing arrangements for cost of upgrading/modifying interconnecting networks between the service providers shall be permitted”...”.
4. **Clause 27.3 of the UAS License** states **“The network resources including the cost of upgrading/ modifying interconnecting networks to meet the service requirements of the**

Licensee **will be mutually negotiated** keeping in view the orders and regulations issued by TRAI from time to time.

5. **TRAI in its Model RIO had provided that each party should bear the incremental cost** incurred for additional ports required for meeting the Quality of Service standards relating to its out going traffic to the other party. However, the RIO was challenged by BSNL and TDSAT has held that the RIO of the SMP operator needs only to be 'based' on the Model RIO (refer to Section – above)
6. **BSNL wants the interconnection seeker to bear the cost** of up gradation/modifying the interconnecting networks.
7. **TDSAT in its judgment and order dated 27.04.2005** in Appeal no. 11 of 2002 – BSNL Vs. TRAI, in the context of **Basic Licence**, has held, inter alia, that **"In our view such costs have to be borne by interconnection seeker in line with the license terms..."**
8. However, **the issue of who is the interconnection seeker and who is the interconnection provider and for how long has still not been clearly laid down or settled by any authority.**
9. As a result of the above, **private operators continue to be pay for the costs of augmentation. This is especially unfair as the augmented capacity (POIs) is used for both way traffic.**
10. It may however be noted that **in its judgment dated 3.5.2005 in the case of direct connectivity, the TDSAT did accept the principle of sharing infrastructure costs** as it observed that
 - i. It is logical that the media / infrastructure created for interconnection entails some expenditure
 - ii. This should be shared between the two operators who by mutual agreement are going to have direct connectivity.

Suggestions:

- a. The **License agreement should clearly specify the period for which a licensee would be an Interconnection Seeker** and should stipulate that **after the expiry of the said period, the cost of augmentation should be equally shared** between the two

interconnecting parties.

- b. **In the event that it is decided that each party should bear the incremental cost** incurred for additional ports required (as suggested by TRAI in its RIO), then it would be **necessary to segregate the trunks for incoming and outgoing traffic** so that each operator pays for his own augmentation and usage.

G. Principle of Reciprocity

G.I. Payment of Interest on Delayed Payments

1. **Clause 26.3 of the UAS License** agreement provides that Licensee **will work out** suitable regular **interconnects billing arrangements** with other licensed service providers in the respective Interconnect Agreements with them.
2. The **Interconnect Agreements signed between the operators and BSNL** have **one sided provisions for payment of interest on delayed payments** (Clause 7.5) i.e. only the private operators are obliged to pay interest on delayed IUC payments and there is no similar reciprocal clause for BSNL to pay any such interest on its delayed payment.
3. This above one-sided provision was present in the Interconnect Agreements because in pre IUC Regime, only the private operators used to make payments to BSNL and no payments were to be made by BSNL to the private operators.
4. This **non reciprocity was challenged by CMSPs** in COAI & Ors. Vs BSNL & Ors. In Petition No. 48 of 2004. TDSAT vide its order dated 11.11.2005 directed that payment of interest on delayed payments should be on a reciprocal basis. **TDSAT accordingly directed both parties to enter into agreement regarding the rate of interest which will be applicable for both the parties on reciprocal basis.**
5. However, **despite the aforesaid order BSNL has not implemented reciprocity** in payment of interest.
6. Under these circumstances **CMSPs have been constrained to file an Application for Implementation** of the said TDSAT's order (being Application No.26 of 2006) which is pending consideration of TDSAT. **BSNL is contesting the same** by saying that since it has

offered RIO to CMSPs, which **CMSPs can accept and which RIO contains reciprocal provisions** for payment of interest, therefore it has already implemented the TDSAT's judgment.

7. It is however submitted that the said **directions of TDSAT to implement reciprocity** in interest were **not in any manner tied to acceptance** or otherwise **of any other document** or agreement of BSNL.

G.II Bank Guarantees

1. There are also **other non-reciprocal clauses in the Interconnect agreement** such as the clause related to **provision of Bank Guarantees by CMSPs to BSNL** (Clause 7.3.2 and 7.4) **to securitize the IUC payments** to be made to BSNL. However, **similar reciprocal bank guarantees are not given by BSNL** to the private operators creating a non level playing field between operators.
2. This again is because at the time that the Interconnect Agreements were signed the IUC regimes had not been introduced and only the private operators used to make payments to BSNL and, no payments were to be made by BSNL to the private operators.

G.III. Charges for Collocated Equipment

1. The **interconnecting link equipment is required to be installed in the premises of the Interconnection Provider and Interconnection Seeker.**
2. There is however a huge **inequity in the amounts charged by BSNL/MTNL for the equipment of the private operators that is collocated in its premises** and the **amounts paid /payable by BSNL to the private operators** for the link equipment that is collocated at the premises of the private operators. BSNL charges are around 7-8 times higher. (refer BSNL Circular Nos. 116-14/96-PHC(pt) dated 19.02.200; 103-2/2002 dated 27.09.2002 & No. 103-1/2006 dated 30.5.2006)
3. **It is incorrect and unfair to have different charges for the same service / facility.** The **charges should be the same for both the parties** and therefore in cases where similar space, power supply, air conditioning is utilized by CMSPs, BSNL should charge CMSPs same amount as BSNL pays to CMSPs for similar service / facility.

Suggestions:

- a. The **principle of reciprocity must be enunciated in the License Agreements** of the operators.
- b. As regards the **exact rate of interest, provision of bank guarantees** for IUC charges, **if at all required, charges for collocation**, etc, the **license agreement must provide that this may be as decided by the TRAI from time to time.**

H. Disconnection

1. TRAI vide its Direction dated 31.12.2003 had

- a. Observed that Disconnection of POIs is not desirable in view of inconvenience caused to subscribers and then provided that the matter should be resolved through mutual agreement.
- b. In case of failure in arriving at mutual agreement, the operator who wishes to disconnect the POIs should give a notice for disconnection of POIs with a suitable time period, not less than 10 days.
- c. A copy of the above notice same should also be given to TRAI.
- d. In case TRAI does not intervene within the stipulated time frame, the operator concerned can go ahead with the disconnection of POIs.
- e. Alternatively, the **interconnecting operator may approach TRAI with full information about the dispute for determination in the matter.**
- f. This **direction was challenged by BSNL** in Appeal No. 2 of 2004 - BSNL vs TRAI.
- g. **TDSAT in its order and judgment dated 21.04.2004**, held that **TDSAT alone is the sole judicial authority to decide disputes** and TRAI does not have dispute settlement powers.
- h. **TDSAT however upheld the 10 days period of notice** for disconnection of POIs (It may be noted that BSNL had submitted that it had no objection to the fixing of maximum period of 10 days)

Suggestions:

- a. **Thus at present as far as disconnection is concerned a minimum notice period of 10 days is agreeable to all concerned. This 10 days notice period may be provided in the License itself.**
- b. Furthermore, a **methodology may be clearly evolved** and laid down (maybe in the License itself) **whereby the disputing parties are able to settle the dispute** within the said 10 days so as to avoid disconnection and thereby avoid inconvenience to public.

I. Near and Far-End Handover

1. The **existing interconnect agreements** (Clause 2.13.4.2 (addenda) signed by the operators with BSNL **allow for handover at the farthest point i.e. the terminating SDCA**, but in case this far end handover is not feasible, BSNL accept such calls only at the near end i.e. at the originating LDCC TAX. No intermediate handover at any other point is permitted.
2. It may be appreciated that as of date, many operators do not have POIs at all the SDCAs as a result of which they are forced to handover the calls at the originating SDCA despite the fact that the private operators have the capability of carrying the call upto a certain point in their own network and then handing over the call to an SDCA close to the terminating SDCA.
3. The above clause/provision on the one hand results in
 - a. Overburdening of the BSNL network leading to congestion
 - b. Sub-optimal utilization of the private operator's own network and facilities.
 - c. Unnecessary transit charges having to be paid to BSNL which increase the cost of the service leading to a burden on consumers

Suggestions:

- a. To ensure optimal utilization of the private operator's networks, reduce congestion in the BSNL networks and to benefit consumers through lower tariffs it is desirable that handover be permitted at the 'farthest' end.

J. Roaming

1. **Roaming is a form of interconnectivity outside the licensee's service area.**
2. The facility of roaming is **as of now not regulated** and left to the operators to decide amongst themselves.
3. **Even though private operators have made huge inroads as far as coverage is concerned**, but there are **still areas yet to be covered by them**. **BSNL by virtue of its legacy fixed line network** has been able to achieve a far wider footprint and has its network in a many smaller cities and town and even in the rural and remote areas.
4. **As roaming is not mandated, BSNL has consciously chosen not to enter into bilateral agreements with the private operators.**
5. **Non availability of this facility can have serious adverse consequences** for consumers, as was witnessed at the time of the Tsunami, when subscribers on non-BSNL networks were not able to connect with their families in times of crisis.

Suggestion:

- a. **As roaming is a USP of mobility and availability of this facility is in the interest of consumers**, it may be considered whether roaming should be mandatory under license, on terms and conditions as laid down by TRAI.

K. Carriage of Intra-Circle Traffic By NLDOs

1. This is with reference to a **recent amendment to the License Agreement of National Long Distance Operators (NLDOs)**, whereunder Government has allowed the NLDOs to **carry and terminate the intra-circle calls with mutual agreement with originating service provider**.
2. However, despite the above amendment, **BSNL is not allowing the private NLDOs to terminate the intra-circle traffic on its network** and as a result of which, **Access Providers are not able to exercise the right to choose a private NLDO** to handover such intra circle traffic which is meant for termination on BSNL's network.

3. As a result of the above, **BSNL's networks are getting overburdened and congested** while the private operators' networks have surplus unused capacity.
4. Furthermore this also results in **higher costs/tariffs as BSNL effectively has created a monopoly for both carriage as well as access** to its own subscribers.
5. **Implementation of license amendment will result in**
 - a. **Reduced congestion** on BSNL networks
 - b. **Optimal utilization of private operator's networks**
 - c. **Increased competition** in the intra circle carriage segment **leading to lower tariffs** for users

Suggestion:

- a. The license already incorporates this provision.
- b. There is need now to ensure that the same is implemented expeditiously within a given time frame.

RELEVANT CLAUSES OF THE LICENSE**26. Network Interconnection**

26.1 **Interconnection between the networks** of different SERVICE PROVIDERs shall be as per National Standards of CCS No.7 issued from time to time by Telecom Engineering Centre (TEC) and also **subject to technical feasibility and technical integrity** of the Networks and shall be **within the overall framework of interconnection regulations issued by the TRAI from time to time**. However, if situation so arises, INTERCONNECTION with R2MF signaling may be permitted by LICENSOR.

26.2 The **LICENSEE may enter into suitable arrangements** with other service providers to **negotiate Interconnection Agreements** whereby the interconnected networks will provide the following:

(a) To meet all reasonable demand for the transmission and reception of messages between the interconnected systems.

(b) To establish and maintain such one or more Points of Interconnect as are reasonably required and are of sufficient capacity and in sufficient numbers to enable transmission and reception of the messages by means of the Applicable Systems,

(c) To connect, and keep connected, to their Applicable Systems.

26.3 The provision of any equipment and its installation for the purpose of Interconnection shall depend on the **mutual agreement of the concerned parties**.

26.4 The Interconnection Tests for each and every interface with any Service provider **shall be carried out by mutual arrangement** between the LICENSEE and the other party involved. The Interconnection Tests schedule shall be mutually agreed. Adequate time, not less than 30 days, will be given by the LICENSEE for these tests. On successful completion of interconnection tests or on mutual agreement between service providers for rectification of deficiencies / deviations, if any, the LICENSEE can commence the SERVICE. In case of disagreement for rectification of deficiencies / deviations in conducted interconnection tests, prior approval of LICENSOR shall be required.

26.5 It shall be mandatory for the LICENSEE to provide interconnection to all eligible Telecom Service Providers as well as NLD Operators whereby the subscribers could have a free choice to make inter-circle/ international long distance calls through NLD/ ILD Operator. For international long distance call, the LICENSEE shall normally access International Long Distance Operator's network through National Long Distance Operator's network subject to fulfillment of any Guidelines/ Orders/ Directions/ Regulation issued from time to time by Licensor/ TRAI. The LICENSEE shall not refuse to interconnect with the International Long Distance Licensee directly in situations where ILD Gateway Switches/ Point of Presence (POP), and that of Access Provider's (GMSC/ Transit Switch) are located at the same station of Level -I TAX

26.6 Direct interconnectivity among all Telecom Service Providers in the licensed SERVICE AREA is permitted. LICENSEE shall interconnect with other Service Providers, subject to compliance of prevailing regulations, directions or determinations issued by TRAI. The interconnection shall have to be withdrawn in case of termination of the respective licensed networks of another Telecom service providers within one hour or within such time as directed by the LICENSOR in writing, after receiving intimation from the LICENSOR in this regard.

26.7 Point of Inter-connection (POI) between the networks shall be governed by Guidelines/ Orders/ Directions/ Regulation issued from time to time by Licensor/ TRAI.

26.8 LICENSEE will work out suitable regular interconnect billing arrangements with other licensed service providers in the respective Interconnect Agreements with them.

27 Interface

27.1 The LICENSEE shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed in respect of Network- Network Interface subject to such other directions as LICENSOR or TRAI may give from time to time. Failure on part of LICENSEE or his franchisee to adhere to the QUALITY OF SERVICE stipulations by TRAI and network to network interface standards of TEC may be treated as breach of Licence terms. For the purpose of providing the SERVICE, the LICENSEE shall install his own equipment so as to be compatible with other service providers' equipment to which the LICENSEE's Applicable Systems are intended for interconnection. The LICENSEE shall be solely responsible for attending to claims and damages arising out of his operations.

27.2 The charges for accessing other networks for inter-network calls shall be based on mutual agreements between the service providers conforming to the Orders/Regulations/Guidelines issued by the TRAI from time to time.

27.3 The network resources including the cost of upgrading/ modifying interconnecting networks to meet the service requirements of the LICENSEE will be mutually negotiated keeping in view the orders and regulations issued by the TRAI from time to time.

PROVISIONS OF THE TRAI ACT

“11(1) Notwithstanding anything contained in the Indian Telegraph Act, 1885 (13 of 1885), the functions of the Authority shall be to-

(b) discharge the following functions namely:-

(ii) **notwithstanding anything contained in the terms and conditions of the licence granted before** the commencement of the Telecom Regulatory Authority of India (Amendment) Act, **2000**, to fix the terms and conditions of inter-connectivity between the service providers;”

(iii) ensure technical compatibility and effective inter-connection between different service providers;

(iv) regulate arrangements amongst service providers of sharing their revenue derived from providing telecommunication services”;

RELEVANT EXTRACTS FROM TDSAT JUDGMENTS

RIO JUDGMENT DATED 27.04.2005 IN

- Appeal No.11 of 2002 – BSNL vs. TRAI,
- Appeal No. 12 of 2002 – MTNL vs. TRAI
- Petition No. 25 of 2004 – COAI vs. BSNL

1. "... we are inclined to assume that the RIO Regulations of 2002 need to be seen as an attempt by TRAI to facilitate effective interconnection between the service providers and in particular between a service provider having significant market power and the one seeking interconnection with the latter. The model RIO also gives the broad framework and the various points that need to be addressed for the purpose of securing a smooth and effective interconnection. In particular we find that the following stipulations in the Regulation need to be focused upon:

(i): "The RIO will stipulate the concerned service provider's terms and conditions on which it will agree to interconnect its network with the network of any other service provider seeking interconnection.

(ii) "The RIO so published by the Service Provider shall form the basis for all interconnection Agreements to be executed hereafter".

(iii) "Based on the model RIO, the Service Providers with Significant Market Power are required to submit their proposed RIO's to the Authority for approval, which when approved by the Authority is to be published to form the basis for all interconnection agreements to be entered into by/and with the issuer".

(iv) "The RIO Regulation has annexed a model RIO based on which the Service Provider is to draft its own terms and conditions in the form of a Proposed RIO and submit the same to the Authority for its approval".

(v) "As per the RIO Regulations, it is the Service Provider who has to fix the terms of its RIO and after approval publish the same. This is further evidenced by the fact that the Service Provider seeking interconnection need not accept the published RIO and may

negotiate with each other to alter, vary, amend and add terms and thereafter, enter into an Agreement, the terms of which could be substantially different from the 'Model' RIO".

(vi) "The power to fix terms and conditions of Inter-connectivity is not conferred by the said RIO Regulations as only the power to approve the terms and conditions laid down by the Service Provider in the Proposed RIO has been stipulated in the said RIO Regulations".

There is no stipulation in the RIO Regulations to adopt the model RIO. All that the RIO Regulations require is that the Proposed RIO be based on the Model RIO. (Para 17)

2. **"There can be no doubt that the attempt sought to be made by TRAI to facilitate interconnection making use of RIO regulations and the related "Model RIO" and the "Guidelines" would need to be in consonance with the conditions of the license given to the service providers and the powers available to TRAI under the Act in regard to interconnection. The RIO is basically an offer from the relevant service provider indicating its terms and conditions for the purpose of arriving at an agreement with any such service provider seeking the inter connection. The stipulation of prior approval of the Authority in clause 3.1 of the regulations would not give powers to TRAI to impose a set of new terms and conditions but would basically be to ensure that the basic structure of the model RIO is adhered to and the various points which have been identified in the draft RIO have been reasonably addressed. Any other intrusive approach in the garb of "prior approval" would not be in accordance with the provisions of the TRAI Act and would also undermine the freedom of a service provider to enter into mutual negotiations and agreement with other service providers in the matter of interconnection which has been referred to in the licenses and finds mention in the RIO regulation. The use of model RIO cannot usurp the right of the Service Provider to first enter into an arrangement or agreement in exercise of the freedom of contract envisaged in the license." (Para 18)**

3. The TDSAT had also **relied on the Delhi High Court judgment in MTNL Vs. TRAI** (AIR 2000 Delhi 208) and has further held, inter alia, that:

"..When the Central Government puts the terms and conditions of interconnectivity in the license it is not for the TRAI to say that these conditions are of no use or suo motu vary or over ride them. There is nothing in the Act, after its amendment, which would take away the effect of the law, as laid down by the High Court in the case of MTNL. Principles

laid down in that judgment are quite explicit. **TRAI is now empowered to fix the terms and conditions of interconnectivity** between the service providers to whom licenses have been issued prior to the amendment to the Act in 2000. **The extent to which this power can be exercised is to bring harmony** with the terms of interconnectivity of licenses issued after the amendment of 2000 so that it is in conformity with the TRAI Act and the principles laid down in the said judgment.

Statement of objects and reasons for the amendment do not take away the plain language of the enactment. When terms and conditions of the license use the terminology like orders/ decisions/ determination/ regulation that would not mean that TRAI can adopt any of the methods to rewrite or vary the terms and conditions of the license and these would need to be within the confines of the licensing framework and also be in conformity with the statute.

We cannot read in sub clauses (i) and (ii) of clause (a) of Section 11(1) that terms and conditions of the license would not include terms and conditions of interconnectivity between the service providers. TRAI would remain bound by the terms and conditions of interconnectivity of the service providers as given in the license issued after the amendment to the Act in 2000. It has power to change the terms and conditions of interconnectivity of the license issued prior to the amendment of 2000 to the extent that these are in conformity with the terms and conditions of interconnectivity contained in the license issued after the amendment of 2000. This to us appears to be the only harmonious construction to give effect to the provisions of sub-clause (ii) of clause (a) of Section 11 (1) and sub clause (ii) of clause (b) of Section 11(1) of the Act." **Para 21**

4. **TDSAT has quoted** the following para from the **High Court's judgment in MTNL case**:

"For all the above reasons, it would have to be held that the authority has no power to issue any regulation which in any manner converts the merely recommendatory or advisory function into a directory function. The directions and regulations which the authority may issue and/or frame must necessarily be within the framework of the said Act. **The authority has no power or function to change or vary rights of parties under contracts or licenses. It can only regulate within the terms and conditions of the license**" (Para 24)

5. "It is therefore **quite clear that the Hon'ble Division Bench has laid down that TRAI in the performance of its regulatory functions does not have the power to over ride the**

license conditions or vary contracts or existing private rights unless specifically empowered under the statute.” **(Para 25)**

6. "It is thus clear that **at several places** in the license **flexibility has been given to the Licensee to enter into mutually negotiated interconnection agreements**. In some of the clauses (clauses 17.2, 17.6 and 17.10) language used is “ shall be as per mutual agreement subject to compliance of prevailing determination/regulation/ direction issued by the TRAI under TRAI Act, 1997”. There is one clause namely 17.8, which needs to be particularly noticed in as much as it states that **“the Licensee shall comply with any order, direction, determination or regulation issued by TRAI under TRAI Act 1997 as amended from time to time”**. **If this clause were to be read as an over arching provision it does not make sense why in other clauses language to the effect “as per mutual agreement subject to compliance of prevailing orders, direction, determination or regulation issued by TRAI under the TRAI Act 1997” has been used**. Also in **many of the clauses the conditions have not been made “subject to TRAI determination thereby implying that these are terms set by the Licensor which cannot be altered** without the consent/determination of the Licensor”. **(Para 27)**
7. “A harmonious way of interpreting the various clauses under the heading of ‘Network Interconnection’ would be to see the differentiation in as much as some of the clauses merely stipulate the terms set by the Licensor, another set of clauses allows the Licensee to interconnect on mutually negotiated terms, yet another set of clauses provides that the mutual negotiated arrangements would be subject to compliance of any determination, orders, directions and regulations issued from time to time by TRAI and finally there is a set of clauses which prescribe the standards of interfacing, the interconnection routing for NLD, INLD and intra circle long distance traffic and standards for quality of services. **There is no doubt that importance has been given to mutual negotiations** in settling the terms between the service providers in regard to different aspects of interconnection. **The reasons could be that in interconnection matters, mutuality of interest is sought to be given incentive and in some specified matters the mutually negotiated arrangements need to be in compliance with orders / directions / regulations of TRAI.**” **(Para 28)**
8. There is, therefore, considerable difference in the stipulations in regard to the powers of TRAI in the license in regard to “tariffs” and those relating to “Network interconnection”. We do not see any merit in the argument that the conclusions reached by the Division Bench would not be applicable to the situation existing after the Amendment to the TRAI Act in

2000. On the other hand, we are more convinced than ever that the principles laid down in this judgment are extremely relevant and provide valuable guidance for deciding the contentious matters presently before us." **(Para 29)**

9. We **continue to hold that the RIO Regulations need to be in accordance with the TRAI Act, the licensing conditions and directions and rules** by the Central Government under Sections 25 & 35 of the TRAI Act. A **harmonious interpretation** would need to be made of the provisions in the regulations **to see that these do not violate the TRAI Act**. We have proceeded to deal with this matter keeping this in view. **(Para 32)**

10. **As regards the stipulation of "prior approval" by TRAI**, we have already indicated elsewhere that **'prior approval would only mean that the proposed RIO is in accordance with the law and licensing conditions**. Specifically we have concluded that:

"The stipulation of prior approval of the Authority in clause 3.1 would not give powers to TRAI to impose a set of new terms and conditions but would basically be to ensure that the basic structure of the model RIO is adhered to and the various points which have been identified in the draft RIO have been reasonably addressed. Any other intrusive approach in the garb of "prior approval" would not be in accordance with the provisions of the TRAI Act and would also undermine the freedom of a service provider to enter into mutual negotiations and agreement with other service providers in the matter of interconnection which has been referred to in the licenses and finds mention in the RIO regulation." **(Para 34)**

11. **"Cost of augmentation and cost of Interconnection"** (Reference - clauses 3.4.2 and 12.3 of draft RIO): **BSNL wants the interconnection seeker to bear the cost of up gradation/modifying the interconnecting networks i.e. the charges for augmentation required on account of providing interconnection and for additional capacity based on traffic observations so as to compensate BSNL for investments (not covered by existing interconnection charges regime) to be made for establishing new infrastructure including down stream network elements to handle additional traffic.**

TRAI wants each party to bear the incremental cost incurred for additional ports required for meeting the Quality of Service standards relating to its out going traffic to the other party.

In our view such costs have to be borne by interconnection seeker in line with the license terms. For example, in clause 17.11 of the License agreement relating to Basic Telecom Service stipulates as under:

“17.11 The network resources including the cost of upgrading/modifying interconnecting networks to meet the service requirements of service will be provided by service provider seeking interconnection. However mutually negotiated sharing arrangements for cost of upgrading/modifying interconnecting networks between the service providers shall be permitted”. **(Para 36(3))**

12. **In our view the purpose of any RIO is only to serve as a benchmark for mutual negotiations** between the two operators resulting into the ultimate signing of the interconnect agreement. The **basic aim is to: (i) increase transparency; (ii) shorten / expedite commercial negotiations** for signing the interconnect agreements; (iii) **provide more certainty to new entrants** to the market; and (iv) **prevent unfair discrimination** so as to accelerate development of telecom infrastructure in the larger interest of the public and healthy competition in the telecom sector. We have also held that the **freedom of service provider to enter into mutual negotiations and agreements** with other service providers in the matter of interconnection **has to be given due recognition and should not be undermined.** **(Para 39)**

DIRECT CONNECTIVITY JUDGMENT DATED 03.05.2005

- Appeal No.31 of 2003 - BSNL Vs TRAI
- Petition No.20 of 2004 - COAI & Ors vs. BSNL & Ors.

1. "Therefore, the technological requirement of Direct Connectivity between the MSCs of CMSPs and the MSCs of BSNL Cell One needs to be addressed in a comprehensive manner.

It is **logical that the media use/infrastructure created for interconnection** in accordance with the IUC Regulation of Interconnection **entail some expenditure**. This **should be shared between the two operators** who by mutual agreement are going to have direct connectivity. We do not want to give any directions on the interconnection which has already been created between the operators, which have been arrived at by signing MOUs / agreements between them. Wherever, till the date of this order, infrastructure has been created for connections from the Cellular Operators to Level-1 TAX the same will be used for the termination of calls to the PSTN subscribers as well as to CellOne subscribers. In the near future since both the CMSPs and BSNL CellOne are likely to enhance their capacities manifold, the present connectivity will fall short of the requirements. **In the interest of level playing field, direct connectivity between the CMSPs and the BSNL CellOne may be encouraged in the future by mutual agreement on the basis of costs being shared between the CMSP and BSNL CellOne".** (Para 17 (b))

2. "...till such time the matter is comprehensively dealt with by TRAI and final decision is taken thereon by the licensor, direct **connectivity should remain permissible**". (Para 17(c))
3. "Seeker/Provider Concept: This issue was discussed at length by both the parties. All the MSC's of cellular operators are connected to Level-1 TAX of BSNL for their calls to PSTN subscribers. This gives the facility to cellular mobile subscribers to transit calls through the Level-1 TAX to BSNL CellOne subscribers and also PSTN subscribers of Basic Service Networks including BSNL. Infrastructure was created by BSNL to support the other cellular networks for their transit calls and terminating calls on PSTN. BSNL entered into cellular operations through their CellOne at a later date. BSNL CellOne has however utilized the connectivity of BSNL PSTN with the other cellular operators for getting connected to their networks and thereby the related cellular subscribers.

BSNL charges Rs.0.19 per minute from the cellular subscribers for transiting calls through its Level-1 TAX. While this may be justified for providing terminations to these calls to the

BSNL PSTN network or for providing connectivity to the networks of other operators, it is also being charged for accessing BSNL CellOne subscribers. The cellular operators have paid port charges to BSNL for the Level-1 TAX connectivity. On the other hand BSNL CellOne is getting the benefits of connectivity to the other cellular operators without paying the PSTN transit charges and makes use of existing ports meant for such cellular operators for getting the PSTN transit connectivity for their traffic. **On considerations of level playing field it appears that BSNL is not justified any longer in charging transit charges** to the extent of 19 paise for accessing BSNL CellOne subscribers". **(Para 17(d))**

PULSE JUDGMENT DATED 11.11.2005

- Petition No. 48 of 2004

1. "...**On the issue of distance based Carriage Charges** we notice that the petitioners are obliged to pay carriage charges to the respondents for handing over intra-circle calls at Level-II TAX in the terminating LDCAs. The IUC Regulations of October 2003 lay down applicability of these charges at Table-II in Schedule-II. Para 84 of the Explanatory Memorandum of the IUC Regulation of October lays down the carriage charge of only Re. 0.20 per minute for intra-circle calls irrespective of the distance from Level-II TAX to the Terminating Tandem / Local Exchange. We, however, find that **BSNL is charging additional amount based on the distance based charges, which is not in accordance with the stipulation of Table-II.** The arguments based on the principle of work done are not of much merit in view of the clear stipulations in IUC Regulation of October 2003, which are not under challenge by BSNL. TRAI has also clearly clarified to BSNL in this regard vide its Letter No. 409-16/2003-FN dated 20.1.2004 in the following terms:

"(c) In Schedule C of the BSNL's letter, BSNL has specified distance based carriage charges for call terminating in their Fixed Line Network handed over at Level-II TX. Further for calls handed over at Tandem in a Metro BSNL is charging Re. 0.20 additionally as TAX charges. The IUC Regulation in Table-II has prescribed Nil carriage charge in the case of Cellular Metro Circles where the call is handed over at Tandem. Similarly in the case of Intra-Circle call from Cellular Network handed over to BSNL at the TAX in which the call is to be terminated a carriage charge of only 0.20 paise per minute would be applicable irrespective of the distance from that TAX to the terminating Tandem. In case call is handed over at any other TAX the relevant distance based carriage charge would be applicable." **(Para 49)**

2. "We feel that the **distance based carriage resorted to by BSNL needs to be brought in tune immediately with what is authorized** as per the Regulation of October 2003 as stated in Table-II and therefore we allow the prayers to this effect and **direct BSNL not to levy the distance based carriage** of Re. 0.65, Re. 0.90 and Rs. 1.10 for the distance slabs of 50 to 200 kms, 200 to 500 kms and above 500 kms, respectively in case of Intra-Circle call from Cellular Network handed over to BSNL at the Terminating LDCA TAX in which the call is to be terminated, **as they are entitled to levy a carriage of only Re. 0.20 per minute for all such calls as per the said Regulation...**". **(Para 50)**

3. "Reciprocity in Interest The petitioners have pointed out that large amounts of bills are not paid in time by the respondents and when paid after considerable delay there is no payment of interest whereas an interest of 24% per annum compounded quarterly is charged from them on their dues. **We direct that this should be on reciprocal basis. Both parties are directed to enter into agreement regarding the rate of interest which will be applicable for both the parties on reciprocal basis".** (Para 52(c))