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TELECOM REGULATORY AUTHORITY OF INDIA

For Immediate release.

Tel. No : 011-23217914

Fax.No : 011-23211998

E-mail: skgupta@traigov.in or
guptask61@gmail.com

Website: www.traigov.in

**Restrictions on Internet telephony removed by TRAI's
recommendations**

New Delhi, 18th August, 2008 - Telecom Regulatory Authority of India (TRAI) today issued recommendations on "Issues Related to Internet Telephony".

The rapid technological developments and better quality of voice communications are shaping the future of telecom. The enormous increase in data traffic in international scenario, increasing acceptability of IP networks, adoptability of NGN by many countries, and global liberal regulatory regime for Internet telephony require a fresh review of existing licensing conditions in India.

The present licensing framework has envisaged different type of access service providers (UASL, BSOs, CMSPs), National Long Distance service providers (NLDs) International Long Distance service providers (ILDs) and Internet Service Providers (ISPs). While access service providers are permitted to provide various services and applications to their subscribers under Universal Access Services License (UASL), the role of other licensees like NLD and ILD is limited to provide long distance services and Internet service providers are permitted to provide access to Internet. It was expected that access service providers will provide highly popular services like Internet Telephony and boost broadband

penetration but it has not come on the ground. As such our subscribers are denied advanced value added services in contrast to global scenario where such Internet based services are popular. ISPs are not permitted to provide unrestricted Internet Telephony though they have IP based Infrastructure. Such regulatory restrictions discourage technological advancements and result is grey market activities to provide these services to common masses.

The present regulatory framework denies fruits of technological advancements to reach to common masses. Level playing field issues were being advocated against permitting these services under various licenses. Globally telecommunications are being shaped by steep growth of broadband and wireless subscribers. The regulatory environment should be dynamic, enabling, efficient and encourage competition. Hence regulatory framework for Internet telephony has to be considered in view of convergence and other similar developments taking place across the globe.

The Authority suo-motu had initiated a consultation process on 12th May, 2008 titled "Issues Related to Internet Telephony". The Authority has considered regulatory framework which is technologically neutral, enables developments, innovations and growth of the telecom sector for benefit of common masses while ensuring that business models of access telecom service providers are not adversely impacted. The end-users in country must be delivered the innovative and cost effective services. Due importance have been given to level playing field among various service providers, Interconnection mechanism, Interconnect usage charges (IUC), Numbering, Lawful interception, Emergency number dialing, Interoperability, Quality of Service etc. Overall licensing framework has been protected while permitting unrestricted Internet telephony to ISPs.

The salient features of the recommendations are given below:

- ISPs have been permitted to provide unrestricted Internet telephony (Termination of Internet telephony calls on PSTN/PLMN and vice-versa).
- National Long Distance (NLD) operators shall be permitted to connect to ISPs through public Internet (Internet cloud) for unrestricted Internet telephony.
- ISPs and NLD shall have mutual agreement for unrestricted Internet telephony.
- NLD shall make suitable commercial and technical arrangements with access providers (PSTN/PLMN) for unrestricted Internet telephony.
- No change in existing IUC regime.
- TEC shall identify distinct number resources for Internet Telephony subscribers.
- Telephone numbers from identified blocks shall be allocated to ISPs, UASPs, BSOs & CMSPs for Internet telephony.
- Emergency number dialing is not mandated to ISPs.
- All ISPs interested to provide unrestricted Internet telephony shall install Lawful Interception equipment.

- Quality of service (QoS) for unrestricted telephony has not been mandated.

These recommendations are a step forward towards developing supportive regulatory environment, encouraging technological advancements, enabling convergence, making unrestricted Internet telephony available and boosting of broadband penetration. These enabling recommendations will put Indian telecom sector in tune with global trends. The grey market tendencies shall be curtailed.

It is envisaged that the customers will ultimately benefit from cost effective and innovative Internet Telephony service. The business model of ISPs will improve without impacting access providers due to increase in the telephony call volumes.

Detailed recommendations are available on TRAI's website www.trai.gov.in.

Contact details in case of any clarification:

Shri S.K. Gupta, Advisor (CN), TRAI
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg, New Delhi-110 002.
Tel No.011-23217914 Fax No.011-23211998
e-mail : guptask61@gmail.com or skgupta@traigov.in

Authorized to issue:

(S.K. Gupta)