



## ERGO

*Analysing developments impacting business*

The age of Internet Telephony has officially arrived

27 June 2018

### Introduction

On 19 June 2018, the Department of Telecommunications, Government of India (DoT) finally provided its nod to several key recommendations (Recommendations) made by the Telecom Regulatory Authority of India (TRAI) on the Regulatory Framework for Internet Telephony in October 2017. DoT has released a clarification (Clarification) and certain amendments to existing licenses (Amendment), both of which are slated to take effect immediately.

But, what does this imply? In simple terms, one would be able to make or receive an internet protocol (IP) call on their mobile phone, by subscribing to internet telephony from its telecom operator but it is not necessary that the user is latched to the internet network of the same telecom service provider (TSP) to do so. This comes at a very interesting time when prices for voice calling have already hit rock bottom, leaving TSPs facing losses and a liquidity crunch.

### Background

As a service, internet telephony is defined under the Unified License as a "*transfer of message(s) including voice signal(s) through public internet*".

In TRAI's view, as noted in the Recommendations, even though the right to provide this service has existed for a considerable time within the licensing framework, its proliferation has been limited due to a variety of factors.

One of the major reasons is that TSPs have long held the view that internet telephony is likely to cannibalise their revenue from PSTN services, which are generally regarded as high-margin. For this reason, TSPs have historically advocated that internet access necessary for making or receiving calls via internet telephony should be provided by the same TSP who provides internet telephony services. This concern was justified to an extent in the past, however this argument does not hold much relevance in the present day when the prices for voice calls have already plummeted to unprecedented lows and TSPs themselves are providing unlimited calling facilities to subscribers.

### Clarification

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By way of the Clarification, DoT has echoed the views of TRAI and clarified that internet telephony “service is un-tethered from the underlying access network”. Consequently, internet telephony can be provided by a TSP to customers/ subscribers who may be using internet services of another TSP. In other words, one may make or receive phone calls using a Wi-Fi network at home or a public hotspot.

## Amendments

To address the concerns of toll by-pass, security and quality of services, DoT has also issued *inter alia* the following amendments in furtherance of TRAI’s suggestions:

- In case an Indian subscriber makes a call to another Indian number while roaming outside the country, international termination charge in accordance with the extant interconnection framework shall be payable to the International Long Distance Operator (ILDO) on whose gateway the call will land. If it cannot be ensured that the call lands on an ILDO’s gateway, such calling facility in case of internet telephony will not be provided by the TSP.
- The Public IP address used for originating and terminating the internet telephony call shall have to be made a mandatory part of the call detail record. Wherever feasible, location details (latitude and longitude) shall also be required to be provided.
- TSPs should inform their subscribers of the quality of service parameters supported by them so that subscribers may make an informed decision while using services.

## Comment

In our view, both the Clarification and Amendments present a position that serves the interest of DoT, subscribers and the telecom industry alike.

The proliferation of internet telephony will help DoT attain its policy objectives of taking telecom services to all corners of the country through deployment of public Wi-Fi hotspots, which will play an important role in the rendition of internet telephony services.

Subscribers in India will now be able to make and receive phone calls on their mobile number, but while using their Wi-Fi connection at home or at a public hotspot. Call drops and connection issues have become a serious cause of concern in recent times, therefore it is expected that this service will improve the quality of services to a large extent.

On the other hand, it is possible that this will further impact the declining revenues of TSPs as subscribers may now predominantly use internet services, which may or not be provided by the same TSP, to make calls. However, this may also be seen as a window of opportunity for TSPs to earn revenue from data services and offset the losses incurred on account of lesser usage of PSTN. The quality of services may also improve since a significant amount of traffic is likely to be off-loaded from the voice network of TSPs.

Since the Clarification and Amendments take effect immediately, one may expect announcements of new services from TSPs soon.

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