

Industry to make presentations on IUC to Trai on July 18

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Regulator Trai has called all telecom service providers on July 18 to discuss threadbare — one of the most contentious issues in telecom — call connect charges and its computation. The ‘workshop’ on these charges — also called Interconnection Usage Charges or IUC in the telecom parlance — will provide

the operators an opportunity to make presentations to Trai on network costs and the math behind the desired rate.

Trai expects the presentations by service providers to lead to a free-flowing discussion on IUC, an issue that has been a flashpoint between new and old operators in the sector. The 'workshop' on July 18 will precede an open house discussion, the date for which is yet to be finalised, a Telecom Regulatory Authority of India (Trai) official said. Put simply, a mobile operator levies IUC for each incoming call it gets from subscriber of another network and the mobile to mobile termination charge is currently pegged at 14 paise per minute — this is undergoing a review now.

On June 15, when it met the telecom operators to discuss ways to mitigate the industry's financial stress, Trai had mentioned that it has decided to conduct a workshop on IUC sometime in July. "The operators will present to us their arguments on revisiting IUC charges – whether they should see upward or downward revision. There is so much discussion on IUC that before we have an open house, and finalise our recommendation, we will have a detailed workshop," Trai Chairman, R S Sharma had then said.

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The workshop will demonstrate an appropriate cost model to compute the IUC, share international experience and debate the long-term impact, Sharma had said. It is pertinent to mention here that IUC has been subject matter of much debate, ever since the regulator initiated a review of the charges in August last year.

IUC even figured prominently in the presentation that the industry made to an inter-ministerial panel on financial stress, a few weeks ago. United against newcomer Reliance Jio, the three incumbent operators — [Airtel](#), Vodafone and [Idea Cellular](#) – are demanding raising of the call termination charges from 14 paisa per minute, while the new entrant has opposed it.

In a presentation to the inter-ministerial group last month, Idea Cellular had said that “IUC needs to be correctly determined to prevent predatory voice pricing environment”. “With increasing asymmetry post the introduction of free services by the new entrant, current IUC rates at 14 paise per minute established far below cost level has enabled free voice calling, thereby allowing outgoing call operator to inflict costs and losses on the receiving call operator,” Idea had said.

[Bharti Airtel](#) too had told the IMG that the IUC rate of 14 paise is lower than actual cost. Bharti Airtel had said that “to prevent abuse of below cost termination charges, it is recommended that the present IUC should be corrected and fixed at full cost incurred by the terminating operators”.