Interconnection Usage Charges

Why in news?

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TRAI is considering a revision of Interconnection Usage Charges

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What is Interconnection Usage Charges?

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- This is a charge payable by a service provider, whose subscriber originates the call, to the service provider in whose network the call terminates.
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- In a calling-party pays regime (CPP), if you originate a call, you pay your access provider, who in turn pays termination charges to the network you placed the call.
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- This is paid to cover the network usage costs as the operator, on whose network the call terminates, carries the call on its network to the customers.
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- This requires infrastructure investment thus, IUC ensures operators make appropriate investments to carry voice calls without terminations.
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- Currently only calls made via wireless to wireless devices attract IUC in India.
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What is the issue with IUC?

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- All the telecom players except Reliance Jio supporting an increase in IUC rates, a battle is on the cards.
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- The incumbent players prefer a hike in IUC or a status quo because a significant part of their network is still on 2G for which network costs are

higher.
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- The incumbents are stating that the termination charge of Rs.0.14 is already too low and does not even cover the cost of carrying the call.
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- But the new entrant, Jio, would prefer lower or even nil termination charges as the number of calls originated by it are more than the calls terminated.
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Why is it important?

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- IUC is one of the main sources of income for telecom companies.
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- Currently the domestic termination charge is at Rs.0.14 per minute while the international call termination is at Rs.0.53 per minute.
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- The mobile users need to watch TRAI’s decision on IUC as it can impact on their mobile bill.
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- Scrapping IUC benefit customers as it could bring down call tariffs.
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- On the other hand, if IUC increases, telecom players may increase the tariff for their call services.
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Source: Business Line

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