

TRAI's IUC Extension

Why in News?

The Telecom Regulatory Authority of India (TRAI) has decided to extend the current [IUC](#) (Interconnect Usage Charge) for wireless calls ending on a different telco's network for another year.

What does this decision mean?

- The decision to extend the current regime of 6 paise per minute termination charge or [IUC](#) is a welcome move.
- It may help improve the cash flow of the incumbent operators.
- These operators have been complaining that some of the TRAI decisions have only helped the newest telecom operator.

What should the regulator do?

- The regulator needs to iron out some more creases.
- For example, while extending the current regime, [TRAI](#) has announced that zero [IUC](#) regime will be implemented in January 2021.
- Although telcos will get a year to transition to the new system, setting a date for zero [IUC](#) without any review condition ahead of the roll-out seems ill-planned.
- Before its implementation, [TRAI](#) must make sure that the timing is right for shifting to a zero IUC regime.

How does TRAI fix termination charges?

- One of the factors guiding [TRAI](#) to fix termination charges is **traffic symmetry**, a term used to describe the ratio between outgoing and incoming calls.
- Following consultation with industry stakeholders, TRAI believes that traffic symmetry will be achieved by the end of 2020.
- Therefore, zero IUC would be feasible from January 2021.
- The regulator should not be in a hurry to abolish the IUC as the telecom industry has received an adverse court order to pay up adjusted gross revenue (AGR) dues of around Rs 1.4 trillion.

What are the comments on this TRAI decision?

- The Chairman of a telecom company had said that it might be the end of the road for its telecom venture if there was no help from the government.
- The Chairman of another company said that these were the most difficult times for the [telecom sector](#).
- IUC has been a controversial subject ever since Reliance Jio launched its service with free calls 3 years ago.

What are some resentments?

- In 2017, TRAI had cut IUC from 14 paise to 6 paise per minute, a move that may have hit the industry by around Rs 5,000 crore a year.
- TRAI's decision to slash IUC by more than half helped Jio subscribers make calls to those on other networks at a much lower price.
- This enabled the company to keep disrupting the market with predatory tariff.
- TRAI's calculation of IUC was that some key components such as capex and spectrum charges were not considered.

How can TRAI show its fairness now?

- Any change in the IUC regime should come after a **proper assessment** of the market.
- The IUC is a cost, and hence it should be **cost-based**.
- This is why the regulator should be mindful of **traffic symmetry** so that the market does not get distorted.

Source: Business Standard

