

You'll soon pay less for calls, interconnect fee set to be cut

Trai Move Will Benefit Jio, Hit Other Biggies

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New Delhi: Nearly a year after mobile calls and data became dirt cheap, more price cuts are around the corner as Telecom Regulatory Authority (TRAI) is set to cut the fee mobile operators pay each other for connecting calls.

At present 'interconnect usage charges' (IUC) stand at 14 paise per minute, but the new rate will come "comfortably under 10 paise per minute," a source told **TOI**.

IUC has been a contentio-

HOW THE IUC FELL

Jan 2003

IUC of 15-50 paise per min + carriage charge of 20 paise to ₹ 1.10

Feb 2004

Rate reduced to 30 paise

Apr 2009

Slashed further to 20 paise

Mar 2015

Cut to 14 paise

Likely cut

Less than 10 paise



Calls over internet currently cost around 3 paise per minute

Majority of mobile calls in India are still not internet-based

“The current IUC regime... is already well below cost.”

— SUNIL MITTAL | CHAIRMAN, BHARTI ENTERPRISES

“IUC is a subsidy for old operators who do not move to new technologies

—RELIANCE JIO

us issue ever since Mukesh Ambani's Reliance Jio disrupted mobile phone tariffs with its lifetime-free calling plans last September. Jio,

which runs a massive bill picking up the IUC cost of its customers' free calls, wants the charge dropped. It has described IUC as an "arti-

ficial barrier created by incumbent operators with legacy technologies”.

However, older companies like Airtel, Vodafone and Idea earn thousands of crores from it and want it raised further. For example, Airtel, the country's biggest telecom company, had an IUC dealing of around Rs 10,279 crore last year, and it wants the rate hiked to over 30 paise per minute to take care of the "actual cost" of supporting the call termination network.

In a recent letter to the telecom regulator's chairman, Bharti Enterprises chairman Sunil Mittal said, "The current IUC regime... is already well below cost."

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IUC regime was rolled out in 2013

BCCL

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In a recent letter to the Trai chairman, R S Sharma, Bharti Enterprises chairman Sunil Mittal asked the regulator to set the 'interconnect usage charges' (IUC) at "costs discovered through a fair and transparent mechanism".

Jio, however, has been asking for a 'bill and keep' (BAK) method in which companies charge their customers, not each other. It carries voice calls over 4G internet (VoLTE) and says IUC has no relevance as the whole industry moves towards IP-based (internet protocol) models. Airtel has said it will have a national VoLTE presence by the end of this fiscal while Idea Cellular is also preparing for it.

Trai had released a consultation paper on 'Review of Interconnection Usage Charges' on August 5 last year, and its recommendations are expected in a month. Explaining Trai's plans on IUC, a source said that there is a strong case for lowering the IUC rates as calls made over the internet cost as little as 3 paise per minute. "The rates will come down for



Sunil Mittal

sure; 14 paise is too much in today's time when data rates have crashed and networks are moving towards VoLTE or 4G."

The IUC regime was originally rolled out in 2003 as Trai opted for a calling-party-pays (CPP) method in which incoming calls were free. Initially, termination charges varied from 15 paise to 50 paise per minute, based on distance, and a carriage charge of 20 paise to Rs 1.10 per minute was also levied. Trai reduced the charge to 30 paise per minute in February 2004, 20 paise in April 2009, and finally 14 paise from March 1, 2015. With networks shifting to VoLTE technology, Trai has noted in its paper: "In IP-based networks, traditionally, there has been no custom of levying termination charges for the traffic arriving in a particular network..."