

6. Interconnect Usage Charge (IUC)

Prelims: Economics

Mains: GS-III- Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth; Infrastructure: Energy, Ports, Roads, Airports, Railways etc.

Why in News?

- ▶▶ Telecom Regulatory Authority of India (TRAI) has decided to review the scrapping of interconnect usage charge from January 2020.

What is IUC?

- ▶▶ Interconnect Usage Charge or IUC is a cost paid by one mobile telecom operator to another, when its customers make outgoing mobile calls to the other operator's customers. These calls between two different networks are known as mobile off-net calls.
- ▶▶ The objective of this calling-party pays regime (CPP) is to allow operators cover network usage costs. Since it needs infrastructure investment, the IUC ensures that operators make enough operations to keep their business viable.
- ▶▶ The IUC charges are fixed by Telecom Regulatory Authority of India (TRAI).

Implications and Criticism

- ▶▶ As IUC directly impacts the call tariff, reduction in IUC is likely to yield consumer benefits through low call charges.
- ▶▶ Scrapping IUC helps to deploy new technologies like VoLTE (Voice over Long Term Evolution), migration to Internet Protocol networks by operators, wherein there are no interconnection charges. This is due to the fact the charges in 2G is higher than the 4G technologies.