



STEP TOWARDS REVERSING ENACTED REGULATION ON IUC COMPELS JIO TO RECOVER TERMINATION CHARGE OF 6 PAISE /MINUTE FOR MOBILE VOICE CALLS TO OTHER OPERATORS

RECOVERY THROUGH IUC TOP-UP VOUCHERS; RECOVERY OF TERMINATION CHARGE ONLY UNTIL THE IUC CHARGE IS MADE ZERO

CONSUMERS WILL GET EQUIVALENT DATA FOR THE VALUE OF IUC TOP UP VOUCHER

NO INCREASE IN TARIFFS FOR JIO CONSUMERS

Mumbai, [9th October 2019]: 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. IUC charges are fixed by Telecom Regulatory Authority of India (TRAI) and are currently at 6 paise per minute.

TRAI, has repeatedly since 2011, affirmed its stance that the IUC charges should be brought down to Zero.

1) Affidavit dated 29th October 2011 of TRAI in the Hon'ble Supreme Court:

Quote:

"8.12 TRAI is of the opinion that there should be progressive reduction in termination charges finally converging to zero termination charge ... at the end of 2 years from the present."

(In 2011, TRAI stated its opinion that termination charge should be made zero by 2014. **It should be noted that at that time, neither 4G nor Jio existed.**)

2) After a comprehensive review of the IUC regime through a transparent and elaborate consultation process in 2016, TRAI issued the Telecommunication Interconnection Usage Charges (Thirteenth Amendment) Regulations, 2017 (placed before the Parliament of India) as follows:

"2.

"(a) Re. 0.06 (paise six only) per minute with effect from the 1st October, 2017 to the 31st December, 2019; and

(b) 0 (Zero) with effect from the 1st January, 2020""

The effect of the above amendment is:

- (a) IUC for mobile calls reduced from 14 paise per minute to 6 paise per minute from 1st October 2017; and
- (b) **IUC for mobile calls will be ZERO from 1st January 2020.**

3) Further, the same Regulations stated:

Quote:

- 1) ***“46. ... The Authority is of the view that termination charges work as disincentive to deployment of new technologies such as VoLTE and migration to IP networks by operators.”***
- 2) ***“63. ... The BAK regime would encourage operators to invest in new technology and bring down the cost of voice services close to nil.”*** (BAK – Bill and Keep means zero termination charge)

(In spite of the disincentive, Jio deployed the new technology.)

- 3) ***“59. In fact, BAK will be a catalyst for traffic symmetry. It gives TSPs appropriate incentives to serve their customers efficiently and brings market discipline to competition..... Evidently, the demand for cost-based IUC till there is traffic symmetry is a vicious circle. Only by removing the cost based IUC, this vicious circle can be broken.”*** (underlined to highlight)
- 4) ***“95. Establishment of a clear outlook for IUC would provide regulatory predictability and enable service providers to plan their networks and businesses accordingly.....”***
- 5) ***“96. As a result, the Authority prescribes a Bill and Keep regime for the wireless to wireless calls effective from the 1st January 2020.”***
- 6) ***“47. Accordingly, The Authority is of the view that in case the present regime of cost-based domestic termination charge is continued for long, it would hamper the movement of the sector towards (i) deployment of more efficient technologies; and (ii) more innovative and customer friendly tariff offerings; and, in turn, it would be detrimental to the growth of telecommunication services sector. ...”***

Relying on the repeated stance of TRAI and the amendment already made to the regulations reducing the IUC to Zero, Jio continued to pay IUC from its own resources to Airtel and Vodafone-Idea etc. while offering free voice to its customers. So far, in the last three years Jio has paid nearly **Rs.13,500 crore as NET IUC** charges to the other operators.

Unfortunately, after the above order in 2017, while the incumbent operators reduced voice tariffs for their 4G customers, they continued to charge exorbitant tariffs to their 35 - 40 crore



2G customers, and in fact increased the tariffs for voice calls to around Rs. 1.50/ minute. They also charge a minimum of Rs 500 / GB for data from their 2G customers.

The price differential of free voice on Jio network and exorbitantly high tariffs on 2G networks causes the 35 - 40 crore 2G customers of Airtel and Vodafone-Idea to give missed calls to Jio customers. Jio network receives **25 to 30 crore missed calls** on a daily basis.

This huge missed call phenomena converts the incoming calls to Jio into outgoing calls from Jio to other operators. The 25 to 30 crore missed calls per day should have resulted in 65 to 75 crore minutes of incoming traffic to Jio. Instead, the call back made by the Jio customers results in 65 to 75 crore minutes of outgoing traffic.

But for the effects of the tariff differential, especially the missed call phenomenon, the off-net voice traffic is already symmetrical now for Jio. It is being made asymmetric by the other operators by keeping their 2G voice tariffs high.

Citing such traffic asymmetry as the only ground in the recently floated consultation paper, TRAI has reopened the closed chapter on IUC, which has already been made zero with effect from 1st January 2020 by amendment to IUC Regulations. The amendment to the IUC Regulations in 2017 was after considerable deliberations and consultations. In this background the consultation paper has created Regulatory uncertainty and therefore Jio has been compelled, most reluctantly and unavoidably, to recover this regulatory charge of 6 paise per minute for all off-net mobile voice calls so long as IUC charges exist.

So, for all recharges done by Jio customers starting today, calls made to other mobile operators will be charged at the prevailing IUC rate of 6 paise per minute through IUC top-up vouchers till such time that TRAI moves to Zero termination charge regime. Presently, this date is 1st January 2020.

Nevertheless, Jio stands firm on its commitment to offer the highest value to its customers, and there is no 6 paise per minute charge on:

- (a) all Jio to Jio calls;
- (b) all incoming calls;
- (c) Jio to landline calls; and
- (d) calls made using WhatsApp or FaceTime and similar platforms.

Additionally, Jio, with Reliance Retail, will ensure priority allocation of the JioPhone to frequently called 2G users from our Jio consumers.

Jio will provide additional data entitlement of equivalent value based on IUC top-up voucher consumption. This will ensure no increase in tariff for customers.



The following top-up vouchers shall be available for customers to suit their requirements:

IUC Top-Up Voucher Amount (Rs)	IUC Minutes (non-Jio mobiles)	Free Data Entitlement (GB)
10	124	1
20	249	2
50	656	5
100	1,362	10

* Equivalent minutes with IUC charged at 6 paise per minute, with additional charge for GST and processing fee, and duration of each call rounded up to nearest minute.

Post-paid customers will be billed at 6 paise per minute for off-net outgoing calls with increase in free data entitlement to the extent mentioned above.

Jio again assures its 35 crore customers that the 6paise per minute charge on outgoing off-net mobile calls shall continue only till the time TRAI abolishes IUC, in line with its present regulation. We will share all data with TRAI to convince that zero IUC regime is in the best interest of consumers and how the huge number of missed calls is creating the wrong perception of asymmetric traffic.

We are hopeful that the IUC charge will be done away with as per the current regulation and that this temporary charge will come to an end by 31st December 2019 and consumers will not have to pay this charge thereafter. In the meanwhile, consumers can continue to enjoy the additional data entitlement in lieu of the IUC top-up vouchers so that **there is no effective tariff increase till 31st December 2019.**

About Reliance Jio Infocomm Limited:

Reliance Jio Infocomm Limited (“Jio”), a subsidiary of Reliance Industries Limited (“RIL”), has built a world-class all-IP data strong future proof network with latest 4G LTE technology. It is the only network conceived and born as a Mobile Video Network from the ground up and supporting Voice over LTE technology. It is future ready and can be easily upgraded to support even more data, as technologies advance on to 5G, 6G and beyond.

Jio will bring transformational changes in the Indian digital services space to enable the vision of Digital India for 1.2 billion Indians and propel India into global leadership in the digital economy. It has created an eco-system comprising of network, devices, applications and content, service experience and affordable tariffs for everyone to live the Jio Digital Life. As part of its customer offers, Jio has revolutionised the Indian telecom landscape by making voice calls for Jio customers absolutely free, across India, to any network, and always. Jio makes India the highest quality, most affordable data market in the world so that every Indian can do *Datagiri*.

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