

## **BOMBAY HIGH COURT REFUSES STAY ON TRAI'S IUC RATE CUT**

Bombay High Court has refused to stay the Telecom Regulatory Authority of India's (TRAI) September 19 decision to reduce interconnection usage charge (IUC) from 14 to six Paise with effect from October 1, and to abolish it altogether for local calls from January 1, 2020.

The IUC is the amount paid by one telecom operator to another when a call from its network is made into the other operator's network. It is believed that the TRAI decision will likely benefit newcomers such as Reliance JIO in the telecom sector. The rival operators have sought to challenge the order for violation of Article 14 of the Constitution owing to its arbitrariness.

The division bench of Justice Naresh Patil and Justice ZA Haq said that in financial and policy matters, courts should not pass interim orders as a matter of routine. "It is a settled principle of law that in such cases, the court should be extremely cautious in passing any interim order," the bench said, refusing to stay the TRAI's decision.

Earlier, heated debates had raged between major cellular telecom companies on the issue of IUC. Reliance JIO has consistently pushed for a Bill and Keep model of IUC. However, opposing any new change in the current IUC framework and in a tangential reference to Reliance JIO, Vodafone CEO had gone on record to assert that rules pertaining to IUC must not be favourably tweaked to help new players in the market.

So, it was not surprising that rival cellular telecom operators sought reversal of the TRAI's decision to cut the IUC rate drastically, a decision which the Petitioning cellular operators believe would only benefit certain new operators. The IUC rate cut order has come at a time when there has been high volatility in the cellular telecom market since the entry of JIO and owing to dwindling profits of dominant cellular telecom operators. The decision of TRAI to reduce IUC would likely have the effect of depriving JIO's rivals of a major source of revenue for their optimum operations.