

## RESPONSE TO TRAI CONSULTATION PAPER QUESTIONS

**PREPARED BY: ACL MOBILE LIMITED**

### **Question 1: Should the TSPs be allowed to have differential pricing for data usage for accessing different websites, applications or platforms?**

**YES**, the TSPs should be allowed to have differential pricing, **specially, Zero Rating** for data usage for accessing different websites, applications or platforms for following reasons:

i) **TO BRIDGE THE ‘DIGITAL DIVIDE’ IN INDIA**: India is a developing country and a major part of population is still far away from connecting digitally, specially the *rural and poor sections of society*. Lower segment of the society cannot afford data. In fact a very large section of Indian population is such that they cannot fully afford the data cost but can only pay partially and as such are devoid of the real and full benefits of data services. The Digital divide is huge and needs to be eliminated. Even the cheapest mobile subscriptions may be cost prohibitive for many of the India’s poor. Thus, differential pricing, especially zero rating offers an incentive for potential users to try the Internet and is an important way to bridge the digital divide in India and to fulfill the dream of *Digital India*.

ii) **CONSUMER WELFARE**: Zero Rating is an economically efficient mechanism for increasing consumer welfare. It makes mobile internet affordable. Further, the most common types of Zero Rating programs are the ones most likely to benefit consumers, not harm them and the ones most likely to *expand consumer choice, and not limit it*. Zero rating would help increase **M-Commerce**, in the Country. Various government schemes, NGO schemes, CSR schemes related to *Education, Health and Development, Banking, Social Security Schemes, Women Empowerment etc.* can be very well augmented with the help of Zero Rating

iii) **ECONOMIC FACTORS**: Differential pricing, including Zero Rating is a market-driven mechanism for achieving economically efficient (and socially desirable) outcomes. Zero rating helps in capturing demand side of economies of scale. Zero rating provides efficient pricing mechanism in two sided market for mobile wireless services. Zero Rating programs are an instrument by which mobile wireless firms can differentiate themselves from competitors by offering access to customized content with their mobile wireless services. Product differentiation also can serve to intensify competition in such markets. One obvious and likely significant benefit of Zero Rating is to expand participation in zero-rated online content and applications, while also increasing mobile wireless penetration, especially in developing economies.

ii) **DIFFERENTIAL PRICING IN OTHER SECTORS**: Today, differential pricing exists for nearly every good and service we buy, including concert tickets, transportation, restaurants, and medicines. If price differentiation works to the benefit of consumers and competition in virtually every other aspect of our economy, why shouldn’t this idea also hold true in the world of Internet access?

### **Question 2: If differential pricing for data usage is permitted, what measures should be adopted to ensure that the principles of nondiscrimination, transparency, affordable internet access, competition and market entry and innovation are addressed?**

There appears to be no evidence that such arrangements (**especially Zero Rating**) involve exclusivity: Rather, it appears that opportunities to participate are being held out to content providers of all kinds. Without exclusivity – the inclusion of some participants and the exclusion of others – there is no foreclosure,

and hence no anticompetitive concern. Zero rating should thus be allowed and promoted. However, the TSP's should allow all websites/applications/platforms an equal opportunity to provide their content through the TSPs and there should be no discrimination for a class of subscribers. For example if one Company say 'ABC' is allowed to Zero rate its website under Pricing Plan 'X' then all other Companies shall also have same opportunity to make their website under Zero rating at Pricing Plan 'X' which was offered to 'ABC'. This will ensure that there is no discrimination and competition and market entry will not be hampered. TSP is the gate keeper and should not be in a position to advantage or disadvantage a website/app/platform.

**Question 3. Are there alternative methods/technologies/business models, other than differentiated tariff plans, available to achieve the objective of providing free internet access to the consumers? If yes, please suggest/describe these methods/technologies/business models. Also, describe the potential benefits and disadvantages associated with such methods/technologies/business models?**

In our best assessment, Zero rating is best possible differential pricing as compared to other options and is universal at TSP level. Data pack, website pack or direct credit /re-imbursement to subscribers would not solve the purpose or will only solve part of problem and in fact in our view would create more confusion and are impractical and non-viable. For example free data pack may be provided for a particular purpose like E-learning but the consumer may use it for any other purpose and to keep a check would be almost impossible.

**Question-4: Is there any other issue that should be considered in the present consultation on differential pricing for data services?**

There is very important issue to be considered which is related to the need for an **Aggregation Platform for Zero Rating services**.

We, ACL Mobile Limited. were the first Indian company to conceive and develop a "Toll Free Data" platform or "Zero Rating Data" platform which provides aggregation of Zero Rating across TSPs. The platform enables various Indian enterprises to provide sponsored services to their customers across all TSPs thus enabling all customers of the enterprise to enjoy benefit of sponsored data irrespective of the TSPs they belong to. The platform connects all TSPs on side and enterprises on the other thus enabling the enterprises to reach their customers irrespective of their TSP. We were in the process of integration with various TSPs and enterprises just before the debate on Zero Rated started in the Country. When we approached the enterprises and telecom operators with our platform we received excellent response and each enterprise was interested in some sort of Zero Rating to increase their business or to provide certain customized and sponsored services to their customers across TSPs. Also because it is impractical for an enterprise to approach each TSP separately to get some sort of Zero Rating and it becomes a tedious task if they have to approach each TSP. Similarly all Telecom Operators were also excited about the same. Thus, as per our initial experience there is great demand for Zero Rating aggregation services across Enterprises and TSPs.

We believe that it is imperative to allow such aggregation platform to drive the zero rating eco-system. There needs to be a policy for encouraging such aggregation as it eliminates chances of any sort of discrimination since the benefit is available to all subscribers equally. For example: the sort of aggregation allowed for SMS Services under TRAI Telemarketing rules. We hope that our recommendations would be considered positively by TRAI.

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