

**Response to TRAI Consultation Paper No. 8/2015**  
**Differential Pricing for Data Services**

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

**Response Q1:** No. TSPs should **not be allowed** to have differential pricing for data usage for accessing different websites, applications or platforms.

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

**Response Q2:** A firm stand should be taken to **prohibit any form of differential pricing in data usage which directly impacts access to specific parts of Internet**. The justification for this stance is the “*thin edge of the wedge*” argument - once differential pricing (including Zero-rating for some content) for data is permitted, the TSPs can exercise the power that they technically have to become active *Gatekeepers* of the Internet. They can hold both the consumers of Internet, and the content providers to ransom – and in the long run lead to the shrinkage of Internet access, and simultaneous increase in cost of access. The content providers will be willing partners to this “ransom”. In a networked age where Power law distribution with increasing concentration is becoming the norm, even a small advantage can make all the difference between success and failure. Thus content providers would be willing to pay a substantial amount to the TSPs to be given preferential treatment in access to their site by consumers, say by getting it Zero-rated. If this option of getting zero rated is kept open to all content providers without any discrimination- then the advantage to any individual content providers is lost, but the cost of content distribution over the Internet would go up. This would adversely affect the dynamism and innovation potential of Internet.

**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?**

**Response Q3:** Internet is all of the Web as we understand it. Any subset of the Internet – say a few websites, and apps **cannot** be called Internet. The zero-rated plans which allow access to a subset of Internet cannot be construed as a model for providing universal access to Internet. They are best viewed as sponsored content – and hence not at all meeting the “objective” of providing free Internet access.

Enabling a certain basic access of Internet to all is a laudable objective. Digital divide is understood to be a form of social and economic inequality which needs to be tackled by society. However, since provisioning of Internet access consumes economic resources, we need to accept that somebody has to pay for it even if it is not the end consumer. The key decision lies in identifying the party which would pay for Internet access to meet the societal goal of bridging the digital divide.

One possible model of funding universal Internet access to meet the challenge of Digital Divide is through the CSR spending which has been made mandatory by the Companies Act 2013. The Act which applies to large companies meeting certain financial criteria<sup>1</sup> mandates such companies to

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<sup>1</sup> Net profit of Rs. 5 crore or more or net worth of Rs. 500 crore or more or a turnover of Rs. 1000 crore or more in any financial year [Section 135(1)]

spend a minimum of 2 per cent of the average net profit made during the three immediately preceding financial years. Government may make funding universal internet access as one of the permissible activities for CSR spending, and include it in Schedule VII of the Companies Act 2013.

All TSPs may then voluntarily contribute their CSR spend towards providing this universal Internet Access.

The universal Internet access may be based on a bare bones data plan to be specified by TRAI, comprising a fixed amount of data access (say 200 MB per month to begin with – this can be periodically revised upwards). This plan can then be made available by all TSPs to their subscribers for free – to the extent of availability of funds. The plan may come with the rider that any person who would like to consume Internet access more than the minimum provided in the plan has to pay for additional access at a rate which also covers the cost of the “free” component.

While it is understood that CSR contribution by the TSPs by themselves would not be able to provide the basic Internet access to all their subscribers, this can be supplemented by the CSR contributions from other corporates. A suitable message can be displayed to the Internet consumer informing him/her that the Internet access has been sponsored by the particular corporate entity/TSP. TSPs may be encouraged to report on the number of subscribers being provided free Internet access through such CSR funding.

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

**Response Q4:** TRAI may consider porting of Broadband internet access service provider over mobile networks in the same way as porting of mobile numbers ie unbundle Internet access from voice communication service.