

Aircel/TRAI/Corr/2015/ 193  
December 30, 2015

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Jawahar Lal Nehru Marg (Old Minto Road)  
New Delhi – 110 002

**Sub: Aircel Group Response to TRAI Consultation paper on "Differential Pricing for Data Services".**

Madam,

This is with reference to TRAI Consultation paper on Differential Pricing for Data Services dated 9<sup>th</sup> Dec'2015.

In this regard, please find enclosed our response to the above mentioned Consultation paper. We have also sent scan copy of our response through email at [advisorfea1@trai.gov.in](mailto:advisorfea1@trai.gov.in).

We hope TRAI will take our inputs into consideration.

Thanking You,

Yours Sincerely

**For Aircel Limited & Dishnet Wireless Limited**



**Ashok Sharma**  
**National Head – Regulatory**

Encl: As stated above (3 PAGES)

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# Aircel Response to TRAI Consultation Paper on 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?

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?

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?

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

## Aircel Comments:

At the outset, we would like to submit that this consultation is premature and the existing regime and prevailing tariff options do not warrant any intervention by the TRAI. The forbearance with TSPs to offer differential tariffs for Data services, have been used (with very limited offerings) for the benefits of consumers and with an objective to increase uptake and usage of data services.

It is pertinent to highlight that infact differential pricing is prevalent across industries/sectors and across private/Government PSUs. There is differential pricing in service sector, consumable products, FMCG, Cosmetic, Healthcare products, Automotive, Airline, Railways etc. depending upon the quality or quantity of the product being offered to the consumers.

Even in case of other regulated sectors like Banking, Securities, Insurance and Airline etc. there is availability of differential pricing for consumers depending upon volume or preferential services. This is on the sound economic principle that there is no 'One Size Fits All' solution which can be offered to varied sections of society having different consumption & usage patterns, paying capacities etc. The intention of ensure kind of socialism through a uniform pricing is an outdated concept especially for commercial services. Infact in a competitive market scenario, differentiation in products and services in all sectors is an essence forcing providers towards innovation. Hence, differential pricing provides boost for increasing penetration of services and should be kept under forbearance.

In this regard, we would like to highlight one of the differential tariff offerings, launched in market at various point in time and their value add to the Data ecosystem.



One of the campaigns launched by Aircel i.e. Free basic internet campaign (Not related to Facebook campaign or with any specific content provider) was launched with the objective of providing internet access to all customers. All new customers coming in to the Aircel network were offered free internet access at a specific speed & for limited time period in our 3G as well as 2G circles. The offering was designed to enable customers to do the following without any charging:

- Basic browsing
- Visit informative sites
- Experience social networking sites
- Basic e-commerce transactions like train and bus ticket bookings

Early results have indicated that mobile internet penetration rates on new customers have increase by 5% while it has a negative impact on data revenues.

Another such offering was launched 2014 with the objective of driving new users to use data services, by offering free access to popular OTT applications. The proposition was free Facebook and Whatsapp access to all Aircel customers. The result was an increase of 4% in data users as a result of this campaign.

Therefore, it can be seen that such differential pricing leads to increase in data user penetration and uptake of data services.

Furthermore, we would like to share our general observations on the differential tariff offerings as follows:

### **1. No instance of discrimination:**

There have been few instances of differential yet beneficial tariff options being offered by few operators, at different point of times e.g. Facebook / whatsapp / Wikipedia pack. These have been primarily focused towards the heavily used websites/apps, to provide volume discounts to the consumers for increasing usage & uptake and similar practices are available in case of Voice calls and SMS wherein volume discounts are offered to heavy users.

### **2. Differential tariffs only towards Heavy used websites/apps:**

The offers introduced by operators are triggered from consumer consumption factors only which are primarily the heavily used social sites and applications. By providing differential pricing, it provides for varied economic sense to the public at large to use the sites/applications as per their need.

### **3. TRAI regulation on consent for Data services:**

TRAI has issued regulation vide which customer has to provide consent before he is provided access to data services which is charged at base rate. Having implemented such regulation, it ensures that consumers are aware of the data access and would not be charged accidentally for such usage. Hence, there can't be any premise that consumers are not aware of data access charging.



Taking above into consideration and to address the concerns of TRAI as given in the consultation paper, there are light-touch regulatory ways, enumerated below, vide which TRAI can upkeep creativity and innovation in telecom services offering as well as ensuring that the offerings are non-discriminatory, non-arbitrary and transparent.

1. **Free play with Regulatory oversight:** TRAI may like to consider bringing in specific Reporting for differential data tariffs related to retail and wholesale offerings. Based on this reporting, TRAI may like to scrutinize and intervene, if the offerings violate its principles of transparency and non-discriminatory.
2. **Principles of Non-discriminatory, transparency:** TRAI should mandate that principles of transparency and non-discrimination should be followed for retail offerings as well as for the wholesale offerings (content provider based). It can be further ensured that the differential pricing is not offered exclusively to any segmentation of customers.

**Additional Approach:** There could be an additional approach of offering differential tariff towards a class/genre/bouquet of services. Few examples are quoted below:

1. Whitelisting all magazines/books to support education for differential tariff.
2. Whitelisting Agriculture related sites for differential tariff
3. Whitelisting Women safety helpline websites/apps for differential tariff

While differential tariff offering is without any differentiation towards class/segment of subscriber hence, non-discriminatory; above additional approach does not differentiate for content providers as well and should be freely available for TSPs to adopt apart from the differential pricing as enumerated in above response.

### **Final Submission:**

Keeping all above in view, we urge TRAI not to intervene in the differential pricing, at this stage. We recommend TRAI to have a Regulatory oversight on the issue and introduce a reporting mechanism.