



Representing the ecosystem of Internet -Bharat Model

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Ms. Vinod Kotwal,
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Telecom Regulatory Authority of India

Sub: CCAOI's comments on the TRAI Consultation Paper on Differential Pricing for Data Services.

Dear Madam,

At the outset we wish to thank TRAI for giving us the opportunity to submit our comments on the Consultation Paper on Differential Pricing for Data Services.

Please find enclosed a copy of our comments on the paper.

Thanking you and looking forward to favorable consideration of suggestions in the interest of growth of internet in the country.

Yours very truly,
for CCAOI

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CCAOI's comments on the TRAI Consultation Paper on Differential Data Pricing

CCAOI is grateful for getting an opportunity to present its views on the consultation paper released by the TRAI on issues pertaining to differential data pricing.

Please find below our response to the questions where responses have been sought.

Question 1:

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

CCAOI Response:

In a country with a population of 1.2 Billion and an abysmally low Internet penetration of approx. 16%, where there is a **stark contrast between the haves and have-nots**, the **Internet can be the best leveller in India**, as it empowers the weaker communities.

It is an accepted fact that, apart from the technical limitation, challenges lie in affordability and adoption in the country. While free access can help those who would otherwise have no means to avail the benefits of the Internet, where adoption is a challenge, there is a need for stimulators and incentives in every form including free services being proposed by Telcos and Content providers. Therefore, **TSPs should be allowed to offer differential pricing for data usage of different services.**

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?

CCAOI Response:

Firstly, **all forms of differential plans are not harmful.** Zero rating plans, which do not harm the openness of the Internet nor have any negative impact on access and competition in the long

run, should be promoted. Such plans help in increasing internet access and provide benefit to consumers.

Also, **there no empirical evidence** to support the allegation that, Zero Rating creates a walled garden, nor **substantiation of any cases where Zero rating prohibited services of other operators.**

Thirdly, any concerns regarding monopoly are completely baseless as the **user has the option to choose** whether they want to opt for the Zero rated differential service being provided, especially in India, where there are nearly 10 operators in each circle.

Currently, **free internet services are mostly enhancing the benefit of users.** Of course, while doing so, the popularity of their free site is increasing, but the advantages far outweigh the disadvantages and it is seen as fair competition and can be seen as an independent regulatory goal. In fact, such packs should not be prohibited, as that would be a case of over-regulation

Moreover, the risk of creating Walled Gardens, by providing Free Internet is negligible in the present scenario since the economic incentives for those customers who have the ability to pay for "Internet packs" but currently do not find a compelling reason to do so, or out of both a sense of public interest and self-interest of the telecom providers works against this.

Besides, Telecom providers do not make any money in non-commercial zero-priced zero-ratings. A telecom provider only makes money if subscribers start paying for sites outside of the so called "walled garden". If subscribers are happy in the walled garden, the telecom provider starts losing money and hence, has a strong motivation to stop that scheme. If on the other hand, enough subscribers start becoming paying customers to offset the cost of providing the zero-priced zero-rated service(s) and make it profitable, it shows that despite the availability of zero-priced options, a number of customers will opt for paid access to the open Internet and the open Web, and the overall harms of such zero-priced zero-rating would be minimal. Hence, the telecom providers have an incentive to keep the costs of Internet data packs low, thus encouraging customers who otherwise wouldn't pay for the Internet to become paying customers.

Furthermore, Indian users cannot be fooled. Indian users understand value for money and are no fools. If users do not find value in Free Packs and there is no market demand for such products, Telecoms/ ISPs will cease to offer such products. Thus, assuming a Telco's decision to offer such packs is purely customer-demand driven - and not due to deals it has struck with service providers. No one can shape their choices and opinions, or decide for them, as being claimed by some sections.

To conclude, it is always better to have more and more users have some form of access than none and instead of interfering and stopping initiatives which are helping unconnected Indians to avail the benefits of the internet, free services should be encouraged and more organizations should work to offer free internet to these areas to get them connected, else it will give rise to “digital apartheid”.

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?

CCAOI Response:

Zero rating is one of the ways to increase internet access and adoption. Other approaches for encouraging internet access should also be encouraged. Ironically, nothing stops anyone from providing services for free for increasing Internet reach amongst the unconnected people residing in the unconnected regions of the country. So why haven't they done so?

Our approach therefore should not be to shut down Zero rating, but to improve them and encourage them. In case any competitive issue comes up, it should go to Competition Commission.

Question 4:

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

CCAOI Response:

As an association, CCAOI has always advocated offering everything for Free to the community - Free Internet, Free digital literacy, Free services, etc. CCAOI believes, **TRAI should be encouraging the operators and internet companies to provide free internet services** to every nook and corner of the country, rather than discouraging such activities as creating “walled gardens”. Additionally, rather than evidence of harm, such offerings have boosted access in most areas of the world where they have been implemented and therefore should be encouraged so

that India can achieve its digital dream of connecting and empowering each citizen in the country.

To conclude, we wish to reiterate the following points:

- Internet is going to play vital role in filling up the divides especially in facilitating **equal opportunities for Rural India, Bharat.**
- For the years together, Internet was promoted in urban India by Government, Private operators, educational institutes, Content providers and other stakeholders.
- Rural India with scarce resources, such promotions especially **free services is a must and would play a vital role for adoption.**
- **'Free matters' especially for the new adopter.** Giving free helps in adoption and is a fundamental part of the product lifecycle. Also, economic principle of Customer Incentivisation is older than Internet and disturbing it over myths would be inappropriate and can have far-reaching implications for the users who need encouragement to adopt internet.
- Every product and service has lifecycle stages and the **"Choice" as a stage comes later than "Adoption" and this should not be mixed up** by the vested interest advocates who discourage "Free offers" by any service providers especially, by showing the fear that internet would get into trouble because of such freebies.
- Internet is bigger than any such overstated concerns on big service providers. It was, is and will remain the **leveller** despite the sizes of the online service providers.
- **Operators and internet companies should be encouraged to provide free internet services** to every nook and corner of the country rather than been discouraged on grounds of creating “walled gardens”.
- The **Indian user should not be underestimated.** No one can shape their choices and opinions, or decide for them, as being claimed by some sections.
- It is after all the **user's choice** whether they want to use what is offered for free or not. Just as a user has the right to opt for a service, they even have the freedom to opt out. Thus claims by certain civil societies that once a user uses free services, they will not be able to change from these services is completely misleading.

- Assuming that once a new user gets introduced to the internet, they will limit their access to the first website they were introduced to is incorrect. Once a user gets introduced to the internet, they will automatically be keen to view more services and sites and **ultimately prefer websites or services beneficial to them and not be limited to just one or two sites.**
- Lastly, we **do not have the right to stop new users from rural Bharat from availing free services** when we, the privileged, have reaped the benefits of Internet.