

Joint submission from Indian Startups for Consultation Paper on Differential Pricing

1 message

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To: R. S. Sharma

Chairman, Telecom Regulatory Authority of India

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Advisor (F&EA), Telecom Regulatory Authority of India

Re: Consultation Paper on Differential Pricing for Data Services

Thank you for conducting this consultation.

As a key representative of an Internet startup, we have been observing the ongoing attempts to subvert net neutrality, we fear an even worse & stifling situation in the future, wherein devising solutions on/through the Internet is posed to become more and more constraining & challenging. The growth and vibrancy of India's Internet economy is at serious risk unless strong regulations to ensure net neutrality are adopted.

Our definition of net neutrality is this: No consumer Internet service may give one website or application a competitive advantage over another. Under this definition, non-discrimination in pricing is absolutely essential to net neutrality — just as non-discrimination in speed or the ability to access.

With that, we would like to address the specific questions raised in the consultation paper.

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

No.

A level-playing field among websites and applications is essential to make them compete vigorously to attract users. Consumers, and only consumers have always picked the "winners" in this market. This is why there is an unprecedented pace of improvement in websites and applications today. The market should remain that way for new and better services to be able to emerge.

In many verticals, Indian startups are successfully competing against large cash-rich foreign companies. Differential pricing will allow these large foreign companies to strike deals with TSPs that tilt the playing field in their favour and kill off their Indian competitors. Giving TSPs the key to be able to control these factors will very negatively impact our already thriving start-up ecosystem. India's vibrant startup ecosystem will also suffer irreparable harm. Differential Pricing is therefore directly at odds with the Prime Minister's Digital India and Make In India programs.

Differential pricing will be highly anti-competitive. The reason that the Internet is what it is today is because of continuous innovation and improvement of services, apps and websites. The handful of websites and apps unfairly favoured by TSPs will get so large an advantage that the effective market will become restricted to them. TSPs will therefore get the undue power to pick winners in the websites and applications market, taking that power away from consumers. This inherent decrease in competition is contrary and detrimental to consumer interest. In addition, the remaining websites and apps will invest heavily into building relationships with TSPs rather than into their products and services, further harming consumers.

As we have mentioned earlier, the purpose of net neutrality is to maintain an open, competitive environment on the Internet. One website being made more expensive to access than another is even more anti-competitive than one website being made slower than another, which is more publicly agreed upon as a clear violation of net neutrality due to the competitive edge provided to the benefiting platform(s). Therefore, we urge you to prohibit differential pricing for data, in any form whatsoever.

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?

Differential pricing should not be permitted, precisely because it is impossible to ensure non-discrimination, competition, free market entry and innovation in an environment where TSPs have the power to tilt the playing field to favour one website or another.

It is not possible to frame objective rules that permit some instances of discrimination while forbidding others. In the absence of such bright-line rules, case-by-case approval will inevitably devolve into a series of arbitrary and inconsistent rulings. This poses a high risk of causing harm to consumers and a high likelihood of litigation.

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?

Yes.

Facebook in its Internet.org/FreeBasics campaign has repeatedly claimed that restricting access to a few websites makes it affordable for TSPs to provide free internet access. We're sure you recognize this claim as patently false — there is no material difference in cost to a TSP when a consumer accesses one website vis-a-vis another.

TSPs will provide free internet access if there is a revenue model that makes it profitable for them to do so. There are at least four such models that we are aware of, three of which are consistent with network neutrality.

The model that violates net neutrality is: To block all websites and apps except those that pay the TSP. This model was proposed in Airtel Zero (where websites pay cash) and FreeBasics/Internet.org (where websites pay Facebook by sharing users' private data and Facebook pays the TSP by spending on marketing). This model is highly anti-competitive and should not be permitted.

The second model is to display advertisement to users. Mozilla and GrameenPhone in Bangladesh have successfully introduced a plan where users get 20 MB a day for watching a short ad. Free WiFi spots such as that in Mumbai's Chhatrapati Shivaji International Airport also follow this model.

The third is to bundle a data plan with the phone itself, a model followed by Mozilla in partnership with Orange in Africa and the Middle East.

The fourth model, which can be used in combination with those above, is to upsell customers to paid plans after they have realized the benefits of Internet access. Aircel is offering all its subscribers free data for a limited period, recovering this cost from those that upgrade to a paid plan at the end.

Apart from the above, there are examples like Saankhya Labs, that is working on technologies which leverage unused white-space in the TV spectrum to carry Internet data. With the TV network infrastructure already in place, it has the potential of broadband penetration very fast and at economical costs. Hence, this could be a game-changer for Digital India.

The government has recently started successfully adopting use of technology to crowdsource. The MyGov platform can start inviting pitches & ideas for innovative and cost-effective methods to create new technological solutions that forward the cause of Digital India. The government could further move ahead to fund these startups.

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

We applaud TRAI's proactiveness in prohibiting the launch of zero-rating plans while this consultation is in progress. Please ensure that this prohibition is in place until the final regulation on differential pricing is notified.

Thank you again, and best regards.

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Kris Nair, Co-Founder, **fusedcow**
Vignesh T Prabhu, Co-Founder, **Triphippie.com** ([Our statement on the website](#))
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