DG/COAI/2024/363
September 13, 2024

Shri Amit Sharma
Advisor (F&EA)-II,
Telecom Regulatory Authority of India, Tower F,
NBCC World Trade Centre,
Nauroji Nagar, New Delhi – 110029.

Subject: **COAI Counter Comments to Draft Telecommunication Tariff (Seventieth Amendment) Order, 2024.**

Dear Sir,

This is with reference to the Draft Telecommunication Tariff (Seventieth Amendment) Order, 2024 issued by TRAI on issued on August 23, 2024.

In this regard, please find enclosed COAI's Counter Comments to the aforementioned draft order.

We trust our above submission would merit your kind consideration and look forward to your valued support on the same.

Thanking you in anticipation,

Sincere regards,

Digitally signed
by Lt. Gen Dr.
SP Kochhar
Date:
2024.09.13
15:44:44 +05'30'

Lt. Gen. Dr. S.P. Kochhar, AVSM**, SM, VSM, ADC, KIGA
Former Signal Officer in Chief, Indian Army
Fellow IETE, Fellow AIMA, Member IEEE, Sr. Member CSI

Director General
Email id: dg@coai.in

Copy to:

1. Shri Atul Kumar Chaudhary, Secretary, TRAI, Tower F, NBCC World Trade Centre, Nauroji Nagar, New Delhi – 110029.

2. Shri D Manoj, Pr. Advisor(F&EA), TRAI, Tower F, NBCC World Trade Centre, Nauroji Nagar, New Delhi – 110029.

14, Bhai Veer Singh Marg, New Delhi – 110 001

tel: +91-11-23349275 fax: +91-11-23349276 email: contact@coai.in website: www.coai.in

COAI counter comments to the Draft Telecommunication Tariff (Seventieth Amendment) Order, 2024.

We thank the Authority for providing us with the opportunity to share the counter comments to the draft "The Telecommunication Tariff (Seventieth Amendment) Order, 2024".

1. ***One of the stakeholders has stated "intervention in tariffs for broadband connectivity to PDOs is definitely required and the unduly high tariffs must be brought down to a reasonable and comparable level of tariffs of same service being provided by TSPs/ISPs for FTTH."***

2. ***The same stakeholder has also stated "This artificially created barrier of ILL connectivity having extra-ordinarily high tariffs has resulted in a very anomalous situation, where on one hand the PM-Wani scheme has been made for small shopkeepers to grow their business and help generate employment and on the other hand the respective internet connectivity cost, which is the most essential input item, has been pegged at unrealistically high levels, causing stifling of both PM Wani Public WiFi service and PM Wani Public WiFi Service Providers."***

COAI Counter Comments

a. We strongly oppose the statement mentioned above for intervention in tariffs for broadband connectivity to PDOs. Telecommunication Service Providers (TSPs) have been instrumental in developing the essential digital infrastructure for spread of internet and Broadband connectivity throughout India.

b. We would like to highlight that some of the PDOs have submitted views that support the position that no intervention is needed.

c. For instance, one PDOA respondent has clearly stated there is no need to define Tariff required for PDOs because this depends on business conditions. The respondent states that it is running a successful model wherein revenue from WiFi services is shared among PDOA, PDO and ISP in the ratio of 10%, 50% and 40% respectively. This operator further says it is running multiple paid Hotspots and APs and daily data consumption exceeds 100Gb.

d. Another stakeholder has highlighted that challenges faced by PDOs are on multiple fronts that include lack of support from PDOAs, device integration issues, limited support from CDoT and App Providers, lack of strategic planning and execution, and high cost of ISPs.

e. Evident from these contra views within PDO community, the issue of high tariffs of leased lines is not really a singular one one but there are multiple other equally crucial issues impacting PDOs. In-fact some PDOs are running successful business models and seeing growth in their business.

f. These demonstrate that the issues of PDOs are multiple-variate and market is also competitive & mature to find appropriate solutions, hence there is no justification whatsoever to intervene on the tariff front through the draft TTO amendment.

g. TSPs have emerged as the cornerstone of the country's digital evolution, working diligently to establish widespread connectivity, even in the most remote regions. TSPs have ensured that the benefits of connectivity are accessible to all. The contribution of TSPs is evident from the significant rise in rural tele-density from 37.48 in 2011 to 59.65 in June 2024.

h. This network connects millions of devices and serves a population of a billion plus people, successfully. It does so through a mix of legacy and latest technologies and services across every nook and cranny of India (rural and urban both).

i. This advancement in enhancing digital inclusion in the country has happened because of the hands-off approach employed by TRAI in terms of a policy of forbearance on Tariffs. The flexibility in tariff rates has been key to the growth and development of the industry, while also promoting healthy competition in the market.

j. Today, the massive and ubiquitously available telecom networks are the natural choice of subscribers when it comes to using mobile data. This is also the reason for the decline in consumer interest when it comes to the PDOs' WiFi services. Riding on the massive investments' worth lakhs of crores of rupees, over 8 lakh telecom towers and millions of base transceiver stations ("BTS") have been installed. As a result, consumers do not feel the need to use public WiFi hotspots and prefer using mobile data from telecom providers. The rollout of public WiFi hotspots under the PDO model has been minimal and insignificant.

k. Another important reason for public WiFi hotspots losing out when it comes to consumer interest is that they have failed to evolve as a viable business model. Mobile technology, by contrast, has been highly successful with a natural progression in the generation of technologies like 2G, 3G, 4G, 5G and now 6G being talked about, offering ever faster and more reliable internet access. This march of technology has made the concept of public WiFi redundant.

l. In this context, it should also be kept in mind that the omnipresent PCOs disappeared once mobile tele density increased and tariffs became much lower. Same was the case with cyber cafes, that had mushroomed in early days of internet in India, however, slowly disappeared as the market dynamics changed and data services started to be more easily available across the country.

m. Further, there are other constraints and challenges that make consumers not use public WiFi as much. These include quality and reliability issues as public WiFi networks can suffer from slow speeds, limited coverage and frequent disconnections. More reliable and consistent mobile data services trump WiFi in this.

n. User preferences are increasingly shifting towards personalized and secure internet access. Public WiFi, since it is a shared resource, is also often perceived as less secure as compared to personal mobile data connections – this does not align well with changing consumer preferences, leading to a decline in its relevance. Moreover, TSPs continuously make substantial investments to ensure their network services are secure, a fact appreciated greatly by consumers.

o. We also bring to notice of the Authority that some respondents have suggested benefit of unlimited access of internet for students and or enabling a wide array of PDOs. Given this aspect, it is also an issue of retail level competition for same service in which TSPs also operate. PDOs are already out of purview of any regulatory or licensing

mandate. Any further special dispensation for PDOs by intervention on tariff will distort the competitive landscape further.

p. We also submit that offering ILL or FTTH/FTTH rates to PDOs has nothing to do with consumer protection but is rather a pure commercial issue between wholesaler and reseller entities. No analysis has been given by any respondent that the usage of PDO hotspots is falling because of wholesale pricing offered to PDOs by TSPs/ISPs. This is more so validated by the fact that PDOs retail tariffs are as or more competitive as offered by TSPs.

q. The wholesale/backhaul services in the nature of B2B between TSPs and PDOs and the FTTH services for retail end-user services between a TSP and a consumer. Using them interchangeably and (wrongly) applying regulatory tariff interventions in an interchanged scenario would create inefficiencies, potentially impact the quality of service for both PDOs and end users, while also causing regulatory distortions.

r. This interventionist approach can also set a wrong precedent as many more segments of business users, whether medium or small or big, can tomorrow ask for TRAI's specific tariff interventions in their respective segments. This intervention has potential to distort wider ILL resale markets. Eventually, this tariff intervention goes against TRAI's professed and principled approach of tariff forbearance.

s. Thus, with the advent of advanced technology at affordable prices, small shopkeepers use the internet offered in data packs provided by telecom service providers (TSPs) to conduct their business. In fact, not only the shopkeepers but the startup ecosystem has grown and prospered, supported by the affordable data rates provided by TSPs, including rural areas. Therefore, the claim that the lack of success of PM-WANI has stifled the growth of small shopkeepers is grossly incorrect and misleading; the real issue remains that public WiFi has lost its relevance.

t. Hence, in light of the above, we submit that there is no intervention required for the purpose of equalization of tariff rates for connectivity to PDO and FTTH.

3. One of the stakeholders has stated that "the extortionate tariff for PDOs for broadband connection ranging from Rs.4lakhs to Rs.8lakhs per year, for a forced ILL connectivity that is not needed in the given scheme, has discouraged small entrepreneurs to become PDOs as there is no viability of the business. This has also led to confusion and uncertainty amongst potential PDOs and PDOAs and thereby resulted in a poor uptake of the scheme. It has resulted in financial losses to many small entrepreneurs, who ventured as PDO or PDOAs, many of whom were forced to exit the PM-WANI business."

COAI Counter Comments

a. We strongly disagree with the statement that tariff rates for PDOs have discouraged small entrepreneurs to become PDO. It is pertinent to note that FTTH (Fiber to the Home) and leased lines to PDOs (Public Data Offices) serve different purposes in the telecommunications ecosystem. FTTH is a direct-to-consumer service, providing high-speed internet to individual households. It's tailored for residential use and personal consumption.

b. In contrast, leased lines to PDOs are a backhaul / business-to-business connection, where telecom operators provide bulk bandwidth to intermediaries. These PDOs then distribute this connectivity to multiple end-users, often in public spaces or underserved areas. As wholesale customers, PDOs resell or redistribute the service, unlike retail FTTH customers who are the final consumers.

c. This fundamental difference in service model, target audience, and usage pattern makes direct comparisons between FTTH and leased lines to PDOs inappropriate, as they occupy distinct segments of the telecom market with different operational and regulatory considerations.

d. We highlight that among limited number of respondents supporting intervention in the form of TTO amendment, some of the arguments put forward by some are - seeking unlimited data plans, dedicated SLAs for uptime etc. This clearly prove that the need for PDOs is of a leased line equivalent, a purely commercial requirement between two parties. It also shows that some PDOs want to offer competitive and similar services to subscribers through public WiFi hotspots by using facilities/bandwidth/connectivity given by TSPs/ISPs. One stakeholder has also argued for waiver of any data usage limit above 3333GB/month limits, this clearly establishes that some PDOs looking at this model as clear resale competition model and on the strength of high capacity backhaul/backbone.

e. Reselling business entities like PDOs serving multiple end-users/subscribers are relatively heavier users of bandwidth than an individual subscriber, and therefore their usage patterns are different and have a different impact on network resources.

f. On the other hand, FTTH services provide fiber optic connections directly to individual homes or businesses as end-user (access) services. It is a shared connection that offers high speed internet at a price that is affordable for the marginal subscriber, and the FTTH network is designed using contention ratios that incorporate the usage patterns of retail / access subscribers.

g. Clearly the wholesale/backhaul services in the nature of business to business (B2B) between TSPs and PDOs and the FTTH services for retail end-user services between a TSP and a consumer are not interchangeable. Pricing / Tariffs for both the services are also set differently.

h. Furthermore, Internet Leased Line (ILL) offers dedicated, symmetrical bandwidth directly to businesses, ensuring consistent high speeds, low latency, and superior reliability, essential for enterprise needs.

i. It includes Service Level Agreements (SLAs) guaranteeing high uptime and quick issue resolution, making it ideal for enterprises with mission-critical applications. In contrast, Fiber to the Home (FTTH) offers shared bandwidth to residential users, resulting in variable speeds based on network congestion.

j. FTTH is more affordable but does not come with SLAs, so while it offers good reliability, it may not match the consistency of ILL. The exclusive, uninterrupted connectivity of ILL, coupled with service level agreements (SLAs), justifies higher tariffs compared to the best-effort basis FTTH services in India.

k. It is, therefore, pivotal to distinguish between these two services as they cater to different needs and are optimized for different types of usage. Using them

interchangeably and applying regulatory price interventions in an interchanged scenario could create inefficiencies and potentially impact the quality of service for both PDOs and end users, while also causing regulatory distortion.

l. Even in other sectors such as utilities (gas, electricity), the government has recognized the differential and higher pricing for commercial purposes as compared to home usage.

m. Hence, the wholesale/backhaul services in the nature of B2B between TSPs and PDOs and the FTTH services for retail end-user services between a TSP and a consumer. Using them interchangeably and (wrongly) applying regulatory tariff interventions in an interchanged scenario would create inefficiencies, potentially impact the quality of service for both PDOs and end users, while also causing regulatory distortions.

n. This interventionist approach can also set a wrong precedent as many more segments of business users, whether medium or small or big, can tomorrow ask for TRAI's specific tariff interventions in their respective segments. This intervention has potential to distort wider ILL resale markets. Eventually, this tariff intervention goes against TRAI's professed and principled approach of tariff forbearance.

o. In light of the above, we submit that Tariffs for PDOs under PM WANI scheme cannot be the same as is applicable for retail broadband (FTTH) connection, and therefore, there is no need for any intervention by the authority.

---XXX---