

1178/TRAI/ISPAI/16

January 7, 2016

Ms. Vinod Kotwal  
Advisor (F & EA)  
Telecom Regulatory Authority of India  
Mahanagar Doorsanchar Bhawan,  
Old-Minto Road, Near Zakir Husain College,  
New Delhi – 110003

**Subject: ISPAI response to TRAI Consultation Paper no. 8/2015 on “Differential Pricing for Data Services”**

Dear Sir,

We congratulate the Authority to have come out with the consultation paper on the matter captioned above and sincere thanks for providing us the opportunity to submit our response on this matter.

We have enclosed our comprehensive response for your consideration. We believe that the Authority would consider our response in positive perspective and incorporate our concerns on the subject matter.

Looking forward for your favourable consideration.

Thanking you,

With Best Regards,  
For Internet Service Providers Association of India



Rajesh Chharia  
President  
+91-9811038188

Encl: As above

**ISPAI Response to Consultation Paper No. 8/2015 on**

**Differential Pricing for Data Services**

The primary need is for a vibrant broadband and Internet ecosystem, facilitating urban and rural affordable broadband with consistent quality for all users. The term quality includes the concept of net-neutrality in which all destinations, websites and applications are equally accessible with consistent speed and with no discrimination whatsoever. ISPAI is working towards creating an ecosystem that will offer an abundance of Internet access that has robust competition and is free from any kind of access discrimination. End customer pricing should follow robust competitive market practice of unit consumption reducing with consumption volumes.

For this Broadband ecosystem to be realized, TSPs and Internet Services and applications focused on India are needed. ISPAI believes that there is a distinct role for local regional entrepreneurs to develop such applications/services, given the diversity of our country.

Our responses to your specific questions are given below:

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

**Response:**

ISPAI strongly opposes differential pricing for data usage for accessing different web sites, applications and platforms.

Differential pricing will skew the market forcing hundreds of thousands of websites and applications out of business by unfairly driving traffic towards lower cost destinations. Differential pricing will only benefit large content companies and large TSPs, since these larger players will have the resources and reach to work with each other. Content Service Providers (CSPs) are unlikely to offer similar terms to medium, small, and new TSPs or ISP's. This would skew the concept of 'level playing field' facilitating undesirable competitive disadvantage to many independent TSPs and CSPs and driving them out of business too.

A simple fact that is being missed out is whether for the purpose of transparency what is better?

a) To be able to choose from millions of web sites as a free choice for a limited time, or,

b) get unlimited access to limited (selected by TSPs as per deals) web sites.

It is also pertinent to mention that incase differential pricing is allowed the following scenarios are likely to occur-:

**Internet Service Providers Association of India**

612-A, Chiranjiv Tower, 43, Nehru Place, New Delhi – 110 019 – INDIA

Email: [info@ispai.in](mailto:info@ispai.in), URL: [www.ispai.in](http://www.ispai.in)

- A. Different TSP's will enter into different deals with their selected CSP's. Customers would have no choice but to go with what the TSP has selected as preferential content. Freedom of choice will be curtailed. In case the customer wishes to access other content or browse freely he will have to pay higher price.
- B. TSP's will become indirectly the deciding factor as to what the customers should view. This is not good at all for a democracy like India. Vertical integration is harmful as differential pricing concept is neither open, plural nor diverse.
- C. Focus of the TSP's will shift from meeting the needs of the customer to meeting the needs of their partnering CSP's.
- D. Consolidation of data provisioning into hands of only a few large TSPs will take place. This will create anti competitiveness, monopolies and predatory practices. Smaller downstream ISP's who are providing services as part of the whole eco system would have to wind up.

**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?**

**Response:**

Differential data pricing will be impossible to regulate, monitor or measure and, therefore, any policies adopted to ensure principles of transparency etc. are bound to fail.

ISPAI is of the view that differential pricing will kill innovation in creating content and emerging CSP's in India. This innovation is very critical for India for development and availability of relevant content. As we are all aware most of the content is originated abroad does not reflect the local culture, very diverse social needs etc. Very large number of CSP's is required and should be enabled with very competitive and innovative environment. The startup innovation by the new stream of youth will be drastically curtailed and it will not be affordable for them to pay for the differential pricing of the TSPs. Otherwise in a way it is directly impacting Indian innovation by the new Start-ups thus defeating the concept in India.

**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:**

ISPAI is of the view that free Internet is not a sustainable model but Service Providers should be free to adopt whatever business model they wish.

As explained above, we need to encourage the ecosystem from scarcity to abundance. Free internet concept is contrary and would stifle supply and consumption. Only established CSPs/TSPs having deep pockets would resort to this tactics of free access in the beginning. And after free fixed small volume, incremental price per unit of consumption goes up drastically. Total cost paid by the consumers would actually turn out to be higher. Actually as consumption grows, incremental unit cost should be lower.

TSPs also need to provide such incremental costs transparently. In the past there have been multiple instances of bill shocks, though effectively controlled by TRAI in the past. With this free internet the pricing model would become very complex. TSPs would be expected to give detailed MIS transparently about type of usage and charges for the same since differential charges would be there. Such MIS also has the potential of infringing on Privacy.

There is need for affordable data price, which is of high speed, good quality of experience and does not prohibit consumption. TRAI have already provided recommendations in its recommendation on delivering Broadband quickly in April 2015. There is need for once again reiterating and pushing the Government for speedy decision on the same. Namely No AGR for at least 5 years for Wire-line Broadband, Unrestricted infrastructure sharing, Effective Right of Way policy would help in making Broadband more affordable.

in case any free services have to be provided than those essential services should be provided by the respective state govts through Suvidha Kendras and other IT infrastructure network being set up for which huge funds for the same are being made available by the Central Govt.

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

**Response:** This is possible if Government looks at Broadband sector holistically like in the past Government has supported the mobile industry by changing fixed license fees to revenue share and calling party pays etc. Innovation in Broadband constantly has faced roadblocks rather than easing. Innovations have been stifled, not allowing VPN, VoIP naming a few. Many large foreign companies, not in the ambit of Licensing, have taken all this business at the cost of local TSPs/ISP's. We should follow the principle of same license same service. Unlevel playing field where created due to own Govt. policies should be reconsidered and all players i.e. Indian licensed service providers and foreign OTT players should be brought up to the same level.



We have the curious case of a very large CSP wanting permission- based Internet in conjunction with a large TSP in India and other developing countries while in its country of origin it is strongly advocating permission - less innovation and Internet.

With encouragement for innovation, cheaper overall access to internet bandwidth and transparent policies, Internet can spread equal to the speed at which cable TV spread its business in a very short time by covering most of the country, a few years back. All players providing Internet Services be they small, medium or large have their respective roles to play and their interests be equitably looked after.

In India still there is long way to expand the proliferation of Internet especially in Rural India, connecting unconnected, and to bring them in main stream of development, bridging digital divide between Rural & Urban, which will result not only skill development in those area as well as job and employment opportunity also. Regional content is also one of the major requirements for large population having different languages and cultures.