

RJIL/TRAI/2024-25/158

6<sup>th</sup> September 2024

To,

**Shri Amit Sharma,**  
**Advisor (Finance & Economic Analysis),**  
**Telecom Regulatory Authority of India,**  
Tower-F, World Trade Centre,  
Nauroji Nagar, New Delhi - 110029

**Subject: RJIL's comments on TRAI's Draft "The Telecommunication Tariff (Seventieth Amendment) Order, 2024".**

Dear Sir,

Please find enclosed the comments of Reliance Jio Infocomm Limited (RJIL) on the Consultation Paper dated 23.08.2024 on **Draft "The Telecommunication Tariff (Seventieth Amendment) Order, 2024"**.

Thanking you,

Yours Sincerely,  
For **Reliance Jio Infocomm Limited**

**Kapoor Singh Guliani**  
Authorized Signatory

**Enclosure:** As above

**Reliance Jio Infocomm Limited's comments on TRAI's Consultation Paper on  
"Draft Telecommunication Tariff Order (70<sup>th</sup> Amendment)" dated 23<sup>rd</sup> August 2024**

1. Reliance Jio Infocomm Limited (RJIL) thanks the Authority for giving an opportunity to offer comments on the important consultation paper on draft Telecommunication Tariff Order (TTO) (70th Amendment) proposing to **fix the tariff for Public Data Office (PDO) under PM-Wani scheme.**
2. At the outset, we express our reservations against this anti-competitive and anti-investment tariff intervention, which will benefit only the unlicensed entities and cause huge revenue loss to the TSPs as well as to the Government, in terms of the licence fee.
3. We would like to draw kind attention of the Authority to the preamble of TRAI Act i.e. ***'to protect the interests of service providers and consumers of the telecom sector, to promote and ensure orderly growth of the telecom sector.'*** The proposed amendment is completely against the interest of telecom service providers (TSPs) as well as the retail consumers.
4. In the following sections, we shall be explaining how the proposed tariff intervention is ill conceived and is against the competitive spirit and investments. Further, by forcing any TSP to provide the network inputs to another service providers at a regulated price, the proposal violates the fundamental rights of the licensed TSPs enshrined in **article 14** and **article 19(1) (g)** of constitution of India.
5. Before we dwell into various aspects of the proposed tariff order, we would like to bring the structural aspects of the PM-WANI architecture. The relevant section of the PM-WANI guidelines issued by DoT are reproduced below: -

**"Wi-Fi ACCESS NETWORK INTERFACE (WANI) and Framework and Guidelines for Registration**

**Introduction:**

***"...Proliferation of broadband across the length and breadth of the country is an essential ingredient of Digital India. Towards this objective, it***

*is envisaged to leverage public **Wi-Fi network for delivery of broadband services....”***

[The intent of PM-WANI is to deliver the broadband services, which is same as the objective and scope of any other licensed operator]

*“While delivery of broadband is possible through different media and technologies, under the WANI framework, **it is envisaged that last mile broadband connectivity, where the consumer accesses broadband services, will be through a network of public Wi-Fi access points. The backhaul requirement for these Wi-Fi access points will be met by procuring internet bandwidth from the telecom service providers/internet service providers.”***

[While the connectivity from Wi-Fi Access point, installed by a PDO-PDOA combination, to the consumer device is Access Service, the connectivity from such Wi-Fi Access point towards the core internet is a backhaul. Therefore, the subject matter of the proposed draft tariff order is to fix the tariff of a backhaul connectivity provided by one licensed service provider to other service provider (PDOA-PDO)]

*“Public **Data Office (PDO):** It will establish, maintain, and operate only WANI compliant Wi-Fi Access Points and deliver broadband services to subscribers.”*

*“**Public Data Office Aggregator (PDOA):** It will be an aggregator of PDOs and perform the functions relating to **Authorization and Accounting**”*

[The functions envisaged by PDO+PDOA are exactly same as being performed by any other licensed service provider, be it an Unified Licensee Access or ISP]

**“Security Conditions:**

- a) PDOA shall make necessary provisions for storage of user data for one year to ensure compliance with legal provisions, as required.
- b) The user data privacy will be ensured by App Providers and **PDOAs**. Complete user data and usage logs will be stored within India.
- c) Subject to terms and conditions of the Registration, the App Provider, PDOA and Central Registry Provider will take all necessary steps to

*safeguard the privacy and confidentiality of any information about a third party to whom it provides the service.”*

**“Flow Chart under WANI Eco-System:**

*As it is a novel concept, based on unbundled and distributed model, for delivery of Internet services, a typical usage flow is described below:*

.....

***a. If the user is a new customer of the PDOA, then the PDOA will display the available data packs with tariff plans to the user. User will select the desired data pack. The PDOA will send request for payment to the user through its payment gateway.***

*j. User will complete the payment.*

***k. After receiving the payment, PDOA will register the user as its subscriber and activates the data pack for the registered user and allows it to connect to the Internet session.***

*l. Now User can access the Internet. In case of existing subscribers of a PDOA, if the account balance is available for a particular subscriber, step a and j will not be applicable.”*

[Broadband users through PM-Wani are **subscribers of a PDOA and not of PDO**. The tariff plan is also decided by the PDOA. The PDO i.e. the person installing a Wi-Fi Access point only acts as franchisee of PDOA. Therefore, in the distributed architecture, PDOA plays the role of a TSP/ISP, through a special dispensation that it has been allowed to operate such service by just registration instead of obtaining a license like other TSP/ISPs. In the telecom competitive landscape, it provides the same broadband service as provided by any TSP/ISP]

**Annexure-B**

*Brief of the functions of each entity specified under the WANI framework:*

**a. PDO:**

- 1. PDO will establish, maintain, and operate only WANI compliant Wi-Fi Access Points.*
- 2. PDO will connect its Wi-Fi Access Point with Internet through networks of licensed Service Providers only in that area.*
- 3. A PDO can establish multiple Wi-Fi Access Points and logically connect them with different Captive Portals of PDOAs. However, a Wi-Fi\_\_\_33*

Access Point of any PDO will be logically connected with a Captive Portal of any PDOA.

4. As per the WANI framework, PDOs will have commercial agreement with licensed Telecom Service Providers (TSP) or Internet Service Providers (ISP) for internet connectivity and with PDOA for Aggregation, Authorization, Accounting, and other related functions.

**b. PDOA:**

1. PDOA will register with Central Registry using its public certificate for signature validation. **It will also register its associated PDOs' Wi-Fi Access Points** along with SSIDs and locations.

2. **PDOA will aggregate multiple WANI enabled Wi-Fi Access Points being operated by individual PDOs and authorize the subscribers, authenticated by the App Provider, to access internet services.**

3. For payment transactions by users, PDOA will integrate the Captive Portal with different types of digital payment service providers such as UPI, e-Wallets, Credit and Debit Cards, Online Banking etc.

**4. PDOA will declare the tariff for subscribers and keep account of usage of each subscriber.**

5. While PDOA will maintain the details of usage of individual subscriber at a given point of time, the internet traffic will route directly from Wi-Fi Access Point of PDO to the network of interconnecting licensed Service Provider.

6. **It will be permissible for any two PDOAs to enter into a roaming agreement for permitting each other's subscribers to access Internet from any Wi-Fi Access Points associated with them.**

7. **All complaints of users will be addressed/ handled by the PDOA** as per the orders issued by the Department of Telecommunications or its authorized representative (herein after referred to as 'DoT) from time."

**"General conditions:**

1. These entities i.e. PDOA, App Provider, and Central Registry will not provide switched telephony service.

2. The PDO's Wi-Fi Access Point, PDOA's Captive Portal, App Provider's App, and Central Registry will be compliant to the architecture and specifications of WANI Framework, attached at Annexure-II. 3. Any customer authenticated by an App Provider can use any WANI compliant Wi-Fi Access Point operated by any PDO for accessing the Internet.

4. Any dispute, with regard to the provision of service will be a matter only between **the aggrieved party and the App Provider or PDOA or both**, who will duly notify this to all before providing the service. And in no case, the

*DoT will bear any liability or responsibility in the matter. The App Provider and PDOA will keep the DoT indemnified for all claims, costs, charges, or damages in the matter.*

*The App Provider, PDOA, and Central Registry Provider will abide by all the terms and conditions that may be imposed by the DoT from time to time.*

*6. The App Provider, PDOA, and Central Registry will be responsible for any violation of the terms and conditions by anyone including but not limited to their employees.*

*7. The App Provider, PDOA, and Central Registry will be responsible for the correctness of the information furnished.*

*8. All efforts will be **made by PDOAs to deploy Indian technology** (i.e. technology designed & developed in India) and Made in India **Wi-Fi Hotspot Access Point equipment**, through which Broadband internet services will be provided under WANI framework.*

*9. DoT reserves the right to take appropriate action for any violation of the terms and conditions, including cancellation of registration.”*

**To summarize: -**

- a) **PDOA-PDO combination provide the broadband/internet services to the consumers, primarily using internet over the mobile phone.**
  - b) **Such broadband service substitutes the mobile data service by an access provider.**
  - c) **Customers using PM-Wani are the subscribers of the PDOA.**
  - d) **PDOA's set the tariff and do the billing of such users.**
  - e) **PDOAs are responsible to the KYC and other compliance requirement.**
  - f) **PDOAs orchestrate the complete information of control plane of the delivery network.**
  - g) **PDOs acts as a franchise who puts their CAPEX in Wi-Fi\_\_\_33 Aps and obtain the backhaul bandwidth.**
  - h) **PDO's revenue stream is completely dependent on the revenue paid by PDOA.**
  - i) **Therefore, the PDOA, as an aggregator is a competitor to the TSPs providing the broadband/internet services.**
  - j) **PDO are just buying backhaul bandwidth on behalf of PDOA and or PDOA-PDO combination that enable a PDOA to create end to end network and provide internet services to consumers.**
6. Following section will elaborate on why the retail tariff to the consumer cannot be equated with the B2B tariffs of backhaul services sold to the competitors. We,

therefore, request the Authority to kindly drop the proposed new clause in the TTO for the reasons detailed in following paragraphs.

#### **A. Policy of Forbearance in telecom tariffs**

7. It is submitted that since the notification of Telecommunication Tariff Order, 1999 on 09.03.1999 (“TTO”), the Authority has gradually evolved the policy of forbearance in telecom tariffs. Under this the Authority gives the service providers freedom to design and implement the tariffs suited to the prevailing market conditions. The expansion in scope of forbearance over the years is credited with the lowest tariffs and generational changes that has soared the teledensity and increased wireless broadband penetration in the country. The policy of forbearance can also be credited with making India, the market with second highest smartphone penetration. Thus, it is important that any changes in the tariff regulations do not alter the basic tenets of forbearance.
8. **However, we are constrained to submit that draft TTO amendment impinges on the policy of Forbearance and should not be implemented. There are no requirements to impose new restrictions on the TSPs.**

#### **B. Lack of transparency:**

9. Section 11 (4) of the TRAI Act provides that the Authority shall ensure transparency while exercising its powers and discharging its functions.
10. To decide any important issue, it has always been a process adopted by the Authority to issue a detailed Consultation paper providing detailed background framework in order to obtain feedback and suggestions to be considered by TRAI. The ‘Draft Regulation’ is generally issued by the Authority when the issue is already discussed with stakeholders. We are surprised to see the Draft TTO on the tariff aspect of PM-Wani scheme, which has never been discussed with the stakeholders.
11. Evidently, basis the established norms and practices, before issuing any Draft-TTO, TRAI should have done consultation on desirability of ‘PM-Wani’ service, in the light of current proliferation of 4G/5G services and availability of data services at cheapest rate in the world.
12. Further, in the normal course, TRAI transparently annexes the reference received from DoT or the communication exchanged with the licensor. However, in this case, only reference to DoT’s communication of November 2022 has been made in the

explanatory memorandum of the Draft TTO but the communication has not been annexed for the information of stakeholders to give their considered comments. Therefore, we are basing our comments on the extracts provided in the explanatory memorandum.

### C. Ambiguity in the proposal:

13. The proposal for consultation should be explicitly clear and unambiguous so that stakeholders are able to provide their opinion/ comments thoroughly analysing the issue. However, it is respectfully submitted that the draft tariff order is flawed and can be interpreted in two ways i.e. the language of the tariff order can also be interpreted that any connectivity provided to PDOs, including internet leased lines, should be offered at tariffs that are at par with tariffs for retail FTTH connections, whereas the intent from explanatory memorandum indicates that the PDOs should be permitted to get access to retail FTTH connections and associated plans. Relevant Para of the explanatory memorandum to the Draft TTO are reproduced below for ready reference:

*“6. DOT further added that in the name of commercial agreement, many times TSPs/ ISPs insist on PDOs to connect public Wi-Fi Access Points using expensive Internet Leased Line **instead of regular FTTH Broadband connection.**”*

*“11. ....The Authority is of the view that such a low data utilization indicates that PDOs requirement **may be fulfilled by retail broadband connection and they may not require an Internet Leased Line (ILL) connection.**”*

*“12.....The Authority is of the view that PDOs, specifically the small scale PDOs viz. small establishment, local shops/ retailers, chaiwalas, kiranawalas, storekeepers etc., generally having low revenue potential, neither need an ILL connection nor they can afford high backhaul rates which are applicable for large commercial entities. This elevated cost of broadband connectivity may act as an impediment for PDOs, subsequently impacting the proliferation of PM-WANI.”*

We understand that current consultation is for providing PDOs access to retail FTTH connections.

### D. Consumer Tariffs are different from B2B tariffs:

14. At present the consumer tariffs are under forbearance, however, the TSPs are supposed to provide such tariffs in a non-discriminatory and transparent manner

while ensuring that such tariffs are non-predatory. Such conditions are to protect the end consumers/subscribers of the services. Further, such tariffs need to be reported to TRAI and published on the website.

15. On the other hand, B2B tariffs, which also include the tariffs for backhaul, are governed through the contracts and specific to the customers. Such tariffs need not to be same for each customer. Nor such tariffs are required to be reported or published on the website. TRAI has just fixed a ceiling of such tariffs as per Schedule-VI of the TTO.
16. Backhaul service is not sold to the consumers, but to the telecom/internet service provider. PDOA-PDO individually and/or jointly falls in the category of service providers who are allowed to provide such telecommunication services through special dispensation allowing them carryout such activity without a licence under the registration. But it does not change the nature of the service from backhaul. In fact, PM-WANI guidelines itself treat the ILL of PDO as backhaul bandwidth.
17. **Therefore, any comparison and equalization of the backhaul tariff with the retail consumer tariffs is incorrect and misconceived.**

**E. B2B/commercial tariffs are designed differently than retail tariffs**

18. The difference in retail and commercial tariffs starts at design level itself. The commercial tariffs are different from the retail tariffs across all sectors. The most prominent example of this in energy sector and day to day examples can be seen in electricity tariffs, cooking gas cylinder rates among others. Even the houses engaged in commercial activities are liable to pay commercial tax by the municipal Authorities. This distinction is not arbitrary and the variance in rates is ascribed to different consumption patterns, demand periods, and infrastructure requirements associated with different set of customers.
19. Similarly, in telecom fixed line data services, the commercial/B2B consumers are offered different tariffs due to their usage pattern. The usage level of retail customers is much less than the commercial customers of the same bandwidth. Further the service level requirement of two set of customers is also different. Therefore, every service provider has an option to have a commercial tariff for the input services to their competitor who are competing for the same end customers. In this case, the PDOA compete with the TSP/ISP in the broadband/internet market. Therefore, no TSP/ISP can be forced to provide the backhaul services to the PDOA at below commercial rate.

20. As noted above, another factor for this distinction is the usage pattern. The usage pattern of a regular FTTH consumer would be characterized by high data consumption during short period of the day with maximum of 3-4 devices latched onto the Wi-Fi network. This understanding leads to designing the data plans for retail customers. Thus, while unlimited data services are offered under the retail plans, the assumption is that majority of the customers except some outliers like gamers etc. will be consuming a small fraction of data quota.
21. On the other hand, any commercial customer/backhaul will have a completely different usage pattern in which the overall consumption will be much higher than the retail customers.
22. This pricing paradigm is amply demonstrated under the wireless tariffs, where most plans provide more than 1.5/2 GB/ 3GB highspeed data per day, but the average consumption is still around 20 GB<sup>1</sup> per month by wireless consumers. While designing the tariffs, TSPs always keep such consumption pattern in mind and ensures to offer reasonable tariffs. Even those telecom subscribers, who are consuming more than average data are liable to pay reasonable rate.
23. However, when same tariff is offered to a commercial user, who can resell the same data to 100s and 1000s of customers, the consumption pattern would be starkly different and infrastructure required to supply those capacities will be equally higher, leading to need for differential higher tariffs for the commercial users. Thus, the tariff for commercial customers is designed separately to meet two objectives viz. to accommodate higher data demands and to meet higher SLAs and is consequently higher than retail tariff.
24. Furthermore, the FTTH network is designed using a certain “contention ratio”, which is scientifically determined on the basis of usage particulars of retail users. The same “contention ration” cannot be used for a resellers service like PM WANI. Therefore, equating the two services on the basis of charging is irrelevant.
25. Additionally, the internet bandwidth sale to PDOs of PM-Wani Scheme is in nature of Backhaul service. The retail tariff applicable for customers is for access service. The rates for backhaul and access cannot be same.

#### **F. Competition Issues:**

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<sup>1</sup> [https://www.trai.gov.in/sites/default/files/QPIR\\_04072024\\_0.pdf](https://www.trai.gov.in/sites/default/files/QPIR_04072024_0.pdf)

26. The PDOAs are offering services to customers possessing mobile devices out of their homes and in public areas. Evidently, this customer will be either an existing or a potential customer of a service provider for mobile data services. Thus, for a TSP, its commercial customer will be offering services to its retail customers.
27. Further, it is a well-established fact that on a wholesale level the cost of data provided to FTTH customers is always lower than mobile data. For instance, in RJIL network the wireless users get unlimited 4G data services at a rental of Rs. 649 plus taxes, while the FTTH customer with upto 30 Mbps speed gets access to unlimited data at rental of Rs. 399 plus taxes.
28. Thus, practically, if this draft TTO is implemented, a PDOA can get unlimited data at Rs. 399 and sell at least 1 GB data to (say) 1000 customers in a month at the below market cost of Rs. 10 per GB (mobile data pack for 1 GB is for Rs.19), making a windfall profit of over 2000%, while simultaneously depriving the TSP a possible revenue of Rs.19,000 and Government its revenue share by selling same number of 1 GB data packs.
29. Thus, effectively, the proposed TTO amendment, would require the TSPs to cross subsidize a competitor thereby impacting their own revenues, which is not only against best competitive practices but would amount to a mandated assault on the fair market practices. This will also discourage TSPs from rolling out FTTH services in the country apart from being not in consonance with the preamble of TRAI Act.
30. Even, if one has to remotely assume that use of such bandwidth is not for backhaul purpose, but the PDOA-PDO are the reseller of such bandwidth like Virtual Network Operator (VNOs), the Government has rightly opted out of the commercial arrangements and left the same to mutual understanding to the Network Service Operator (NSO) and VNO.
31. Therefore, equating the retail tariffs with the backhaul/B2B tariffs is anti-competitive.

#### **G. Retail tariff as per usage vs allocation**

32. As discussed above, the retail tariffs are designed to maintain a fine balance between allocation vs. usage. One of the measures used globally to maintain this fine balance is restricting the number of devices that can latch onto the connection using either Wi-Fi or tethering.

33. Globally, major operators do not permit tethering on all data plans and tethering restrictions are implemented on other data plans for example AT&T provides plans with permissible tethering benefits<sup>2</sup>. Similarly, operators in other economies, including India implement policies against commercial usage of a retail connection.
34. Therefore, mandating the offering of a retail tariff to declared commercial service provider would affect this fine balance and would lead to implementation of these restrictions on the usage by commercial operator, which may not be optimum for a commercial operation.
35. Furthermore, it would be not out of place to mention here that under Unified License TSPs are required to monitor the commercial usage and misuse by its customers and accordingly separate tariff policies are put in place for monitoring heavy usage and commercial usage. The customers violating these policies are deemed commercial users and their services are barred, and explanation is sought for misuse. Whereas separate plans for commercial users ensure that their services continue uninterrupted as per plan. However, by mandating same tariff for commercial users, the Authority would lead to possible violations of Unified License apart from retarding rolling out of FTTH network.
36. The resellers are offered bulk minutes/ data for sale. In the Draft TTO, the proposal is to resell the retail data package through PM-WANI. This against the globally established norms and should not be implemented.

#### H. Anti-Consumer- increase in tariff

37. In case the Authority requires that retail tariffs are provided to commercial/backhaul users without such restrictions then it would require major changes in the retail tariffs. This may include the removal of unlimited data benefits, increase in monthly rentals and usage restrictions. **Consequently, the TTO amendment would become anti-consumer and would end up affecting a large number of retail consumers in a misconceived attempt to save a terminal service.**

#### I. Impact on Exchequer

38. Another unwanted consequence of this intervention will be the impact on Exchequer. The loss of revenue for TSPs by this intervention would also lead to loss to exchequer especially when the PDOAs do not pay any license fee.

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<sup>2</sup> <https://www.att.com/plans/tethering/>

## J. Relevance of PM-WANI

39. An honest, unbiased assessment would reveal that the entire positioning and timing of implementing PDO/PDOA structure was flawed. The whole premise was built on the concept and success of Public Call Offices (PCOs) that were successful in 1990s. No doubt this was a home-grown successful model that could have been useful for broadband proliferation in case all other parameters were similar.
40. The success of PCOs was a result of multiple factors like limited telecom penetration, long waits in getting a telecom connection, no or limited mobile services, high tariffs. Further, the PCOs were extension of TSPs as they were working on a franchisee model and never competed with the TSPs, whereas PDOA competes with the very same operator who is providing the backhaul bandwidth. This all lead to PCOs becoming an important tool for connectivity. **However, we should also bear in mind that the omnipresent PCOs disappeared once mobile teledensity 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.**
41. Similarly, the PDOs could have been useful in 2G-3G era of mobile services, when the mobile penetration was increasing but mobile data was priced at around Rs. 250 per GB and you needed to search for a Wi-Fi access point for basic data needs. However, it was implemented in 2020s when 4G data was ubiquitous, data costs were around Rs. 10 per GB.
42. However, the inherent flaws in this model caused by mobile data availability and its low costs led to the failure to take off of the model. Now with the launch and proliferation of 5G services all across the country, the utility of PDOs is further shrinking and the solution needs to be sought elsewhere instead of flawed tariff interventions that will impact all stakeholders, including consumers, in the sector.
43. Further, PM-Wani has been built on an innovative business framework which allows the PDOA to aggregate a large number of Wi-Fi access point and build a competing network with the TSP providing them the backhaul bandwidth. Such PDOA would have an advantage to offering the low-cost mobile data using the crowdsourced/distributed Capex/Opex that too without any compliance obligation. In any telecommunication network, transmission cost/backhaul cost is the substantial portion of the overall cost of the building a network. Any mandatory

provision of backhaul at regulated price would provide such PDOA a huge competitive advantage vis a vis the TSPs who are building their own transmission links for connecting their radio equipment with core equipment.

44. Therefore, before issuing any such consultation paper in the form of Draft-TTO, TRAI should have done consultation on desirability of 'PM-Wani' service, in the light of current proliferation of 4G/5G services and availability of data services at cheapest rate in the world. In our opinion, PM-Wani service is no more relevant. A service in the proposed form can only work to the detriment of service providers and retail users.

**45. It is submitted that there can be more than one way of doing a thing correctly and the Authority should explore the possibilities beyond the narrow limitation of current structure and tariff interventions.**

**46. Conclusions**

- 1. The draft TTO amendment is anti-competitive, anti-consumer, disrupting orderly growth of the telecom sector, anti-Exchequer revenue apart from being not in consonance with the preamble of TRAI Act and therefore, should be withdrawn.**
- 2. The draft TTO is not only against the article 19(1)(g) of the constitution but also against the article 14 of the constitution as it forces the telecom operator to provide same tariff for two completely dissimilar services.**
- 3. It will be retarding rolling out of FTTH network.**
- 4. No TSP can be forced to sell its network services to its competitors at the arbitrarily regulated prices for building their networks.**
- 5. PM-WANI guidelines treat the connectivity of PDO as backhaul bandwidth and backhaul service is not sold to the consumers, but to the telecom/internet service provider on mutually agreed commercials. Therefore, any comparison and equalization of the backhaul tariff with the retail consumer tariffs is incorrect and misconceived.**
- 6. The contractual arrangements, including tariffs, between the PDOA-PDO and TSPs should be left to market forces.**