

TELECOM REGULATORY AUTHORITY OF INDIA

TRAI issues a Consultation Paper on Differential Pricing for Data Services.

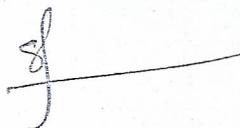
New Delhi, the 9th December, 2015: Telecom Regulatory Authority of India (TRAI) has today released a Consultation Paper on differential pricing for data services for comments of the stakeholders.

The past few years have witnessed tremendous growth in data usage and quite a large number of data tariff offers are made available by the service providers. The regulatory guidelines till now on discrimination and transparency in tariff offers were more focused to address the regulatory concerns in voice telephony. The growth of data usage and the manner in which data schemes are being designed by service providers currently, calls for a re-look at the regulatory principles of non-discriminatory tariff and transparency measures in the context of data tariff offers.

It has come to the notice of TRAI that some service providers are offering differential data tariff with free or discounted tariffs to certain contents of certain websites/applications/platforms. The objective of offering such schemes is claimed to be the desire of various service providers/content providers or platform providers to enable the consumers, especially the poor to access certain content on the internet free of charge.

Where reduced rates are tied to specific content, potentially, both positive and negative effects arise from an economic and regulatory perspective. On the one hand, it appears to make overall internet access more affordable by reducing costs of certain types of content. On the other hand, several negative effects might ensue. Differential tariffs results in classification of subscribers based on the content they want to access (those who want to access non-participating content will be charged at a higher rate than those who want to access participating content). This may potentially go against the principle of non-discriminatory tariff.

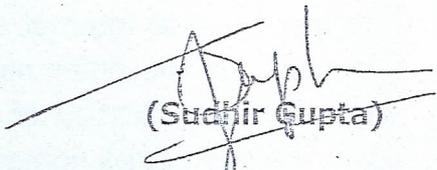
Therefore, the potential benefits and disadvantages of such practices have to be weighed in order to determine the regulatory approach.



In this background, TRAI has issued a consultation paper on the issue of differential pricing for data services seeking comments from stakeholders on certain issues as enumerated below:

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

The Consultation Paper has been placed on TRAI's website www.trai.gov.in. The Authority would take a decision on the subject matter after considering the views of the stakeholders. Stakeholders are requested to furnish their written comments by 30th December, 2015 to Ms. Vinod Kotwal, Advisor (F&EA), TRAI. The comments may also be sent by e-mail to advisorfea1@traigov.in. Written counter comments may be sent by 7th January, 2016. Comments and counter comments would be posted on TRAI'S website www.trai.gov.in. For any clarification/information, Advisor (F&EA) may be contacted at Tel. No. : +91-11-23230752, Fax: +91-11-23236650.


(Suchir Gupta)

Secretary, TRAI