



DG/COAI/2025/037
February 07, 2025

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Tower F,
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Nauroji Nagar, New Delhi – 110029.

Subject: COAI Counter Comments to Draft TRAI Telecommunications Tariff (71st Amendment) Order, 2025.

Dear Sir,

This is with reference to the Draft TTO issued by TRAI on “Rationalization of Broadband Tariffs for PDOs under PM-WANI Scheme” issued on January 15, 2025.

In this regard, please find enclosed COAI’s Counter Comments to the Draft TTO.

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: 2025.02.07
16:14:37 +05'30'

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COAI counter comments to Draft Telecommunication Tariff (Seventy-First Amendment) Order, 2025.

We thank the Authority for providing us with the opportunity to share the counter comments to draft “The Telecommunication Tariff (Seventy First Amendment) Order, 2025”.

At the very outset, we humbly submit that some of the stakeholders have tried to re-apply their previous perspectives to the PM-WANI framework without considering the far-reaching changes and enablement provided to PDOs by the DoT amendment/additions in PM-WANI Framework dated 16th September 2024.

We respectfully submit that these stakeholders have relied on old and incorrect assumptions and have again put forward the old arguments. Further, they have presupposed that their previous suggestions were not considered by Authority due to some inadvertent oversight.

We reiterate our submissions that **all statistics of usage and viability of PDO/PDOA architecture needs to be re-evaluated in the light of far-reaching changes introduced and monetization opportunities provided by the DoT vide this amendment and there is no need for any additional stimulus for PDOs.**

Another critical point to be borne in mind is that the tariffs are not designed with the assumption that most customers will be reaching the FUP limits, but tariff tables depend on average usage trends. Merely because average usage of PDOs is less than FUP limits does not equate these commercial B2B customers with retail FTTH customers. On the contrary the addition of these high usage customers to FTTH plans (even at double the tariff) will alter the usage pattern of these plans leading to revaluation of the tariff itself. Thus, there is a possibility of adverse impact on retail customers due to this benefit being given to PDOs.

1. One of the stakeholders has stated that “The regulatory intervention is required in such tariffs as the market mechanisms have failed to provide PM WANI services. The situation, if not rightly addressed, will result in continuation of PM WANI being unviable, thus defeating the goal of bridging the digital divide.”

COAI Counter Comments

- a. We strongly oppose this contention seeking regulatory intervention in tariffs for broadband connectivity to PDOs. We have already explained in our comments that there is inherent flaw in the WANI framework leading to its lack of success as it is not suitable for modern communication needs. Thus, no such intervention is required.
- b. Telecommunication Service Providers (TSPs) have been instrumental in developing the essential digital infrastructure for spread of internet and Broadband connectivity throughout India.
- c. 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, thereby bridging the digital divide. The contribution of TSPs is evident from the significant rise in rural tele-density from 37.48 in 2011 to 58.31 in November 2024.
- d. Furthermore, 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).

- e. 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.
- f. 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.
- g. 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.
- h. In this context, it should also be kept in mind that the omnipresent PCOs disappeared once mobile tele density increased and tariffs became much more affordable. 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.
- i. Further, there are other constraints and challenges that make the use of WiFi unviable for consumers. 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 triumph over Public WiFi in this regard.
- j. 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.
- k. As highlighted before, we reiterate that any regulatory intervention in the business models or the way TSPs provide connectivity to Public WiFi will not serve any purpose. Such interventions may not address the core issues which include trust, security, and user experience.
- l. Hence, in light of the above, we submit that there is no intervention required for the purpose of rationalization of tariff rates for connectivity to PDO and FTTH.

2. The same stakeholder has stated "The charges of Rs.4 lakhs to Rs. 8 lakhs per annum to provide a Public WiFi service at a small shop is a clear example of predatory pricing and this has resulted in a shortage of Public WiFi in the country,



where the public which cannot afford FTTH connectivity is being deprived of the services.”

COAI Counter Comments

- a. At the outset, we submit that this statement of the stakeholder is grossly incorrect. Section 4(2)(b) of the Competition Act, 2000 states that predatory price" *means the sale of goods or provision of services, at a price which is below the cost, as may be determined by regulations, of production of the goods or provision of services, with a view to reduce competition or eliminate the competitors*". The Authority should advise such stakeholders to be cautious in using such words.
- b. We submit that at present the tariff approach taken by the authority is of forbearance principle i.e. there is no regulatory capping of prices nor is there any restriction that has helped in proliferation of the widespread broadband connectivity in the country over the past few years.
- c. Furthermore, the claims of imaginary "predatory pricing" as a reason for shortage of Public WiFi is misleading and unsubstantiated, especially when there exists a service provider offering FTTH connectivity to PDOs, as noted in explanatory memorandum of the draft TTO Amendment. There is no compulsion for PDOs to opt for so called predatory offers by other TSPs, they can easily take connectivity from this TSP.
- d. We submit that the real reason which this stakeholder is unable to see is that the PDO framework is outdated like the PCO model. The widespread availability of affordable mobile data and the increasing shift of user preference towards personalized and secure internet access, the PDOs have remained largely irrelevant and unsuccessful.
- e. Moreover, since **Public Wi-Fi is a shared resource, it is also often perceived as less secure as compared to personal mobile data connections, making telecom networks the natural choice of subscribers. With advancements from 2G to 5G, and discussions around 6G, telecom networks now provide faster, more reliable internet access, making public Wi-Fi increasingly unnecessary.**
- f. As a result, even small shopkeepers use the internet offered in data packs provided by telecom service providers (TSPs) to conduct their business. Therefore, the claim made by the stakeholder is incorrect.

3. One of the stakeholders has stated that "Insisting on ILL connections at exorbitant rates has already created significant barriers to entry for PDOs. Retail tariff parity is essential to eliminate the artificial barriers and ensure the viability of the PM-WANI ecosystem. The behaviour of TSPs is a typical incumbent behaviour and the regulator has to play its role for the growth of broadband and for bridging the digital divide."

COAI Counter Comments

- a. We strongly disagree with the statement that tariff rates have created significant entry barriers for PDOs. 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.

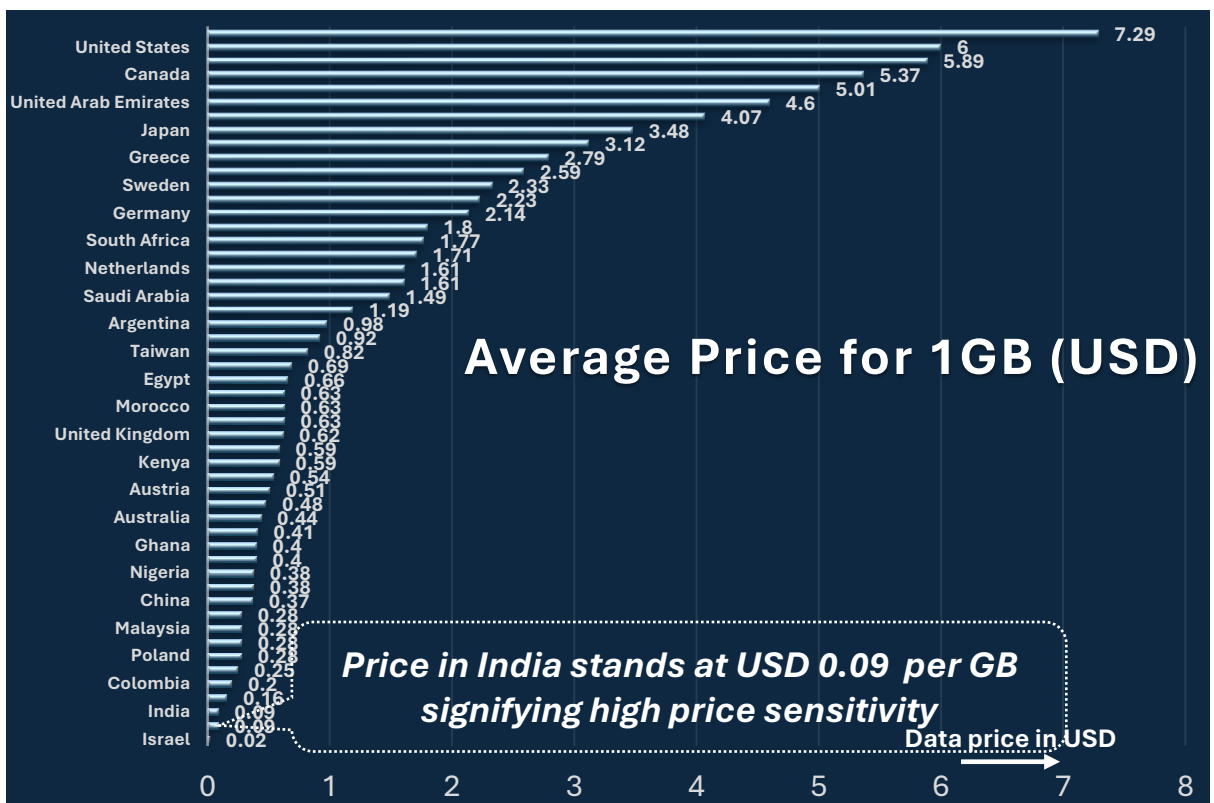


- b. Leased lines to PDOs are a backhaul / business-to-business connection, where telecom operators provide bulk bandwidth to intermediaries. These PDOs then distribute this connectivity to multiple end-users, often in public spaces or underserved areas. As wholesale customers, PDOs resell or redistribute 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. 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.
- e. 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.
- f. 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.
- g. 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.
- h. 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.
- i. 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.
- j. It is, therefore, important 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.
- k. 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.
- l. In light of the above, we submit that Tariffs for PDOs under PM WANI scheme should be left on the market dynamics and therefore, there is no need for any intervention by the authority.

4. Another stakeholder has stated “One key factor affecting these metrics could be the steady rise in tariffs. While higher tariffs might contribute to revenue stability for telecom operators, they also discourage new customer acquisitions and push existing subscribers to limit usage. This price sensitivity, especially in price-conscious markets like India, can lead to reduced network utilization. There is no flexible and affordable internet access to lower income households, and they avoid recharges even if their data limits are exhausted.”

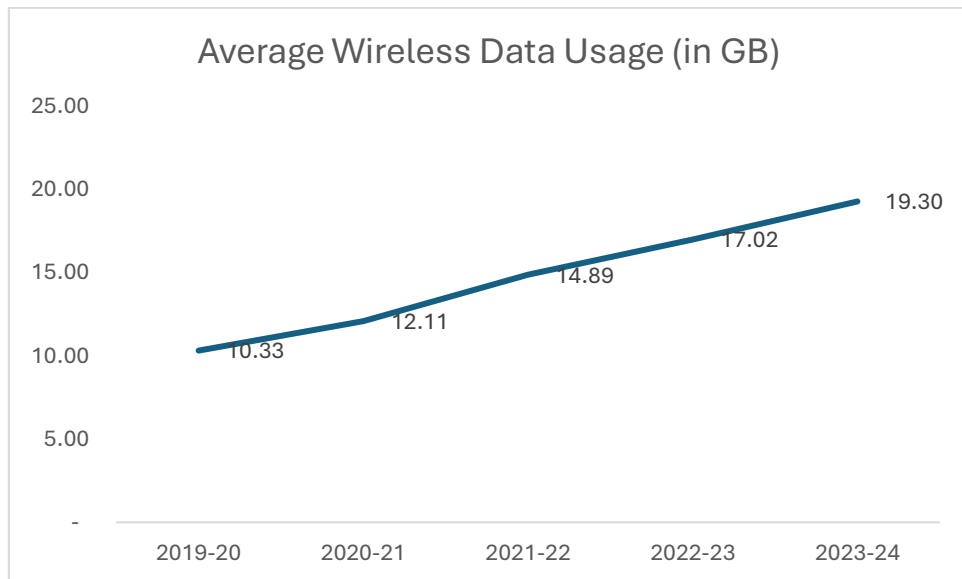
COAI Counter Comments

- a. We strongly oppose the statement made by the stakeholder as TSPs in India today offer the most affordable digital accessibility in the world. The affordable service offered by our member TSPs has spurred widespread data usage throughout the nation. This has led to India boasting the highest data consumption which is a testament to the significant role played by our member TSPs in fostering digital inclusion in the country.
- b. We submit that cost per GB remains to be one of the most affordable in the world. This is presented in the graph below:



Source: cable.co.uk

- c. It is because of these affordable tariff rates offered by our member TSPs that it has enabled an increase in data consumption over the past 4 years. This is presented below:



Source: TRAI Reports

- d. It is pertinent to note that TSPs have consistently demonstrated adaptability to changing market dynamics, ensuring their offerings evolve in tandem with customer demands. By doing so, they effectively cater to a diverse spectrum of consumer requirements.
- e. Furthermore, TSPs have introduced a range of tariff plans and vouchers tailored to market and customer needs, ensuring that all users find suitable and affordable options as per their preference.
- f. Apart from this, TSPs offer a diverse array of plans tailored to meet varying customer preferences. These plans include flexible validity periods, ranging from single-day options to yearlong subscriptions (1 to 365 days) and customizable data allocations, accommodating both high-volume users with up to 3 GB daily allowances and light users with as little as 0.06 GB per day.
- g. Therefore, we submit that the statement made by the stakeholder is factually incorrect and must not be taken into consideration.

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