

Executive Summary:

Airtel thanks the Authority for giving it the opportunity to provide counter comments to the responses submitted on this important *Draft 70th Amendment to the Telecom Tariff Order (TTO) 1999*.

These counter comments are an extension of the arguments previously presented in the main response to the CP. For the sake of continuity, here is a quick summary of the key submissions made earlier:

- i. Telco mobile networks are the natural customer choice today when it comes to data usage, not public WiFi.
- ii. Public WiFi has failed to evolve as a relevant business model.
- iii. Demand generation by end-user/access subscriber is fundamental to the proliferation of a technology and PDOs' public WiFi has failed to generate that, as seen from TRAI data.
- iv. The draft TTO risks upending the basic regulatory structure of the competitive telecom market.
- v. Services for commercial resellers like PDOs & retail FTTH services for end-use subscribers are not interchangeable, and interventions should not impinge upon tariff forbearance.
- vi. The usage of PDOs' retail WiFi hotpots is falling even after their offer of competitive plans.
- vii. In view of these facts, the decision to offer a rate as well service for wholesale / B2B services should be left to market forces and the draft 70th amendment to the TTO should be dropped

In the following section Airtel submits its counter comments on key points raised by some of the stakeholders.

We list down some of the arguments (in summary forms) presented in favour of TTO amendment intervention:

- a. 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.*
- b. ILL connectivity has created an artificial barrier and tariffs of internet connectivity cost, pegged at unrealistically high levels, stifling both PM Wani Public WiFi service and PM Wani Public WiFi Service Providers.*
- c. With the high definition level of content available online such quota internet would get finished by half of the day and the mobile user is left without internet for rest of the day. Now the user has to wait for the next day to have access to internet on his mobile device. Access to PM-WANI internet at much competitive rates with unlimited access will allow them to have access to internet throughout the day.*
- d. TSPs should offer more flexible data plans for PM-WANI backhaul connections. Currently, even retail customers often face restrictive data limits, Generally of 3333 GB per month. For PDOs serving many users, these limits can be insufficient. Consider tiered pricing or truly unlimited data plans to encourage wider PM-WANI adoption.*
- e. Implement robust SLAs that include specific uptime guarantees and penalties for non-compliance with both uptime and internet speed commitments. This will ensure reliable performance and address potential misuse.*
- f. Reporting Requirements: Require TSPs to submit data on PM-WANI line applications, provisioned lines, uptime, data usage, and other relevant metrics. This will enable TRAI to monitor compliance, identify trends, and take timely corrective actions.*
- g. Set clear deployment targets to incentivize TSPs to actively promote and support PM-WANI. These targets should align with the scheme's overall objectives and NDCP 2018.*

Response:

At the outset, Airtel disagrees with the above assertions and any other such points made. We would also like to first highlight certain aspects that other PDOs and public WiFi hotspot operators have submitted, and which very much support our position of no intervention.

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.

One of the stakeholders has captured the challenges faced by PDOs 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.

The stakeholder has also submitted that in response to these challenges it has decided to internally focus its efforts on addressing these issues and has initiated research based on the current framework and solution(s) are now in the development phase. The stakeholder's goal is to create a streamlined solution that mitigates these challenges and supports PDOs more effectively.

So evidently even from within PDO community, the real issue is not about tariffs of leased lines, rather other ones. Further, there are PDOs that are running successful business models and seeing growth in business.

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

Even from among the limited number of respondents who have supported TRAI's intervention in the form of TTO amendment, their some of the arguments - such as seeking unlimited data plans, dedicated SLAs for uptime etc. – prove that the need for PDOs is of a leased line equivalent, which is purely a 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. The points such as that one stakeholder has suggested for waiver of any data usage limit above 3333GB/month limits, means that some PDOs looking at this model as clear resale competition model and on the strength of high capacity backhaul/backbone.

Further the SLAs driven connectivity as asked by one of the respondents proves requirements for higher connectivity. This is precisely what ILL backhaul connectivity typically does. As dedicated data lines, they connect PDOs to the core network or internet to manage aggregated data traffic from multiple endpoints, allowing PDOs to efficiently route and manage the data traffic within their networks. Importantly, these are dedicated public connectivity for business entities which, backed by SLAs and help businesses connect to the world.

The response of another PDOA respondent supporting this TTO intervention clearly seems to suggest the critical need for backhaul internet connectivity. If that be so, we fail to understand as to how a fronthaul/FTTH and or tariff of FTTH can be asked to be provided for the purpose of backhaul?

It is our submission thus that this is a B2B issue of wholesale connectivity of backhaul that is argued to be obtained at the rates of FTTH services or using FTTH services instead of legitimate B2B channels– to resell those capacities at very cheap prices at the retail level. **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 are not interchangeable.**

Using them interchangeably and (mis) 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 distortions. This intervention 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.

We also submit that no evidence or data has been shared by some of the stakeholders supporting the pricing intervention via draft TTO amendment. We also reiterate that the Regulator TRAI should share specific data points, evidence and provide impact analysis before considering the draft TTO further.

The communication shared by the DoT with TRAI should also be transparently shared by the TRAI before any decision is taken in this regard as this will be required in the interest of transparency, under the TRAI Act. We in-fact note that some PDO/PDOA respondents seem to indicate there are no specific challenge w.r.t tariff of connectivity provided by the TSPs/ISPs, which is surprisingly at odds with reasons put forward for specific tariff intervention.

We also submit that this issue of providing ILL or FTTH connection or connection at the FTTH rates to PDOs has nothing to do with consumers protection but rather a pure commercial issue between wholesaler and reseller entities. Nowhere any analysis has been given that 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.

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.

From a consumer standpoint as well we are unable to comprehend why a consumer with affordable, seamless and full mobility data plans, would opt-for Public WiFi, a shared connection with signals in a smaller and limited zone? A PDO plan will not only add additional transaction cost to him in the form of additional recharge for accessing the internet but also have to deal-with two service providers for same need. Add to this the fact that to benefit from such limited coverage internet usage, the consumer necessarily has to be in the PDO's WiFi zone, again a restrictive feature for the consumer. Even for example the student community would prefer taking a higher data quantity plan from his TSP than from PDO – the reason being the student needs to access internet at home, in college/school, or any other place – seamlessly and on demand. S/he would not like to be stationary in say a public WiFi zone alone or keep on finding such zones from areas to areas. On the other hand, the consumer can address his/her needs from TSPs who offer a wide range of products to cater to varied usage requirements which range from fixed data as low as 1GB to daily data as high as 3GB. Then there are other innovative data packs ranging from 6GB to 50GB.

We hence submit that 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 eight 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.

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.

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, which 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.

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.

As per the draft TTO amendment¹, the daily data usage under the said scheme has significantly fallen from 1GB to some MBs at present. This, in Airtel's view, is surprising, given that the consumer tariffs offered by PDOs offering public WiFi hotspots are said to be equally or more competitive than the ones offered by the TSPs to mobile subscribers. **At the same time, the average data consumption of a mobile user has increased from 61.66 MB in 2014 to 19.30 GB per month² today.** In fact, in the last four years alone (2020 vs 2024) it has increased by 64% from 11.76 GB³.

This highlights the startling fact that while mobile subscribers are increasingly using the TSP network, in the case of public WiFi hotspots of PDOs, data is falling even at the backhaul level. This means that the usage at the PDO access level would be dropping even faster.

In other words, today, telecom subscribers are able to enjoy their most-needed services at price points that serve their requirements using the ubiquitous mobile services and hence do not see much value in the standalone public WiFi services.

This amendment, if enforced, will not only have unfortunate, unintended consequences in a competitive market where there is no market failure but also potentially upend the very basics of the regulatory structure by forcing TSPs to give rates of the FTTH connections (meant for end-users) for purposes of backhaul services. The draft TTO amendment is the incorrect remedy when it comes to the failing / diminishing interests of consumers with regard to public WiFi hotspots.

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.

¹ Para 11 of explanatory memorandum of the instant draft TTO

² TRAI's Indian Telecom Services Performance Indicators (QE Mar'14 and QE Mar'24)

³ Average wireless data usage per data subscriber per month, as on 31st December 2020, TRAI