VIL/AH/RCA/2024/019
September 06, 2024

Advisor (Financial & Economic Analysis)
Telecom Regulatory Authority of India,
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World Trade Centre, Nauroji Nagar,
New Delhi – 110029

Kind Attn: Shri. Amit Sharma

Subject: Comments on the TRAI's Draft "The Telecommunication Tariff (Seventieth Amendment) Order, 2024" dated August 23, 2024

Dear Sir,

This is in reference to the TRAI's Draft "The Telecommunication Tariff (Seventieth Amendment) Order, 2024" dated August 23, 2024.

In this regard, kindly find enclosed herewith comments from Vodafone Idea Limited on the above-said draft order.

We hope our comments will merit your kind consideration please.

Thanking you,
Yours sincerely,

For **Vodafone Idea Limited**

Anjali Hans

Anjali Hans
EVP – Regulatory, CSR & External Communications Head

Enclosed: As stated above

VIL Comments to the TRAI's Consultation on Draft "The Telecommunication Tariff (Seventieth Amendment) Order, 2024" issued on 23.08.2024

At the outset, we are thankful to the Authority for giving us this opportunity to provide our comments to the TRAI Consultation Paper on "Draft the Telecommunication Tariff (Seventieth Amendment) Order, 2024" issued on 23.08.2024.

In this regard, we would like to submit our comments as follows, for Authority's kind consideration:

A. Background Context and Subsequent Development

1. TRAI issued a consultation on "Proliferation of Broadband through Public Wi-Fi Networks" on 13.07.2016 and released the recommendations on 09.03.2017 for setting up of Public Data Offices (PDO).

2. Based on TRAI's recommendations, PM-WANI ecosystem was launched by the Government on 09.12.2020 to facilitate the rolling out of a Wi-Fi Access Network Interface (WANI) infrastructure in order to leverage public Wi-Fi network for delivery of broadband services.

3. However, there have been various developments in the market which have influenced and substantially reduced the demand of broadband through public Wi-Fi networks and has also impacted the very business models envisaged by the entities who have launched such Wi-fi hotspots – some of these developments are mentioned in the following points.

   a. **State-of-art Telecom Ecosystem:**

      i. The Indian wireless industry has built a robust and ubiquitous infrastructure which connects lakhs of towns, districts and villages including deep rural interiors and hinterlands across the country, over the last two decades. This infrastructure, entailing massive investments, is the backbone that delivers high quality voice and data services and has proved its essentiality during the Covid-19 times.

      ii. The sector is a vital driver of the country's GDP and has contributed directly to the economy over the last decade. The number of sites that are rolled out in India are way higher than most of the developed countries. E.g. macro sites count of a significant operator in USA is around 70-80k where as in India it is more than 2 lakhs.

b. **Enhanced Mobile Connectivity:** With the widespread availability of 4G services in the country and advent of 5G, there is ubiquitous coverage of 4G and 5G mobile networks as such, public at large now have access to fast and reliable mobile internet, which makes them rely more on personal mobile data connections.

c. **Increase in wireless broadband users:** The wireless broadband users have increased from 322.21 million in 2016 to 914.13 million in 2024. This indicates that wireless broadband is able to cater to the need of consumers for using data service.

d. **Affordable Tariffs:** In India, the mobile data is available with convenient recharge options and at affordable prices which are one of the cheapest across the world. This reduces consumer's dependence on public Wi-Fi hotspots for availing data services, or for separately paying for consuming data service through such public Wi-Fi hotspots.

e. **Enhanced Mobile speeds**

   i. In past couple of years, India has made massive growth in the global mobile download speed, making it into the top 50 of Ookla Speedtest Global Index list. India moved 72 places up in the list, leaving behind many G20 countries. The average mobile download speed is 101.80 mbps.

   ii. The difference in user experience over wireless v/s wireline broadband, is fast diminishing, with the evolved and advanced wireless technologies delivering enhanced data speeds.

4. **Considering all above especially due to availability of mobile broadband with good speed and affordable tariffs, we submit that the need of public Wi-Fi hotspots has diminished. As such, no further policy steps are required to push deployment of such public Wi-Fi hotspots.**

5. **Migration from Feature-phone to Smartphone:** In our view, the major reason with certain users not able to access internet services in rural areas, is the cost of purchasing a smartphone. This inhibits their ability to utilize the existing available wireless broadband networks. The consumers having feature phones (especially in rural areas) are generally using older technology due to handset dependency and are not able to access the new generation technologies, despite availability of connectivity. To address this, policy support is required for poor consumers to purchase smartphone and shift from feature phone. We request the Authority to consider and recommend to Government, for coming out with a handset subsidy scheme for the consumers, through their respective TSPs. This will help such consumers to start digital journey thereby, bridging the digital divide.

Against the above, we further make our submissions as below:

B. Rationale of TRAI Intervention

1. The consultation paper mentions that:

> *5.In November 2022, DoT in its communication to TRAI, inter alia, stated that the proliferation is quite limited and much below the targets. It was cited that one of the reasons for low proliferation of PM-Wani is the extremely high cost of backhaul internet connectivity charged by TSPs and ISPs from PDOs.*
>
> *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.*

2. In this regard, except this clause, there are no other details given as a rationale for the proposed intervention. Further, the DoT reference has also not been enclosed along with the consultation paper.

3. Beyond mentioning the reference of DoT, the consultation paper does not provide any independent assessment of the issues mentioned by DoT as to whether FTTH was available in their area of interest, what was the bandwidth and number of users envisaged, whether the low proliferation could be on account of other factors eg. shift of consumer usage from such Wi-Fi hotspots to wireless networks, or if the wireless network was already available at the place of interest.

4. Further, the paper also mentions that DoT, vide its press release dated 09.12.2020, highlighted various economic, financial and other benefits of the PM-WANI scheme, such as:

   (i) It is expected that with Public Wi-Fi Broadband, the user experience and Quality of Service for Broadband will be improved significantly;
   *(ii) This service will be **specially useful in rural areas** where Public Wi-Fi Hotspots are also being created under BharatNet;*
   ...

5. We request that TRAI should also independently assess whether the above benefits have actually been delivered to the end users.

6. To this extent also, there is no rationale as to how FTTH would benefit the said PDOA providers or is it that they want to serve the urban areas under a policy scheme and by seeking expensive resources at cheaper prices. There ought to be a specific and independent assessment on this aspect to examine the rationale of such demand by the PDOAs and if that would be aligned with the objective of serving rural areas.

7. **Therefore, we recommend that detailed and adequate rationale of such regulatory intervention should also be put in the public domain for consultations.**

C. Impact of TRAI Intervention

1. For any such change to be considered and evaluated, it is most important to have a systematic approach involving deliberation on the positive and negative impacts of proposed changes.

2. The consultation paper just mentions that the proposed arrangement can be reviewed after two years, based on the experience gained. The paper does not provide any assessment of the impact of such regulatory intervention on the forbearance regime, cross-subsidization, costs of service in question, interests of other users similarly placed and commercial interests of TSPs/ISPs.

3. In our view, the proposed regulatory intervention will disturb the existing tariff structure, forbearance regime and also, affect commercial interests of the TSPs/ISPs. The paper proposes user specific regulatory intervention which is akin to cross-subsidization and will support interests of PDOs at the cost of interests of TSPs/ISPs as well as at the cost of other users of similar services.

4. **Considering all above, we request the Authority for carrying out a detailed Regulatory Impact Assessment in this regard, and sharing the same under consultative process, before taking a final decision.**

D. Difference between ILL and FTTH

1. With regard to the proposal of same tariff for PDO under PM-WANI scheme as is applicable for retail broadband (FTTH) connection, we would like to highlight that the ILL cannot be compared to broadband, both on price and service architecture, as both these services are meant to cater to different sets of customers and use cases. Following is the detailed description of these 2 services.

    a. **Internet Leased Line (ILL):**

        i. **Dedicated Connection**: An Internet leased line is a dedicated bandwidth configured between a customer's location and the ISP PoP. This line provides consistent, high-speed, and symmetrical internet access without sharing bandwidth with other users.

        ii. **Exclusive Use**: The bandwidth of a leased line is exclusive to the customer who has leased it, ensuring high reliability and performance. It's commonly used by businesses that require guaranteed performance for critical applications.

        iii. **Service Model**: Leased lines are typically a premium service provided by TSPs/ISPs to businesses or organizations that need guaranteed bandwidth, reliability, and SLAs.

b. **FTTH (Fiber to the Home):**

i. **Direct Fiber Connection:** FTTH involves laying fiber-optic cables directly to individual homes or businesses. This provides a high-speed, high-bandwidth connection that is often used for residential or small business internet services.

ii. **Shared Bandwidth:** In FTTH deployments, the bandwidth is shared among users within a certain area, and it's not committed.

iii. **Service Model:** FTTH is generally a service provided by TSP/ISP to end-users. It's a common method for delivering broadband to homes and small businesses.

2. **Cost Incurred by TSPs for ILL is different than FTTH:**

a. The above factors clearly reflect the difference in service types, performance guarantees, target customers, and infrastructure usage of these services. While FTTH aims to provide high-speed internet access to a broad user base with shared bandwidth, leading to lower costs, in contrast, ILLs offer committed bandwidth, high-performance connectivity for business-critical applications, justifying a higher tariff.

b. Moreover, it is imperative to note that the cost of such services to the consumer varies based on distance from the ISP PoP, or BTS, quality of end-user premise equipment, bandwidth requirement of the user, etc. Any such service, if provisioned on dedicated basis, will definitely entail higher cost and would lead to expectation/realization of high revenues.

c. Thus, ILL is required for committed 1:1 bandwidth, higher service uptime and enterprise grade SLA to serve higher number of users whereas on the contrary, broadband is suitable for lesser number of users (typically less than 5) and mainly needed for internet browsing, media streaming use cases.

d. **Hence, tariff for ILL and FTTH based broadband should be different to have desired service level and service attributes associated with both the services.** Similar tariff for both the services will only lead to disadvantaging the expensive ILL, at the rate of broadband.

E. Clarification Required:

1. The amendment stated in the paper, proposes "Tariff for Public Data Office under PM-WANI scheme shall be same as is applicable for retail broadband (FTTH) connection". The interpretation could be that if ILL is to be provided by a TSP to PDO under PM-WANI scheme, same is to be priced by the TSP at its FTTH connection rates.

2. In this regard, it is not clear that can it also be interpreted as also applying to TSPs/ISPs who are not even giving FTTH services. Such TSPs/ISPs would not have any FTTH prices within their networks and as such, such amendment in any case, cannot apply to them.

3. **In our view, this amendment would not apply to TSPs/ISPs who are not providing FTTH services and request the Authority that suitable clarifications should be provided for, while taking a decision.**

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