



## **COAI's comments to TRAI's draft Telecommunication Tariff (Seventy First Amendment) Order, 2025**

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

At the outset we submit that we do not agree to capping of Broadband tariff (FTTH) for Public Data Office (PDO) under the PM-WANI scheme at twice the tariff applicable for retail broadband FTTH services for the corresponding capacity offered by the respective service provider. We reiterate that there is no need for intervention in this B2B backhaul arrangement. Our detailed justification for the same is given as under:

### **1. Challenges with the PM-WANI Model:**

- a) The current PDO and PDOA framework is similar to the now outdated Public Call Office (PCO) model. PCOs were widely used until the early 1990s before mobile services became more prevalent. They acted as resellers for TSPs, connecting under-served areas. They were successful due to factors like limited telecom access, long waiting times for connections, high tariffs, and minimal mobile services. Operating on a franchisee model, PCOs never competed with TSPs, ensuring TSPs' interests were protected. This has also been successful because the B2B pricing were not regulated, and it was left to market forces.
- b) Similarly, PDOs work on a PCO-like model, but with the widespread availability of mobile data, PDOs have become largely irrelevant and unsuccessful. PDOs might have been more useful in the early days of mobile services when data was expensive, and Wi-Fi was needed for the basic internet access. However, by the early 2020s, with widespread of 4G and 5G services and lower data costs, the need for public Wi-Fi reduced significantly.
- c) Further, user preferences are increasingly shifting towards personalized and secure internet access. 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 as the natural choice of subscribers. Moreover, with advancements from **2G, 3G, 4G, and 5G**, and discussions around **6G**, telecom networks now provide faster, more reliable internet access, making public Wi-Fi increasingly unnecessary.
- d) Since PDOs function similarly to PCOs, it is important to recognize that the Authority should avoid regulating the pricing between TSPs and PDOs. As PDOs act as resellers to TSPs, they are dependent on the TSPs' highly invested networks and infrastructure. Therefore, it would be more equitable for the Authority to ensure fair treatment for both classes of service providers, rather than giving preference to one over the other.

### **2. Role of TSPs in the Growth of Digital Infrastructure in India:**

- a) The main reason for PCOs becoming redundant is the fact that Telecom Service Providers (TSPs) have played a pivotal role in driving the growth of India's digital infrastructure. As outlined in TRAI's Explanatory Memorandum, the National Digital Communications Policy (NDCP) 2018 emphasizes creating a robust digital communication network under its "Connect India" mission. **TSPs have been**



**instrumental in achieving this mission of NDCP through significant investments in technologies like FTTH, 4G, and 5G networks.**

- b) The Telecom Service Providers (TSPs) are working diligently to establish widespread connectivity, even in the most remote regions. TSPs have ensured that the benefits of connectivity are accessible to all. The contribution of TSPs is evident from the significant rise in rural tele-density from 37% in 2011 to 58% in October 2024.
- c) 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 by the TSPs. On the contrary, the rollout of public WiFi hotspots under the PDO model has been minimal and insignificant.**
- d) The continued expansion of networks in rural areas shows the commitment of TSPs in bridging the digital divide and highlights the success of the telecom sector in creating a connected and digitally inclusive India. **All this and much more has been primarily achieved through a policy for forbearance and not regulatory price interventions or price caps.**

### **3. Rationale of TRAI Intervention:**

- a) It is important to assess that whether the PM-WANI benefits have actually been delivered to the end users especially in rural areas. In the instant case, as on 28.01.2025<sup>1</sup>, the number of Wi-Fi hotspots in Delhi i.e. 1,25,395 account for 45% out of total hotspots i.e. 2,77,647 deployed in the country. Further, out of these, 18.6% are deployed in New Delhi area, which is the urban arrangement in itself. This creates clear doubt that the PDOs want to serve the commercial and urban areas under a public welfare scheme.
- b) Also, following areas are important to be assessed in detail and put to consultative process, before concluding the consultative exercise viz.
  - i. Existing areas being served by the PDOs. Are these rural areas or urban/commercial areas.
  - ii. Availability of FTTH at the area of interest of a PDO.
  - iii. Bandwidth and number of users envisaged by PDO at a location where FTTH is required v/s ILL.
  - iv. Factors influencing usage of Wi-Fi hotspots like Availability of Mobile coverage at serving locations.
  - v. Effect on quality of service and experience, upon shifting from leased lines to FTTH connection, given that FTTH connections are not meant for large no. of users or for commercial usage.
- c) Moreover, FTTH as an offering, is not meant for reselling, but for end use of the customer – whether it is an individual or an enterprise customer. In this context, TRAI's proposal to offer FTTH connectivity to resellers like PDOs, is incorrect.

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<sup>1</sup> <https://pmwani.gov.in/wani>



- d) Hence, there is a need of getting a specific and independent survey cum assessment to examine the rationale of continuing with such scheme and/or need of giving any further policy benefits. The survey should also assess the need of public hotspots v/s their need being met through cellular networks.

#### **4. Regulatory Price Caps will not serve any purpose:**

- a) Regulatory price caps cannot ensure business viability because they interfere with market-driven pricing mechanisms that balance supply and demand. Price caps often fail to account for important aspects like varied cost structures, infrastructure investments, maintenance costs, and scalability. For instance, TSPs incur substantial costs to expand broadband networks and maintain quality of service; artificially limiting prices can reduce their incentives to invest further, leading to supply shortages or degraded service quality.
- b) Moreover, price caps distort the competitive market equilibrium and discourage businesses from differentiating their offerings based on value-added services or efficiency. Instead of promoting sustainability, such interventions may result in underfunded operations and inefficiencies, particularly for smaller entities like PDOs.
- c) The widespread proliferation of affordable mobile broadband in India is a testament to the efficiency of free market dynamics, a point acknowledged by TRAI in its explanatory memorandum. The memorandum also highlights the limited success of PM-WANI hotspots, with only 2,07,642 hotspots deployed by July 2024 which is far below the NDCP 2018 target of 10 million by 2022. This limited adoption is reflective of a broader economic trend where, due to the affordable service, mobile broadband has overtaken public WiFi due to its convenience, affordability, security and expansive reach, supported by TSPs' extensive 2G, 3G, 4G and 5G networks.
- d) Mobile handsets have thus become the dominant platform for broadband access. The widespread adoption of affordable mobile data plans, combined with declining smartphone prices, has created strong network effects that diminish the utility of public WiFi hotspots.
- e) Consumers demonstrate a clear willingness for mobile broadband's superior value proposition - namely, enhanced security, seamless connectivity, and the convenience of a single integrated service. This shift in consumer preferences has reduced the relevance of Public WiFi.
- f) Considering the above, it is evident that the viability of smaller PDOs depends upon efficient business models, providing secure communications and innovation, rather than price caps. **Thus, mandating price caps and that too in the B2B market will not serve any purpose.**
- g) Moreover, DoT, in its Amendment to Wi-Fi Access Network Interface (WANI) Framework issued on 16.09.2024 states that "A PDO is allowed to take internet connectivity at a single location for ex: mall, market, shopping complex, bus station etc. and can network upto 100 Access Points to create a single Wi-Fi hotspot. "As a result, several PDOs will be able to give wide-spread connectivity across various locations such as Malls, Airports, Shopping complexes, bus depots etc. DoT has also permitted monetization through mobile data offload, advertising and roaming. Thus,



with this enhanced scope and monetizing opportunity, any further intervention on their input costs by capping TSPs margins would be a highly anti-competitive move that will further tilt the level playing field.

- h) In light of this amendment, we submit that the past data and information based on which the Authority has made the analysis in Draft TTO does not reflect the actual situation on the ground.

#### **5. Distinct Nature of B2B and B2C Tariffs:**

- a) It is pertinent to note that TRAI's explanatory memorandum itself takes note of the fact that it is pivotal to distinguish between these two services, PDOs which is B2B and FTTH which is B2C, as they cater to different needs and are optimised for different types of usage. We agree with the observation made by TRAI that 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.
- b) Further, the explanatory memorandum cites the disparities between consumer tariffs and commercial backhaul tariffs, emphasizing that B2B tariffs often cater to higher data consumption and distinct usage patterns. These factors justify differentiated pricing. The explanatory memorandum **draws parallels with other sectors, such as energy and broadcasting, where commercial tariffs are higher than retail rates.**
- c) **The explanatory memorandum also recognises the fact that B2B tariffs are neither required to be reported nor are required to be published on the websites of TSPs.**
- d) **Given that the B2B market is governed by private contracts and business negotiations, we believe it would be more appropriate for the Authority to respect the autonomy of these arrangements** and not intervene in this segment.
- e) Thus, any regulatory intervention in B2B pricing could undermine the competitive dynamics of the sector, create inefficiencies, and disrupt the negotiated agreements between businesses.
- f) We further understand that some service providers are also taking revenue share in addition to the connectivity charges from PDOs and it is possible that this alone has led to their tariffs being only twice the retail FTTH tariffs. We submit that these issues should also be considered, and a thorough analysis be done. Furthermore, in a market with 4 full TSPs and hundreds of ISPs, basing conclusion on incomplete published tariff of one TSP is not optimum.

#### **6. Need to maintain transparency:**

- a) Transparency remains a critical substance between the industry and the authority to ensure the smooth functioning of the sector. Section 11 (4) of the TRAI Act provides that the Authority shall ensure transparency while exercising its powers and discharging its functions.



We humbly submit that to decide on any important issue, the authority has always adopted a transparent and detailed Consultation process in order to obtain feedback and suggestions to be considered by TRAI.

- b) However, there is a level of lack of transparency regarding PM-WANI framework. For instance, no TRAI recommendations were sought before enacting the amendment dated 16th September 2024. In case the same would have been done, then the correlation of the current TTO amendment with proposed enhancement in scope of PDO could have been discussed in a consultation process with all the stakeholders and the Authority could have given informed recommendations.
- c) And now, the Authority is not taking cognizance of major impact of DoT amendment in significantly increasing the scope of PDOs and the fact that new avenues for monetization like MDO and advertising have been permitted to PDOs and is seeking to provide additional benefits in input cost to PDOs.
- d) Apropos to the above, we request that the Authority must conduct an Open House Discussion in the context of this draft Telecommunication Tariff Orders. Such discussions would provide a platform for stakeholders, including TSPs, industry experts and consumers, to engage in a constructive dialogue on this issue.

## **7. Conclusion:**

- a) **The telecom sector in India exemplifies the effective functioning of a free market**, where healthy competition among TSPs has led to widespread availability of affordable and high-quality services. With significant private investments driving innovations like 4G, 5G, and FTTH, the market has efficiently catered to consumer demand without any evidence of market failure.
- b) As a result, mobile handsets have become the primary means of accessing broadband services, while public WiFi hotspots are losing relevance due to the security and convenience offered by mobile broadband.
- c) Hence, **we do not agree to capping of Broadband tariff (FTTH) for Public Data Office (PDO) under the PM-WANI scheme at twice the tariff applicable for retail broadband** FTTH services for the corresponding capacity offered by the respective service provider. We urge the Authority to refrain from intervening in B2B tariffs.

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