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Shri Amit Sharma
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Telecom Regulatory Authority of India,
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New Delhi – 110029

Subject: Bharti Airtel's Response to Draft Telecommunication Tariff Order (71st Amendment) 2025

Reference: TRAI's Draft the Telecommunication Tariff (Seventy First Amendment) Order, 2025, dated 15 January 2025

Dear Sir,

This is in reference to Draft Telecommunication Tariff Order (71st Amendment) 2025 dated 15.01.2025.

In this regard, please find enclosed our response for your kind consideration.

Thanking You,

Yours' Sincerely,
For **Bharti Airtel Limited**

A handwritten signature in blue ink, appearing to read 'Rahul Vatts', is written over a light blue circular stamp.

Rahul Vatts
Chief Regulatory Officer

Encl: a.a

Executive Summary:

Airtel thanks the Authority for giving it the opportunity to comment on this important *Draft 71st Amendment to the Telecom Tariff Order (TTO) 1999*.

At the outset, it is Airtel's submission that there is neither need nor justification for introducing such an amendment to the TTO and, therefore, it would be best if the amendment were dropped altogether.

To explain further, this amendment, if it were to be enforced, would have unfortunate, even if unintended, consequences in a competitive market where there is no market failure. In other words, when it comes to the failing/diminishing interests of consumers with regard to public Wi-Fi hotspots, an amendment such as this is clearly not the answer. In fact, it will also be antithetical to a policy that advocates forbearance when it comes to the matter of tariffs, and will potentially upend the very basics of the regulatory structure.

The sections that follow elaborate on Airtel's assertions. They should be read in conjunction with Airtel's response¹ to the draft 70th Amendment to the TTO.

(A) Fiber-to-the-home (FTTH) connectivity for Public Data Offices (PDOs) is a misnomer.

To recap, in the draft 70th Amendment to the TTO,² the Authority had proposed that "Tariff for Public Data Office under PM-Wani scheme shall be same as is applicable for retail broadband (FTTH) connection". However, the industry opposed this on the grounds that services for commercial resellers like PDOs are not interchangeable with retail FTTH services for end-use subscribers.

Subsequently, under the instant 71st Amendment, the Authority proposed that "Broadband tariff (FTTH) for Public Data Office (PDO) under the PM-WANI scheme shall not exceed twice the tariff applicable for retail broadband FTTH services for the corresponding capacity offered by the respective service provider". It also expressly clarified that "the scope of this regulation is expressly limited to the tariffs for FTTH broadband connectivity provided by service providers to PDOs under the PM-WANI scheme and does not extend to the tariffs of any other type of internet connectivity sought by the PDOs."

Therefore, on the face of it, it appeared that the Authority had taken note of the issues raised by the industry. However, upon closer examination, it is evident that the issues have not really been addressed.

FTTH, as a product/service offered by TSPs, is only meant for the personal use of customers and not for reselling – even when it is offered to enterprise customers. No reselling is a key

¹ https://tra.gov.in/sites/default/files/2024-11/Airtel_09092024.pdf

² https://tra.gov.in/sites/default/files/2024-09/Draft_TTO_23082024_0_0.pdf

component of the essential terms and conditions on which FTTH is offered to customers. **If a customer wishes to resell internet connectivity, the product/service offered to them is Internet Leased Line (ILL) and not FTTH. Commercialisation of FTTH, if it were to be offered to resellers like PDOs as per the suggestions of the Authority, would disturb the entire offering structure of TSPs.**

The difference between FTTH and connectivity for resellers like PDOs is further discussed in the section below.

(B) Services for commercial resellers like PDOs and retail FTTH services for end-use subscribers are not interchangeable and interventions should not impinge upon tariff forbearance.

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.

The leased line backhaul services, meanwhile, typically involve dedicated data lines that connect reselling business entities like PDOs to the core network or internet to manage aggregated data traffic from multiple endpoints. These dedicated data lines ensure that PDOs can efficiently route and manage the data traffic within their networks. Importantly, they are dedicated to ensuring public connectivity for business entities which, backed by service level agreements (SLAs), help businesses connect to the external world.

Reselling business entities like PDOs that serve multiple end-users/subscribers are relatively heavier users of bandwidth than individual subscribers and, therefore, their usage patterns are different and have a different impact on network resources than end users using FTTH connectivity.

It is, therefore, pivotal to distinguish between these two services as they cater to different needs and are optimised for distinct 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.**

(C) Telco mobile networks are the natural customer choice today when it comes to data usage, not public Wi-Fi.

As also submitted in response to the draft 70th Amendment to the TTO, **the massive and ubiquitously available telecom networks are today 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 Wi-Fi services of Public Data Offices (PDOs).**

Mobile networks, consisting of over 8 lakh telecom towers and millions of base transceiver stations (“BTS”), are successfully serving a billion plus people. Huge investments are being made specifically to cater to the rural markets. The government and TSPs together have also rolled-out USO sites in all the poorly connected and unconnected regions. **The rise in rural tele-density from 36.98% in 2011³ to 58.31% in 2024⁴ denotes the successful contribution of TSPs in bridging the digital as well as the urban-rural divide.**

TSPs continue to take various consumer-centric measures from time-to-time. Data tariffs have been rationalised and even 5G data is practically free over and above the data given as part of a pack. Recently, voice and SMS-only packs have also been launched, which are more cost-effective compared to regular recharge plans bundled with data benefits. Additionally, TSPs are investing significantly in spectrum and network to ensure that they continue to meet the growing demand of data across India.

All this together has led to a situation where public Wi-Fi hotspots have been rendered redundant. Customers find telco mobile data easier and more convenient. The deployment of public Wi-Fi hotspots under the PDO model is in itself insignificant.⁵

As per the Authority,⁶ the daily data usage under the said scheme has significantly fallen from 1 GB to some MBs at present. At the same time, the average data consumption of a mobile user has increased from 76.97 MB in 2014 to 21.10 GB per month today.⁷ In fact, in the last four years alone (2020 vs. 2024), it has almost doubled from ~12 GB.⁸ This is despite the fact that the consumer tariffs offered by PDOs offering public Wi-Fi hotspots are equally or more competitive than the ones offered by the TSPs to mobile subscribers.⁹

Thus, with high-speed and affordable mobile data ubiquitously available, public Wi-Fi has lost its relevance, despite its initial promise. Different state governments have also tried to expand the penetration of public Wi-Fi from time to time but with little success.

Even the decline of the Public Call Office (PCO) model suggests a similar story. When the mobile sector was opened for private participation, PCOs were prevalent in every nook and cranny of the country, as wireless coverage was well-nigh negligible and voice tariffs were extremely high. However, over the years, as the rollout of telco networks grew, competition brought about massive reductions in voice tariffs and the death of distance in long distance calls. With this, the entire business model of the PCO lost relevance, and today it is close to non-existent.

³ Telecom Subscription Data as on 30th November, 2011 (available at https://traigov.in/sites/default/files/2024-09/PR-TSD-Nov_09_01_12.pdf)

⁴ Telecom Subscription Data as on 30th November, 2024 (available at https://traigov.in/sites/default/files/2025-01/PR_No.06of2025_0.pdf)

⁵ Total Wi-Fi hotspots under scheme as on 26.01.2025 is 2,77,644. Source: <https://pmwani.gov.in/wani>

⁶ Para 11 of explanatory memorandum to the Draft 70th Amendment to the TTO (https://traigov.in/sites/default/files/2024-09/Draft_TTO_23082024_0_0.pdf)

⁷ TRAI's Indian Telecom Services Performance Indicators (QE Sep'14 and QE Sep'24)

⁸ Average wireless data usage per data subscriber per month, as on 31st December 2020, TRAI

⁹ As per the PDO FAQs, the indicative price plan of a PDO can be a daily plan or a monthly plan, that may range between Rs.5/- and Rs.10/-, and Rs. 100/- and Rs.200/-, respectively. [The PDO Booklet titled “How to become a Public Data Office (PDO),” available at <https://pmwani.gov.in/wani>]

(D) Public Wi-Fi has failed to evolve as a relevant business model.

Another important reason for public Wi-Fi 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 extraordinarily successful with the natural progression in the generation of technologies from 2G to 3G, 4G, 5G and with 6G also being talked about now, offering ever faster and more reliable internet access. This has also led to the evolution of the business model itself and, in India, this has been further escalated because of the affordability and competitiveness of mobile tariffs resulting in customers not seeing much value in public Wi-Fi.

There are also other constraints and challenges that make consumers not use public Wi-Fi as much. These include **quality and reliability issues** as public Wi-Fi networks can suffer from slow speeds, limited coverage and frequent disconnections. More reliable and consistent mobile data services trump public Wi-Fi when it comes to this. **User preferences are increasingly shifting** towards personalised and **secure internet access**.

Public Wi-Fi, 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.

Therefore, a combination of all these factors (a pan-India ubiquitously penetrative mobile network, affordable and available mobile data, security and quality concerns associated with public Wi-Fi and constantly changing user preferences) have led to the decline in interest and relevance of public Wi-Fi.

It was in this context that our response to the draft 70th Amendment to the TTO implored the Authority to answer the question: ***when public Wi-Fi no longer seems to be a usage option for most customers, the pricing of mobiles is competitively low and mobile data allowance more than serves customer need, where is the need to intervene in the market?*** However, it remains unanswered even in the present round of consultations.

(E) The draft TTO risks upending the basic regulatory structure of the competitive telecom market.

It is Airtel's submission that instead of improving matters, the Draft TTO amendment will **upend the basic regulatory structure of the telecom market**. In India, the regulated regime for the telecoms sector has been structured to facilitate the Mobile Network Operator (MNO)/TSP selling its services directly either to customers (and end-users) or to VNOs (reseller). However, to promote public Wi-Fi services, the government has created an exception wherein a PDO is able to sell telecom services without a telecom license/authorisation under the Indian Telegraph Act/Telecommunication Act.

The PDO is not liable to meet any security or compliance requirements including regulatory fees. Today, the PDO is taking the internet leased line (ILL) from a TSP/ISP and selling telecom services like a normal ISP holding different categories of the ISP License.

As per the scheme website,¹⁰ a “Public Data Office will establish, maintain, and operate PM-WANI compliant Wi-Fi Hotspots and provide last-mile connectivity to deliver Broadband services to subscribers by procuring internet bandwidth from telecom service providers and/or internet service providers.” [Emphasis added]

Considering this, it would be quite ironic if a further intervention were to be made.

Airtel submits that the hands-off approach employed by the Authority as part of its policy of forbearance when it comes to telecom tariffs has been fundamental to the growth and development of the sector while simultaneously encouraging healthy competition in the market. This is why it sincerely requests the Authority to continue with the same, especially when there is no justification for intervention, as explained earlier.

Conclusion & Recommendations:

Airtel firmly believes that the current TRAI approach on forbearance is the correct path to follow. It allows TSPs the flexibility to offer varied products to their customers whether commercial or retail. Even in the cases of VNOs (as resellers) and NSO matters, the TRAI/ DoT have left commercial arrangements at mutual negotiations. This scenario of a PDO-TSP relationship is no different.

Airtel urges that the Regulator recognise the enormity of investments (being) made by TSPs to create the massive telecom infrastructure that helps them operate efficiently at huge economic risk to themselves and allow them the necessary freedom to decide how they will sell their services, i.e., the same internet services which a public Wi-Fi operator (PDO) is also reselling as competition. Bringing in a tariff intervention to promote one business model over the other must be avoided at all costs.

Conversely, the need of the hour is to take urgent steps to encourage further proliferation of broadband. As recommended by the Authority, and also agreed upon by the DoT, fixed-line broadband services should be exempt from paying license fees for a minimum period of ten years. They should also be exempt from any RoW charges.

In view of the above, the draft 71st amendment to the TTO should be dropped.

¹⁰ <https://pmwani.gov.in/wani>