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29th January 2006

Telecom Regulatory Authority of India
Doorsanchar Bhawan
Jawahar Lal Nehru Marg
New Delhi - 110 002

Kind Attention	Advisor (CN)
Reference	Consultation Paper No. 19/2006
Subject	Review of Internet services in India

Dear Sir,

We appreciate that the government of India has approached the Authority to review the ISP licensing framework in a holistic manner and that the Authority has released a well-researched and comprehensive consultation paper seeking public comments.

Rather than commenting on the specific questions, we would hereby like to invite the kind attention to the Authority on the following key issues:

A. Technical Resources & Standards

- A.1 Effective and efficient routing of the traffic on the Internet is fundamental to its scale and growth. Hence, every entity offering Internet services must be mandated to have its own ASN (Autonomous System Number) within a reasonable time-frame.
- A.2 Considering the enormous growth projections for the Internet usage in India, early and rapid adoption of IPv6 in the country should be a high priority.

- A.3 We support usage of UNICODE compliant initiatives for the development of local language content and applications. Concerted efforts are also required for migration of existing applications and content in compliance with the UNICODE.

B. Internet Telephony

- B.1 Every ISP should be permitted to offer all types of Internet services including unrestricted Internet Telephony services within the ISP license, and there should be no requirement to seek / obtain any additional permission to offer any specific Internet services. As the Authority itself has underlined in the consultation paper, limitations on use of devices is inhibiting growth of Internet Telephony.

Such restrictions do not apply to unified access service providers or cellular mobile service providers who are authorized to provide Internet Telephony, and such a ban on ISPs interconnecting to the public switched telephone network (PSTN) stifles innovation of technology and deployment of new services to Indian consumers. Blocking and prohibiting of such services, as the TRAI recognizes, is not successful. Rather, such ISPs who wish to offer unrestricted Internet Telephony should be allowed to connect to licensed access providers to terminate their calls.

What is considered as grey telephony in India is, in fact, legal in many other countries and hence, it is worthwhile to address the root cause of its usage and popularity in India. The real root cause stems from the fact that the access deficit charge (ADC) is an economic distortion. Review of ADC is already overdue. Moreover, TRAI should consider access charge reform to bring such charges down to carriers' actual costs, or adopt a "bill and keep" regime wherein the providers agree to exchange traffic flows without imposition of charges (any such charges for maintaining use of their network would be imposed on their end user customers). By allowing ISPs to interconnect to carriers directly to terminate/originate calls to the PSTN, another potential problem raised by the report could be addressed, viz. Facilitating lawful interception of Internet Telephony services by national security agencies. This would enable interception of PSTN terminated calls within existing carriers' networks where national security agencies should already have the technical expertise/experience with such intercepts.

Therefore, the Authority should recommend elimination of the current ISP license categories and the restrictions prohibiting Internet Telephony licensees from connecting to the PSTN, both inside and outside of India.

- B.2 Once there is a flat license fee @ 6% revenue share on the adjusted gross revenue (AGR) of all the licensees for their respective telecommunication revenues, the economic arbitrage across different services under different licenses would vanish. The only differentiation across different license types would, then, shift, to the respective privileges and that is how things should be.
- B.3 Scope of service under the UASL license stands extended w.e.f. 1st January 2006 to include Internet/Broadband services as well as unrestricted Internet Telephony service and hence, possession of independent ISP license(s) by such entities may be redundant. ISP licenses held by such entities should be revoked forthwith, subject to migration of their subscribers, services and spectrum authorizations and/or wireless licenses are allowed to be migrated to the respective UASL licenses.
- B.4 Needless to add that with the changes mentioned above, there should be no need for an ISP to obtain separate license for Unified Messaging Service (UMS).

C. Wireless Broadband Spectrum

- C.1 We support TRAI's goal of facilitating broadband Internet access availability to Indian consumers. Therefore, TRAI should adopt its recommendation of making available additional spectrum for wireless broadband Internet access in the last mile. We also encourage TRAI to make available spectrum to users on a license-free basis i.e., specific spectrum could be used, on a non-licensed basis, to provide services such as Wi-Fi or other innovative broadband services. The availability of such non-licensed spectrum in other countries has fostered an explosive growth in new technologies and services.

D. Network Neutrality

- D.1 Continued Network Neutrality is paramount for sustaining growth and spread of pro-competitive access - for both the access and content. Microsoft suggests that TRAI consider adopting the following principles, which Microsoft and other providers of Internet-based services have identified as the "Connectivity Principles":

a. **Content and services**

Consumers should have access to their choice of legal content and services.

b. **Applications**

Consumers should be able to run applications of their choice, so long as those applications do not damage the network or are unlawful.

c. **Personal devices**

Consumers should be permitted to attach any devices they choose to the connection to their homes so long as those devices do not damage the network or are unlawful (e.g., enable theft of a service).

d. **Service plan information**

Consumers should receive meaningful information regarding their service (subscription) plans / tariff packages.

e. **Choice of connection and services**

Consumers should receive an adequate connection and a robust level of service quality irrespective of whether they purchase or receive other services from an Internet access provider.

We sincerely believe that the Authority would find these inputs useful. We once again express our gratitude to the Authority for offering us an opportunity to participate in this exercise.

Thanking you,

Yours truly,
For Microsoft India (Corporation) Private Limited

Deepak Maheshwari
Director - Corporate Affairs

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