



## EDITORIAL ANALYSIS

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### A telco double dip attempt that threatens Net Neutrality

Syllabus: GS2/ Government Policies & Interventions

#### In Context

- The attempt of telcos to double dip by charging both consumers and content providers is not only avaricious but also undermines net neutrality.

#### About Net neutrality

- **Why?**
  - To enable access to the internet, various gateways have come up in the last few decades in the form of telecom service providers, personal computers and smartphones, operating systems, etc.
  - However, when these gateways enable and restrict access to other gateways or networks, the openness of the internet is threatened.
- **What?**
  - Net neutrality is the concept of an **open, equal internet for everyone**, regardless of **device, application or platform used** and **content consumed**.
    - The term was coined by Columbia University law professor **Tim Wu**.
    - It is used as a broad label in internet public policy and regulatory discussions concerning **online freedom of expression, competition of service, innovation, pricing, and internet traffic management**.
- **How?**
  - So, Net Neutrality ensures telecom and Internet service providers **must treat all data on the Internet equally**, and **not discriminate or charge differently** by user, content, site, platform, or application.
  - The connection providers cannot engage in practices such as **blocking, slowing down** or **granting preferential speeds** to any content.

#### Rise in OTT services & concerns of telecom companies

- **Shortfall of revenue:**
  - For more than a decade now, telecom companies have seen revenue from traditional streams such as voice calls and Short Message Service (SMS) come under pressure, as competing OTT services are often free.
- **Upgradation of the infrastructure:**

- At the same time, they have had to invest heavily in upgrading their infrastructure to handle increased data traffic, without necessarily seeing an equivalent rise in revenue.
- **Differential treatment:**
  - It is also the argument that OTT services are not subject to the same level of taxation and licensing fees, leading to an uneven playing field.
- **The demand of telecom companies**
  - Telecom companies demand that content providers such as Netflix, Amazon Prime, and Disney+ Hotstar be asked to share in the costs of bandwidth.
  - They argue that streaming platforms are free riders, benefiting from the infrastructure built and maintained by the telecom companies.

### Arguments by OTT platforms

- **Only the internet ‘providers’:**
  - Telecom companies do not own the Internet; rather, they provide access to it. Consumers pay the telcos for access services by purchasing data plans.
  - On the flip side, the use of OTT services has led to a surge in data consumption, which is a growing revenue stream for telecom companies.
- **Democratic exchange of content:**
  - Net neutrality supporters believe that the internet should remain free, open and nondiscriminatory and that this is essential for a democratic exchange of ideas and knowledge, ethical business practices, fair competition and ongoing innovation.
- **Provision of CDNs:**
  - OTTs already pay for the content delivery networks (CDNs) to create pathways that substantially augment the capacity of the internet to deliver their content.
- **Coexistence in different ‘markets’:**
  - OTT services compete in their own market on the basis of variety and quality of content, the quality of streaming (such as, support for HD or better resolution or 5.1 surround sound), ease in navigation and discovery of content, and its availability on multiple devices.
    - The consumers pay the price for these benefits as compared to the alternatives.
  - Similarly, in the marketplace for Internet access, the consumers are free to choose the provider that offers them the highest bandwidth, data volume, and reliability at an affordable price.
  - These two are inherently distinct markets because services from one are not substitutable for services in the other.
  - Therefore, it is logical to maintain a separation of costs between these two markets.
- **Telecoms’ liberty to increase their prices:**
  - As argued by OTT providers, Telecom companies capitalise on this rising demand and the availability of OTT content by providing connectivity to the Internet and charging subscribers for it.

- If they fail to cover costs, telecom companies are at liberty to increase their prices, which should go towards maintaining and upgrading their infrastructure.
- **Costs ultimately paid by consumers:**
  - If OTT platforms were to acquiesce to the demands of the telcos, the incurred costs would trickle down to subscribers, either through increased subscription fees or degraded service quality for those platforms.
  - This outcome can only be detrimental to consumers who have come to rely on OTT services for entertainment, education, and professional pursuits.

### TRAI regulation

- **About:**
  - In 2016, the **Telecom Regulatory Authority of India (TRAI)** ruled in favour of Net neutrality, the concept that all traffic on an Internet network has to be treated equally.
    - The telecom regulator concluded that programmes such as **Free Basics by Facebook (now Meta)** and **telecom operators'** plans to charge extra for data calls using apps like Viber would be prohibited, as all Internet access had to be priced equally.
  - The **Department of Telecommunications in 2018** embedded the net neutrality concept into the Unified Licence, whose conditions all telecom operators and Internet providers are bound by
- **Global impact:**
  - These steps taken by TRAI were noted elsewhere in the world.
  - The **Body of European Regulators for Electronic Communications (BEREC)** and **TRAI** adopted a **Joint Statement for an Open Internet** in 2018, later reaffirmed in 2020.
    - The two organisations agreed through this **memorandum of understanding** to cooperate in developing technological and policy initiatives for net neutrality.
  - Many other countries have also adopted net neutrality, thereafter.

### Way ahead

- It is imperative for all stakeholders, including policymakers, to recognise the long-term ramifications of acquiescing to the short-sighted demands of telecom companies.
- Upholding the principles of net neutrality is not merely about preserving the ethos of an open Internet but is also intrinsic to fostering a conducive environment for innovation, competition, and consumer welfare, especially countries such as India where the Internet is going to be the carrier of all Digital Public Infrastructure (DPI).

### Daily Mains Question

**[Q]** The demand of Telecom companies to double dip by charging both consumers and content providers undermines net neutrality. Examine.

