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OTT Service Providers vs Telecom Service Providers

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Why in News

The **Cellular Operators Association of India (COAI)** has urged the government **to bring over-the-top (OTT) service providers** such as WhatsApp **under the licensing regime** and **defer net neutrality rules on telecom operators** till the time 'same service, same rules' are applied on the applications.

> COAI was **constituted in 1995** as a registered, non-governmental society. COAI's core membership **includes private Telecom Service Providers (TSPs),** namely Bharti Airtel Ltd., Vodafone India Ltd., Reliance Jio Infocomm Ltd., operating across the whole country.

Key Points

- **Over-The-Top Service Providers:**
  - OTT services **refer to applications** where providers **deliver audio, video and other media over an IP network** such as the internet, **bypassing the traditional telecom operators** (such as cable companies).
  - **Examples:** Skype, Viber, WhatsApp and Hike are popular and widely-used **OTT communication services.**
- **Impact of OTT Services on TSPs:**
  - **OTT applications** actively **use TSPs' infrastructure** to provide their services.
  - Many telecom operators are worried by the threat OTT services provide to their own services. **Countless OTT applications are designed as alternative formats of existing 'classic' communications** such as SMS.

- **Issue of Regulation:**
  - **Licensing Regime:**
    Telecom operators are **required to comply with** quality of service norms, audit of accounts, procure **spectrum** for services, pay **goods and services tax**, licence fees and spectrum usage charges, facilitate lawful interception and monitoring system etc. but **no such obligations are imposed on OTT players.**
  - **UCC Regulation:**
    - The second important aspect is the **Unsolicited Commercial Communication (UCC) regulation** that **has been in force for TSPs** since 2007.
    - Recently, the government has also decided to set up a **Digital Intelligence Unit (DIU)** as a nodal agency to deal with complaints of UCC and cases of financial fraud.
    - **Telecom Regulatory Authority of India (TRAI)** had **come up with a consultation paper** to deal with **UCC on OTT service providers.** However, it clarified that **no regulations would be imposed on OTT calling and messaging apps** till the time clarity emerges in the international jurisdictions.
  - **Net Neutrality Rules:**
    - The **net neutrality** principles **prohibit service providers from discriminating against Internet content and services** by blocking, throttling or according preferential higher speeds.
    - In 2016, TRAI published **Prohibition of Discriminatory Tariffs for data services regulations, 2016.**
      - As per these Regulations, **no service provider can offer or charge discriminatory tariffs** for data services on the basis of content.
    - TSPs invest in network infrastructure and acquire spectrum, without getting a share in the revenue of the OTT service providers.
      - Some have argued that the **investment by TSPs in internet infrastructure or penetration levels would diminish** if they are not permitted to practice differential pricing, due to a lack of incentive.
    - Another contention of the TSPs is that **certain websites or applications require higher bandwidth** than others.
      - For example, websites that stream video content utilise much more bandwidth than smaller messaging applications, for which the TSPs need to build and upgrade network infrastructure.

- **Demands by the COAI:**
    - Till the time any decision is taken regarding licensing of OTT communication providers, **unequitability between TSPs and OTTs should not be increased** further by the TRAI.
    - Till such time, no new licensing conditions, including that of traffic management practices for net neutrality etc., should be imposed on TSPs.

Way Forward

Since the underlying technology, adoption, markets, pricing models, scarce resource utilization, and quality of services are very different, bringing about level playing field doctrine between TSPs and OTTs shall take time. However, OTTs due to their sheer adoption rate should be responsible for Quality of Service.

Source:TH