

**Article Title: "Net neutral, shift gears: Now we must push forceful measures to extend full internet access to all Indians"**

**This article was published on 'The Times of India' on February 17th 2016**

**Shortlink: <https://goo.gl/n2QSYV>**

India's battle for net neutrality is won for now, with last week's Telecom Regulatory Authority of India (Trai) ruling going against Facebook's so-called Free Basics service. But for those of us who had spoken in favour of net neutrality, it is not a time for celebrations. Rather, it is time to speak equally forcefully for steps to extend full internet access to the vast majority of Indians still without it.

It would be unconscionable not to do so. For despite its many shortcomings, Free Basics did have one argument in its favour, that some connectivity is better than none. Nevertheless, history shows that the full, un-fragmented internet is assuredly far, far superior. It was worth fighting for it to prevail, but the victory would be pyrrhic unless internet access becomes ubiquitous.

It is said that those who do not learn from history are doomed to repeat it. Many arguments on this topic seemed blissfully unaware of the internet's history, which is relevant for India's policy choices today. But first, as when I had earlier supported net neutrality here and elsewhere, a disclosure: I have family business interests that could have benefited from the lack of net neutrality.

Many do know, of course, that the internet was originally a US government defence project that was later opened up for use by the public. It was not the only one, with another being the satellite based global positioning system (GPS) for navigation. This was apparently forgotten by laissez faire supporters of Free Basics, who abhorred any governmental "interference" in how the digital divide should be bridged.

In fact, although the internet was opened to the public much earlier, it was not until a historic 1996 US legislation guaranteeing equal access that it could overcome the iron grip of fragmented but entrenched, oligopolistic communications networks. From 1970s through the mid-1990s, companies like CompuServe and America Online (AOL) dominated the pre-internet data communications space.

They were cutting edge for the time, and subscribers could message, participate on discussion boards, post classifieds and so on. But they were "walled gardens", that is, closed user groups not connected to each other, and did not unleash the enormous benefits that the wide-open internet would. More importantly, their corporate owners wielded enormous power over what users could leverage those networks for, which resulted in stifling competition and innovation.

It was not until President Bill Clinton pushed through the Telecommunications Act of 1996, that a major breakthrough occurred. Replacing an obsolete 1934 Act, it levelled the playing field for all forms of telecommunications. This stimulated competition among entrenched telecom giants (telcos) and also gave a huge boost to new Internet Service Providers (ISPs). The rest is history. Closed user groups fell by the wayside and the open internet grew exponentially. That made possible previously unimaginable services and innovations, including the success of Facebook itself and many others like it.

It was thus ironic for Facebook to try and leverage its size to recreate walled gardens all over again, in the biggest market where the internet is still beyond the reach of most. In any event, it has now withdrawn Free Basics from India, though not without churlish comments by one of its board members. There really is no free lunch, and letting giant companies re-establish oligopolistic, closed-group networks is not the answer.

As long ago as in the 1990s, the late, visionary head of Nasscom, Dewang Mehta had proposed that all Indians must be assured of the modern basics, which he called “Roti, Kapda, Makaan, Bijli aur Bandwidth” (food, clothing, housing, electricity and bandwidth). Not bandwidth to one or other closed user group controlled by a giant corporation with its own objectives, but plain-vanilla, open, un-fragmented, high-speed internet bandwidth.

So, how to go about connecting the hundreds of millions who are still without internet access? The answer is simple: by using funds that the government has explicitly collected for this very objective, and by policy changes in line with global norms.

Many countries cross subsidise within key sectors which ought to reach all citizens, like aviation and telecom. They impose a regulatory fee on operators in lucrative markets, and then use that money to extend services to less attractive markets. India does too, but has misused it. CAG reported that of the nearly Rs 59,000 crore raised from 2002-14 for the telecom Universal Service Obligation (USO) Fund, nearly Rs 33,000 crore was diverted to uses other than funding rural telecom and internet!

That is now being corrected, with Rs 72,000 crore of USO funding earmarked for the National Optical Fibre Network (NOFN), to extend broadband to every panchayat. This was sorely needed, since our 20-year obsession with spectrum had meant total neglect of all other technologies, some of which have bigger global footprints.

But more is needed, including making USO funds available to the private sector to foster competition, particularly as viability-gap for last mile rural connectivity, through reverse auctions.

Finally, competition-stifling policy bottlenecks must go. One glaring example is India's unusual restrictions on connecting internet voice-telephony to mobile and landline networks. This has enabled telcos to continue enjoying traditional voicerevenue revenues, while staving off internet voice competition. Allow it, like most nations do, and see how telcos, and others, scramble to push internet connectivity.