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Hanuman Chowdary Tripuraneni

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The Free Basics (of Facebook) debate in India

Hanuman Chowdary Tripuraneni

Hanuman Chowdary
Tripuraneni is Director at
CTMS – Telecom,
Hyderabad, India.

Abstract

Purpose – *This paper aims to dispel and rebut an ideology inspired onslaught on Facebook's offering of Free Basics, an Internet service described as free to enable the poor to get on to the Internet.*

Design/methodology/approach – *The study is based on a comparison of Free Basics with several freely and selectively offered goods and services by the government of India and its companies and departments to help the poor.*

Findings – *Free Basics offered by Facebook is not anti-net neutrality nor discriminatory against innovative service offerings by start-ups or others.*

Originality/value – *The paper adds to the material for consideration by the Telecom Regulatory Authority of India in determining its position on the issue.*

Keywords *Internet, Public policy, Regulation, Pricing policy*

Paper type *Viewpoint*

A fierce controversy has been raging in the Indian media through newspaper articles, letters to editors and on TV channels about Free Basics, an Internet service that Facebook is seeking to promote in India. Mark Zuckerberg visited India to promote it. India's Prime Minister, Narendra Modi, visited Zuckerberg in his Silicon Valley office during his visit to the USA in 2014. Facebook first offered the "free" Internet service in India in 2014 through two Indian mobile telephone companies, Reliance Communication and Airtel, under the brand internet.org. A number of activists, mostly left-leaning, America- and World Bank-bashing, anti-globalisation ideologues, characterised internet.org as an anti-net neutrality, vicious service offering that would adversely affect innovation, start-up companies and would ultimately drive many Indian Internet service providers (ISPs) out of business. Critics assert that internet.org (or Free Basics as it is now branded) involves differential pricing among subscriber/users and for different data downloaded and so, works against net neutrality.

The Minister for Telecommunications had to respond to the denunciations by Facebook's critics and assert that "net neutrality" would not be allowed to be undermined by any service provider. The sector regulator, the Telecom Regulatory Authority of India (TRAI), issued a Consultative Paper to get the public's views on "differential pricing" of Internet services, implying that such pricing might indeed affect the much priced and praised concept of net neutrality. The TRAI directed the telcos who were offering internet.org to suspend the service until the conclusion of the consultation process, and following TRAI's recommendations and the government's decision. In response, Facebook launched an advertisement blitz in several newspapers for weeks answering the critiques and asserting that the free Internet access and free data acquisition it offers through Free Basics will help millions of less well-off Indians to benefit from the wealth of information available from the websites to which it gives free access.

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The defence of Free Basics and the exposure of the imprecision and seductiveness of the populist slogan of net-neutrality is based on parallels drawn from various differentially priced and some freely given services and goods under “help the poor” welfare measures, social justice and poverty elimination schemes of the governments of India and its states.

Free Basics provides free access to a few hundred Web sites. Critics argue that many other Web sites not included in Free Basics will be priced out because the cost of Free Basics will have to be realised from users of other non-Free Basics websites. But is this not the principle of all poverty alleviation schemes? The rich are taxed and taxed more and the poor are given more and more subsidies and free things and services. But not all goods and services are given free or subsidised by government. For example, under the Public Distribution Scheme (PDS) some quantities of only a few commodities, like kerosene and sugar and wheat/rice and edible oil, are given at rock bottom prices for the poor. Other items, like vegetables, clothing and travel and other goods and services, are paid for by the poor normally even with ever-rising prices. The free access to certain Web sites and priced access to the rest is just like the PDS giving certain things at low prices with the rest at market prices. No one is advocating that the PDS should be withdrawn. Rather, there is clamour to extend it.

It is not compulsory, of course, for any internet user to subscribe to Free Basics. There are several other ISPs. Some users have multiple subscriptions. Many mobile phone users have two or more SIM cards. Similarly, Internet users can have Free Basics as well as a paid-for Internet service. When there is choice, why should the newcomer be prevented?

Differential pricing is an accepted practice both by private as well as government providers of services. For example, there is a differential pricing between business class and economy class air travel. Business-class customers pay more for a little more comfort and the exclusion of the less well off from their company. Indian Railways have different prices for the same journey over the same distance. The price difference is due to the time taken by different trains between the two places of travel, and the comfort provided during the journey. When government can have differential pricing, why cannot the internet and mobile phone companies have differential pricing for different speeds that they provide?

Similarly, in the governments' PDS, certain necessities only are given in limited quantities at subsidised prices, while additional quantities of the same and other materials can be had only at market prices. The cost of the subsidies, as every citizen knows, is built into the prices of those which are available in the free market. Similarly, incomes above certain levels are taxed at 10, 20 and 30 per cent, and the amounts so realised are used to provide various goods and services including education, health and so on.

In the same fashion, companies can provide certain services, Internet access and data freely or at nominal prices, and the true cost of these is realised from the prices of other services. This is the universal practice in free market economies.

Insinuation is made as to the benefits Facebook might receive in giving free access to certain Web sites. Has not the government imposed a 2 per cent compulsory contribution on companies' profits in the name of corporate social responsibility to do good and deliver welfare to people? What will companies get out of that? Even without this government order and legislation, some companies, such as Tata, have been providing some services for free, not only for their employees but also for the whole community in which their business is located. Why cannot Facebook do likewise?

The critics are suggesting that instead of allowing Facebook to offer Free Basics, government itself should give freely a certain amount of whatever data an Internet user downloads from any Web site. There can be no objection to this. Governments are already doing such things. For example, the Telangana Government has abolished property tax for properties whose rental value is below a certain threshold. Similarly, certain units of electricity are given free to poor people. The cost of all these free or subsidised goods and

services are realised from enhanced taxes and charges and rates for the same services by large consumers.

There is no ban on any private company or any organisation supplementing such services to the poor. There are tens of thousands of NGOs who are providing some services for free, while such services are also bought by some consumers at market prices from private and government providers. Any and every Internet user can have a subscription both to Free Basics as well as to any other ISP.

Socialism and secularism are political slogans to attract voters, and yet there is no real socialism or secularism, despite several decades of espousing them. Net neutrality is as grand and hollow a slogan and war cry as socialism and secularism and poverty elimination and inclusive growth.

It is fashionable for many populist writers and ideologically committed activists to criticise and denounce every action of private companies and extol state capitalism, otherwise popularly dished out as socialism, welfarism and inclusive growth, despite the humongous scams perpetrated by politicians and civil servants.

It would be prudent to be practical and allow Free Basics at least for a year or two in the first instance to see how it affects users, especially the low-income population whom Zuckerberg promises to serve just as all “socialists” and “poverty eliminators” are joyously promising all the while. Surely, Free Basics, giving access to many Web sites freely, can be helpful to the not so well-to-do millions?

Corresponding author

Hanuman Chowdary Tripuraneni can be contacted at: hanuman.chowdary@tcs.com

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