

**Comments on
Consultation Paper on Tariff related issues
for Broadcasting and Cable Services.**

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INTRODUCTION:

At the outset we would like to thank the authority for publishing the Consultation Paper on Tariff related issues for Broadcasting and Cable Services and giving us an opportunity to furnish our comments.

We do feel that this Consultation Paper would help in regulating the cable industry better by ensuring that both the bouquets and a-la-carte channels are accessible to subscribers thereby meeting the key objective of the new framework of enabling consumer choice. It would also ensure a check on the pricing of channels as envisaged in the new regulatory framework for consumer welfare.

COMMENTS ON ISSUES FOR CONSULTATION

Q1. Do you agree that flexibility available to broadcasters to give discount on sum of a-la-carte channels forming part of bouquets has been misused to push their channels to consumers? Please suggest remedial measures.

Ans: We feel that the broadcasters have misused the provision. The 15% cap on discount on bouquets may be reintroduced by the authority. Further this has resulted in increased cost of forced bouquet subscription costs to subscribers

Q2. Do you feel that some broadcasters by indulging in heavy discounting of bouquets by taking advantage of non-implementation of 15% cap on discount, have created a non-level field vis-a-vis other broadcasters?

Ans: Yes, we feel that non implementation of 15% cap has resulted in making the intent of affordable a-la-carte channel infructuous and resulted in forced subscription on the end subscriber.

Q3. Is there a need to reintroduce a cap on discount on sum of a-la carte channels forming part of bouquets while forming bouquets by broadcasters? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?

Ans: We feel there is a definite and urgent need to reintroduce the 15% cap on discount on sum of a-la carte channels forming part of bouquets while forming bouquets by broadcasters. Ideally methodology shall be to limit the range of ala carte channel price of most popular channel and least popular channel besides putting a max discount cap similar to the originally intended 15% cap.

Q4. Is there a need to review the cap on discount permissible to DPOs while forming the bouquet? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?

Ans: We don't think there is a need to review the cap on discount permissible to DPOs while forming a Bouquet. Among Broadcasters there is no competition, as the contents of each channel (barring news) is different. Whereas in Distribution, there is competition – between Cable and DTH and in some areas between cable operators also. The same content is distributed by all Distributors. So once the MRP is fixed by the Broadcasters, there is no need to further regulate the Distributors.

Q5. What other measures may be taken to ensure that unwanted channels are not pushed to the consumers?

Ans: We feel that without *the cap of 15% on discount for bouquet*, the a-la-carte is more illusory. Ideally methodology shall be to limit the range of ala carte channel price of most popular channel and least popular channel besides putting a max discount cap similar to the originally intended 15% cap.

Once the 15% cap is reintroduced with a limit of max range of various channels based on popularity, no further measures may be required to ensure that unwanted channels are not pushed. More important is that even if some extra channels are part of a bouquet, the subscribers should not be made to pay for that.

Q6. Do you think the number of bouquets being offered by broadcasters and DPOs to subscribers is too large? If so, should the limit on number of bouquets be prescribed on the basis of state, region, target market?

Ans: We do not think the number of bouquets offered by broadcasters and DPOs to subscriber is too large, also there should be no limit on number of bouquets prescribed on the basis of state, region, target market as it would cause technical and billing issues to DPOs operating from different state, region and market forces. Further in many states, there are substantial number of people from other states.

In our opinion it is best if the number of bouquets being offered by broadcasters and DPOs is left to market conditions and consumer choice.

Q7. What should be the methodology to limit number of bouquets which can be offered by broadcasters and DPOs?

Ans: We are of the opinion that regulation should be restricted to only high impacting areas as the cable industry has gone through extreme turmoil due to uncertainty and under preparedness from all stakeholders.

Q.8 Do you agree that price of individual channels in a bouquet get hedged while opting for a bouquet by subscribers? If so, what corrective measures do you suggest?

Ans: Yes, we feel that individual channels in a bouquet get hedged while opting for a bouquet by subscribers. Having fixed the max MRP for a channel in a bouquet, it may be difficult to bring it down without proper calculations and justifications.

Q.9 Does the ceiling of Rs. 19/- on MRP of a a-la-carte channel to be part of a bouquet need to be reviewed? If so, what should be the ceiling for the same and why?

Ans: We are of the opinion that the ceiling of Rs. 19/- on MRP of an a-la-carte channel to be part of a bouquet should be reviewed. This ceiling has forced all popular content priced at this ceiling thereby defeating the very purpose of the change. Unless this is pushed downwards, it will be counter intuitive to have a reduced cost of service to the end subscriber.

Q.10 How well the consumer interests have been served by the provisions in the new regime which allows the Broadcasters/Distributors to offer bouquets to the subscribers?

Ans: We are of the view that the consumer interests have been adequately met by the provisions in the new regime and the current provisions that allow the broadcasters /distributors to offer bouquet to consumer are adequate.

Q.11 How this provision has affected the ability and freedom of the subscribers to choose TV channels of their choice?

Ans: We feel that if the discount given by broadcasters on Bouquets is restricted to the 15 % cap it would allow the customers to choose ala-carte channels with a lot more flexibility.

Q.12 Do you feel the provision permitting the broadcasters/Distributors to offer bouquets to subscribers be reviewed and how will that impact subscriber choice?

Ans: We feel that the provision permitting the broadcaster/Distributor bouquets allows the consumers to choose more effectively, as the DPO bouquets are mostly based on market/subscriber needs in a particular area, also to note is that there are more than 500 channels for the subscriber to choose.

Q.13 How whole process of selection of channels by consumers can be simplified to facilitate easy, informed choice?

Ans: If the bouquet prices are in tune with the ala-carte prices of channels and the discount is restricted to 15 % cap it would facilitate the consumers to choose channels of their choice more effectively. The regulator may assess the complexity of allowing too many bouquets by broadcasters that are aimed at confusing the subscriber. The idea of simplification and ease for end subscriber should be the governing principle.

Q14. Should regulatory provisions enable discount in NCF and DRP for multiple TV in a home?

Ans: We are of the firm opinion that regulatory provisions should not be enabled for discount in NCF and DRP for Multiple TV at a home. There is already an unrest in LCO community and DPOs with respect to migration of value to content owners and its best to leave at the status quo level as any further restriction on this front may impact the quality of service provided.

Q15. Is there a need to fix the cap on NCF for 2nd and subsequent TV connections in a home in multi-TV scenario? If yes, what should be the cap? Please provide your suggestions with justification.

Ans: Same as above, further there are no avenues of additional revenue streams like advertisement to the DPOs and LCOs.

Q16. Whether broadcasters may also be allowed to offer different MRP for a multi-home TV connection? If yes, is it technically feasible for broadcaster to identify multi TV connection home?

Ans: It should be left to market forces. However, it should be ensured that broadcasters don't use this provision to differentiate the pricing and discount to DPOs

Q17. Whether Distributors should be mandated to provide choice of channels for each TV separately in Multi TV connection home?

Ans: No comments.

Q.18 How should a long term subscription be defined?

Ans: A long term subscription can be defined as any subscription above three (3) months.

Q.19 Is there a need to allow DPO to offer discounts on Long term subscriptions? If yes, should it be limited to NCF only or it could be on DRP also? Should any cap be prescribed while giving discount on long term subscriptions?

Ans: Since there is competition among the DPOs, we feel that DPOs should be allowed to offer discounts on long term subscriptions, such discount can be for both NCF and DRP. Cap on such discounts should not be prescribed by the authority and it should be left for DPOs to offer based on market conditions.

Q.20 Whether Broadcasters also be allowed to offer discount on MRP for long term subscriptions?

Ans: No comments. However, it should be ensured that broadcasters doesn't use this provision to differentiate the pricing and discount to DPOs

Q 21 Is the freedom of placement of channels on EPG available to DPOs being misused to ask for placement fees? If so, how this problem can be addressed particularly by regulating placement of channels on EPG?

Ans: As per existing regulations, the channels of broadcasters are to be placed in the same Genre. Within the Genre, we are of the firm view that placement of channels by DPOs should not be regulated. It should be left to market forces.

Q 22 How the channels should be listed in the Electronic Program Guide (EPG)?

Ans: We feel that the current method of L1:G1 should be followed while listing of channels in the Electronic Program Guide (EPG).

Q 23 Whether distributors should also be permitted to offer promotional schemes on NCF, DRP of the channels and bouquet of the channels?

Ans: The distributors should be permitted to offer promotional schemes, in giving such a permission the pricing of promotional schemes should not be regulated, it should be left to market forces.

Q 24 In case distributors are to be permitted, what should be the maximum time period of such schemes? How much frequency should be allowed in a calendar year?

Ans: In case distributors are allowed to give promotional schemes then the maximum time period and frequency in one calendar year for such scheme can be not exceeding thirty (30) days at a time and any such scheme should not exceed twice (2) in a calendar year.

Q 25. What safeguards should be provided so that consumers are not trapped under such schemes and their interests are protected?

Ans: We feel that since the time period for promotional schemes is regulated to twice (2) in a calendar year, its negates consumer impact, if any.

Q 26 Whether DPOs should be allowed to have variable NCF for different regions? How the regions should be categorised for the purpose of NCF?

Ans: The cost of carrying of channels in all locations is the same hence variable NCF for different locations should not be allowed, also most of the Headends are located in DAS Phase III areas, and hence the cost incurred for carrying of channels is fixed. Also this will adversely impact LCOs and DPOs ability to stay in the industry with serious feasibility issues.

Q 27 In view of the fact that DPOs are offering more FTA channels without any additional NCF, should the limit of one hundred channels in the prescribed NCF of Rs. 130/- to be increased? If so, how many channels should be permitted in the NCF cap of Rs 130/-?

Ans: We are of the view that the current cap of Rs.130 /- for 100 channels is adequate and the flexibility to offer more channels without additional NCF should be left to DPOs who will make suitable offers to their customers based on market conditions in their area.

Q 28 Whether 25 DD mandatory channels be over and above the One hundred channels permitted in the NCF of Rs. 130/-?

Ans: We are of the opinion that the 25 DD channels be a part of the 100 channels permitted in the NCF of Rs.130 as the DPO incurs a cost for carrying of mandatory DD channels in its network.

Q 29 In case of Recommendations to be made to the MIB in this regard, what recommendations should be made for mandatory 25 channels so that purpose of the Government to ensure reachability of these channels to masses is also served without additional burden on the consumers?

Ans: We are of the opinion that Government should focus on education and farmer friendly content as priority channels to be placed in the mandatory genre.

Any Other Issues

Q 30 Stakeholders may also provide their comments on any other issue relevant to the present consultation.

Ans: The Regulator may kindly acknowledge the complexity of technology and cost of technological changes required to be built by DPOs. Some of the STBs in the current market or the CAS systems in the system are not geared to address the a-la-carte complexity, requiring massive investments by DPOs. We are of the opinion that 20% share of MRP to the distribution may be reviewed for a minimum 30% while the maximum can still be built at 35% to 40%.