

Bharti Telemedia's Response to the Consultation Paper on "Quality of Service Issues for Cable TV Services in Non-CAS Areas and for DTH Services"

TRAI's Question:-

Whether the DTH operators should be specifically prohibited from dropping of channels from a subscription package for a subscriber for six months from the date of enrolment of that subscriber, if the channel continues to be available on their platform

Bharti's response:-

1. We share the Authority's views that any change in the tariff should not be detrimental to the interest of consumer. The present guidelines fully protects the interest of the end subscriber against any higher charging to the customer for a period of 6 months from the date of enrollment of a customer to the said package. While, any surreptitious change in the constituents of the package may also be determinant to the interest of Customer within the regulated period of six months, however, we believe that Section 9 as it stands sufficiently protects the interest of Customer as also takes care of the interest of Service Provider and does not require any further amendment or improvisation.
2. DTH is an extremely competitive industry with the presence of 7 DTH operators. In such an environment, no DTH player will like to cause to self harm by changing the constituents of their package offerings to the disadvantage of their customers. In such a competitive scenario, self-regulation is a key.
3. The telecom industry is a success story of self regulation, which has helped the Industry to grow the market with innovative tariffs with the active support of the Authority. The self regulation results in demonstrable quality efficiency. Self regulation has a great benefit, especially where, the business practices are complex and industry members have inside knowledge on how best to structure best practices. Business process has inherent requirement to meet customer expectation in order to develop the business.
4. **Thus, we request the Authority that in line with the telecom industry, the DTH industry should also be guided through self regulation and market forces should allow developing their market strategies in the best interest of the consumer as well as in the Industry.**
5. Moreover, the DTH operators are merely the distributors of the channels and there are various circumstances, which are beyond their control. Some of them are as under:-
 - a. Where a Free To Air (FTA) channel is converted into a pay channel pursuant to compliance with Interconnect Regulations by a Broadcaster, which requires one month's notice to DTH operator, and in a situation to ask the DTH operator to continue the converted channel for the remainder period of six months without effecting any change in the rates to the consumer may not be fair to the DTH operator. When in similar situation, cable operator is allowed to change the rates.
 - b. Some of the Broadcaster provides pay channel/s to DTH operator free of cost for certain period and such channels are included in a package in the interest of consumer without charging for such channel so that the consumer can take the benefit of the free channels. On expiry of such arrangement with Broadcaster(s) and

where a DTH operator is required to pay consequent to expiry of such arrangement, to ask a DTH operator to continue such channel in the package without increasing the charges for the remainder period would be adverse to the interest of DTH operator.

- c. Interconnection Agreements with Broadcasters are reached after prolonged negotiations on rates and placement of channels for certain period. Similarly, during renewal of Interconnection Agreements extensive negotiations are undertaken by the parties and the renewal is not always on the same terms. Any drop in channel numbers as result of renewal of Interconnect Agreement should be treated as exception. Stopping subscription of a package containing channels, which may be due for renewal shortly, may not be operationally feasible. Since through out the year some or other channels may be due for renewal.
- d. There is no corresponding regulation mandating broadcasters to comply with such subscriber package protection.

You would appreciate that DTH industry is quite competitive and is competing with the cable industry for the same market. While cable operators are allowed to revisit their tariff at higher side anytime whereas the restriction for 6 months exists for DTH operators.

Thus, sufficient flexibility should be given to the DTH operators to offer their packages / repackaging to the end customer, within the existing QoS guidelines by promoting self regulation. We are sure that DTH Industry is fully competent to replicate the success story of the Indian telecom operator with supportive regulatory guidance.

TRAI's Question:-

Within this period of six months, in case the channel ceases to be available on a particular DTH platform, then whether it would be appropriate to have a mechanism of reducing the subscription charges by an amount equal to the wholesale a-la-carte rate of that channel. Alternatively, can you suggest any other methodology for such compensation to the subscriber? Should such compensation be paid / adjusted even when one channel in a package is dropped, and it is replaced / substituted by another channel so that the total number of channels in that package is not affected?

Bharti's response:-

1. In a competitive market environment, a DTH operator is heavily subsidizing its services and the cost of acquisition of a subscriber is considerable. Packages are already extremely competitively priced and often incorporate cross subsidies. Hence, in the event of a channel ceasing to be available, it is impossible to arrive at a realistic price reduction. Furthermore, wholesale a-la-carte rate is not a realistic price point as negotiated prices can be lower than broadcaster declared prices. In fact some pay TV channels are even offered free of cost.
2. We strongly submit that on this issue, any such regulation is unnecessary. DTH services in India are in nascent stage and offer the best value for money to the consumers. DTH services not only include channels but also various interactive platform services some of them are offered free of cost to the consumers.

3. It is pertinent to note that Service Provider takes a huge hit while acquiring a Customer in form of subsidizing the cost of STB or providing it free of cost and providing packages free for a particular duration at time of acquisition. It takes years to recover from the customer the initial subsidy through monthly packages. Secondly, the rates of packages offered to customer may not reflect its true value, as the true value may be uncompetitive, and it may be heavily subsidized by the operator. Therefore, any unwitting or involuntary drop in channels may not warrant reduction in rates.
4. It is submitted the query assumes that the negotiated rates with the Broadcaster are at par with RIO or in the vicinity of the RIO, whereas in practice the rates are negotiated rates and may be far below the rates declared in RIO. Therefore, in case of drop in channel from a package, the reduction cannot be of an amount equal to the wholesale a-la-carte.

Thus, we request that whether the situation warrants reduction of charges consequent to drop in channel may be left to the concerned Service Provider, who would alone will be privy to the actual charges of the package and rate payable to the Broadcaster for the relevant channel.

TRAI's Question:-

Whether the subscribers should also be required to subscribe to any channel/ package for a certain minimum subscription period as in CAS areas. If yes, what should be such minimum subscription period?

Bharti's response:-

1. Currently, we do not have any minimum subscription period. However, given the high customer acquisition cost and large subsidy, a customer should be required to subscribe to a package for the same period as he is price protected under the DTH QoS norms (period of 6 months). Waiver on proposed lock-in in subscription period of 6 months can be provided in cases where a subscriber wishes to upgrade to a higher pack.
2. In addition to the above, we would also like to make a suggestion to the Authority for reconsidering regulation 8 of the Direct to Home Broadcasting Services (Standards of Quality of Service Redressal of Grievances) Regulations, 2007 which requires a DTH operator to not disable a subscriber's STB who does not intend to continue to opt or avail the DTH services provided that the subscriber does not owe any dues to the operator.
3. In this regard, we submit that the requirement under regulation 8 has a serious impact on the financial viability of DTH business as subscribers continue using the STB without recharging their accounts to avail the FTA feed of DD Direct. It is submitted that a DTH operator is primarily in the business of providing a continuing TV 'service' to our subscribers where the STB acts as an enabler to the service an operator provides. Since the STB has already been subsidized heavily and a significant investment has been made to acquire the business of a subscriber (by way of marketing spends, promotions, offers etc) it is expected that a customer commits to our 'service' for a certain period of time. However, it is observed that a section of Customers do not avail the DTH services once the offer periods expire but continue to make use of the STB and CPE. Such consumer behavior undermines not just the cost that an operator incurs in terms of subsidizing the STB and acquiring a subscriber, but goes against the very business we set out to do.

4. In view of the above, we would like to suggest that the Authority reconsider the said regulation, and amend the QoS regulations to do away with the requirement under regulation 8.
5. In addition to the above, we request the authority to also reconsider regulation 10 of the Direct to Home Broadcasting Services (Standards of Quality of Service Redressal of Grievances) Regulations, 2007 which requires a DTH operator to not levy charges during discontinuance of direct to home service. Presently no charges are being levied where a subscriber reactivates the service after a due date.
6. Since reconnection/ reactivation involves substantial costs in terms of use and deployment of resources and Customer Services management, the DTH operator is forced to bear the cost of the same to comply with this illogical regulation. With subscriber bases of millions, it is next to impossible to keep up with every single subscriber's requests for disconnection and reactivation as per their convenience while absorbing the costs for such requests. Hence we would like to suggest a 'reactivation charge' or 'reconnection charge' that would be levied when a subscriber, reactivates his service after due date. This is a 'reactivation charge' to compensate for:
 - Protecting our revenues in the light of our payments to the broadcaster being worked out on the month's average subscriber base. To illustrate, we pay the broadcasters on monthly basis and would have to pay for a deactive subscriber even without the subscriber having made his payment (e.g. A sub is deactive say between 10th & 20th of the month), . Our payment to the broadcaster would include this subscriber for the entire month although we have actually lost 10 days revenue)
 - There are significant IT and call center costs involved in handling the reactivations and a DTH operator should be allowed to recover the same.
7. In the case of CAS area, there is a stipulation in the Regulation that subscription for any channel should for a minimum period of four months. However, no such stipulation is placed for other platforms.
8. It is pertinent to note that some of the Sports Broadcaster in the Interconnect Agreements and even their RIOs filed before the Authority have prescribed that their channel ought to be provided to the Customer in form of Annualized contract. We are of the view that a condition of such kind emanating from a Broadcaster would amount to stultifying the freedom of choice of Customer. However, at the same time replicating the practice as is prescribed in CAS area, i.e, a condition of minimum subscription of a package for four months for facilitating operational feasibility would be in the interest of Industry and the Customer.

TRAI's Questions:-

Whether there is any justification for visiting charges for "no signal" complaint by the subscribers? If yes, should there be a ceiling on such visiting charges for complaints of "no signal"?

Similarly, should any ceiling be placed in respect of visiting charges for repair and maintenance of CPE for DTH services? Alternatively, should DTH operators be required to offer Annual Maintenance Contracts (AMCs) to their subscribers?

Can you suggest some form of AMCs for DTH Service covering all aspects such as repair & maintenance charges for CPE, visiting charges, attending “no signal” complaints, etc.?

Bharti’s response:-

1. It is submitted that the problem of ‘no signal’ may be due to myriad reasons. It could be because of change in alignment of Dish antenna, which may be purely accidental. It could be because of loosening of cables connected to STB. It could be because removal of View Card from STB or wrong insertion of View Card. Visiting the premises of Customer involves costs, a trained engineer has to visit the premises to identify the fault and fix the same. Therefore, even in case of no signals, without any network related problem relating to DTH operator, to ask the operator not to levy would be adverse to interest of DTH operator, especially when the costs incurred is directly attributable to the visit of Customer’s premises. We also believe that for other utility services, such charges are commonly levied.
2. It is pertinent to note that Customer Premises Equipment does require frequent servicing. The CPE are fault resistant and fault proof to a great extent. Most of problem relating to non-receipt of signals can be rectified over phone. Secondly, capping of visiting charges may not be viable as costs involved are not uniform across all operators. Some of the operators have totally outsourced this function, whereas, other like us, have retained the after sale service function to itself.
3. We have our own trained and skilled engineers, who are provided extensive in-house training and the costs of conducting such operations are huge. Visiting the customer’s site involves transportation charges and man-hours of such skilled engineer and the same has to be recovered from the Customer. DTH operators are in the process of expanding the operations across India and therefore, they may not have enough data to support the average costs of visiting the Customer’s premises.
4. It is submitted that DTH market is too pre-mature to fix ceiling of Visiting Charges or to go for AMC model, as the experience of providing after-sales service is limited and cost of providing service through out the length and breadth of country is not known. Ultimately, the DTH industry on its own will shift to AMC model, as it would be beneficial to the Customer and DTH Company in long run. However, at present, DTH service provider may not be able to come out with an AMC model, because of limited experience in providing services throughout India and absence of knowledge of costs involved in providing after sales services.

TRAI’s Question:-

Whether the service providers should be required to make available toll-free numbers for recharge calls for prepaid accounts?

Bharti's response:-

1. It is submitted that DTH industry is reeling under the combined pressures of extraordinary multilayered taxation, highest revenue share with the Licensing Authority and absence of tariff regulation resulting in disproportionate prices from the vertically integrated broadcasters. The DTH operators are offering their services in the most competitive manner, while incurring huge losses. As per the latest projections of Hong Kong based agency Media Partners Asia, the combined operating losses of DTH operators for FY 2008-09 is likely to cross Rs.2000 crores mark. Also the competitive market environment, a DTH operator is forced to heavily subsidize its services and the cost of acquisition of a subscriber is considerable.
2. In order to provide the affordable service to a price sensitive market especially the DTH operators are competing with the unregulated cable industry, it is imperative that the cost of providing the service remains as low as possible. There are various modes of recharge, web-based recharge, SMS based recharge being worked upon and recharge through Coupon, which would require phone, is also one of the modes.
3. **As the operator has to incur huge cost to provide toll free number, it is requested that this service should be optional and not mandatory from operator point of view. Nevertheless, at this point of time, we are providing toll free number for recharge calls for prepaid accounts.**

TRAI's Question:-

Whether the request for suspension of service for full calendar months only should be entertained?

Bharti's response:-

As has been rightly pointed by the Authority that suspension of service for a term less than one full calendar month would result in payment of licensee to the broadcaster for such customer and non levy of charges to the Customer would lead to financial losses to the DTH Service provider.

TRAI's Question:-

Whether tariff plan or subscription package changes requested by the DTH subscriber should be accepted and implemented immediately or from the start of next billing cycle for DTH subscriber.

Bharti's response:-

1. It is submitted that any request for up-gradation of a package or addition of an add-on package is affected forthwith and charges are levied on pro-rata basis for such add-on package or for the upgraded package from the day of up-gradation.
2. You would appreciate that the operator has no problem in complying with any request for change in tariff package from next billing system, however, you would appreciate that generally, and we receive the requests from the customer to upgrade his package or to view

any particular channel instantly so that he can start viewing that channel as soon as possible. For instance, during any popular tournament, the customer may demand to view a sport channel immediately and in the larger interest of the subscriber, the operator has to meet such demands instantly.

3. However, any request for down-gradation is done on succeeding month as it would have implication to the license fee payable to the Broadcaster, since license fee is payable to Broadcaster on monthly basis calculated on the average number of subscriber base of the relevant month.

TRAI's Question:-

Whether advance notice of minimum 30 days should be given by DTH operators to a DTH subscriber before terminating his existing tariff plan provided that no tariff plan can be terminated within the contracted period, if any, for that package or within six months of enrolment of that subscriber to that package.

Bharti's response:-

1. We are of the view that in a competitive market, the operators may be given their own freedom to give adequate notice as well as mechanism of communication to its customers about the launch as well as withdrawal of any package. The current regulation protect the interest of the subscriber to offer any package for at least 6 months, without increasing the cost of the package, which we believe are adequate. If any DTH operator is withdrawing any package, it would have to communicate the same to its customers along with the alternate packages to ensure that after the withdrawal of any particular package, the customer should have been subscribed to another package to maintain the continuity of the service.
2. Moreover, the subscribers have complete freedom to migrate from one package to another package without any levy of administrative charges, which also protects the consumer interest.
3. Thus, we are of the view that at this point of time, the DTH operators may be given freedom on the period of communication of withdrawing any tariff plan.

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