



FASTWAY Transmissions Pvt. Ltd.

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CIN : U64202CH2007PTC030966

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Re: Consultation Paper dated 16th August 2019

Subject: Comments on "Consultation on Tariff related issues for Broadcasting and Cable Services"

This is in reference to above said consultation paper. We support and endorse the opinions expressed by TRAI in the consultation paper. While it appears that TRAI is already well aware of the situation being witnessed by the relevant players in the broadcasting and cable TV industry as a consequence of the but we will request TRAI to give more time as NTO has recently been implemented and needs more time before the market will get stabilized. Currently lot of subscribers have disconnected their additional TV's and are slowly coming back to the DPO's. Also, the rural and small Local Cable Operators are still struggling because of additional cost of software literate employee required for operating the Subscriber Management System.

Also in our opinion, the implementation of 15% discount cap will result in further increase in bouquet prizes of the broadcaster. Post implementation of any of the above said discount cap, broadcaster will be left with the following options

Option 1 – So as to maintain the bouquet prize, they have to reduce the Ala Carte prizes of the individual channels,

Option 2 – Broadcaster has to increase the bouquet prizes so as to maintain the Ala Carte prize of their driver channel / rest of the channels.

In Fastway opinion, when TRAI will put the cap at 15% on broadcaster bouquets vis-e-vis a-la carte rates, broadcasters May increase the bouquet prize to maintain the Ala Carte prize of their driver channels..

Please find below the pointwise comments from Fastway Transmissions Pvt. Ltd. on the issues raised by TRAI

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.

A1. We agree with TRAI as few of the broadcasters has misused the flexibility. We will suggest TRAI to implement twin conditions on Broadcasters.

Twin conditions for reference

“(a) the sum of the a-la-carte rates of the channels forming part of such a bouquet shall in no case exceed one and half times of the rate of that bouquet of which such channels are a part;

and

“(b) the a-la-carte rate of each channel forming part of such a bouquet shall in no case exceed three times the average rate of channel of that bouquet of which such channel is a part;”

TRAI should limit the Ala Carte rates to be not more than twice the average rate of the channels against thrice as was in twin conditions.

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?

A2. On the face of it, non-implementation of 15% cap on discounts has given disadvantage to broadcasters with single channel or less number of channels.

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?

A3. We agree, there should be a cap on the discount on sum of prize of a la carte channels forming part of bouquet. Currently the discounts offered by broadcasters are extremely high. With the implementation of NTO, the market is moving through a volatile phase and currently in process of stabilization.

A sudden withdrawal / limiting will disturb the eco-system and will result in further confusion among Broadcasters, DPO and subscribers. We are of the view that, the discount should be reduced over a long period of time and in phased manner. Fastway suggest that we should calculate the average discount and should be reduced in brackets of 5%. Eg. If the average

discount is 45%, the discount should be reduced to 40% after 12 months followed by 5% reduction in every year and finally reaching to figure of 15% as suggested in NTO.

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?

A4. Fastway is of the view that here is no need to revisit the discount permitted to DPOs.

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

A5. Fastway is of the view that the broadcaster channel packaging should be based on the prize bracket. It has been observed that the channel in low demand has been prized at extremely low prize thus pushing these channels along with driver channels.

Fastway suggest that channels prized between Rs.0.01 to Rs.7.0 should packed together and channels having a-la carte prize of Rs.7.01 to Rs.12.0 should be packed in separate bouquet followed by channels having a-la carte prize of more than Rs.12 and Rs.19.

This will restrict push of unwanted channels.

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?

A6. Yes, we agree with the same and there should be a limitation on the number of bouquets being offered by the broadcasters. The broadcasters should form bouquets equivalent to 20% of the total number of channels distributed by them. For e.g., if the broadcaster is distributing 50 channels, then the broadcaster should not publish more than 10 bouquets. The same formula should be applicable to the DPOs i.e. the DPOs should not form bouquets beyond 20% of its total channel carrying capacity.

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

A7. Please refer to Fastway reply in question 6.

Q8. 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?

A8. Please refer to Fastway reply in question 5 and 6.



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Q9. 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?

A9. Fastway is of the view that the result of a-la carte prize of Rs.19 is resulting very high ARPU for customers selecting a-la carte channels. A reduction in ceiling will help reducing ARPU for subscribers.

Fastway suggest the ceiling to be around Rs.10/-.

Q10. 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?

A10. One of the main objectives of the Authority to introduce the new regulatory framework was to allow the consumers to pay for channels they wanted to watch by increasing the feasibility/uptake of a-la carte channels. But heavy discounting by broadcasters on bouquet vis-a-vis a-la caret prizes is resulting in pushing of broadcaster bouquets.

As suggested by Fastway in answer A3, the heavy discount should be reduced slowly in bracket of 5% so to increase a-la carte uptake.

Also as suggested by Fastway in answer A5, the channels should be packaged based on their prizes and should be packed as per prize brackets. All channels of a broadcaster between Rs.0.01 to Rs.7.0 should be priced together and channels having a-la carte prize of Rs.7.01 to Rs.12.0 should be packed in separate bouquet followed by channels having a-la carte prize of more than Rs.12 and Rs.19.

Q11. How this provision has affected the ability and freedom of the subscribers to choose TV channels of their choice?

A11. Heavy discounting by broadcasters has resulted in lot of confusion and majority of subscribers has opted for bouquets. We suggest reduction of discount in phased manner and should be reduced by 5% every year.

Q12. Do you feel the provision permitting the broadcasters/Distributors to offer bouquets to subscribers be reviewed and how will that impact subscriber choice?

A12. Fastway is of the view that packaging is right of the seller and should not be constrained. Reducing the discount in phased manner will help increase in a-la carte uptake.

Q13. How whole process of selection of channels by consumers can be simplified to facilitate easy, informed choice?



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A13. The number of bouquets offered by Broadcaster / DPO should be capped as suggested in answer A5 and A6.

Also as per our past experience, because of ease subscriber is more comfortable in choosing bouquet as compared to selecting a-la carte channels.

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

A14. Fastway is of the view that, DPO's should be given forbearance in this case. As MSO, we treat every STB as separate subscriber. In case of MSO's, because of presence of LCO it is difficult to maintain / verify the authenticity of additional TV.

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.

A15. Fastway is of the view that, DPO's should be given forbearance in this case. As MSO, we treat every STB as separate subscriber. In case of MSO's, because of presence of LCO it is difficult to maintain / verify the authenticity of additional TV.

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?

A16. Fastway is of the view that, DPO's should be given forbearance in this case. As MSO, we treat every STB as separate subscriber. In case of MSO's, because of presence of LCO it is difficult to maintain / verify the authenticity of additional TV.

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

A17. Yes, the distributors should be mandated to provide choice of channels for each TV separately in Multi TV connection home as the New Tariff Regime clearly identifies each STB as a separate Subscriber.

Q18. How should a long term subscription be defined?

A18. Any subscription plan offered for 12 months and beyond may be categorized as long term subscription package.

Q19. 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?

A 19. No, there is no need to allow DPO to offer discounts on Long term subscriptions as the Regulation already enables the DPO's to provide discount of 15% on amount of bouquets vis-à-vis the price of a-la carte channels forming part of such bouquets.

Q20. Whether Broadcasters also be allowed to offer discount on MRP for long term subscriptions?

A 20. Fastway is of the view that no such permission should be allowed as due to presence of intermediary, it is not possible for DPO to verify the authenticity of additional TV.

Q21. 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?

A 21. No, the same is not being misused. As per the new regulatory framework the LCN cannot be changed before one year from the date of assignment of the channels and hence even the pay broadcasters who were paying the placement fees in the old regime have stopped paying any placement fee under the new regulatory framework.

Q22. How the channels should be listed in the Electronic Program Guide (EPG)?

A 22. DPO's should be given freedom to list the channels in EPG as same is very region and area specific and cannot be same across. The only condition that can be implemented is that all channels belonging to same genre in same language should be placed together.

Q23. Whether distributors should also be permitted to offer promotional schemes on NCF, DRP of the channels and bouquet of the channels?

A 23. NO, Distributors should not be permitted to offer promotional schemes on NCF and DRP of the channels and bouquet of the channels as it will result in unfair trade practice and may lead to various disputes and unhealthy competition among the distributor and LCOs.



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Q24. 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?

A 24. Please refer to our response A23.

Q25. What safeguards should be provided so that consumers are not trapped under such schemes and their interests are protected?

A 25. Please refer to our response A23.

Q26. Whether DPOs should be allowed to have variable NCF for different regions? How the regions should be categorized for the purpose of NCF?

A 26. No, the current regulations already provides that a DPO can have different NCF for different target markets, so there is no need to revisit the same.

Q27. 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/-?

A 27. Fastway is of the view that current regulation is very elaborative and clear on the same and no change should be brought in. Due to increased competition between DPO's and LCO's, DPO's are already discounting the NCF and are providing additional channels at zero additional NCF. Same should be left on market forces to decide.

Fastway is also of the view that every year there should be automatic increase in NCF equivalent to average inflation for last 12 months.

Q28. Whether 25 DD mandatory channels be over and above the One hundred channels permitted in the NCF of Rs. 130/-?

A 28. No, it should be part of the 100 channels permitted in the NCF of Rs. 130/- because there is a cost involved in retransmission of the 25 DD mandatory channels.



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Q29. In case of Recommendation 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 any additional burden on the consumers?

The 25 DD mandatory channels should be part of the 100 channels permitted in the NCF of Rs. 130/- because there is a cost involved in retransmission of these channels.

Regards

A handwritten signature in black ink, appearing to read 'V. Sabharwal', written over a horizontal line.

Vishal Sabharwal