Counter Comments to Salient responses & comments received in CP 10/2019

I am happy and overwhelmed to see a wide range of comments & suggestions from different stakeholders, ***more specifically the individuals representing 'consumers' who form the very basis of the entire value chain, and hence the very purpose and basis of the whole BCS industry. Their views need to be accorded utmost importance and overarching precedence over all others.*** If they are not burdened to pay excessively esp. at the lower end of the price , the entire Industry participants & segments are bound to grow well with wide reach, spread and even enhanced multi TV homes as well as against mere 2% as existing now. I would prefer to give my counter comments to salient points and key takeaways in brief with clear rationale, as I could gather from the entire range of comments by various stakeholders.

1. A overwhelming majority of them questioned the fixed NCF component to DPOs which posed a lot of practical difficulties in achieving **'affordability to the common man' vis-a-vis the pre NTO range of costs**. Many stakeholders suggested to do away with this very concept and instead fix a low threshold of some Rs. 50-60 for a minimum set of channels over which typically a basic set of entertainment & other family pay channel costs would add up to min. Rs. 100+taxes at the lower end as per prevailing rates irrespective of method of selection. This in itself would be almost Rs. 200 incl of taxes, significantly more than earlier rates for an average single TV household. While some others suggested two price slabs purely for NCF alone, which would push up such monthly average costs even higher than Rs. 200., and hence not advisable to adopt.

   Instead, a more practical and litigation free way as I suggested in my earlier comments would be to go by pre NTO A-la-carte 'make my pack' system of around minimum Rs. 150-160 incl of taxes per month, with which subscribers add both pay channels , bouquets and even FTAs with no explicitly split up NCF component at DRP / consumer end. i.e., minimum monthly revenue from customer, with a scope for annual increase / decrease as per consumer price inflation (CPI) index

   NCF would be carved out as a percentage of the overall revenue of minimum Rs. 150-160 per month incl of taxes which goes to DPOs., as per mutual arrangement/ agreement between DPOs and broadcasters. If no agreement exists or work out between them the entire subscription amount would be shared 50:50 equally between DPOs and broadcasters, considering cross binding and compelling conditions that DPOs will provide only those Bouquets where there is an IC agreement, but again bound by a statutory obligation to transmit all A-la-carte pay channels on 'must carry' basis., irrespective of the fact any agreement exists or not. (Obviously without any agreement they would get half of ALC price of a channel automatically). In case of FTA channels it would be left to the DPOs who

may levy a carriage fee, provided they do not form part of any broadcaster bouquet.

2. As suggested by some informed stakeholders and even credible neutral parties / media like 'Cable & Satellite television' , **the best way forward is to remove the concept of bouquets all together. This is the ideal way ahead free of litigation given that checks and balances ordered by TRAI to avoid distortion to fair market price discovery of ALCs have been described and dismissed by the courts as 'arbitrary' and not enforceable. Broadcasters may as usual make a lot of noise and file law suits, but TRAI can always now justify the case against bundling in view of associated legal aspects of bouquet discounts considering past legal verdicts and more importantly 'subscriber/ consumer (on whose money the entire BCS industry has been built and thriving today) is the ultimate sufferer due to high ALC prices and undesirable channel push. Industry will very well thrive even without the bouquets, as advertisers seek newer ways and methods to spend their ad budgets based on business environment.**

   If TRAI feels they have some practical difficulties in going by the above ideal concept (which they can't spell out publicly & quite understandable) then the formula for Bouquet formations **should totally discourage and repel subscribers to opt for bouquets**., so that uninhibited market price discovery happens for prices of ALCs. This can be achieved the best by mandating **zero discount to the prices of ALC channels included in any bouquet.** ,which can alone foster fair market price discovery. This will facilitate in easier selection by consumer and minimal channel push, without any scope for induced price distortions and enhanced unpopular channel push.

   If TRAI still wish to allow a 'discount' to bouquets short of percentages, then a better & litigation free way would be to avoid any explicit figures, rules & conditions and go for a principle of allowing **a max. discount equivalent to "one average channel price", worked out as per ALC price of all the channels included in any bouquet.** This would kill two birds in one shot i.e., excessive discounts and too many bouquets confusing subscribers in price comparisons and selection.

   If you foresee any problems even in this arrangement, as expressed by a few stakeholders in the consultation, ideally enforce a condition of an **ALC channel not appearing in more than one bouquet**., (**which would apply to both broadcasters and DPOs.)** This would also be killing two birds in one shot by addressing too many bouquets and also vast price difference in channels included in a bouquet.