

To,
Shri Arvind Kumar, Advisor (B&CS)
Telecom Regulatory Authority of India

Sub: Our Response To TRAI's Consultation Paper "Tariff Related Issues For
Broadcasting & Cable Services" dated 16th August, 2019

Dear Sir,

At the outset we wish to convey our deep appreciation and thank the Authority for coming out with this much awaited consultation paper on "Tariff related issues for Broadcasting & Cable Services".

What is noteworthy and commendable is the research and sincere efforts undertaken by the Authority in conducting innumerable meetings with multiple stakeholders to try and understand the issues affecting the industry at length and seek suggestions from stakeholders to some of the vexed issues. Appreciate the detailed and well researched explanatory memorandum, pointing out some of the deficiencies in the current NTO and the suggestions sought to improve the business ecosystem.

Before proceeding ahead and offering our views, it is imperative to draw attention to the discussions and arguments held in the august House of the Parliament, which finally resulted in the passing of the Cable Television Networks (Regulation) Amendment Bill, 2011. Cutting across party lines, law makers argued that the primary reason for bringing in the DAS law, was to usher in transparency across the business value chain – first and foremost for the Consumers and then to the other stakeholders, viz the Broadcasters, DPO's, Last Mile Cable Operators and the Government.

Digitalization of the sector, the then Hon'ble Minister for Information & Broadcasting had averred - will carry with it a large number of benefits for every stakeholder. The most important benefit will flow to the common man, who is the most important stakeholder. It was said that this new legislation will enable the consumer to exercise a-la-carte selection of channels, get better picture quality, access to Value Added Services like Triple Play, Video on Demand, etc. Any deviation of these benefits to the common man will actually mean going against the spirit of these discussions in the Parliament and will be construed as travesty of justice.

While we discuss the merits and demerits to the questions raised and our views and suggestions that we have put forth, it is important to look afresh at the different stakeholders in the TV/Broadcast value chain.

The reason for elucidating the different stakeholders here is to understand their size & numbers, their expectations, vulnerabilities and going forward the impact the recommended changes would have on each one of them.

THE TELEVISION VALUE CHAIN

There are about **150 to 200 Broadcasters** → **1000 to 1200 DPOs** → About **1.00 Lac LCOs** → About **675 million Cable+DTH Consumers** (approx. 150 Mn Households)

As is the case with most industries, the Consumer, despite being the single largest stakeholder in size is the most vulnerable. Keeping in mind the frailties of the Consumers, Regulations are framed to ensure protection to them while ensuring a level playing field to all, especially the smaller & vulnerable stakeholders (in the CATV industry, the LCOs on account of being smaller in size and fragmented can be considered vulnerable). The more powerful stakeholders, who in most cases are much smaller in number are able to manipulate the regulations creating problems as well as trade imbalances, because of which the industry as a whole suffers.

While trying to be as objective as possible, we present herewith, our point-wise replies/views to the questions raised in this Consultation paper. We do hope that we are able to present an unbiased view on each and every issue raised in this consultation such as Pricing, Formation of Bouquet, Discounts and the likely impact it will have on each of the stakeholder.

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

Yes the flexibility has been misused.

The Third Proviso to clause 3 (3) of the Tariff Order 2017 had prescribed the 15% Cap on discounts, while leaving pricing of channels to the Broadcasters, to ensure that Broadcasters do not push channels by offering huge discounts on bouquets and reduce ala-carte choice. This was done to enable Customers to exercise their choice through ala-carte selection. The intent was also to ensure that bigger Broadcasters don't push channels and choke distribution capacity leaving no / very little space for smaller Broadcaster's channels.

Extensive analysis of various Broadcaster packages by the Authority has clearly shown:

- i. Broadcasters are indeed offering discounts up to a whopping 70%, forcing consumers to subscribe to bouquets, impacting ala-carte choice and forcing them to pay higher subscription monies.
- ii. Too many bouquets have being created, offering similar /

same set of channels, creating confusion amongst the consumers.

- iii. Rate of the bouquet in some cases were observed to be lower than even the ala-carte rate of a single channel which was part of the bouquet.
- iv. Except a handful of channels, almost all the channels of the major Broadcasters were being subscribed more on bouquet basis than on ala-carte basis.
- v. Ala carte rates were provided more to comply with the regulations, but the rates were kept high so that consumers are forced to choose bouquet, forcing them to pay more and yet not get channels of their choice

*In view of the observations above, our submission is that **Discounts should not be allowed** (as these are being used to camouflage pushing of unwanted channels into bouquet and forcing consumers to cough up more monies).*

However, if the general consensus amongst most stakeholders in this consultation is to allow Broadcasters to offer discounts, we would request the Authority to consider capping Discounts at 10%.

To ensure transparency across the Value chain, especially to the Consumers and deter / disincentivize service providers from coercing consumers to subscribe to bouquets, we suggest the following:

- i. The best option is to disallow the formation of Bouquet or bundling of channels by Broadcasters.
- ii. However, if the general consensus amongst stakeholders are to allow Broadcasters to continue offering Bouquets, then our view will be that the Discounts should be restricted to a maximum of 10% of the Sum of ala-carte MRP rate of channels forming the Bouquet.
- iii. Limiting the number of bouquets offered by each Broadcaster to a maximum of 4 (2 Bouquet of their S.D channels and 2 Bouquet of their H.D channels -- elaborated later in this document).

Further, we also suggest bringing in certain restrictions /regulations on the DPO, so that they offer more channels on ala-carte basis than on Bouquet basis. Our suggestions are:

- iv. The number of ala-carte channels offered by DPO should be at least 75% of the total number of channels offered by them.

Therefore if say a DPO is carrying a total of 300 channels, at least 225 of these channels should be on ala-carte mode.

- v. Out of the 75% of channels offered on ala carte basis at least 25% channels should be such that they are not part of any bouquet. So for eg. if the total number of channels carried by a DPO is 300 and if 225 channels are to be offered on ala-carte basis, then 56 channels (25%) should be standalone channels or channels of smaller Broadcaster (channels that are not part of any bouquet). This will ensure that:
 - a. Channels which are offered only as ala-carte offerings also get carried (to impede same channels of bigger Broadcasters getting carried both on ala-carte and bouquet mode)
 - b. Channels of smaller independent Broadcasters will also get a chance to be carried in the channel line-up.

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

Heavy discounting, by its very nature carries the risk of creating a non-level playing field by the bigger entities.

The data provided by TRAI (*Annexure II – Subscription of Channels on a Ala-carte Vs Bouquet basis*) conclusively proves that channels with negligible subscriber numbers saw a huge spike in numbers just because they were offered as part of a bouquet having driver channels.

The table below lists out number of channels from some of the bigger Broadcaster's bouquet, whose viewership increased from < than 5% to 85%+ , from < 10% to > 80-90%, < 20% to > 70-80%+, < 30% to > 60-70%+ and from < 45% to > 55-60%+.

CHART - I

Broadcaster Bouquet	Total channels in Bouquet	Change in Percentage of Subscribers of a Channel from ala-carte to when the same channel was offered as part of a Bouquet (from some of the bigger Broadcaster Bouquet)							
		< 5 % to >85-90%+	< 10% to > 80% +	< 20% to > 70%+	< 30% to 60%+	< 45% to 60%+	Channels with minimal change	Channels with Negative growth	Name of Channels which showed negative growth when offered as part of Bouquet
Bennett Coleman	12	2	3	2	5				
Discovery	13	5	3	4	1				
Disney	9	1	3	3	1			1	UTV HD from 75.4 to 24.6
Eenaadu	12	4	2	5				1	ETV HD from 81.79 to 18.21
Sony	29	1	6	13	7	2			
Star	62	4	5	14	24	13	1	1	Star Suvarna from 54 to 45.75
Sun	33	6	9	9	2	6	1		
TV 18									Colors Bangla:53to 46%, Colors Kannada HD 51to 48%, Colors Odiya 56 to 43%, News 18 Kerala 55 to 44% and News 18 Odiya 55 to 44%
Zee	57	6	16	15	11	2	1	6	
	57	6	16	20	8	4	3		

This clearly shows that the subscribers were covertly coerced into subscribing to many of the low-viewership channels just because they were bundled into bouquets.

Another problem that results from creation of multiple bouquet is that DPOs are inadvertently forced to carry these channels with low viewer-interest resulting in channels of smaller Broadcasters with single/small number of channels, getting edged out and not get carried in the channel line-up, even if it commands higher Ratings.

Q3. Is there a need to re-introduce a cap on discount on sum of ala-carte channels forming part of bouquet 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?

As pointed in our submission to **Q1** above, Bundling / creation of Bouquet itself should be disallowed.

Having said that, if the general consensus amongst stakeholders to this consultation is to allow Broadcasters to continue to offer Bouquets, then we would like to suggest 2 separate options for working out the Discounts:

- I. **Simple method:** Maximum discount on Sum of ala-carte rates of a channel forming a Bouquet to be capped at 10%.
- II. **Revised Twin Conditions :**
 - i. The Sum of ala-carte MRP rates of all channels comprising the bouquet should not be more than 1.25 times the MRP Price of the Bouquet.

- ii. The Ala-carte MRP rate of each channel which comprises a Bouquet should not be more than 2 times the average MRP rate of the channels which are part of the Bouquet.

This could be a way to dissuade high priced channels from being bundled with lower priced channels in the bouquet and also to avoid conversion of some of the FTA channels into Pay channels and to get into Bouquet.

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?

Our submission is that DPOs should not be permitted to create any Bouquet whatsoever.

If DPOs are allowed to create Bouquet, then Broadcasters are likely to work out side-deals with the DPOs to push their own channels by offering huge discounts. Bigger Broadcasters will work out side-deals in a manner that multiple Bouquet of theirs are carried by the DPOs, so that all their channels find a place in the channel line-up and they will be able to keep channels of competing smaller Broadcasters out of the channel line-up.

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

- i. Allowing only ala-carte channel selection is the best option or if creation of bouquet is to be allowed, then Restricting the number of bouquets allowed to the Broadcasters to a maximum of 4.
- ii. Number of ala-carte channels offered by DPO should be 75% of the total number of channels offered.
- iii. 25% of channels offered in ala-carte, should be channels that are not part of any bouquet.

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?

Yes, seeing the gross misuse of the provision of bouquet formation, our suggestion is that allowing Broadcasters and DPOs to create bouquet / bundling of channels should

be disallowed or restricted.

This will ensure that the focus shifts to providing channels more on an ala-carte mode so that the consumer gets to choose from as many channels as can be made available.

As observed and pointed out by the Authority in the explanation memorandum to this consultation, the same set of channels gets carried on multiple bouquets, putting strain on the SMS & CAS system, the DPOs is not able to carry more number of channels with good demand and the subscriber ends up paying for same channels multiple times.

Our suggestion, therefore is to disallow Bouquet offering completely, both by the Broadcasters and by the DPOs.

Having said that, if however, the general consensus is to allow offering of Bouquet, our submission is that Broadcasters should be allowed to make not more than 4 simple Bouquet of their channels:

- i. A bouquet of at least 50% of their SD channels of the Broadcasters choice
- ii. A bouquet of all or most of the SD channels of the Broadcasters choice
- iii. A bouquet of at least 50% of some of the HD channels of the Broadcasters choice
- iv. A bouquet of all or most of the HD channels of the Broadcasters choice

The moment Bouquet formation is allowed, Broadcasters will start making multiple bouquet by clubbing channels of same language, multiple languages of same regions, same genres, mix of languages, mix of genres, mix of high and small priced channels and this list will be endless.

Allowing more Bouquet will increase the complexity both for the Consumers and for the SMS & CAS systems and will open up scope for manipulation, which finally goes against the interest of the Consumers.

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

Mandating a restriction of the number of bouquet per Broadcaster, ideally to a maximum of 4 bouquet per Broadcaster and none to the DPO.

The customer anyways will not miss out on any channel of their choice, as they always have the option of picking up as many channels as they wish to subscribe to, on an

ala-carte basis and the Broadcasters can realize their revenue as well.

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?

Yes, as can be seen from the examples given in the explanation memorandum to this consultation, Driver channels are used extensively to push weaker and unimportant channels of the same Broadcaster to the consumers.

We therefore suggest that the Authority disallow creation of Bouquet or leave it ideally to a maximum of 4 Bouquet per Broadcaster.

In addition we request and urge the Authority to kindly consider the solutions suggested in our replies on Question no. **1 - V a & b**, Question no **3- I, II i & ii** and Question no. **5 - ii & iii** .

Q9. Does the ceiling of Rs. 19/- on MRP of 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?

The Authority had proposed this ceiling of Rs. 19/- after detailed research and long deliberations and we feel there is no need to change this price ceiling now.

Anyway, we are confident that if suggestions for disallowing Bouquet formation or curtailing number of bouquet is accepted, most Broadcasters will opt for a Price much lesser than this ceiling.

As such there is complete forbearance on Broadcasters to price their channel without any ceiling, when offered on an a-la-carte mode.

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?

The Consumers expecting transparency in choice and pricing of service have been completely disappointed.

A common complaint is that the offering of Bouquet by both Broadcasters and DPOs have only complicated matters and restricted channel selection for most consumers

and resulted in an increase in final Price of the service.

It is important to draw attention to many studies conducted across the world by various research agencies and media entities which have ascertained that on an average most television consumers watch a maximum of 15 to 20 channels.

Bundling forces consumers to subscribe to more number of channels and yet miss out on channels of their choice or liking, either because they are not being carried in the channel line-up or on account of having overshot their budget.

A lot of time is wasted perusing and discussing the various bouquet options, compounded more by the constant chopping and changing of the bouquet by the Broadcasters and DPOs.

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

There are about 800 to 900 channels, of which most DPOs offer about 300 to 500 channels. If Broadcasters are allowed to make bouquets like they have done now, the consumer is left completely confused as they are subtly forced to subscribe to multiple Bouquet to satiate their choice of 20 or 30 channels. But they end up subscribing to many more channels, paying much more than what they would have, if given the option of choosing only ala-carte channels. They end up feeling deceived finding that their choice of channels were chosen multiple times, being part of multiple bouquet and they have paid multiple times for the same channels.

Our experience as a consumer is that we would rather choose channels on an ala-carte mode than get confused rummaging through the endless list of Bouquet and then end up feeling disappointed for paying for channels we never watch while missing out on channels that we wish to watch.

Despite channels being repeated in multiple packs, the NTO does not provide for any rebate/discount/rate cut. The subscriber thus ends up paying multiple times for the same channel/s just because these channels are part of multiple bouquet.

Since the DPO offers packages of the bigger Broadcasters, they tend to carry and stuff those channels in their line-up leaving very little space to carry some of the popular channels, especially regional and niche channels.

A personal example I can cite is of my discussions with my DPO in Mumbai, where I have been asking for a Malayalam channel – Flowers TV, which probably has the 2nd / 3rd most popular Malayalam program, Top Singer. Despite multiple requests the

channel is not being carried by my DPO, because they are carrying Malayalam channels of bigger Broadcasters and have no space to carry this channel from a smaller Broadcaster.

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

Yes, this needs to be reviewed because the very purpose of introducing DAS (which is empowering the customers to choose channels of their choice and ushering in Transparency in the business ecosystem) is negated by allowing Bouquets.

Bouquet formation inadvertently stymies competition, as the channel/s of smaller and independent Broadcaster gets edged out of the channel line-up.

Further, the bigger Broadcasters will keep launching newer channels (many with similar & irrelevant content), adding it to their bouquet and forcing Consumers to pay more and pushing out channels of competent but smaller Broadcasters.

Our submission therefore, is to disallow Broadcasters and DPOs to form bouquet and make it easy for the Consumers by letting them choose channels on ala-carte mode and managing their choice of channels within their budgets.

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

Most customers know very little of technology, are generally slow learners and are reluctant to understand & adopt new technology. They would prefer to limit or refrain usage of the services rather than complain about the difficulties.

For a multi-linguistic country like India, where most DPOs carry about 300 to 500 channels, the challenge is on how to inform and educate the consumers so that they are able to choose the channels of their choice in an informed manner.

Some of the key problems encountered by DPOs are:

- i. How to inform and educate the Consumers on the number and type of Channels that are carried (what language, what genre, whether it's pay or free etc).
- ii. How to help simplify surfing / navigating through the maze of channels.
- iii. How to help consumers in discovering channels of their choice

- iv. How to inform customers on the new channels added / deleted in the huge line-up
- v. How to make channel selection easy and help the subscriber take an informed-decision.

The simple mantra will be to constantly ***Communicate*** with the Customer.

The probable solution to addressing the above challenge lies in significantly hiking communication with the customer, step-up interactions and People-to-people contacts, simplify processes and use video extensively as a tool to communicate.

All this requires a lot of usage of Media, which implies - a lot of cost. However, both the DPOs and the Broadcasters can use the Media space at their disposal to communicate at length with the Consumer, at much lesser and acceptable cost.

We feel one of the best way is to communicate and continuously educate the consumer is through the use of the Barker Channel / Landing page. Broadcasters can also use the Media space available at their disposal (FCTs) to effectively communicate to consumers, like they have been doing so till date.

Barker channel is generally used by the DPOs to earn extra revenue, which is fair, but the 1st 10 seconds of the boot-up process of the STB can be used effectively for this purpose..

Moreover, we also suggest, that the Authority consider an option of mandating DPOs make a 2 to 5 minute video capsule for "Information Sharing"/ "Continuous Education", which can be played every 30 minutes / 1 hour on the Barker channel (or whatever timeframe the Authority may feel appropriate).

This 2 – 5 minute capsule can be created by the DPO (with some help from the Broadcasters) through which they can educate/update consumers on the number of channels carried on their network, the LCNs of each of channel in the line-up, changes made in the line-up, the genre of channels that are being carried, the price of the channels, toll-free number, information and contact particulars of the Nodal Officer, Website address and all other information they wish to share.

This can be a far simpler and cheaper option than using any other Media for information to be shared with consumers. The timing of this capsule can be displayed in the 10 second Boot up time / scroll on local cable channels.

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

There should be no discount on NCF for multiple TVs home within a home.

Discount should not be permitted for Pay channels either, as the current linear distribution ecosystem (rf-based) does not have the mechanism to detect or find out if the claimed 2nd or 3rd TV set is placed inside the same premises or not. This will lead to loss of revenue for the Broadcaster & Government and will result in endless disputes, claims, counter claims and have huge legal cost & implications.

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?

Our view is that there is no need to fix a cap on NCF for 2nd , 3rd 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?

In the current Linear TV distribution ecosystem, it is technically not feasible to figure out whether claimed multiple STBs are being used in a single Home or not.

Allowing different MRP for a multi-home TV will therefore lead to revenue leakages to the Broadcasters and to Government and result in endless disputes, insinuations and legal battles, which at this point, is best avoided.

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

This question is not clear, as we always believed that in DAS, a separate identifiable & addressable STB is required for connecting to each and every TV set / viewing device. The DPO is also required to provide separate channel-selection on each and every STB, as per the request of the Customer.

Q18. How should a long term subscription be defined?

Long term subscription deals will be difficult for monitoring and we believe that it will present a lot of challenge for the SMS & CAS systems, which is already under a lot of strain.

Our view is that bringing in rules and regulations for this can be deferred for the moment and can be relooked at, after at least a year.

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?

Most of the current Billing and CAS system used may not be entirely capable of transparently working this out and so these long term subscription deals should be discouraged /disallowed for the moment.

Once the robustness of the SMS and CAS system is fully tested after a year of settling down and litigations are minimum, the Authority can look at bringing in an amendment on this.

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

Discounts on MRP should not be allowed as this opens up scope for side deals and discrepancies and lead to innumerable disputes. Besides, the customer is likely to get stuck with the same set of channels for a long period.

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?

Placement of channels on EPG should be left entirely to the DPO's, so long as they are placed within the Linguistic and Genre based LCNs and does not hamper discovery of channels.

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

For a multi-linguistic country like India, the challenge in the Digital ecosystem, is on how to inform and educate the consumer on the number of channels available in the line-up, how to choose channels of their choice, how to inform them if any new channel has been added /deleted and how to simplify channel discovery (*refer our reply to Q 13*).

Managing the LCNs to navigate through the huge number of channels carried in the

line-up is one of the ways which can help alleviate the problem.

To help do this, it is better to club all channels of a particular language in a series of pre-determined, contiguous LCNs and within these Language LCNs, club channels genre-wise. (let's assume for the Hindi Speaking Markets all the Hindi Channels are carried together say from LCN 100 to 300, English Channels from 301 to 400, Sports channel from 401 to 500 and from 501 to 800 could be allocated for Regional Channels.

Within the Hindi channel LCN of 100 to 300, Hindi GECs could be placed from say 100 to 150, Hindi Movie Channels from 151 to 175, Hindi News channels from 176 to 249, Hindi Music channels from 250 to 265, Hindi Kidz channels from 266 to say 275 and so on.

Similarly within the English language genre, the English GECs, English Movie channels, English News, English Music channels can be placed on similar LCNs.

The challenge however, is to continuously inform the consumer through simple videos which can be played in a loop on the Barker Channel / Landing page to educate and update customers (elaborated in our reply to Q 13).

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

Promotional offers on NCF or DRP should not be permitted

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?

As enumerated above, our view is that Promotional offers should not be permitted both for Broadcasters & DPOs, nor should they be allowed to offer any discounts for any period whatsoever.

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

Disallowing discounting and curtailing / disallowing Bouquet formation by both Broadcasters and DPOs will ensure consumers do not fall into any trap.

Various other suggestions have also been offered in our replies to some of the other

questions to ensure that there is transparency for all the stakeholders.

What offers great comfort is the fact that the Authority has been very proactive in monitoring and analyzing the business ecosystem constantly to check for any provision/schemes that adversely impact consumer's interest and we are delighted by the willingness of the Authority to discuss, so that remedial steps are taken.

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

NCF and its composition should be left entirely to the DPO and the local LCOs who are best placed to understand their consumers choice and requirements and believe they will accordingly formulate their NCF channel composition.

DPOs operating in multiple language geographies from a single headend should have the freedom to formulate multiple NCFs for each of the areas they operate. Even today the DPOs are providing choice of channels on NCF for different consumers falling under demographic categories.

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/-?

If the DPOs are anyways offering more than the mandated 100 channels for Rs. 130/- per month, per STB, there is no reason why this should be revised.

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

A good recommendation that should be considered as many DPOs are anyways offering more than the mandated 100 channels for the basic 130+ GST.

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?

Preference should be accorded to DD channels in LCN placements whereby they should be placed on appropriate LCN-neighborhoods (adjacent to any 2 of the top 5 channels of the same genre).

Further, the transmission quality of DD channels should be such that the Audio and video quality are similar to other channels in the same genre.

Q30. Stakeholders may also provide their comments on any other issue relevant to the present consultation.

I. Re-visiting subscription revenue share

The NTO allows Broadcasters to retain 100% revenues earned from multiple revenue streams such as Advertisements, Sponsorship revenues, Program Syndication etc. and the DPOs to fully retain revenues earned from Carriage, Placements, selling FCT etc. However, it is unfair to the LCO, who earns revenues only from Subscription and yet is accorded the lowest share of a meagre 15 - 31%.

In the sheet below, we have considered different monthly subscription fees paid by the Consumers and the share of revenue accruing to the 4 stakeholders; viz the DPO, the LCO, the Government and the Pay Broadcasters. For the LCO, the average revenue earned is an abysmal 15-31%; despite this being the only source of revenue for them.

REVENUE SHARE OF STAKEHOLDERS FROM SUBSCRIPTION (Network Distribution Fee not considered here)											
Customers Monthly Subscription fee	Subscription, Net of Tax	Government Taxes	NCF Sharing		Pay Channel Revenue Sharing			Revenue Earned			LCO's Rev Share %
			DPO	LCO	Broadcaster	DPO	LCO	Broadcaster	DPO	LCO	
					80%	55%	45%	80%	55%	45%	
250	205	45	71.5	58.5	60	25	20	60	96	79	31.5
300	246	54	71.5	58.5	93	29	24	93	101	82	27.5
350	287	63	71.5	58.5	126	34	28	126	105	86	24.6
400	328	72	71.5	58.5	158	38	31	158	110	90	22.5
500	410	90	71.5	58.5	224	47	39	224	119	97	19.4
600	492	108	71.5	58.5	290	56	46	290	128	105	17.4
700	574	126	71.5	58.5	355	65	53	355	137	112	16.0
800	656	144	71.5	58.5	421	74	61	421	146	119	14.9

The above sheet clearly validates our contention that the LCO gets the lowest revenue share, in many of the cases, much lower than even what the Government earns from Taxes.

The revenue share in the current NTO seems to completely disregard and ignore the

LCO, their contribution, efforts and the risks undertaken by them, especially considering their pioneering efforts as the ones who in the first place were primarily responsible for the creation and growth of this industry. The current revenue share favors the DPOs (the Wholesaler) and threatens the very existence of the LCO (the Retailer). If not remedied, we suspect, it will likely result in stunted growth for wired-services business in the medium to long term.

We really don't know of any such precedent, where the Wholesaler is accorded a higher revenue share than the Retailer and that too when the Wholesaler generates monies from multiple revenue streams.

We request the Authority and all concerned to re-look at all the Revenues generated from only the ***Distribution side of the business*** and the revenue share accorded to both the DPO & the LCO and then take a nuanced & considered stance on this issue:

- i. **Carriage Fees** – Despite huge revenues earned from Carriage Fees, which contribute significantly to the topline and bottom line of the DPO, neither is the detail of this transaction nor the revenue generated shared with the LCOs. The fact is that most MSO's own about 2 to 3 % of the total subscriber base, whereas the LCOs subscribers contribute more than 97 to 98% of this number. Whether the no. of subscribers connected be the criteria or the number of People-meter in a network be the criteria for working out Carriage fees, this revenue accrues to the DPO almost entirely on strength of the LCO's consumers. Now, if the Carriage revenue accrues because of the customers of the LCOs connected to network, it is unfair that the revenue generated is not shared with the LCO.

- ii. **LCN Placements deals** – This is another big revenue source

derived thru' the numbers generated by the LCO's consumer-base, yet accrues solely to the DPOs and is not shared with the LCOs.

iii. Marketing fees paid by Broadcasters to DPOs for conducting marketing activities targeted to customers – goes only to the DPO

iv. Advertisement and Commercials run on Local cable channels from which DPOs make very good revenues. Prior to the DAS regime, LCOs used to run local cable channels and earn supplementary revenue from running local advertisements on their local channels. But with the implementation of DAS, local cable channels are run only from the DPO Headends (as each and every channel has to be encrypted) and not from the LCOs distribution NoC, resulting in the LCOs losing out on even this meagre supplementary revenue source.

V. Broadcaster's discounts to the DPO – Broadcasters offer additional discounts to the DPOs to carry more channels from their stable on their network. The LCO is never involved in this negotiation and neither is the information on the contours of this deal shared with them nor is the revenue shared with them. (We believe it is only fair to expect that the LCO also deserves a share of this revenue). Below is an example of how the LCO loses out on what can be claimed as a rightful share of revenue:

MRP Rate and Discounts offered by the Broadcaster		80%	55%	45%
		Broadcaster	DPO	LCO
Say MRP of a channel is Rs. 19/-	19	15.2	2.09	1.71
@ 20% Discount	15.2	12.16	1.67	1.368
Broadcaster offers DPO at Rs. 10/-		10	3.83	1.368
Broadcaster offers DPO at Rs. 8/-		8	5.83	1.368

In addition to this, the Broadcasters also offer DPOs monies for prompt payment discounts, for pushing their regional channels into the bouquet etc., which goes entirely to the DPO' kitty and is not shared with the LCO.

No doubt, the P & L of all listed DPOs have undergone massive changes with their profitability having increased significantly, turning hugely profitable from a situation where they were running huge losses (which is welcome), whereas the LCOs are selling out and quitting the business in large numbers.

Without adequate margins the LCOs will be unable to upgrade their networks to deliver non-linear or VAS services. We believe that only the LCO is capable of undertaking the onerous task of wiring, maintaining and upgrading the last mile infrastructure. Therefore it is only fair that they get a share of all revenues accruing out of Distribution.

Our view is that the revenue share of subscription should be 25 to DPO : 75 for the LCO. Further the LCOs should also get a fair share of Carriage and Placements revenues to bring a semblance of balance into the share of revenues earned from the Distribution ecosystem.

II. Telecast of Pay Channels on OTT Platform

We are surprised to see OTT Platforms of Broadcasters and some other Private companies offering Pay Channels for free or at a much lesser cost. Surprisingly, the same channels are designated as Pay channels for the DPOs and the transaction, the QoS and delivery parameters are under regulations, there are no such rules governing

the OTT Platform players.

While we wholeheartedly welcome all new delivery platforms and are sure that the DPO fraternity is also gearing to offer all these services very soon, it is surprising and difficult to comprehend how OTT platforms are having a free and un-reigned run.

We urge the Authority to ensure that Pay channels offered by OTT services should be brought under regulation so that a level playing field is be accorded to all platforms.

III. Ownership, Warranties and Cost of repair of STB:

As a consumer, we find there is very little clarity on the Price, the ownership and the Warranties on the STB's.

While the regulations talk about DPOs offering the STB's to the subscribers/customers on an Outright sale model, Hire Purchase model and a Rental model and providing details of each of the scheme, we do not find this being fully complied with.

We request the Authority to enforce the provisions so that the DPOs mandatorily offer the STB on all the schemes and also convey the details on their Website, thru' the Barker channel and thru' their Call Centre.

There is very limited detail available to the customers on the warranties given on the Box, on the components and on accessories and whether these warranties are offered on all or some of the components & accessories, the procedure and cost for replacement of faulty STB's/ its components and the approx. cost for repairs etc.

Our suggestion is that the details of the warranty schemes should be conveyed to the consumer in writing, thru' the Website, thru' Call centres & through information

shared on the Barker channels.

Many a times, we find that while the boxes are sent for repairs and replacement boxes are not offered, the customer continues to get billed / charged for Cable subscription. This is unfair and some proviso needs to be brought in to give relief to the customer.

Before we wind up our replies to the Consultation, we wish to once again thank the Authority for allowing us to present our views and hope that the suggestions and views presented herein will find some resonance and result in an amended Tariff order.

Thanking you,
Yours faithfully

Sisir Pillai & Team at Shree Vyom Broadband Pvt. Ltd