

To
TRAI

15th November 2016

Ref : comments on the draft Telecommunication (Broadcasting and Cable Services) (Eighth) (Addressable Systems) Tariff Order, 2016

Dear Sir/Madam

We appreciate the effort taken by TRAI in publishing the draft Tariff order afresh based on developments over the years and the initiative to invite comments from stake holders before notifying the same.

We as an MSO, operating a distribution platform for TV Services have following observations, suggestions, requests basis our study of the draft Tariff order.

1. The broadcaster may be allowed to offer time bound scheme for its pay channel which may include reducing the price of channel (even up to Rs. 0) or offer additional channel for free in a different geographical areas even if the same is not converted into FTA Channel. In telecom sector such schemes are permissible.
2. HD and SD variant of the channel may not be determined on the basis of name of the channel but on the basis of content. It is quite possible that the same content in HD/ SD format are provided to the subscriber under different channel name (HD/ SD). Hence, TRAI may consider that HD and SD variant of the same content offered under different channel which are 65% or more same should comply with the provision of the regulation where HD and SD variant of the same content and not channel may be prescribed.
3. Number of genre declared by TRAI is far less than the type/ genre of channel currently carried by the broadcasters. It is not clear as to how the reduction in number of genre helps regulator or the stakeholder. In fact it would be difficult for the subscriber to locate its favorite channel channels in a particular genre.
4. The Concept of premium channel was not the part of original consultation process. It is mentioned in the draft that premium channel is one which is declared as such by broadcaster. In the explanatory memorandum it has been described that Premium channel will always cater to smaller group of viewers. Thus, it is not clear if the popular channel may also be converted into Premium Channel or not.
5. One critical are which seems to have been missed out is the revenue share between the LCO and the MSO in case of the MSO based Distribution platform.

6. TRAI has proposed charging of an Infrastructure charge of Rs. 20 per Lot of 25 SD channel which is going to be very difficult charge and may just remain on paper. It is better that a revenue share is defined between the LCO, MSO and Broadcaster for the Pay channel charges beyond the basic package of 100 FTA channels @ Rs. 130.
7. As per clause 7 there is no restriction on minimum retail price of the channel offered by the distributor to the subscriber and also on the bouquet offered by the Distributor . This means that the distributor may price the channel much lesser than its MRP and thus indulge in predatory pricing to acquire market share which needs to be checked. This will result in unhealthy competition in the sector and will defeat the purpose of defining prices at the broadcaster level.
8. For any changes including conversion of channel, introducing new bouquet etc. time period should be one month and not three month.
9. The tariff has provided that that the MRP of channel may be fixed for the minimum period of 6 months and before making any change in the rate of channel broadcaster has to provide 90 days prior notice. Hence, this exercise may be completed within a period of six months. However , in para 64 of the explanatory memorandum it is mentioned that there will be no change in genre and MRP of a channel within one year form the date of declaration of the genre and MRP by Broadcaster which is contradictory.
10. Authority has proposed a fixed distribution fee of 20% to distributors by Broadcasters and a variable of 15% over and above 20%. We propose that considering MSO/LCO combination has been on the forefront of the TV revolution in India and now had huge overheads and infrastructure investments for leased lines across locations, equipment's, cabling etc. with multiple stakeholders sharing revenue(LCO, MSO, collection partners etc) , for a period of 3 to 5 years MSO based platform be offered a larger distribution fee from broadcaster. There can also be clarity on sharing of this fee between the LCO and the MSO based on the depth of the role played by each as defined in the SIA/MIA.