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TO
The Chairman,
Telecom Regulatory Authority of India (TRAI),
New Delhi – 110 002.

Sir

Sub: Comments for consultation paper No. 4/2009

I hereby submit my comments for your consultation paper
“DTH Issues relating to tariff regulation”.

Thanking you.

Yours truly

R.L.Saravanan.

**COMMENTS OF R.L.SARAVANAN, ADVOCATE AND
CONSUMER ACTIVIST**

5.2 Tariff fixation for DTH services

5.2.1 Whether there is a need to fix tariff for DTH?

Yes, it is the need of the hour to fix the tariff for DTH services. Further in the interest of consumers and to maintain equity among the service platforms it is a justified cause to fix the tariff. While the tariff cap is already been fixed for other platforms like CAS & NON-CAS it is opt to fix the tariff for the DTH which is emerging as the second largest distribution system next to cable.

5.2.2 If yes, whether tariff regulation should be at wholesale level or at retail level or both, i.e., whether tariff should be regulated between broadcasters and DTH operators or between DTH operators and subscribers or at both the levels?

The tariff regulation should be at both the wholesale level and the retail level for a balanced regulatory measure.

5.2.3 Whether tariff regulation for DTH at wholesale level should be in terms of laying down some relationship between the prices of channels/ bouquets for non-addressable platforms and the prices of such channels/ bouquets for DTH platform? If yes, then what should be the relationship between the prices of channels/ bouquets for non-addressable platforms and the prices of such channels/ bouquets for DTH platform? The basis for prescribing the relationship may also be explained.

No the tariff regulation for DTH at whole sale level should not be based on non-addressable platform.

DTH is a 100% addressable platform Hence there cannot be any dispute on the declared consumer base. The justification given by the broadcasters for the hefty pricing of their channels is

because of the under declaration attitude of the distributors. However in an addressable environment the question of under declaration never arises and thus the tariff regulation for DTH at whole sale level should not be compared with that of the non-addressable platform.

5.2.4 Whether tariff regulation for DTH at wholesale level should be in terms of fixation of prices for different bouquets/ channels? If yes, then the prices for different bouquets/ channels may be suggested. The methodology adopted for arriving at the prices for such bouquets/ channels may also be elucidated. Further, the methodology to fix price for a new pay channel may also be given.

The fixation of prices at whole sale level should no way be on the bouquet basis instead shall be on a-la-carte basis. If the broadcasters are allowed to sell their channel in bouquets to the DTH operators then we cannot prevent the DTH operators from selling the channels in bundles in the retail level. This selling of bundles in retail level bombards the very characteristics of the addressable platform which enables the consumer to select his choice precisely.

5.2.5 Whether retail regulation of DTH tariff should be in terms of maximum retail prices of various channels or is there any other way of regulating DTH tariff at retail level?

Since the authority has already done this exercise in a similar addressable viz. CAS platform. I suggest to follow the same

thumb rule applied to CAS platform which has similar characteristics of DTH platform.

5.2.6 In case DTH tariff is to be regulated at both wholesale and retail levels, then what should be the relationship between the wholesale and retail tariff?

The same may be in tune with that of CAS platform. The ratio of sharing in CAS is 55:45 between broadcaster and distributor. Whereas in a CAS environment the 55% share to the distributors are further divided and shared between MSO and Last Mile cable Operator. However in the DTH environment the share of 55% shall be allowed to DTH operator alone considering his up-linking cost.

5.3 Comparison with CAS

5.3.1 Whether the basic features of tariff order dated 31st August, 2006 for cable services in CAS areas, namely fixing of ceiling for maximum retail prices of pay channels, at the level of the subscriber fixing of ceiling for basic service tier and standard tariff packages for renting of Set Top Boxes should be made applicable to DTH services also?

Yes ceiling should be fixed for maximum retail prices for pay channels and further the basic service tier for FTA package should be present and additional pay channel package shall be prescribed in a-la-carte basis.

5.3.2 Whether the ceiling for maximum retail prices of pay channels for DTH should be the same as laid down for cable services in CAS areas?

Yes, the price cap for DTH services at retail level should match the price of CAS area or even lesser than that.

5.3.3 Whether DTH operators should be mandated to provide a basic service tier of FTA channels and if so, what mechanism should be adopted by DTH operators to provide the service of unencrypted Basic Service Tier, which is available in CAS areas without having to invest in a Set Top Box?

Yes the DTH operators should be mandated to provide a basic service tier of FTA channels with a price at par with CAS area. In CAS area the entire money collected by the cable operators from the consumers of basic service tier goes to their own pockets and no share is been given to the MSO who actually strains to bundle the signals. Since the role of cable operator is missing in the DTH platform the DTH operator himself can have the entire share of the basic tier which would cover his expenses of providing a decoding device at the consumer end.

5.3.4 Whether the DTH operators should be required to make available the pay channels on a-la-carte basis to the subscribers as the cable operators are required to do in the CAS areas?

The very characteristics of the Addressable system can be withheld Only when the DTH operators are mandated to provide pay channels on a-la-carte basis to the subscribers. The present system of bundling the channels does a big injustice to the consumers of the digital platform like DTH.

5.3.5 Whether standard tariff packages for renting of Set Top Boxes should also be prescribed for DTH operators?

The DTH platform as such is designed to deliver the signals directly to the consumer through a dish and set top box (STB). But this is not the situation in cable platform the provision of STB is an add on device to the network to achieve addressability and hence a special tariff package on Set Top Box was justified in the said network.

However in a DTH environment a set top box is a gadget as built in device at the receiving end, without the set top box the receiving system goes incomplete. The set top box(decoder) is presently sold as a package by all DTH operators which is paid by the consumers. The initial investment in obtaining a fresh cable connection is negligible but in the case of DTH there is a huge investment component from the consumer end. Once the consumer opts the DTH platform he pays a substantial amount of money for the dish and box along with huge installation charges.

The DTH consumer is already been taxed for the box and hence no tariff should be pronounced for Set Top Box.

5.4 Other Relevant Issues

5.4.1 Whether the carriage fee charged by the DTH operators from the Broadcasters should also be regulated? If yes, then what should be the methodology of regulation?

No the carriage fee issue should be left to the market forces. Rather than regulating the carriage fees the Authority should bring in a mandatory basic tier with all FTAs into it and match the tariff with par to CAS area. This would compel the competition to provide more channels and thus reduces the importance of carriage fees.

5.4.2 Whether any ceiling on carriage fee needs to be prescribed? If yes, then whether the ceiling should be linked with the subscriber base of the DTH operator or should it be same for all DTH operators?

No the authority should not fix any cap on carriage fees. If the cap for carriage fees is fixed, the DTH operators may take advantage of the same and may demand carriage fees as a right.

5.4.3 Comments may also be offered on the prayers made in the writ petition of M/s Tata Sky Ltd.

The demand in the way of prayer is the said writ is justifiable and further the denial of ETC Punjabi by ZEE Turner is an evil of Cross Media Ownership in vertical distribution platform, should be addressed according.