

14th October, 2015.

To,
Mr. Sanjeet Singh
Advisor (B & CS),
Telecom Regulatory Authority of India,
New Delhi.

Subj: Comments on the Consultation Paper on Twin Conditions.

Ref: Consultation Paper on Twin Conditions released on 30th September, 2015.

Dear Sir,



We are a Direct To Home (DTH) Service Providers Association, comprising six (6) DTH Operators.



This has reference to the above captioned draft Tariff Order released by the Hon. Authority on 30th September, 2015.



At the outset, we would like to state that the retail pricing regime has worked extremely well in DTH market so far and there is no reason for TRAI to regulate retail tariffs. While DTH industry continues to be under huge losses and heavily taxed, it still offers the most competitive and affordable tariffs to their consumers.



Indian DTH customers enjoy the most affordable bouquet package – high number of channels with lower retail tariffs – compared to other international markets. Indian Customers are benefited with almost double the number of Channels at 1/10th the price in comparison to DTH Services worldwide.



Twin Conditions will adversely impact end customers since it will require a substantial change in DTH subscription packs with the number of channels decreasing or an increase in retail prices.



We would like to put on record the concerns to which DTH Operators would ultimately end up encountering as follows.

- A. As the Authority is aware, the input costs borne by a DTH Operator is unregulated and is entirely left to the discretion of every broadcaster. We are of the view that, before regulating the a-la-carte price offered to customer, which are derived from the RIO rate of the Channels offered by the Broadcaster, the Authority may first regulate the RIO rates.
- B. The interconnect agreements negotiated and entered between broadcasters and DTH Operators take place at about 10-20% of the published RIO rates for both HD and SD Channels.
- C. Presently, the offering of channels and bouquets by DTH Operators to their subscribers is highly subsidized and in the interests of the subscribers, implementing the proposed twin condition under the captioned Tariff Order would compel the DTH Operators to increase the existing a-la-carte and bouquet prices which would then be unaffordable to consumers.
- D. As the Authority is aware, that rates of HD Channels offered by Broadcaster to distribution platform are unregulated. The RIO rate of the HD channels range from Rs. 16/- to Rs. 141/-. If any bouquet comprising HD channels and / or SD channel is offered to the subscriber, then due to non-regulation of HD wholesale tariff, the implementation of twin condition in such bouquet will invariably lead to huge loss to the operator. It would be unjust to force DTH operator to price HD channel at disproportionately lesser price than the wholesale price.
- E. The Authority would appreciate that, the criterion of determining the a-la-carte value is relied on incorrect assumptions, permutation and combinations. The maximum discount of 66.66% is presumptive and the same is without any appropriate backup analysis. It is not a mystery that at the wholesale level the discount passed in fixed fee deals with packaging obligation is in the range of 85% to 95% to the RIO rates which are nothing but wholesale a-la-carte offering.
- F. Under the proposed condition (a) of the Twin Conditions, offering of Channels at retail level at twice the RIO rate would not be of any help in absence of regulated RIO rate. Similarly, as per the proposed condition (b) of the Twin Conditions, offering of bouquet of Channels three times the total a-la-carte price of the channels offer in such bouquet, would have the following impact:



