

Reliance Digital TV's Response to Consultation Paper on Tariff Issues related to TV Services

Executive Summary

1. This is the right time to re-look into various policy measures to provide stimulus and sustainability to this sector.
2. Regulated RIO model should be used to determine the wholesale price. Further, the framework basis which the discounts are offered by the broadcasters should be regulated to make it transparent and non-discriminatory.
3. Broadcasters should be allowed only to publish the a-la-carte RIO rates and the DPOs should have the flexibility of forming their own bouquets using the channels offered by the broadcasters. The RIO rate of such formed bouquets should be as per the existing twin conditions at the wholesale level.
4. The wholesale bouquet rates should be applicable on the average base of all the subscribers of the channels forming part of the bouquet instead of the highest subscriber base of any of the channel in that bouquet.
5. Pay channel broadcasters shouldn't discriminate between the DD Direct and other DTH operators by offering the same channel free to DD Direct while charging the pay DTH operators.
6. Price forbearance should be continued at the retail level as there is enough competition between DPOs.
7. Operators are offering services at much affordable and customer friendly tariffs to attract new customers as well as to retain the existing ones.
8. Consumer interests are adequately taken care of by the existing regulations and need not to be further regulated.
9. DPOs are in the best position to package and price the content, to ease the process of selecting the content by the consumers. Further, it won't be feasible for consumers to directly select the offerings from different broadcasters which could go as high as buying 50 bouquets.
10. It may be difficult to arrive at cost based pricing for the channels which is an inefficient way to price the channels as it gives lot of legroom to the ineffective channels with high cost to have high RIO rate.

11. The current signed agreements between DPOs and broadcasters should be examined in respect to the discounting vis-a-vis to the channels RIO pricing.
12. GEC genre should be created based on the language as other language GEC cannot be compared with Hindi GEC and hence the price of other language GECs should be much lower than the Hindi GEC.
13. SD/HD/4K is mere technologies for the programming and should not be classified as niche channels. In fact, classification of niche channel should be based on the content and not the technology of programming the content.
14. Pricing of the HD channels should be maximum up to the price of SD channels as the cost of HD content is monetized by revenue generated by the parallel SD channels and HD channels only provide additional revenue by way of subscription/ad revenue.
15. There is no requirement of regulating the carriage fee on the DTH platform and the DPO and the broadcasters should be allowed to have commercial arrangement on the same.
16. Cloned channels which runs same content in different languages should not be permitted as it consumes the transponder bandwidth. Such channels should add audio options of different languages that can be selected by the consumers.
17. Channels which are running the old contents of some other channels should be termed as cloned channels and should only operate as FTA channels in the interest of the consumers.
18. 'Preview' mode for unsubscribed channels should be allowed so that the consumer can sample such channels for very short durations to take a purchase decision. This will be a win-win proposition for the consumers, broadcasters and DPOs.

Preamble

- I. Growth of DTH industry is important in achieving the Govt. objective of digitalization of TV services at a faster pace across the country and to ensure tax compliance so that revenues due to the Govt. in the form of license fee, service tax etc. are realized. DTH services are subjected to huge tax burden which is in the range of 35-40%. In addition to this, high content cost and non-level playing field because of the monopoly of the broadcasters, operation of DTH service is unviable and a loss making business. High cost of capital and appreciation of US dollar has further increased the problems of this sector.
- II. At present DTH tariffs are dependent on non-CAS cable rates. Even with 42% rates of non-CAS cable for DTH platform as per the existing Regulatory framework, DTH operators are still paying a high content cost to the broadcasters due to discrimination done by the broadcasters amongst different distribution platform operators.

- III. This is the right time to look into various policy measures taken by the Govt. & the Regulator and make an analysis as to how such measures have not culminated into desired results to provide stimulus and sustainability to this sector. We appreciate the Authority's step towards initiating an exercise to review the overall tariff framework of the television broadcasting services and we are hopeful that the Authority will come out with a holistic regulatory framework covering all aspects which will help in growth of the DTH and other digital addressable platforms in the Country. It is expected that based on this consultation process, TRAI will consider all the issues in totality and come out with a tariff order under Section-11 (2) of TRAI Act.
- IV. Our specific comments on the issues raised in this consultation paper are as below:

Comments on issues raised in the Consultation Paper:

Q1. Which of the price models discussed in consultation paper would be suitable at wholesale level in broadcasting sector and why? You may also suggest a modified/ alternate model with detailed justifications.

Our comments:

We recommend the Regulated RIO model with the following variations:

1. The Current RIO rate for the Channels is way too high and if added together, will be upwards of Rs. 1200 per sub per month whereas the ARPU of the DTH Operator is anywhere between Rs. 175 to Rs. 250. Most of the deals today are either CPS or Fixed Fee Deals which effectively are a discount of over 90% of their RIO rates. Hence to begin with, the RIO rates need to be brought down to their real rates i.e. 90% of their actual rate.
2. Further, the framework basis which discounts are offered by Broadcasters are discriminatory and creating a non-level playing field in the distribution sector and hence should also be regulated. There are some categories of discounts that should not be allowed to offer like:

(a) Volume Based Discount: A Broadcaster may offer a high discount to a DPO with a high subscriber base. Offering a "volume based" discount based on the subscriber base of the DPO is not justified as (i) the content cost is a sunk cost and does not vary depending on the number of subscribers served by a particular DPO and (ii) due to the "must provide" obligation the Channel/s have to be offered to all the DPOs irrespective of the number of subscribers the DPO has. The volume based discounting structure, which emanates out of economies of scale, does not apply in this case unlike in case of manufacturing set up where a large order size helps in bringing in economies of scale by way of operating the unit at an optimal level of production and / or minimizing logistics /distribution costs.

(b) Discount basis no of channels carried: A Broadcaster may offer a high discount basis the number of channels of the Broadcaster carried by the DPO. A small and a new Operator may lose the discount on these grounds as this does not give them a level playing field. This further creates a non-level playing field between DTH operators and MSOs as the DTH operators are suffering with bandwidth constraints due to non availability of transponders and delay in the allotment of transponders.

3. It is suggested that the Broadcaster should be allowed only to publish a-la-carte RIO rates and the DPO should have the flexibility of forming his own bouquets¹ using the Channels offered as a-la-carte and the RIO rate of such bouquet formed by the DPO from the channels of a broadcaster should be as per the existing twin conditions at the wholesale level. Different DPO may be targeting different market segments and hence “one size fits all” may not work. If the option to pick the Channels of their choice is not offered then some DPOs may be forced to take Channels only on a-la-carte basis thereby making the content more expensive.

Hence we are suggesting that the right to form the bouquets from the existing list of a-la-carte channels should vest with the DPO. However, the relationship between the RIO rates and the bouquet rates of Channels should be regulated (similar to the wholesale twin conditions existing today). To protect the interests of the Broadcasters, the minimum composition of channels in a bouquet can be regulated. For example, it can be said that if the DPO wants to create his own bouquet, then each bouquet should have a minimum of about 20% of the Channels offered by the Broadcaster. The framework for discounts will ride on such bouquets created by the DPO. This will ensure that the Operators get to choose what channels they would like to carry and at the same time protect the smaller DPOs who may not have the bandwidth to carry all channels of the Broadcaster.

4. Also, as per the existing regulation, if the Channels are bought as bouquets by the Operators, the bouquet rate is applicable on the highest subscriber base of any of the Channels in the bouquet – this is an unfair regulation as the bouquets are a combination of widely popular, less popular (like English Channels) as well as niche channels (Like infotainment). The entire discounting that is available in terms of formation of bouquets from a-la-carte channels is wasted if DPOs have to pay basis the highest subscribed channel in the bouquet. Different category of channels are placed in different packages by the DPO so that the customers have a choice of picking up the package that they want to see /can afford. Hence the wholesale bouquet rate should be applicable on the average base of all the subscribers of the channels forming part of the bouquet.

¹ Here the Term “Bouquet” is used by us when the channels are bought by a DPO from a Broadcaster (wholesale tariff) while the term “packaging” is used when a bundle of Channels are offered by a DPO to it’s subscribers.

5. With the changes in technology, in future the operators will be in a position to offer the channels of the Broadcasters on multiple screens to the customers and hence all such rights should be mandated to be given to the DPOs within the existing framework.
6. It has also been observed that the Pay Channel Broadcasters offer their Channels on a free basis to DD Direct whereas they charge all the other private players. Apart from offering channels free, the Broadcasters also pay a hefty sum towards carriage fee to the public broadcaster. All the private players also compete with DD Direct when it comes to acquiring new subscribers and also have to pay a huge content cost and hence it is unfair that the same channels are given free to DD Direct but the Private Operators are made to pay for the same. This discrimination needs to be addressed with a regulation that if any Pay channels are offered free to any DPO including DD Direct, then the same will be offered free to all other DPOs.
7. It has also been observed that the Broadcasters have been offering content to the Consumers through app based services like Hotstar, Sony Liv, Ditto TV etc in violation to the prevailing regulations. Such content is offered free to the consumers while the DPOs are made to pay for it. Broadcasters should not be allowed to offer any content to the consumer directly and if they do so, then they need to ensure that it is offered on a non-discriminatory basis.
8. In view of the above, we strongly recommend Regulated RIO model with the suggestions explained above to curb the discrimination and non-level playing field that currently exists in the market and ensure a fair play amongst various platform operators.

Q2. Which of the corresponding price models discussed in consultation paper would be suitable at retail level in broadcasting sector and why? You may also suggest a modified/alternate model with detailed justifications.

Our comments:

We recommend the Price forbearance model at the “retail” level.

1. There is tremendous amount of competition today between DPOs and the content offered by them is the same. Consumers have plenty of options to choose from. Besides the free DTH service of Doordarshan, there are six private DTH licensees, offering their services to the DTH subscribers. With digitization entering the last phase, the consumer will have a greater choice and the DPOs will be forced to provide further competitive offers. It has already been observed that the rate of the lowest bouquet has been brought down from Rs. 190 to Rs. 99 on account of digitization and intense competition. The existing competition will get further intensify in future, with newer Distribution platforms like IPTV and OTT.
2. Thus, even in such a competitive market, for attracting and retaining customers, the DTH operators are offering services at affordable and customer-friendly tariffs that ensure their satisfaction.

3. Limited regulation on the retail pricing, as it exists today, will help further as that would allow DPOs to come up with innovative ways to attract consumers in a competitive environment. In fact, TRAI, while notifying the Telecommunication (Broadcasting and Cable) Services Order for Addressable System in 2010, had stated that the retail tariffs prevailing in the market are quite competitive. As the market forces appear to be operating effectively, the Authority is of the view that there is no need for regulatory intervention in the matter of retail tariff fixation at present. Any intervention in retail tariffs offering would be taxing to the beleaguered DTH industry which subsidizes CPEs to make them affordable for customers

Q3. How will the transparency and non-discrimination requirements be fulfilled in the suggested pair of models? Explain the methodology of functioning with adequate justification.

Our comments:

1. In our response to Q1 on the Wholesale tariff Model, we have expressed our concerns over the non-discrimination aspect of the Model and we have suggested the scenarios where the Broadcaster discount framework needs to be regulated. Secondly, to bring about 100% transparency the Broadcaster should be required to file with the Regulator all their dealings with the DPO which include the following:
 - (a). Marketing spends by the Broadcaster on the DPO.
 - (b). Free Commercial Time (Advertising time) provided by the Broadcaster to the DPO / it's associate companies for advertising the DPO services on it's Channels at no cost / discounted cost.
 - (c). Non Linear Content provided by the Broadcaster to the DPO at discounted or nil cost.
 - (d) In situations where the broadcasters send a disconnection notice in case of payment due, broadcasters are discriminating between different DPOs, based on the market share of DPOs and their vertical integration with broadcasters. Such practices should be stopped and broadcasters should be mandated to treat equally to all the DPOs.

Q4. How will the consumers interests like choice of channels and budgeting their expenses would be protected in the suggested pair of models? Give your comments with detailed justifications.

Our comments:

1. DPOs are mandated to offer Channels on A-la-carte basis by the Regulator. Hence the consumers already enjoy the freedom of picking up Channels of their choice. The relationship between the price of the Channel /s in the Packages offered by the DPO and the a-la-carte price of the Channel /s is also regulated. Further, if the wholesale rates

come down as suggested by us in the Wholesale model, this will lead to further drop in the a-la-carte rates which will benefit the consumers further.

2. Additionally, a basic tier comprising of FTA Channels at Rs. 100 + Taxes is also provided by the Regulator.
3. In addition to this, the DPOs also offer several packages of Channels at varying price points to the consumers. For example, today the smallest package of Channels is offered at Rs. 99 and thereafter there are several other packages between the price point of Rs. 99 and Rs. 550.
4. Further the intense competition between the DPOs with further addition of platforms like IPTV /HITS will only pull the prices down further.
5. In view of the above, we believe that the consumer interests are adequately taken care of by the existing regulations and need not to be further regulated.

Q5. Which of the integrated distribution models discussed in consultation paper would be suitable and why? You may also suggest a modified/ alternate model with detailed justifications.

Q6. How will the transparency and non-discrimination requirements be fulfilled in the suggested models? Explain the methodology of functioning with adequate justification.

Our Comments:

1. The DPOs are in the best position to package and price the Content as they have to factor in their platforms capabilities:
 - (a). transponder space available – no one DTH player can carry all the 800+ channels available apart from the VoD channels and VAS that they have to provision for.
 - (b) DPOs are in the best position to make optimal use of the transponder space to suit the market demand.
 - (c) Market segments that they would like to target will dictate their content selection.
2. Worldwide, packages are not bought by consumers based on a specific Broadcaster's Channels. Customers would need packages which comprise of many genres and most of the content available in that genre. For example, if a customer wants to buy all / popular movie channels then he will have to subscribe to multiple bouquets of multiple Broadcasters which will not only be an unwieldy process but also prove expensive for him.
3. The integrated model would also be an operational nightmare as there will be several additions/ deletions of channels, lack of clarity on how and who will provide notice to consumers for removing Channels, how and who will be responsible for meeting the

consumer facing regulations like giving notice for channel removal, 6 months no pack/channel change regulations etc., how will the prices be increased / decreased and applied to existing customers / new customers etc. All these elements will be crucial in determining the package wise revenue.

4. There are often “special” packages / schemes offered by a DPO to it’s subscribers and these packages are not Broadcaster based but consumer preference based. Such packages only offer benefits to the consumers due to it’s lower pricing. It will not be possible to create such packages leading to a high suspension/churn ratio for the DPO.
5. Currently, there are “bundled and discounted entry offers” provided to potential new subscribers by offering them options to pick up from amongst a variety of bundled packages, which are discounted compared to their monthly price point. These packages are Broadcaster agnostic and are aimed at providing wholesome entertainment to the consumers. With the integrated model, since the packaging is done by the Broadcaster, it will be tough to offer the consumers any bundled offer leading to increase in price for him.
6. The ability of a DPO to buy bouquets of Channels from a broadcaster also depends on the bandwidth capacity of the DPO. The bandwidth capacity is a function of the availability of number of Satellites / transponders in the space the DPO is operating in. While the MSOs may face no such constraint, the DTH Operators are likely to face this constraint.
7. The packaging is done by the Broadcasters and hence the DPO will have no choice but to buy all the bouquet/s which consists of the Channels it’s customers need but which may also have many channels which it does not need. This would mean that the DPO may have no bandwidth left to buy bouquets of some other Broadcasters which will also have popular / relevant channels. For example, if Broadcaster ‘A’ has 40 Channels and it creates 5 bouquets such that each bouquet will have at least one popular Channel as a unique Channel, then the DPO will be compelled to pick up all the bouquets. This will further compel the DPOs to offer some Channels to consumers on a-la-carte basis which will be more expensive to the consumer than the bouquet rate.
8. DPOs are also in the best position to bundle content, to ease the process of selection, for the consumer. It will be unwieldy for consumers to directly select offerings from different Broadcasters – which could go as high as buying 50 bouquets!
9. The DPOs will have to take care of the consumers’ interest as they have to compete among themselves – 6 DTH, 2 HITS, hundreds of MSOs. MSOs and cable operators focus on local requirements thereby offering tougher competition to the DTH players – who have to cater to multiple regions across the country; this will help to further protect the consumer’s interests.
10. In view of the above, we do not recommend any of the integrated model approaches.

11. Further, the integrated model will lead to price discrimination across different platforms due to bandwidth constraints (due to paucity of transponder space availability) and due to the vertical integration of some of the Broadcasters and DPOs which will lead to favoured treatment to one DPO over the other. Hence, the integrated model would not fulfil the requirements of transparency and non-discriminatory.

Q11. Is there a need to continue with the price freeze prescribed in 2004 and derive the price for digital platforms from analog prices? If not, what should be the basic pricing framework for pricing the channels at wholesale level in digital addressable platforms?

Our Comments:

1. Since it may be difficult to arrive at cost based pricing for the channels, which again is not an efficient way to price channels as it gives lot of legroom to the ineffective channels with high cost to still have a high RIO, we should look at the current signed deals and apply the derived discount to the channels RIO pricing; such discount will be about 90%. The rate thus arrived at after 90% discount can be increased by a multiple of 2 to protect against placement of channels as "Add On" pack.

Q12. Do you feel that list of the Genres proposed in the consultation paper (CP) are adequate and will serve the purpose to decide genre caps for pricing the channels? You may suggest addition/ deletion of genres with justification.

Q13. Is there a need to create a common GEC genre for multiple GEC genre using different regional languages such as GEC (Hindi), GEC (English) and GEC (Regional language) etc.? Give your suggestions with justification.

Our Comments:

1. Yes the genres are adequate except that Music should be classified as a different genre as it falls more in the popular genre than in the infotainment genre. However there is a need to differentiate between Channels of a common genre but different languages. For example, the cost of a Hindi GEC genre cannot be equated to the cost of a Tamil GEC genre as the cost spends of Hindi GEC will be starkly different from the cost spends on Tamil Channel and hence the RIO rates cannot be same. Similarly cost of a Hindi Movie Channel cannot be equated to the costs of Tamil Movie Channel as the cost of acquisition of movies in Hindi and Tamil/Telugu/Kannada etc. is starkly different.

2. We suggest that the GEC genre should be created based on the language and the RIO rate for other language channels (except Hindi) should be lower.

Q14. What should be the measures to ensure that price of the broadcast channels at wholesale level is not distorted by significant market power?

Q15. What should be the basis to derive the price cap for each genre?

Q16. What percentage of discount should be considered on the average genre RIO prices in the given genre to determine the price cap?

Our Comments: As per our response to Q11.

Q17. What should be the frequency to revisit genre ceilings prescribed by the Authority and why?

Q18. What should be the criteria for providing the discounts to DPOs on the notified wholesale prices of the channels and why?

Q19. What would be the maximum percentage of the cumulative discount that can be allowed on aggregated subscription revenue due to the broadcasters from a DPO based on the transparent criteria notified by the broadcasters?

Our Comments: As per our observations in the Regulated RIO model for Q.1.

Q20. What should be parameters for categorization of channels under the “Niche Channel Genre”?

Q21. Do you agree that niche channels need to be given complete forbearance in fixation of the price of the channel? Give your comments with justification.

Q22. What should the maximum gestation period permitted for a niche channel and why?

Q23. How misuse in the name of “Niche Channel Genre” can be controlled?

Q24. Can a channel under “Niche Channel Genre” continue in perpetuity? If not, what should be the criteria for a niche channel to cease to continue under the “Niche Channel Genre”?

Our Comments:

1. There are 6 genres which form part of the popular genre I,e GEC, News, Movie, Sports, Kids, Music while Infotainment (minus Music) and Devotional can be categorized as Niche Channel genre. The differentiation here is fictional shows vs. reality with the exception of Sports, whether shown as SD / HD or 4K. Any programming which is fictional in nature and created only for entertainment does not fall under Niche genre, except in case of Sports where the sporting events are mass appeal. Hence Infotainment as a genre can be classified as Niche. We believe that an individual channel should not be classified as niche but an entire genre can be as per above logic. However for a channel within a genre to be classified and retained as “Niche” it should not program any shows which would otherwise fall in the popular genre category.
2. We suggest that HD / SD / 4K , these are mere technologies for transmission of programming and should not be classified as Niche.

3. Further, we suggest that no Channels should be given forbearance as Channel of any genre by itself is monopolistic in nature due to different programs available on different channels.
4. In view of the above mentioned suggestions, the Niche Channels are price regulated and the Niche category is by virtue of nature of programming, they can continue to remain niche with no gestation period.
5. Further, we don't see any reason why these should be mis-used. We would also like to submit that if the Niche Channel changes its programming such that more than 5% of its original programming falls under Popular category, then it ceases to be a niche.

Q25. How should the price of the HD channel be regulated to protect the interest of subscribers?

Q26. Should there be a linkage of HD channel price with its SD format? If so, what should be the formula to link HD format price with SD format price and why?

Our Comments:

1. Almost all the High Definition Channels today are a mirror of the SD Channels. Also most of the shows today are shot in HD irrespective of whether they are transmitted as SD or HD. In our opinion the pricing of the HD Channels should be maximum at the level of the Pricing of the SD channels and not higher than that for the following reasons:

(a.) Most of the HD channels also have parallel SD Channel and the content is the same,

(b). HD penetration is very less compared to SD penetration – HD is about 5% of the overall subscriber base ; hence the cost of the content is monetized by revenue generated by the parallel SD Channels and HD Channels only provide additional revenue by way of subscription / ad revenue.

(c). The only incremental cost for running the HD Channels is the bandwidth cost used to transmit the Channel which is a very negligible part of the overall cost of running the Channel (about 2 -3 %) including the content cost–

And hence the pricing of the HD Channels should be maximum up to the price of the SD Channel.

Q27. Should similar content in different formats (HD and SD) in a given bouquet be pushed to the subscribers? How this issue can be addressed?

Our Comment:

1. Broadcaster should offer the SD and HD bouquets separately. Packaging at the retail level would be done by the DPO as per the demand and requirement of the subscribers.

Q28. Do you agree that separation of FTA and pay channel bouquets will provide more flexibility in selection of channels to subscribers and will be more user friendly? Justify your comments.

Our Comments:

1. Customer does not buy channels basis whether they are Pay or FTA. For him, the criterion is whether he likes the content in the Channel. Pay / FTA are Broadcaster – DPO facing criteria and have no implication on the customer. Hence there is no need to separate FTA and Pay Channels packaging.

Q31. Should the carriage fee be regulated? If yes, what should be the basis to regulate carriage fee?

Q32. Under what circumstances, carriage fee be permitted and why?

Q33. Is there a need to prescribe cap on maximum carriage fee to be charged by distribution platform operators per channel per subscriber? If so, what should be the “price Cap” and how is it to be calculated?

Our Comments:

1. There are 830 + channels while the capacity of a DTH Operator is limited. Unless the DTH operations reach a critical mass in term of active subscriber base, it is difficult even to be EBITDA positive. Most DTH operators are PBT negative. The high RIO rates of the Broadcasters, compels the DPOs to push their channels in their widely distributed pack , push all their non moving channels also onto the platform as well as take away the premium Channel numbers to avail of discount from the Broadcasters. There is no scope for earning any placement fee and limited scope for earning any carriage fee from the Broadcaster as the capacity is taken away by the Pay Channel broadcasters in lieu of giving discounts.
2. Hence there is no need to regulate carriage fee on the DTH platform. It should be under forbearance and to be decided between the DPO and broadcasters.

Q36. Is there a need to regulate variant or cloned channels i.e. creation of multiple channels from similar content, to protect consumers’ interest? If yes, how should variant channels be defined and regulated?

Our Comments:

1. Cloned Channels can be classified in 3 buckets:
 - (a). Channels running the same content but in different languages almost simultaneously.

- (b). A New Channel running the content which was played on an existing channel a few years back.
 - (c). same content but shown as HD and SD.
2. Cloned Channels as mentioned in point (a) above should not be permitted as separate Channels. Such Channels can add audio options of different language. This not only reduces the cost for the consumer but also saves the precious bandwidth.
 3. Cloned Channels as mentioned in point (b) above can be permitted but the content shown on the cloned Channel should be at 7 – 8 years older than when it was first shown on the original Channel. Such Channels should only operate as FTA Channels in the interests of the consumers.
 4. Cloned Channels as mentioned in point (c) : If the HD channel cost is reduced as per our view point given in response to Q26, then the price charged to the consumer also automatically also reduces to cover only the incremental cost of providing such Channel.

Q37. Can EPG include details of the program of the channels not subscribed by the customer so that customer can take a decision to subscribe such channels?

Our Comments: Yes, we already provide this feature however we do not think that this can help a subscriber to take a decision to subscribe.

Q38. Can Electronic Program Guide (EPG) include the preview of channels, say picture in picture (PIP) for channels available on the platform of DPOs but not subscribed by the customers at no additional cost to subscribers? Justify your comments.

Our Comments:

1. Yes, we do support Picture (thumbnail) in Graphics (EPG) for unsubscribed channels however this is resisted by the broadcasters. It is also possible to have a “preview” mode for unsubscribed channels which would allow the consumer to sample this channel for a very short duration which will help the consumer to take a purchase decision. This will be a win-win proposition for the consumer, broadcaster and the DPO.

Q39. Is the option of Pay-per-program viewing by subscribers feasible to implement? If so, should the tariff of such viewing be regulated? Give your comments with justification.

Q40. Will there be any additional implementation cost to subscriber for pay-per-view service?

Our Comments:

1. Technically this is doable but requires a lot of development effort at the STB as well as SMS level. This will also add to operational costs. Per channel ARPUs are quite low, so

providing this feature will not result in lowering the cost to the consumer, thereby defeating the very purpose of this feature.

2. Further, the onetime cost required to implement the PPV service will be substantial as it requires changes in CAS, SMS and STB client software. This will also result in increase in DPO's operating costs. Hence, it is not the right time to regulate the PPV services.
