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Telecom Regulatory Authority of India (TRAI)
Mahanagar Door Sanchar Bhawan
Jawahar Lal Nehru Marg
Next to Dr. Zakir Hussain College
New Delhi. 110 002

Sir,

I am writing to register our views with respect to certain issues raised in the consultation paper on tariff issues related to TV Services issued on 29 January 2016 (*Consultation Paper*).

(a) **Tariff Models-Models at wholesale and retail level**

1. 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.

Given all the technological changes that TRAI has been spearheading in this sector, we would support the Regulated RIO model (as suggested in para 4.10.5.3 of the Consultation Paper) in the near term with a thrust to price forbearance in the long term. However, no price cap should be prescribed for a category of channels and TRAI should not regulate prices of channels at the wholesale level. The pricing of the channels should be determined by market forces but TRAI may provide for ensuring transparency in pricing.

2. 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.

In view of the prevalent competition in the market in the form of availability of the various delivery platforms such as digital cable, DTH and IPTV the price forbearance model as stated in para 4.11.8.1 of the Consultation Paper should be adopted at the retail level. DPO's are well placed to determine for their customer base the packaging and offering that is ideal for his market and gives him the flexibility to ensure that his customers are taken care of.

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

All the rates will be mentioned in the RIO which would be readily available on the website and filed with TRAI. RIO will be the starting point of all negotiations. The final interconnect agreements will be filed with TRAI thus ensuring transparency and non-discrimination.



4. 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.

See our response to 1.2 above.

(b) Integrated Models

5. 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.

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

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

As stated above we believe that the current prevalent model as also elucidated in the price forbearance model at the retail level is the best model for the time being and therefore we would not like to suggest any of the models suggested in para 4.12 of the Consultation Paper.

(c) Channel Pricing Framework

8. Is there a need to identify significant market powers?

There is no need to identify significant market power as the tenets of consumer demand, non-discrimination and transparency coupled with existing laws such as the Competition Act, 2002 which prohibits anti-competitive agreements and abuse of dominant position are is adequate deal with any anti-competitive behavior.

9. What should be the criteria for classifying an entity as a significant market power? Support your comments with justification.

There is no appropriate criteria for classifying an entity with significant market power. Reliance on data such as BARC will be erroneous as popularity of a particular content in a week cannot be a measure of an entities' significant market power.

Even the experience of the erstwhile MRTP Act has shown that classification of a dominant undertaking is unnecessary. What is required is to prevent abuse of dominant position which is adequately provided for in the Competition Act, 2002.

10. Should there be differential regulatory framework for the significant market power? If yes, what should be such framework and why? How would it regulate the sector?

It is difficult to envisage how a differential regulatory framework would be applicable to an entity which has just found out from the BARC report that their content was very popular in the previous week. Effective regulation has to be consistent and predictable so as to avoid confusion, create a stable regulatory environment, foster business confidence and minimise litigation.

(d) Channel Pricing Methodologies

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

Price freeze as well as the freeze on the composition of the bouquet is no longer warranted and should be immediately done away with. The price freeze was stipulated by TRAI in 2004 in analogue regime whereby the rates of the bouquets of channels prevalent on 26/12/2003 and the composition of these bouquets were frozen. TRAI had itself indicated in the Tariff Orders that freeze is temporary and is likely to be lifted once there is an adequate competition and digitalization. However, tariff freeze has continued for 12 years now. The continuation of the price freeze has caused distortion in the prices of channels inasmuch as whereas prices of the channel which were existing in December 2003 have remained frozen. (as they have been derived from the bouquets which were frozen in December 2003), while the new channels in the same genre /category have been priced higher. This has led to heavy discounting in the case of newer channels thus causing distortion. Accordingly we are of the view that the said price freeze as well as the freeze on the composition of the bouquets need to be discontinued.

12. 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.

The true value of our various channels is much more than the prevalent caps and ceiling as mentioned in the Consultation Paper. With removal of tariff freeze, Turner should be allowed the flexibility to price its channels.

13. 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.

No comments.

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

Please see our response to questions 8, 9 and 10 above.

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

There should be no price cap for reasons stated in response to questions 11 and 12 above.

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

There should be no price cap for reasons stated in response to questions 11 and 12 above.

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

