



Ortel Communications Ltd.

www.ortelcom.com

Bringing Convergence to India

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Ref:ORTEL/TRAI/CP
Dtd: 10th March, 2016

WITHOUT PREJUDICE
By HAND/E-mail

To
Telecom Regulatory Authority of India,
MahanagarDoorsancharBhawan,
Jawaharlal NehruMarg,
NEW DELHI # 110002

Kind Attention: Mr. S.K. Gupta, Principal Advisor (B & CS)

Subject: Comments on Consultation Paper on Tariff issues related to TV services.

Dear Sir,

We write to you, in response to the Consultation Paper No.01/2016 Dated 29th January 2016 on "Tariff Issues Related to TV services". We have perused in detail the Consultation Paper(CP)and at the outset, would like to congratulate Telecom Regulatory Authority of India(TRAI) for publishing such a well thought out and comprehensive Consultation Paper which we believe will have far reaching positive impact on the industry.

As a matter of back ground, Ortel Communications Ltd., is pioneer in providing convergence communication services in the country. It has always beenCompany's vision to provide Cable TV, Data services and Internet Telephony on a single cable to the households. The Company has laid its own network with reverse path compatibility to provide triple play services. Ortel provides connection to customers directly and has control over the last mile.

We understand that, the primary purpose which Telecom Regulatory Authority of India(TRAI) seeks to achieve by this Consultation Paper are: (A)To develop a transparent, non discriminatory and simplified tariff structure for addressable TV distribution of "TV Broadcasting services" across digital broadcasting delivering platforms (DTH/CABLE TV/HITS/IPTV) at wholesale and retail level.(B)To reduce disputes between the stake holders across the value chain encouraging a healthy growth and providing good quality content across different genres.

Keeping these objectives in mind, our comments on various broad issues raised by the Authority are as follows:

(A) BROADCASTING TO DISTRIBUTION PLATFORM OPERATORS (DPO)

1. We are of the view that there should not be any kind of price Cap for any channel. The Broadcasters should have the freedom of pricing their channels keeping in mind the viewers' interest as well as their own business interests.

2. A-la-carte pricing of channels should be made MANDATORY. The broadcasters should be prohibited from making bouquet pricing since a bouquet at a Broadcaster level will create bottlenecks at DPO level for providing choices to consumers. Since one of the key objectives of DAS has been to provide choice at the hands of the consumers to choose their own channel list, Bouquet at the Broadcasters level must be strictly prohibited.
3. While making this a-la-carte price mandatory, NO other options or any other type of deal should be allowed. The Broadcasters should also not be allowed to offer discounts to DPOs linked to any other factor such as Volume, Carriage, Placements, and Reach etc. This will ensure that the cost of a particular channel remains uniform for all DPOs, irrespective of their size or geographical presence, across the country enabling them to get into a fair competition in running their business.
4. It is obvious that all the Broadcasters should offer the al-a-carte per customer (as per SMS) price of its channel on a Non Discriminatory basis to ALL DPOs (DTH/CATV/HITS/IPTV etc) in all markets across the country.
5. For operational transparency all the deals shall be on per subscriber basis based on monthly SMS report, i.e. $(\text{Month Opening Subscriber} + \text{Month Closing Subscriber})/2 = \text{Total number of Subscriber of the Month}$. For these subscribers, the DPO is liable to pay as per the al-a-carte rate given by the Broadcaster for the corresponding channel.
6. The Broadcasters should be asked to make available for public scrutiny, their agreements with various DPOs to ensure transparency and non discrimination.
7. There should be a "Must Provide" for all Broadcasters to those DPOs who agree to pay A La carte published prices of the respective channel(s) based on SMS.

(B) DISTRIBUTION PLATFORM OPERATORS (DPO) TO CONSUMER

1. The DPOs pricing to Consumers should be clearly segregated into two parts: One for FTAs and another for Pay Channels.
2. As far as FTAs are concerned, each DPO should mandatorily provide a minimum of 100 FTA include maximum around 10 must carry Govt. owned public interest channels. The selection of the balance FTAs should be left to the respective DPOs. They should take this decision based on the general market demographics.
3. The pricing of the FTA Bouquet should not be regulated and best left to the DPOs. The DPOs should decide the FTA Bouquet pricing based on their Consumers' interest as well as various business dynamics like Capex-Opex parameters, level of competition etc.





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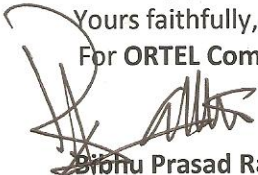
4. So far as the Pay channels are concerned, it should be made mandatory for all DPOs to offer channels to consumers on a purely A la Carte basis.
5. The DPOs should charge the al-a-carte price of the pay channel given by the Broadcaster to the DPOs with a maximum addition of 25 % towards handling charges / distribution margin. This margin should be capped by the Regulator.
6. There cannot be any "Must Carry" regulation for DPOs. Most digital platforms in the country have capacity to carry 200-300 Channels whereas the total no of channels available are around 900 in number. Hence it is not possible on the part of any DPO to adhere to a Must Carry regulation. Also the DPO being a direct consumers centric business, they will have to keep in mind the consumers demand while finalizing the channel list.

(C) CARRIAGE AND PLACEMENT

1. We are of the opinion that, Carriage and Placement Fess should NOT be regulated at all. It should be left to the parties to mutually decide based on their respective commercial interests.
2. In case any DPO is demanding Carriage Fee from a Channel, the concerned channel is free to refuse and not get carried. There are enough competitive platforms where the channel can be carried as an alternative and be available to consumers.
3. In any case, majority of the channels even now do NOT pay carriage fee. There are many channels we carry on our network without any carriage fee. The channels should focus on creating consumer pull through their content in order to compel the DPOs to carry it. It is pertinent to note that many channels have successfully achieved this objective in the past.
4. The Broadcasters have Advertisements as a major revenue stream in addition to the Subscription revenue. So there is nothing wrong for DPOs to have two different revenue stream ie Subscription and carriage.

In a nutshell, we would request the Regulator to take steps for the Industry to be conducted in a Transparent and Non Discriminatory manner with an objective to keep the real choice in the hands of the consumers while leaving the Pricing to the market forces

Thanking you,
Yours faithfully,
For ORTEL Communications Limited,


Dhru Prasad Rath
President and CEO