MOTION PICTURE DIST. ASSOCIATION
(India) Private Limited

Via: Email/ Courier

March 18, 2016

To,
Mr. S.K. Gupta
Pr. Advisor (B&CS)
Telecom Regulatory Authority Of India
Mahanagar Door Sanchar Nigam,
Old Minto Road
New Delhi – 110 002

Sub: MPDA Comments on Consultation Paper No.: 01/2016 on Tariff Issues related to TV Services

Dear Sir,

The Motion Picture Dist. Association (MPDA) is a trade association representing six major international producers and distributors of films, home entertainment and television programs.[1] The companies that we serve devote substantial effort and resources to developing a wide range of entertainment content and services in a variety of formats and on a variety of media, including the Internet.

We understand and appreciate that TRAI through this consultation paper seeks to review existing tariff arrangements and develop a comprehensive tariff structure for addressable television distribution of *TV Broadcasting Services* across Digital Broadcasting delivery platforms. We also appreciate that the paper seeks to encourage investment and healthy growth in the TV sector.

We note that despite the Ministry of Information and Broadcasting's recent increase in Foreign Direct Investment (FDI) caps and past recommendations by TRAI to increase FDI for MSOs to achieve digital transition, the total amount of FDI inflows in the Information and Broadcasting Sector in India from April 2000 to September 2015 has been very low (1.61%). Although the number of television channels has increased over the years, several broadcasters have had to downsize their operations[2] or exit the Indian market. U.S. media companies including studios and networks have made extensive investments in the Indian market over the past fifteen years and we hope to continue our engagement with the Government to develop investor friendly policies that will provide market confidence to spur growth in this sector.

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[1] The Motion Picture Dist. Association (India) Pvt. Ltd. (MPDA)), is a wholly-owned subsidiary of the Motion Picture Association, a trade association representing six major international producers and distributors of films, home entertainment and television programs: Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLC, Walt Disney Studios Motion Pictures and Warner Bros. Entertainment Inc.

[2] ESPN; Imagine TV, HBO Define and TCM owned by Turner; RTL (Bertelsmann)

While it is not our intention to provide detailed comments on the consultation, we would like to propose the following principles for your kind consideration:

I. Tariff Models, Niche and HD Channels

We understand that existing television regulations on tariffs in India were put in place as an "interim" measure during the initial digitization program, which as of today, has yet to achieve the intended objective. To ensure India's television sector remains relevant and competitive in the digital environment, India should remove all regulatory interventions in terms of price caps at the wholesale and retail levels. More specifically, in relation to both niche channels and HD channels, both types of channels should be excluded from the regulated tariff framework and be given complete freedom to compete on price. The broadcasters, cable, satellite and IPTV operators will then have the ability to compete on a level-playing field and maximize the output and true value of their offerings. This freedom will encourage investment in programming, foster innovation of and experimentation with business models, and provide consumers higher quality and more diverse content. Such an open market environment can best guarantee that the television market will not be distorted to the detriment of consumers, creators and providers

II. Bundling and A-la-carte

The flexibility to offer channels in bundles as well as a-la-carte has been practiced by countries around the world. Bundling allows channels to expand their distribution, consumers to sample channels, and in return help defray costs that would otherwise be passed on to consumers through higher subscription fees. If a-la-carte is mandated, smaller or newly launched channels will struggle to attract subscribers and grow its base that is important for advertisers, and in the long run will affect its survival in a competitive market environment.

Conclusion:
As India continues to develop its thriving creative industry, a transparent, deregulated tariff market environment is essential to build investor confidence, foster the creation of high-value television content, benefiting India's consumers and its economy.

We thank the Authority for the opportunity to comment on this consulation paper and remain available for further participation in the Authority's continued consideration of this issue.

Sincerely,

Uday Singh
Managing Director