

To,  
**Mr. Wasi Ahmad**  
Advisor (B & CS)  
Telecom Regulatory Authority of India  
New Delhi.

3<sup>rd</sup> July, 2013.

**Sub:-Comments and suggestions on the Draft Tariff Order for Direct to Home Broadcasting Services.**

**Ref:-**

1. Tariff Order dated 21<sup>st</sup> July, 2010 Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff Order, 2010.
2. Amendment Order dated 30<sup>th</sup> April, 2012 to Tariff Order dated 21<sup>st</sup> July, 2010.
3. Draft Tariff Order mentioning twin conditions, released by TRAI on 4<sup>th</sup> June 2013.
4. Our earlier response to Consultation paper no. 18 issued by TRAI.

Dear Sir,

This has reference to the above captioned draft Tariff Order for Direct to Home Broadcasting Services released by the Hon. Authority on 4<sup>th</sup> June, 2013. Whilst reiterating the statements made by us in our earlier response to the Consultation paper no. 18 issued by the Authority in this regard, we appreciate Hon'ble Authority's call for comments on the captioned Tariff and in this regard we point wise state as under:

**1. OLD AND NEW PROPOSED REGULATION:**

- 1.1 That the Hon'ble Authority vide Tariff Order Dated 21<sup>st</sup> July, 2010 had come up Regulation No. 6, regarding mandatory offering of pay channels on a-la-carte basis to ordinary customers and charges.
- 1.2 The aforesaid Regulation No. 6 was amended by the Authority vide Notification dated 30<sup>th</sup> April, 2012 by incorporating the following 2 conditions:
  - (a) The sum of a-la-carte rates of the channels forming part of such a bouquet shall in no case exceed one and half times of the rate of that bouquet of which such channels are a part; and
  - (b) The a-la-carte rate of each channel forming part of such a bouquet shall in no case exceed three times the average rate of channel of that bouquet of which such channel is a part;

1.3 Drawing inference from the aforesaid amended Regulation 6, the Hon'ble Authority vide its consultation paper no. 18/2012 dated 20<sup>th</sup> December, 2012 proposed 2 conditions for calculating the a-la-carte price of the channels offered to ordinary customers through addressable systems, namely:

- (a) The ceiling of ala-carte rates of pay channels forming part of the bouquet(s) which shall not exceed three times the ascribed value# of the pay channel in the bouquet;
- (b) The ala-carte rate of the pay channels forming part of the bouquet(s) shall not exceed two times the a-la-carte rate of the channel offered by the broadcaster at wholesale rates for the addressable systems.

1.4 Vide our representation on the consultation paper no.18/2012, we had already stated the disadvantages of implementation of the twin conditions and also illustrated vide a working chart as to how the proposed formula is not pragmatic and would lead to a-la-carte rate offered to customers being less than the RIO rate at which that particular channel is offered to us by the Broadcasters/MSOs. The referred response is attached as **Annexure E** to this letter. Kindly refer to page no. 4 of the response for the calculation/working chart.

1.5 Thereafter considering response from stake holders on the said consultation paper no.18/2012, the Hon'ble Authority on 4<sup>th</sup> June, 2013, has come up with modified formula for calculation of the ala-carte price which is as under:

- (a) The ala-carte rate of a pay channel forming part of a bouquet shall not exceed two times the a-la-carte rate of the channel offered by the broadcaster at wholesale rates for the addressable system; and
- (b) The ala-carte rate of a pay channel forming part of a bouquet shall not exceed three times the ascribed value of the pay channel in the bouquet.

Key modifications in the aforesaid formula are (i) the component "Factor" is withdrawn from calculation of A-la-carte rate of a channel and (ii) the ascribed value in condition (a) for a channel stands increased by withdrawal of "Factor Component.

1.6 However, the proposed modified formula does not resolve the difficulties demonstrated by us in our response to consultation paper no.18/2012. Therefore it becomes necessary to state the problems/disadvantages of the proposed Tariff Order.

## **2. PROBLEMS AND DIS-ADVANTAGES OF THE PROPOSED TARIFF ORDER:**

At the outset, we state that the provisions of Sec. 11 of TRAI Act do not envisage conferring the power on this Hon'ble Authority to regulate the rates of the channels offered to the customers either on a-la-carte or bouquet basis.

We urge that unless the wholesale rates of Broadcaster's offerings are controlled and capped, regulating retail rate would be arbitrary, illogical and not in the interests of the consumer at large. We have endeavored to illustrate in this response as to how regulating retail tariff price, without co-relating it with the wholesale price, consumer interest is not protected.

Following are important issues which need kind attention of this Hon' Authority:

### **A. A la Carte Price Will Be Always Lesser Than The RIO Price of Broadcaster:**

DTH Operators will end up offering a particular channel on lesser rate than the RIO rate offered by the Broadcaster i.e. the purchase price for DTH Operators shall be more than the selling price. This would have crippling effect on DTH Operators.

If the proposed formula is implemented then all DTH Operators/Digital Service Providers will invariably have to:

- (a) Either Reduce the number of channel offerings in the bouquet
- OR
- (b) Drastically increase price of bouquet

Besides this, any addition of new channel/s in the offering will change the entire pricing to consumers and Service Providers will be unable to meet the Price and Packaging Protection obligations.

*In any of the above scenarios end customer will be disadvantaged and at loss.*

### **B. Absence of Regulation and Control on RIO Rates:**

There is no regulation in place, which controls the RIO rates/ wholesale price determined by Broadcasters. Similarly there is no regulation which controls and establishes a link between Purchase price of Distributor and its sell price to end Service Provider /DTH operators. Thus for benefit of consumers, it



would be logical to first create a link between RIO price and retail price (a-la-carte Price) and then regulate RIO price at wholesale level in turn the maximum a la carte price will be automatically controlled.

**C. A-la-carte Rates Versus number of Channels offered in Bouquet :**

DTH Operators unlike broadcasters, have to offer bouquet of minimum of 150-250 channels to ensure that consumer gets maximum number of channels and has also to sustain in the competition.

In view of the above fact, it is humbly submitted that the very logic to fix a-la-carte price of a channel linked to the bouquet price offered by the DTH Operators/Digital Service Provider is flawed as unlike Broadcaster/Distributor the Retailer has to offer more number of channels in bouquets to provide variety of choices to the end customers, whereas the Broadcaster/Distributor offers very limited channels in particular bouquet.

Further, all DTH Operators/Digital Service Providers offer a particular channel in two or more Bouquets therefore on application of the proposed formula; the service provider has to select a minimum price of a channel from all bouquets of which such channel is a part. This will result in a la carte price of a channel getting drastically reduced Vis a Vis the RIO price/ Purchase Price. The same is illustrated in **Annexure-A**.

In light of the above it would be unjust to link a-la-carte price of particular channel with the number of channels offered in particular bouquet. Rather it would be ideal to link the a-la-carte rate with the RIO rate/purchase rate of DTH operators/Digital Service Providers.

**D. Drastic difference between HD RIO Rate and SD Rate:**

The Hon'ble Authority has proposed for DTH service providers to offer bouquet comprising HD Channels to customers having specialized STB's and further proposed to implement to offer the same bouquet excluding HD/3D channels to the other customers, by deducting the ascribed value of the HD Channels in such bouquet. We would like to bring the following important issues faced by Retailers/DTH Operators/Digital Service Providers in this regard:

- In case HD channel is offered a-la-carte or ascribed value of such HD Channel is calculated in particular bouquet then in all the cases a-la-carte value of such HD Channel will be much lesser than the RIO price

thereby causing substantial loss to the Service Provider. This is illustrated in **Annexure B** to this letter.

- The rate of HD Channels and bouquets offered by the Broadcasters are uncapped/unregulated in-turn allowing Broadcaster to price the HD channels/HD bouquet at unreasonably high price in comparison to the same channels offered in SD. The comparative chart illustrating the above is attached as **Annexure C**.

It is important to regulate the Price of HD channels offered by Broadcasters by creating a link between RIO price of SD channel and HD channel price offered by the Broadcaster and put a cap on a-la-carte price in multiples of the RIO price of such HD Channel.

Effectively issues raised by us in our response to the consultation paper no. 18/2012 remain unaddressed and unresolved even in the proposed tariff regulation.

*Keeping customers interest in mind, it is suggested that the cap on HD rate as a multiple of SD RIO rate be kept at 1.5 Times.*

### **3. NEGATIVE EFFECTS ON CUSTOMERS:**

The very purpose of the Proposed Regulation is to protect the interests of customers, stands defeated with proposed twin conditions. Following would be negative effects on customers:

#### **3.1 Consequence of implementation of Ascribed Value:**

Implementation of ascribed value would result in much higher pricing for consortium of a la carte channels chosen by customer as compared to the same number of channels offered on bouquet price by service provider. This is illustrated in **Annexure D**.

It needs to be noted that if a Customer opts for channels on a-la-carte basis the number of channels already available in the bouquet, then he will have to :

- A- Either Select lesser number of channels within his/her price band**  
**OR**
- B- Pay substantially higher price as compared to the Bouquet Rate currently offered by Service Provider.**

#### 4. REGULATORY ISSUES:

Application of proposed TWIN conditions forces DTH operator to revise a la carte prices of all channels on addition of single channel, even if at no extra cost levied to consumer. Proposed TWIN condition forces to recalibrate both in prices and composition of bouquet. However, Quality of Standard Regulation prohibits the operators to make the changes in the price or composition of subscribed channels during first six months of the date of enrolment. Resultantly, there would be a scenario where one regulation would be complied with at the cost of non observance of another regulation which non observance would not be attributable to the DTH service providers. From this view point also the proposed tariff regulation is unsustainable and impractical.

#### **SUMMARY OF SUGGESTIONS FOR ACHIEVING THE OBJECTIVE OF THE HON' AUTHORITY IN THE PROPOSED REGULATION**

##### **1. Regulation on Retail Tariff should be continued to be forborne**

Post Digitalization there is enough competition in market forcing service providers to keep competitive pricing and packaging. The consumer is getting variety of options and maximum number of channels at a reasonable/minimum price. In the current scenario there is neither any loss nor any disadvantage to the consumer. Besides this there is no regulation controlling wholesale rate therefore it is urged that Hon'ble Authority should forbear from regulating retail price.

##### **2. Regulate and control RIO Rate and cap A-la-carte Rate in multiples of RIO Rate**

On creation of linkage between SD RIO rate of a channel, ala carte rate for the same and the rate for its HD version, logical inter-linkages across the value chain from Broadcaster to Platform to End Customer would have been established.

Once above inter-linkages are established, regulating and controlling RIO rate will automatically set the entire value chain in order uniformly, without prejudice to anyone.

- (a) It is suggested that the a la carte rate be **three times** of RIO rates and other condition be dispensed with being impractical
- (b) We also propose that RIO HD rates needs to be governed and ideally it should be priced 1.5 times of RIO SD rate of same channel.



### 3. Ascribed Value Concept be dispensed with

It is urged that considering the above mentioned difficulties, disadvantages and resultant business loss on proposed implementation of second condition (b) in proviso of sub clause (1) of clause 6 of Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff Order, 2010 (1 of 2010) thereby relating a-la-carte price with ascribed value be dispensed with.

In the backdrop of the aforesaid, we urge to the Hon'ble Authority to kindly consider the aforesaid suggestions. We also request the Hon'ble Authority to give us an opportunity of personal hearing to enable us explain all the aforesaid issues, difficulties.

**Thanking you !**

Yours faithfully,

for Bharat Business Channel Limited



Authorized Signatory.

S. K. Singh

Head- Regulatory & Compliance

## Annexure A

### A-la-carte rates versus number of channels offered in Bouquet

Price (Ex Taxes) No. of Channels	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5 (HD)			
	Rs. 196	Rs. 254	Rs. 303	Rs. 352	Rs. 428			
	194	203	236	245	266			
	3 Times Ascribed Value in Various Packages					Lowest	RIO Rate	Ala Carte Rate
Star Plus	9.55	10.00	9.95	10.80	5.18	5.18	7.87	5.18
Zee TV	7.08	7.41	7.37	8.00	3.84	3.84	5.83	3.84
Colors	10.91	11.42	11.36	12.34	5.92	5.92	8.99	5.92
Life Ok	11.19	11.71	11.65	12.65	6.07	6.07	9.21	6.07
Sony TV	10.91	11.42	11.36	12.34	5.92	5.92	8.99	5.92
SAB	7.49	7.84	7.80	8.47	4.07	4.07	6.17	4.07
Sahara One	10.45	10.94	10.88	11.82	5.67	5.67	8.61	5.67

**Note:**

- 1) In all cases Ala Carte rate is lower than the RIO rate
- 2) The ascribed value of same channel would differ in every package creating very complicated market place
- 3) On addition or deletion of any channel in any package, above rates would change resulting in lot of confusion and constant change of customer ala-carte price



## Annexure B

### Ascribed Value Vs Rio Rate Comparison for HD Channels

HD Channels	RIO Rate	2 X RIO Rate	3 X Ascribed Value	Ala Carte Rate
NGC HD	16.00	32.00	10.55	10.55 < RIO
Star plus HD	30.00	60.00	19.78	19.78 < RIO
ESPN HD	142.00	284.00	93.63	93.63 < RIO
Star World HD	20.00	40.00	13.19	13.19 < RIO
Zee Studio HD	30.00	60.00	19.78	19.78 < RIO
CNBC TV18 Prime HD	40.00	80.00	26.38	26.38 < RIO
Colors HD	50.00	100.00	32.97	32.97 < RIO
Star Cricket HD	120.00	240.00	79.13	79.13 < RIO
Six HD	300.00	600.00	197.82	197.82 < RIO
Movies Now HD	30.00	60.00	19.78	19.78 < RIO
Star Gold HD	30.00	60.00	19.78	19.78 < RIO
Zee TV HD	30.00	60.00	19.78	19.78 < RIO
History HD	35.00	70.00	23.08	23.08 < RIO
Sony HD	40.00	80.00	26.38	26.38 < RIO
Star Movies HD	30.00	60.00	19.78	19.78 < RIO
Zee Cinema HD	30.00	60.00	19.78	19.78 < RIO
Ten HD	125.00	250.00	82.42	82.42 < RIO
Discovery HD	21.00	42.00	13.85	13.85 < RIO
Life OK HD	30.00	60.00	19.78	19.78 < RIO
Travel XP HD	30.00	60.00	19.78	19.78 < RIO

#### Note:

1. In all cases Ala Carte rate is lower than the RIO rate. Infact this issue is magnified further in HD channels as compared to SD channels

## Annexure C

### Chart Showing Comparison of SD and HD rate Comparison

Channel Name	SD RIO Rate	HD RIO Rate	Ratio	Difference
Star plus	7.87	30	3.81	22.13
ESPN	14.88	142	9.54	127.12
Star World	2.05	20	9.78	17.95
Zee Studio	3.15	30	9.54	26.85
CNBC TV18 Prime	3.82	40	10.47	36.18
Colors	8.99	50	5.56	41.01
Star Cricket	12.58	120	9.54	107.42
Sony Six	14.70	300	20.41	285.30
Movies Now	7.14	30	4.20	22.86
Star Gold	7.42	30	4.04	22.58
Zee TV	5.83	30	5.15	24.17
History	6.72	35	5.21	28.28
Sony	8.99	40	4.45	31.01
Star Movies	7.42	30	4.04	22.58
Zee Cinema	5.83	30	5.15	24.17
Ten	14.70	125	8.50	110.30
Discovery	6.74	21	3.12	14.26
NGC	2.58	16	6.20	13.42
Life OK	9.21	30	3.26	20.79

**Note:**

1. The difference in HD rate as compared to SD rate of the same channels is as high as 20 times in some cases
2. It may be noted that the content viewed by the customer remains the same, however he has to pay an prohibitively higher premium for the HD version due to non regulated RIO rates of HD version
3. While this might not seem like an issue today, in some years when the country will have several million customers watching HD services, they will be at mercy of broadcaster
4. It is important to have a formula/regulation around HD rate, keeping in mind the SD rate of the same channel

## Annexure D

### Package Price Vs Value Offered Comparison

Packages	No of Channels	Bouquet Rate (A)	Σ RIO Rates of Channels in the Bouquet (B)	Ala Carte Rate = RIO Rate X 3 (C)	Ratio (C/ A)
Tier 1	150 - 200	196 - 200	370 - 400	1110 – 1200	5.4 - 6.0
Tier 2	160 - 210	240 - 270	400 - 530	1200 – 1590	5.4 - 6.0
Tier 3	200 - 250	300 - 350	550 - 700	1650 – 2100	5.4 - 6.0
Tier 4	230 - 300	330 - 380	600 - 800	1800 – 2400	6.0 – 6.6
Tier 5 (HD)	250 - 320	450 - 600	1800 - 2000	5400 - 6000	10 – 12

**Note:**

1. All packages offered currently give customers substantially more value for money as compared to the ala carte rates of channels within the package
2. It may be noted infact that the same is substantially more than even the RIO rate of channels within the package
3. Implementation of Ascribed value kind of concept, would force the industry to reduce the channels within the package OR increase the price substantially



**ANNEXURE - E**  
**COPY OF OUR EARLIER RESPONSE**  
**RESPONSE TO CONSULTATION PAPER NO.18 / 2012**  
**BY BHARAT BUSINESS CHANNEL LIMITED (Videocon d2h)**

**A. Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems.**

**Carriage fee**

- (1) Whether the following proviso should be introduced in the clause 3(2) of the interconnection regulations for DAS and the clause 3(5) of interconnection Regulation for DAS should be deleted.

“provided that the provisions of this sub-regulation shall not apply in the case of a multi-system operator, who seeks signals of a particular TV channel from a broadcaster, while at the same time demanding carriage fee for carrying that channel on its distribution platform.”.

- (2) If no, the reasons thereof.

**Response:**

- Yes, the proposed proviso should be introduced to maintain level playing field.
- In Present Model followed by Broadcasters and the MSO, the carriage fee being paid by the broadcasters to the MSO is offset from the subscription charges, resulting in net payout of the MSO is significantly lesser than the DTH operators.
- The net effective realisation to the Broadcaster from Digital Cable is much lesser then what is there on the contract as the same is offset by carriage fee given to the MSO resulting in discrimination. This is resulting in non maintenance of level playing field and discrimination.
- The regularisation and clarity need to be brought in carriage fees payment. The clarity can be brought in by regulating payment of carriage fees per active subscriber of Digital Cable /DTH operator. We propose carriage fees @ Rs.0.50 per active subscriber of the Digital Cable /DTH operator can be paid, depending on active subscriber base of Digital cable/DTH operator.

### Minimum Channel Carrying Capacity of 500 Channels for MSOs

- (3) Whether there is a need to specify certain minimum channel carrying capacity for the MSOs in the interconnection regulations for DAS.
- (4) If yes, what should be the different categories (example cities/town/rural area) of areas for which minimum channel carrying capacity should be prescribed and what would the capacity for each category.

#### Response:

Specifying a minimum number of channels for MSOs on a national or on regional basis would mean that the DTH necessarily have to carry more or equal number of channels, in order to maintain level playing field, considering that all DTH service providers have a pan India presence. Unlike MSOs, DTH has to cater to all their customers from different regions. Given the capacity constraints faced by DTH, due to availability of satellite, the Association is of the view that this number needs to be reduced considering the capacity constraints faced by the DTH.

It shall be left with the discretion of particular MSO as per market available to it.

### Placement Fee

- (5) Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated. The stakeholders are requested to submit their comments with justifications.

#### Response:

- The placement fees should also be regulated, such that
- There should not be any discrimination for payment of placement fees to MSO, DTH and any other addressable platform for same channel, so that will not disturb level playing field between two operators ready to place the broadcasters channel with same priority.

## B. Issues related to amendments to the Tariff Order applicable for Addressable Systems.

### Twin conditions at retail level

- (6) The stakeholders are requested offer their comments on the following twin conditions, to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s).
- The ceiling on the a-la-carte rates of pay channels forming part of bouquet(s) which shall not exceed three times the ascribed value# of the pay channel in the bouquet;
  - The a-la-carte rates of pay channels forming part of bouquet(s) shall not exceed two times the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable systems.

#ascribed value of a pay channels in a bouquet is calculated in the following manner:

1. Proportionate Bouquet Rate for pay channels [A]=

Bouquet Rate x (Sum of a la carte rate of Pay channels)/(Sum of a la carte rate of Pay channels+ Total no of FTA channels x factor\*)

2. Ascribed value of a pay channel in a bouquet = [A] x a-la-carte rate of a pay channel/ (sum of a-la-carte rate of all the pay channels)

\*factor=1 if uniform rate of free-to-air channel is less than or equal to Rupees three. The factor = uniform rate of free-to-air channel/ 3, if the uniform rate of free-to- air channel is greater than Rupees three.”



**Response:**

Analysis of above twin condition can be done through below trial Calculation for finding a la carte value of Star Plus channel having Broadcasters wholesale a la carte rate as per RIO Rs. 7.87

<b>Super Gold Pack</b>	<b>New Gold Sports Pack</b>
Bouquet Rate = INR 178 (w/o tax). No. of PAY channels = 83. No. of FTA channels = 104.	Bouquet Rate = INR 236 (w/o tax). No. of PAY channels = 92. No. of FTA channels = 104.
Uniform rate of FTA channels = INR 5. Hence, Factor = $5/3 = 1.67$ .	Uniform rate of FTA channels = INR 5. Hence, Factor = $5/3 = 1.67$ .
Sum of a-la-carte rate of all pay channels in Super Gold pack = INR 367.	Sum of a-la-carte rate of all pay channels in Gold Sports pack = INR 487.
So, Proportionate Bouquet Amount = $(178 \times 367) / (367 + 104 \times 1.67) = 121$ .	So, Proportionate Bouquet Amount = $(236 \times 487) / (487 + 104 \times 1.67) = 174$ .
So, Ascribed Value (e.g. for Star Plus) = $(7.87 \times 121) / 367 = 2.59$ .	So, Ascribed Value (e.g. for Star Plus) = $(7.87 \times 174) / 487 = 2.81$ .
As per Condition (a), max. a-la-carte rate for Star Plus = $3 \times 2.59 = \text{INR } 7.77$ .	As per Condition 1, max. a-la-carte rate for Star Plus = $3 \times 2.81 = \text{INR } 8.44$ .
As per Condition (b), max. a-la-carte rate for Star Plus = $2 \times 7.87 = \text{INR } 15.74$ .	As per Condition 2, max. a-la-carte rate for Star Plus = $2 \times 7.87 = \text{INR } 15.74$ .
Hence, the lowest value as per the Regulation, (maximum a-la-carte rate) for <b>Star Plus = INR 7.77</b>	Hence, the lowest value as per the Regulation, (maximum a-la-carte rate) for <b>Star Plus = INR 8.44</b>

- As we see in the above calculation, a-la-carte rate for any channel varies from pack to pack. To finalize on a-la-carte rate for a channel, minimum value coming out of considering calculation for all packs needs to be taken in order to satisfy proposed formula.
- If we choose minimum value of all then final Retail a la carte value of "Star Plus" channel cannot be more than 7.77 (presuming of presence of the channel in only above two bouquet, however in reality all DTH operator will have more than one bouquet, containing such channel), admittedly the same is lesser than a la carte price of Rs. 7.87, offered by broadcaster.
- A channel in a bouquet will be present in one or more bouquet and hence as per condition (a) value of channel will have to vary in every bouquet; however there cannot be two a la carte value to a single channel depending on presence of channel in different bouquets.
- DTH operator will have to provide different bouquets to its consumers, all of which may contain one or more channel, then as per proposed condition (a) a la carte value of such channel will be different, all the time and minimum of all will be lesser than the RIO price of such channel.
- In view of above, the presence of condition (a) is not serving any purpose BUT is conceiving the same problem which we are trying to resolve.
- In relation to condition (b) considering the additional expenditure and burden incurred on DTH operators in serving channel on a la carte basis, the condition (b) be modified to the extent of "3 times" instead of "2 times" a la carte rates offered by broadcaster to service provider.
- Therefore we propose the formula can be simplified by deleting condition (a) being impractical and making condition (b), (with above suggested modification) alone applicable to determine a la carte price of channel.

### Minimum Subscription Period

- (7) The stakeholders are requested to offer the comments, if any, on the proposed deletion of the word “pay” in clause 6 and 6(2) of the principal tariff order dated 21.07.2010.

#### Response:

We recommend that the word “Pay” be deleted from clause 6.2 of the tariff Order of 21.7.2010. We would also place on record that though DTH had opposed this inclusion in the first instance, the Authority had mandated its inclusion, giving it time to upgrade their systems to take care of the issue. As this has been mandated, the use of the word “Pay” has become redundant and hence the provisions of the clause are applicable to all channels, subject to the other requirements mandated in the clause remaining the same.

### Freedom to choose the channel(s) on a-la-carte and/or bouquet(s)

- (8) The stakeholders are requested to offer their comments, if any, on the proposed inclusion of the following provision after sub-clause 6(4) in the tariff order dated 21.07.2010, as amended.

“It shall be open to the subscriber of the addressable systems to subscribe to one or more pay channel or only free to air channels or only pay channels or pay channels and free to air channels.”

#### Response:

Service Providers form bouquets based on the requirements of their subscriber base. Bouquets are also created to cater to the regional demands, giving the subscriber an opportunity to opt for a bouquet carrying channels of the region he chooses to view. Bouquets created may consist of both Pay and Free channels, only pay or only free channels. This is left to the Service Provider. This is besides the channels being available on a-la-carte basis.

We recommend that this clarity be incorporated suitably in the proposed addition to the clause.



*Offerings of Bouquet(s) of channels which require special Set Top Boxes (STBs) such as High Definition Television (HDTV) or Three Dimensional Television (3D TV) channels etc.*

- (9) Whether the channels that require special type of STB be offered only on a-la-carte basis or as part of separate bouquets that consists of only those channels that require a particular type of specialised STB.

Response:

- Firstly wholesale pricing of HD channels should be regulated. The wholesale RIO pricing of HD channel should not exceed 2 times of wholesale price of same SD channel.
- Channels that require special STBs like HDTV or 3D TV, should be offered by the Service Provider based on his business model that is adopted, be it a-la-carte which he has to offer or in the form of bouquet of only HD/SD/3D or combination of any. This determination should be left to the Service Provider and kept in forbearance and the authority should not regulate on this matter.