

11th November, 2016

Principal Advisor (B&CS),

Telecom Regulatory Authority of India,

New Delhi.

**Sub: comments on draft Telecommunication (B&CS) Tariff order 2016**

Dear Sir,

At the outset, we congratulate the Authority on the efforts put in to streamline the Broadcasting and Cable Services to address the long pending issues of the industry.

In the last two decades, the MSOs after continuously losing money in analog era, pinned their hopes on digitalisation and have invested thousands of crores of rupees in digitalisation only to realise that the problems continued in digital era too as the ARPUs continued to be low and costs (content, bandwidth and other operational costs) went out of control.

With just two months for phase 4 to get over on 31<sup>st</sup> Dec 2016, investors have been eagerly awaiting this new set of regulations as a cure to the woes of the industry.

The new set of regulations and the boost it can give to the MSO industry will decide the future prospects of investments in terms for further technology upgrade and growth of sector.

Having gone through the new tariff order, we are herewith submitting our comments with justifications. We most humbly request the Authority to

ensure the interests of MSOs/ LCOs is protected in addition to protection of the consumers so as to steer the cable industry from two decades of losses to next decade of sustainability and profitability.

Yours Sincerely,

For Asianet Satellite Communications Ltd

Authorised Signatory

Draft Regulation issued by TRAI	Proposed change in the draft Regulation	Reasons for the proposed change
<p>2(o) “<b>distribution platform</b>” means <b>distribution network of a DTH operator, multi-system operator, HITS operator or IPTV operator;</b></p>	<p>2(o) “<b>distribution platform</b>” means <b>distribution network of a DTH operator, multi-system operator, HITS operator or IPTV operator (including OTT platform and mobile TV apps)</b></p>	<p>IPTV guidelines recognises mobile device connected to internet as IPTV device. However the broadcasters are not cooperating in providing content to the OTT platform .</p>
<p>2(p) “<b>distributor of television channels</b>” means <b>any DTH operator, multi-system operator, HITS operator or IPTV operator;</b></p>	<p>2(p) “<b>distributor of television channels</b>” means <b>any DTH operator, multi-system operator, HITS operator or IPTV operator (including OTT platforms and mobile TV app</b></p>	<p>Since OTT / Mobile TV apps is fast growing platform, Authority is requested to include them explicitly in the definition</p>

	<b>provider)</b>	
<p><b>3. Manner of offering channels by broadcasters. – (1) Every broadcaster shall declare ----</b></p> <p><b>(a) the nature of each channel as ‘free to air’ or ‘pay’ for different relevant geographical areas as specified in Schedule I; and</b></p> <p><b>(b) the maximum retail price, excluding taxes, of each pay channel on a-la-carte basis, to be paid by the subscriber:</b></p> <p><b>Provided that the maximum retail price of a pay channel shall be more than ‘zero’:</b></p> <p><b>Provided further that the</b></p>	<p><b>3.Manner of offering channels by broadcasters. – (1) Every broadcaster shall declare ----</b></p> <p><b>a) the nature of each channel as ‘free to air’ or ‘pay’ for the entire country</b></p> <p><b>(c) the maximum retail price, excluding taxes, of each pay channel on a-la-carte basis, to be paid by the subscriber:</b></p> <p><b>Provided that the maximum retail price of a pay channel shall be more than ‘zero’:</b></p> <p><b>Provided further that the maximum retail price of a channel</b></p> <p><b>across India</b></p>	<p>It is recommended that the channel be FTA or pay with same prices throughout India and not vary geography wise as this will lead to interstate movement of DTH connections (as DTH operators have nationwide footprint ) which will be different from the registered</p>

<p>maximum retail price of a channel in a relevant geographical area shall be uniform for all distribution platforms in that area: Provided further that it shall be open for a broadcaster to declare any pay channel as a premium channel.</p>	<p>shall be uniform for all distribution platforms in that area: Provided further that it shall be open for a broadcaster to declare any pay channel as a premium channel across the country <b>if the viewership of the channel is less than 5%.</b></p>	<p>address in the CAF.</p> <p>Price arbitrage between areas will be disadvantage to MSO/LCO who don't have nationwide footprint.</p> <p>The premium channels also should maintain the same status across the country.</p> <p>To avoid converting a mass channel into a premium channel, the</p>
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		viewership of premium channel should be less than 5%
Clause 3(4): The MRP of a pay channel or a bouquet of channels may vary for different relevant geographical areas.	3(4): The MRP of a pay channel or a bouquet of channels must be same across the country.	If the channel prices are not uniform across geographic areas, DTH connections will move across states because of Price arbitrage between areas and will be a disadvantage to MSO/LCO who don't have nationwide footprint. Hence the MRP of a

		channel must be same across the country.
3(6) No broadcaster shall change the nature of a channel as declared under section (a) of sub-clause (1) of clause 3 for a period of six months from the date of such declaration:	3(6) No broadcaster shall change the nature of a channel as declared under section (a) of sub-clause (1) of clause 3 for a period of <b>twelve months</b> from the date of such declaration:	6 months is a short period and the minimum period can be kept as 1 year to avoid confusion among consumers. Similarly, premium channel shall maintain the status for 2 years for stability.
5. Cap on maximum retail prices for pay channels in addressable systems: (1) The maximum retail price of a pay channel transmitted in SD format in a given genre shall not exceed the rate specified for such		The cap as per in Schedule II is high as in analog era even though digitalisation has brought in transparency in declaration of sub base. Before digitalisation was completed the broadcasters were

<p><b>genre in Schedule II:</b></p>		<p>getting an effective rate of just 10% of the price ceilings of teh channels on analog platforms.</p>
<p><b>6. Manner of offering of channels by the distributor of television channels: (1) No distributor of television channels shall charge a rental amount exceeding rupees one hundred and thirty, excluding taxes, per month per set top box from a subscriber for providing a capacity so as to enable the subscriber to receive the signals of up to one hundred SD channels:</b></p>	<p><b>Manner of offering of channels by the distributor of television channels: (1) No distributor of television channels shall charge a rental amount exceeding rupees two hundred, excluding taxes, per month per set top box from a subscriber for providing a capacity so as to enable the subscriber to receive the signals of up to one hundred SD channels:</b></p>	<p>It may kindly be noted that MSO / LCO needs to bear transport cost to carry signals, unlike a DTH operator who needs to bear transponder cost to reach entire country and beyond.</p> <p>For an MSO to transport to a phase 3 or phase 4 town with about 3000 homes may cost about Rs.20 lacs- 24 lacs per annum to carry 200 channels which translates to about Rs.110 per subscriber for a 50%</p>

		market share considering DTH and other competitors. If we consider IT/SMS/Headend cost etc and LCO share, the minimum price for 100 channels should be Rs 200 considering phase 3 and 4 towns.
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While Authority aims to reduce the burden on consumer, a balancing is needed to allow MSO to charge higher BST price of Rs.200 and reduce the ceiling on various genres of pay channels to control the over all burden on subscriber so that MSOs end the run of losses and breakeven at the earliest.

We hope Authority will consider the constraints in reaching smaller towns and rebalance the price ceilings and allow higher price of Rs.200 for 100 FTA and reduce the pay channel ceilings for each genre to protect consumer interest.

Yours Sincerely,

For Asianet Satellite Communications Ltd

G.Sankaranarayana

President & COO.

Asianet Satellite Communications Ltd