



June 6th, 2022

To,

Anil Kumar Bharadwaj,

Advisor (B&CS)-II,

Telecom Regulatory Authority of India.

Subject: Comments/Observations on behalf of DEN Networks Limited on the Consultation Paper on “Issues related to New Regulatory Framework for Broadcasting and Cable services” dated 07.05.2022 (“CP”).

Dear Sir,

We would like to express our gratitude for providing us with the opportunity to share our observations on the Consultation Paper.

At the outset, it is noted that the comments in this paper are premised on our understanding of the broadcasting and cable TV industry practices, its gradual growth over the decade and the current legislative structure. We humbly acknowledge and appreciate the efforts that the Authority has put forth in initiating a CP on such a significant issue that is in relation to the issues relating to New Regulatory Framework for Broadcasting and Cable Services.

We agree and stand supportive of the vision that is envisioned by the Authority in this particular consultation paper. We also adopt reply submitted by AIDCF to this consultation paper.

However before responding to the queries posed in the Consultation Paper, by way of brief background, we would like to highlight the challenges being faced by the Multi-System Operators under the new regulatory framework, especially with implementation of NTO 2.0.

1. It is to be highlighted in order to bring to the notice of the Hon’ble authority that the primary challenge faced by us as a MSO is a trend of constant decline in the subscriber base for MSOs & DTH operators. As per TRAI’s own data,

DEN Networks Limited

CIN: L92490MH2007PLC344765

Page 1 of 7

Corp. Office: 236, Okhla Industrial Estate, Phase-III, New Delhi - 110 020

Landline: +91 11 40522200 || Facsimile: +91 11 40522203 || E-mail: den@denonline.in || www.dennetworks.com

Regd. Office: Unit No.116, First Floor, C Wing Bldg. No.2, Kailas Industrial Complex L.B.S Marg Park Site
Vikhroli(W), Mumbai, Mumbai City, Maharashtra, India, 400079

Landline: +91 22 20870451 || E-mail: den@denonline.in || www.dennetworks.com



during last more than one-year (approx. 8 quarters) total active number of DTH subscribers has decreased from 70.99 million to 68.89 million. Similarly, number of total active subscribers of major MSOs/HITS operators having more than 1 million subscribers, has decreased from 47.58 million to 45.55 million.

2. It is brought to the notice of the Hon'ble authority that some broadcasters are not impacted like other stakeholders by the reduction of the market size as they have presence in the OTT/Online market as well. The trend of losing the subscriber base is disturbing for the Authority and all stakeholders in the broadcasting and cable industry, but these large broadcasters have whatsoever no impact due to the reduction of the market size. However, MSOs, DTH operators and LCOs who employ more than 10 lakh people are directly impacted by the trend of reduction in subscribers.
3. Further, it is to be highlighted that too many changes in Regulatory framework brings huge paradigm shift in the broadcasting & cable industry which leads to massive erosion of subscriber base due to the inconvenience caused to the customers while complying. Hence we demand a stable regulatory regime for the cable TV operators.
4. Increase in the price would lead to the annihilation of MSO industry which is already witnessing churn of 2.5% per month.

Thanking You

Yours Faithfully



DEN NETWORKS LIMITED

DEN Networks Limited

CIN: L92490MH2007PLC344765

Corp. Office: 236, Okhla Industrial Estate, Phase-III, New Delhi - 110 020

Landline: +91 11 40522200 || Facsimile: +91 11 40522203 || E-mail: den@denonline.in || www.dennetworks.com

Regd. Office: Unit No.116, First Floor, C Wing Bldg. No.2, Kailas Industrial Complex L.B.S Marg Park Site
Vikhroli(W), Mumbai, Mumbai City, Maharashtra, India, 400079

Landline: +91 22 20870451 || E-mail: den@denonline.in || www.dennetworks.com

Specific responses to the issues raised in the Consultation Paper are detailed below for your perusal:

Q1. Should TRAI continue to prescribe a ceiling price of a channel for inclusion in a bouquet?

a. If yes, please provide the MRP of a television channel as a ceiling for inclusion in a bouquet. Please provide details of calculations and methodology followed to derive such ceiling price.

b. If no, what strategy should be adopted to ensure the transparency of prices for a consumer and safeguard the interest of consumer from perverse pricing? Please provide detailed reasoning/ justifications for your comment(s).

Response: Yes, the TRAI shall prescribe a ceiling price of a channel for inclusion in a bouquet. In the interest of the consumers, Channel prices shall be capped to Rs. 12 which has already been prescribed in New Regulatory Framework, 2020. This prescribed price would be affordable to the consumers and at the same time would **not be** detrimental to the broadcasters as they not only earn from the subscription price but also from the advertisement on their channels (as already pointed in the consultation paper), the more popular they are, more they will earn through advertisement. So, driver channels shall be provided under bouquets and those channels which are advertisement free shall only be present out of bouquet with no price cap. Further, MSO industry is witnessing churn of 2.5% per month and if there is even a slight increase in the prices of the channels it would lead to a complete annihilation of the DPO/MSO industry with broadcasters having an option to stream their shows on OTTs as well.

Q2. What steps should be taken to ensure that popular television channels remain accessible to the large segment of viewers. Should there be a ceiling on the MRP of pay channels? Please provide your answer with full justifications/reasons.

Response: Following steps shall be taken by the authority to ensure that popular television channels remain accessible to the large segment of viewers:-

1. Channels including popular channels which advertise on their platform should be made affordable to the consumers. As suggested, MRP of channel shall be capped at Rs. 12.

Justifications:-

2. India is very price sensitive market. Industry cannot afford price hike, as any price hike will further erode the subscriber base as at present also due to such high price the churn rate is 2.5% per month.
3. Some broadcasters whose channels are on both the platforms i.e. on televisions through DPOs and on OTT platforms, provide perverse pricing on television and much discounted price on OTT. This unreasonable, unfair business practise would lead to the destruction of DPO industry as a whole.
4. As already pointed out in the consultation paper, a broadcaster can also earn through the advertisements on their channels, more popular a channel is more they will earn through advertisements and they no price increase in the subscription fees is required to cover their business expenditures. For ascertaining the popularity of channel BARC rating for state wise and nation wise viewership of the channel to be seen, this is necessary to let know the advertisers that which channel is more favourable for them to advertise their product.
5. The provision of penetration of channels linked to additional 15% incentive should be removed, as it is forcing MSOs for penetration of channels and same is detrimental to subscriber choice. This is also jeopardizing the intent of regulation i.e. **“customer choice”**.

Q3. Should there be ceiling on the discount on sum of a-la-carte prices of channels forming part of bouquets while fixing MRP of bouquets by broadcasters? If so, what should be appropriate methodology to work out the permissible ceiling on discount? What should be value of such ceiling? Please provide your comments with justifications.

Response: Yes, there should be ceiling on the on the discount on sum of a-la-carte prices of channels forming part of bouquets while fixing MRP of bouquets by broadcasters. There should be linkage of Bouquet price and a-la-carte price.

Q4. Please provide your comments on following points with justifications and details:

- a. Should channel prices in bouquet be homogeneous? If yes, what should be an appropriate criteria for ensuring homogeneity in pricing the channels to be part of same bouquet?**
- b. If no, what measures should be taken to ensure an effective a-la-carte choice which can be made available to consumers without being susceptible to perverse pricing of bouquets?**
- c. Should the maximum retail price of a-la-carte pay channel forming bouquet be capped with reference to average prices of all pay channels forming the same bouquet? If so, what should be the relationship between capped maximum price of an a-la-carte channel forming the bouquet and average price of all the pay channels in that bouquet? Or else, suggest any other methodology by which relationship between the two can be established and consumer choice is not distorted.**

Response: 4(a): Yes, channel prices in a bouquet shall be homogeneous in order to simplify the pricing structure and to give more informed and simplified choices to the consumers which is the main purpose of the regulation. The MRP of a channel to be kept on Maximum of Rs. 12 and at the same time there should be correlation between a-la-carte price of channel and Bouquet price and there should be also cap on number of bouquet offered by the Broadcasters. As due to system limitation only a specific number of bouquet can be provided by DPOs.

4(c): Capping the prices of individual *a la carte* channels to Rs. 12 will more or less curb the unfair pricing by the broadcasters. Now, in the light of Bombay high Court judgement striking down the second condition of the Twin conditions and acknowledgement by TRAI that this judgment made first condition ineffective as well, would leave us with no choice and just going with the capping of individual a la carte prices of the channels. This will also give more liberty to the Broadcasters in order to carry out their business legitimately. Homogeneity shall not be seen in absolute amount but rather in a small band of prices and capping a price to Rs. 12 will reasonably curb that scope.

Q5. Should any other condition be prescribed for ensuring that a bouquet contains channels with homogeneous prices? Please provide your comments with justifications.

Response: As reiterated earlier capping the maximum retail prices of individual a la carte channels to Rs. 12 will more or less curb the unfair pricing by the broadcasters.

Q6. Should there be any discount, in addition to distribution fee, on MRP of a-la-carte channels and bouquets of channels to be provided by broadcasters to DPOs? If yes, what should be the amount and terms & conditions for providing such discount? Please provide your comments with justifications.

Response: Broadcasters try to give more discounts to the DPOs in their channel prices so that DPOs can make arrangements for their channel penetration among the consumers, this practice shall be completely banned and made punitive offence.

The broadcasters have resorted to offering discounts/incentives by inter-alia seeking placement and penetration under their respective Reference Interconnect Offers (RIOs), which are not only anti-regulatory but itself defeats the purpose of the New Regulatory Framework. We therefore suggest that the distribution fee on both a-la-carte as well as bouquet offerings by the broadcasters should be made flat at 35% of MRP, to curb such anti-regulatory activities by the broadcasters. Alternatively, the broadcasters may be permitted to offer discounts on provisions like submission of MSR reports on or before due date, compliance with mandatory audit or any such parameters which are in conformity with the essence of the New Regulatory Framework. Additionally, the Authority should also continuously monitor the RIOs of the broadcasters and ensure that the broadcasters do not provide any discounts/incentives based on placement and penetration, which itself defeats the purpose of the New Regulatory Framework.

Further, we have already stated that on parity, a maximum discount 33% should also be made available to both the broadcasters as well as DPOs, on their bouquet offerings, to enable the subscribers to make intelligent choices from amongst the options available for subscription.

All broadcasters who sign interconnect agreement with DPOs should also mandatorily sign the carriage RIO of DPO.

Q7. Stakeholders may provide their comments with full details and justification on any other matter related to the issues raised in present consultation.

Response: The following are the suggestions pertaining to the issue raised in the present consultation paper:

- Genre wise Capping on MRP of Pay channels including a maximum cap of Rs. 12/- for any pay channel (Irrespective of Genre)
- Inflationary correction on DPOs regulated revenue should be permitted on annual basis.
- TRAI should permit DPOs to make packaging of all pay channels in single bouquets irrespective of ala-carte rates
- Carrying Broadcaster bouquet as it is should be removed and DPOs should have freedom to choose channels from Broadcasters bouquet which was prevalent before NTO1
- Inclusion of channels in the bouquet formed by DPO should be based on DRP and not MRP.
- The incentive of 15% may be combined with distribution fee and make it 35% of the MRP to be given to DPOs
- Capping on NCF to be removed and each year NCF to be increased with the rate of Inflation
- Capping on NCF to be removed and the previous clause wherein for every 25 additional channels, 20 Rs to be increased shall be implemented
- 60% discount on NCF should also be applicable to Broadcaster for pay channel prices for Multi TV connections.
- No Pay Channel to be available on Free Dish
- Broadcasters to be directed not to supply signals to the DPOs who have not complied with Regulation 15 (Technical Audit) for continuous period of two calendar Years
- Linear channels shall be offered to OTT subscribe at same price by Broadcasters as it is being offered to DPO's
- TRAI should permit packaging of all pay channels in single bouquets irrespective of ala-carte rates
- Any DPO involved in Piracy should be not be provided with content in future.
- Carriage Fee capping at 4 lakhs should be removed
- Disconnection threshold in NTO2 to be removed.