

RESPONSE BY SITI NETWORKS LIMITED

With reference to

Consultation paper on Tariff related issues for Broadcasting and Cable Services

At the outset we welcome the initiative of the Authority for taking up the issues of cable TV sector and ensure level playing field for all the stakeholders and growth of this sector in the country.

Our response to the present consultation is as below;

Q1. Do you agree that flexibility available to broadcasters to give discount on sum of a-la-carte channels forming part of bouquets has been misused to push their channels to consumers? Please suggest remedial measures.

Response: This is evident from the offerings of almost all the broadcasters that the flexibility of offering discount on sum of a-la-carte channels forming part of bouquets has been used by the broadcasters to push their channels to consumers. In some cases, bouquet of four to five channels is priced slightly higher than price of a single a-la-carte channel in that bouquet. This has restricted the subscribers to opt a-la-carte channel and rather go for bouquet option due to visibility of more channels at a very marginal price.

It is suggested that the discount offered in bouquet by the broadcaster should be capped to 15% to ensure the right pricing of a-la-carte channels.

As per the existing regulations and practice, in case a subscriber or DPO select any part of bouquet i.e. 3 out of 5 channels of a bouquet, the DPO is billed for a-la-carte channel rates. It is suggested that for DPOs who are opting for all channels in a bouquet, only bouquet rates should be applied.

In other words DPO's should be able to form packages by taking channels from different broadcaster bouquets to enable them keep consumer prices in control wherein broadcasters will get paid on the basis of most subscribed channel in the bouquet.

Q2. Do you feel that some broadcasters by indulging in heavy discounting of bouquets by taking advantage of non-implementation of 15% cap on discount, have created a non-level field vis-a-vis other broadcasters?

Response: Yes. This has happened with those broadcasters who have less number of channels in comparison to broadcasters who have more channel in their bouquet.

Q3. Is there a need to reintroduce a cap on discount on sum of a-la-carte channels forming part of bouquets while forming bouquets by broadcasters? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?

Response: The original provision of 15% was sufficient to ensure that the channels are priced at a reasonably fair price to offer the channels in a bouquet which should be enforced again to ensure the fair pricing of a-la-carte channels.

Q4. Is there a need to review the cap on discount permissible to DPOs while forming the bouquet? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?

Response: No. the cap should be there to avoid any predatory pricing by any player in the sector.

Q5. What other measures may be taken to ensure that unwanted channels are not pushed to the consumers?

Response: As clarified in the response to question no. 1, in case DPO's are allowed to form packages by taking channels from different broadcaster bouquets to enable them keep consumer prices in control wherein broadcasters will get paid on the basis of most subscribed channel in the bouquet. Hence in such circumstances, no DPO will push unwanted channel due to market forces.

Q6. Do you think the number of bouquets being offered by broadcasters and DPOs to subscribers is too large? If so, should the limit on number of bouquets be prescribed on the basis of state, region, target market?

Response: Yes. The large number of bouquets make it difficult for the subscriber to exercise their choice. Also, the large number of bouquet make it difficult for the DPOs to carry and also confuse the customer.

Q7. What should be the methodology to limit number of bouquets which can be offered by broadcasters and DPOs?

Response: The capping on the number of bouquets should be based on the subscription of the bouquet. In case a bouquet is not subscribed by 2% or more subscribers within the target market within three months of the launch of a bouquet, then the same should be withdrawn from the market by the concerned broadcaster/DPO. Also, the number of bouquet should not be more than 50% of number of channels offered by a broadcaster.

Q8. Do you agree that price of individual channels in a bouquet get hedged while opting for a bouquet by subscribers? If so, what corrective measures do you suggest?

Response: There is a great difference in the sum of a-la-carte channels consisting in a bouquet and price of a bouquet as there is no co-relation or a capping on percentage of discount. As suggested above the discount offered in bouquet by the broadcaster should be capped to 15% to ensure the right pricing of a-la-carte channels.

Q9. Does the ceiling of Rs. 19/- on MRP of a a-la-carte channel to be part of a bouquet need to be reviewed? If so, what should be the ceiling for the same and why?

Response: The ceiling of Rs. 19/- on MRP of a a-la-carte channel should be brought down to reasonably fair level for SD Channel. The ceiling of Rs. 19 is on a higher side and subscribers who wish to watch selective channels on a-la-carte basis have to pay more money in comparison to subscribers who opt for the same channels with few additional channels at a lesser price. This is happening due to high discount being offered by broadcasters

for opting for bouquet. The discount offered in bouquet by the broadcaster should be capped to 15% to ensure the right pricing of a-la-carte channels.

Q10. How well the consumer interests have been served by the provisions in the new regime which allows the Broadcasters/ Distributors to offer bouquets to the subscribers?

Response: The provision to allow Broadcasters to form their bouquet has given the choice and affordability to consumers while selecting their choice of channels of a particular broadcaster, however most subscribers prefer to watch channels of particular genres rather than a particular broadcaster, thereby bouquet formed by DPOs are the most preferred product in the NTO regime. As there are n number of bouquets floated by the various broadcasters, it becomes difficult for a subscriber to select the channels of their choice, who doesn't want to spend their time on making selection or deciding their choice of channels based on content of the channel. There are many subscribers who want to watch popular channels of all/most genres, feel it difficult to exercise their choice in selecting from the exhaustive list of channels. DPO's suggestive/recommended packs plays a vital role in this which are specifically created keeping the best interest of subscriber in mind including their choice and pay out capacity.

Q11. How this provision has affected the ability and freedom of the subscribers to choose TV channels of their choice?

Response: This provision has not at all affected the ability and freedom of the subscriber to choose any TV channel as subscriber in case they does not want to opt for the bouquet formed by either broadcasters or DPOs

then they can go for a-la-carte choice of channels including free to air and pay channels which is mandatory to offer for all DPOs.

Q12. Do you feel the provision permitting the broadcasters/Distributors to offer bouquets to subscribers be reviewed and how will that impact subscriber choice?

Response: The DPOs should be allowed to form bouquet of channels of different broadcasters to ensure that best content is provided to the subscriber at reasonable price from the bouquet of broadcasters and condition of a-la-carte billing to the DPOs should be reviewed. The DPOs who have opted for all channels of the bouquet should be billed on bouquet rates only and not on a-la-carte rates.

Q13. How whole process of selection of channels by consumers can be simplified to facilitate easy, informed choice?

Response: There are two ways to handle the audience. There is one segment who select their choice of channels and have access and means to select the channels / packages. This segment can exercise their choice of channels from the given option as has been made mandatory to offer all the packages / channels on the website/mobile app etc. The other segment normally depends on their service provider and communicate their tentative choice and select the offer based on their pay out capacity for the particular services. DPO bouquet is an important tool to handle this segment as most DPO bouquets are curated to best suit the subscribers.

Q14. Should regulatory provisions enable discount in NCF and DRP for multiple TV in a home?

Response: The provision of giving discount on NCF for additional TV is already there and any DPO who wish to offer any discount or scheme for the multiple TV home can do so and the same should not be made mandatory.

Q15. Is there a need to fix the cap on NCF for 2nd and subsequent TV connections in a home in multi-TV scenario? If yes, what should be the cap? Please provide your suggestions with justification.

Response: Any DPO who wish to offer any discount or scheme for the multiple TV home can do so however there should not be any capping on this.

Q16. Whether broadcasters may also be allowed to offer different MRP for a multi-home TV connection? If yes, is it technically feasible for broadcaster to identify multi TV connection home?

Response: Yes. Broadcaster should offer the discount to the multi TV homes. The DPOs need to declare the multi TV connectivity in the monthly subscriber report to the broadcasters and the same can be verified by the auditors at the time of audit.

Q17. Whether Distributors should be mandated to provide choice of channels for each TV separately in Multi TV connection home?

Response: Yes. The choice of channels on every TV should be left to the subscriber. Subscriber should be given the liberty to exercise their choice for every connection and there should not be any barrier in selecting the package/channels for the multi-tv homes.

Q18. How should a long-term subscription be defined?

Response: Any subscription for Quarterly or more period shall be termed as a long-term subscription, provided that such subscription period is offered by the DPO. In case the DPO is working only on monthly cycle mode in that case advance paid by the subscriber can not be termed as long-term subscription.

Q19. Is there a need to allow DPO to offer discounts on Long term subscriptions? If yes, should it be limited to NCF only or it could be on DRP also? Should any cap be prescribed while giving discount on long term subscriptions?

Response: As the subscriber offer is on the DRP, it should be allowed to provide the discount on the DRP. Though discount is always in favor of customers however any discrimination or any discount offered to kill the competition is not in favor of any of the stakeholder. We feel that discount in long term subscription should be allowed, however, there should be a capping of 15% on the discount to ensure level playing field for all the service providers.

Q20. Whether Broadcasters also be allowed to offer discount on MRP for long term subscriptions?

Response: The similar capping of 15% can be allowed to the broadcasters also in a non-discriminatory basis.

Q21. Is the freedom of placement of channels on EPG available to DPOs being misused to ask for placement fees? If so, how this problem can be addressed particularly by regulating placement of channels on EPG?

Response: There have been much deliberations on the issue of carriage and placement of channels on the EPG. By implementation of NTO, carriage revenue of the DPOs has become insignificant. The only revenue left to the DPO's is under placement fees. TRAI has already regulated the placement under NTO by not allowing DPO's to change any LCN for a period of one year from the date of allocating the LCN. This is important to mention here that most DPO's are still fighting for their survival and fighting the competition from OTT platforms which is still unregulated. Further regulating the placement will deprive the DPOs from this very important revenue stream and add injury to their already bleeding nose. The clarity should also be given in the regulations that broadcaster, who does not pay for the placement fee in line with the agreement, their channels should be allowed to remove said channel by giving notice to the broadcaster and subscriber as per regulations.

Q22. How the channels should be listed in the Electronic Program guide (EPG)?

Response: Listing of channel is for the convenience of the consumers and DPOs should be allowed to do genre wise, region wise, language wise

listing of channels in the EPG at the convenience of consumers of a particular region.

Q23. Whether distributors should also be permitted to offer promotional schemes on NCF, DRP of the channels and bouquet of the channels?

Response: Yes. In fact the subscriber offers are tailor made by the MSO's. The DPO's should be permitted to offer promotional schemes on NCF and DRP with a limited period scheme of three months.

Q24. In case distributors are to be permitted, what should be the maximum time period of such schemes? How much frequency should be allowed in a calendar year?

Response: Yes. The distributors can be permitted to offer promotional schemes for a period of 90 days and the frequency can be twice in a calendar year provided that two scheme period should not be combined.

Q25. What safeguards should be provided so that consumers are not trapped under such schemes and their interests are protected?

Response: The promotional schemes should not be conditional. Any terms and conditions of the scheme should also be published along with such offer to ensure transparency to the consumers.

Q26. Whether DPOs should be allowed to have variable NCF for different regions? How the regions should be categorized for the purpose of NCF?

Response: The DPOs should be allowed to have variable NCF for different regions and target market should be the criteria for having variable NCF.

Q27. In view of the fact that DPOs are offering more FTA channels without any additional NCF, should the limit of one hundred channels in the prescribed NCF of Rs. 130/- to be increased? If so, how many channels should be permitted in the NCF cap of Rs 130/-?

Response: The ceiling of 100 channels for the NCF of Rs.130/- is fairly right and further addition of number of channels in the Basic NCF is not recommended. DPOs have been allowed to declare their additional NCF and based on their market, DPOs can offer more channels in the initial NCF.

Q28. Whether 25 DD mandatory channels be over and above the One hundred channels permitted in the NCF of Rs. 130/-?

Response: Though the NCF has been fixed for the value of bandwidth and resources being used to deliver the signals at subscriber's home and type of channels does not make any difference on the utilization of such resources and as the DD Channels are mandatory, in the best interest of the state and consumers, the DD channels should be taken out of the gambit of NCF.

Q29. In case of Recommendation to be made to the MIB in this regard, what recommendations should be made for mandatory 25 channels so that purpose of the Government to ensure reachability of these channels to masses is also served without any additional burden on the consumers?

Response: As clarified above, the DD channels can be kept out of the purview of NCF.

Q30. Stakeholders may also provide their comments on any other issue relevant to the present consultation.

Response: There are many non-compliant players in the country who are flouting the regulations and posing a serious threat in the implementation of regulations as compliant players find it difficult to compete with such non-compliant players who are not following QoS regulations with regard to NCF, Pricing, Encryption, Packaging, call centre, toll free number, website, online payment mechanism, complaint redressal mechanism etc.

The Authority should evolve a mechanism to periodically inspect/audit such players and specially on the inputs of compliant MSOs/consumers so that such malpractices can be checked and corrected and the regulations can be implemented in its true letter and spirit.