



THAMIZHAGA ARASU CABLE TV /IPTV OPERATORS ASSOCIATION

30/7, Raja Street, Bharathiyar Nagar, Koyambedu, Chennai - 600 092.

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Ref : 003/TRAI/CP/2019

Date : 23.09.2019

To

Shri.Arvind Kumar

Advisor B & CS TRAI,
Mahanagar Door Sanchar Bhawan,
Jawaharlal Nehru Marg (Old Minto Road)
New Delhi - 110 002.
India.

Sub : Comments on consultation paper dated 16.08.2019 reg.

Respected Sir,

We are delighted to present our comments to the consultation paper on Tariff related issues for Broadcasting and Cable Service dated 16th August 2019, on behalf of our association, Thamizhaga Arasu Cable TV / IPTV operators Association (TACO A), Tamilnadu.

Thanking You,

for TACO A

(N.THANAPAL)

President



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ISSUES FOR CONSULTATION

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.

- i. Yes. The flexibility regarding discount on sum of a-la-carte channels forming part of bouquet has been misused by broad casters. The Broad casters were given freedom to price their channels and the flexibility available to them has the choice to misuse and push unwanted channels to the consumers. Hence pricing of channels must have restrictions. Freedom to price the channels by broadcasters should be reviewed. For (eg.)

The cost of Tamil Basic bouquet of Sun TV Network Channels was Rs.26.00 (Rs.22.00 + 18% GST - Rs.4.00 = Rs.26.00). After the implementation of NTO the cost of the bouquet still remains at an approximate rate of Rs.26.00. The Broadcaster maintained his bouquet cost. But **customers has to pay a huge amount on a-la-carte selection**. The purpose of NTO is defeated.

Broad Caster	Bouquet	Channels	MRP A-la-carte	Sum of A-la-carte	Bouquet cost	Allowed Discount	Price	
							Present	Pre NTO
Sun Network	Tamil Basic	SUN TV	19.00	69.00	40.00	20% 15% 35% Maximum	26.00	22.00+ 4.00 26.00
		K - TV	19.00					
		ADHITYA	9.00					
		SUN MUSIC	6.00					
		CHUTTI TV	6.00					
		SUN NEWS	1.00					
		SUN LIFE	9.00					

- ii. Any channel launched after 26.12.2003 shall not be allowed to become a part of bouquet channels and should be offered only on standalone basis.
- iii. The “Twin Conditions” regarding price fixation must be reviewed
 “The Broad casters New bouquet rates shall not exceed 1½ times of the **“preceding bouquet rate”** must be implemented.
 “The New A-la-carte rate of a channel shall not exceed twice the **average rate of the preceding bouquet channels”**.
 for (eg.) The cost of 7 No. of Tamil basic package channels of Sun Network before NTO was Rs.22.00. The average price of each channel is approximately Rs.3.14. The New bouquet rate shall not exceed Rs.33.00 (22.00 x 1.5 = 33) and the New A-la-carte rate of a channel shall not exceed Rs.6.28 (3.14 x 2 = 6.28).
- iv. The MRP of an SD channel shall not exceed Rs.7.00 and Rs.14.00 for HD Channel must be considered.



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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?

i. Yes, Apart from Prime/Driver Channels all other pay channel included in a broadcaster bouquet are not worthy. Based on the freedom given to the broadcasters for fixing bouquet rates they increase the rates and provide huge discount to maintain their bouquet rate pre NTO.

- a. Non-implementation of 15% cap on discount
- b. Entering Distribution service (directly & indirectly) by some broadcasters
- c. Vertical integration / Cross Media

Creates a non-level field vis-a-vis other broadcasters.

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?

Yes. Reintroducing a cap on discount on sum or a-la-carte channels forming part of bouquet by broadcaster is necessary. The bouquet cost pre NTO and the percentage of increase after implementation of NTO must be considered.

- a. The Twin conditions must be reviewed
- b. Freedom to price the channels by broadcasters should be reviewed
- c. The value of discount must be based on the above two aspects for (eg.)

Broad Caster	Bouquet	Channels	MRP (Bouquet)				
			Pre NTO	Average Cost	Post NTO	Average Cost	% of increase
Sun Network	Tamil Basic	SUN TV	22.00	3.14	40.00	5.7%	82%
		K - TV					
		ADHITYA					
		SUN MUSIC					
		CHUTTI TV					
		SUN NEWS					
		SUN LIFE					



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Channels	A-la-carte	Sum of A-la-carte	Average cost	% of increase
SUN TV	19.00	69.00	*9.86	214%
K - TV	19.00			
ADHITYA	9.00			
SUN MUSIC	6.00			
CHUTTI TV	6.00			
SUN NEWS	1.00			
SUN LIFE	9.00			

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?

No. There is no need to review the cap on discount permissible to DPO while forming bouquet. Competition will be obstructed .

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

Broadcasters get revenue from two streams viz. advertisements from advertisers and subscription revenue from the subscribers. The purpose of introducing unwanted channels in a bouquet is to gain huge advertisement revenue. We can even see the price of certain bouquets is less than the price of one Single Channel in the bouquet. Therefore, apart from prime or Driver Channels, all other Channels must be Advertisement free Channels (or) Must be categorized. Higher the a-la-Carte rate lower the advertisement period and vice-versa. may be implemented.

Bouquet Channels	A-la-carte Rates	Advertisement Period
Driver Channel 1	Maximum	3 minutes per hour
Driver Channel 2	Maximum	3 minutes per hour
Other Channel 1	High	4 minutes per hour
Other Channel 2	High	4 minutes per hour
Other Channel 3	Medium	6 minutes per hour
Other Channel 4	Low	9 minutes per hour
Other Channel 5	Low	9 minutes per hour
Other Channel 6	Very Low	12 minutes per hour

If all channels were provided with average cost of the bouquet, Advertisement period can be 12 minutes / hour to all channels may be permitted.



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- 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?**

When the cost of bouquets and a-la-carte is reduced, consumers automatically choose their own bouquets. Offering more number of bouquets by broadcasters and DPOs will only help consumers.

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

It is not necessary to limit number of bouquets. Once bouquet and a-la-carte rates are reduced, fixed and streamlined, it will allow consumers more options to choose.

- 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?**

Yes. The price of individual channels gets hedged in bouquets. The Twin conditions and Advertisement period regulations must be reviewed.

- 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?**

Yes. The ceiling of Rs.19/- on MRP of a-la-carte channels to be a part of a bouquet need to be revised. (To be reduced). The broadcasters are providing their Prime (or) Driver channels at Rs.19/- for same channels of SD and HD variants.

The mechanism followed in finalising the fact that carrying 1 HD channel is equal to 2 SD channel must also taken into account on finalising the ceiling of MRP of channels.

The ceiling for SD channel shall be fixed as Rs.7/- (maximum) and Rs.14/- for HD channels.

The reasons are explained in Q & A No.1 of this consultation paper.

- 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?**

The consumer interests are not fulfilled by the provisions in the new regime. The A-la-carte and bouquet rates are higher than expected and pre NTO. Consumers are forced to opt for bouquets with extra payments.



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

Due to the higher a-la-carte rates, consumers are forced to opt for bouquets which contain unwanted channels. The freedom and flexibility allowed to broadcasters in price fixing has affected the subscribers.

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

Yes. Offering bouquets must be reviewed. Bundling of unwanted channels should be restricted. Any channel introduced after 28.12.2003 must be allowed only on a stand alone basis. A-la-carte rates must be reviewed. The reduction in bouquet costs based on revised Twin conditions will allow consumers more options to choose on bouquets.

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

- a. Ceiling in Bouquet cost
- b. Ceiling in a-la-carte rates
- c. Reasonable discounts
- d. Affordable discounts on 2nd & 3rd TV Sets
- e. Unlimited FTA channels on maximum NCF of Rs.130/-
- f. No long term discounts
- g. Common rates for all platforms CA TV, DTH, HITS & IPTV will simplify selection of channels by consumers.

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

No. Discount in NCF and DRP for multiple TV in a home should not be permitted. When bouquet and a-la-carte rates is reduced, regularising discount cap in this connection is not necessary.

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.

Eventhough the mode of transmission is different, the NTO regulations apply uniformly to all CATV - MSO, DTH, HITS & IPTV operator. To maintain a level playing field, **No NCF discount should be permitted** for 2nd and subsequent TV connections in a home



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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?

Broadcasters should not be permitted different MRP for pay channels to Multiple STB in the same home. Implementing different MRPs and discounts leads confusion to customers and can be misused by Broadcasters. Identifying a **multi TV connection** is technically not possible for a Broadcaster.

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

Yes. Distributors should be mandated to provided choice of channels for each TV separately in multi TV connection homes.

Q18. How should a long term subscription be defined?

No long term subscriptions be permitted

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?

No long term subscription should be permitted by DPOs. Quality of service will be maintained if long term subscription is restricted.

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

No long term subscription and discount by broadcasters should be permitted.

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?

The placement fees is one of the source of revenue to the DPOs. Hence regarding channel listing in the EPG, **complete freedom should be given to DPOs.**

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

- a. Genre wise b. Language wise c. DPOs choice



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

Distributors **should not be permitted** to offer promotional schemes on NCF, DRP of channels. Few broadcasters have entered directly and indirectly in Distribution Service. Promotional schemes should not be permitted to maintain level playing field. Regulating Vertical integration is also a need at this juncture.

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

Any scheme in any format should not be permitted.

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

When no scheme is permitted, no possibility of consumers being trapped by schemes.

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

The NCF is calculated based on channel carrying and Administrative charges. Hence it should be common to all DPOs countrywide. No variable NCF should be allowed.

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/-?

The DPOs has to distribute their full capacity of channels for consumers Choice , increasing the number FTA channels within the prescribed NCF of Rs.130/- will not affect the DPOs.

Minimum - 125 channels

Maximum - Unlimited

NCF - Rs.130/- (Maximum)

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

Yes.



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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?

Inclusion of 25 DD channels with basic 100 SD channels can be recommended. The DPO's has to distribute the full capacity of their channels for consumer Choice, inclusion of these FTA channels will not affect DPOs and subscriptions.

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

1. All channels must be telecasted in SD (or) SD and HD mode. Telecasting only in HD mode must be reviewed.
2. The Revenue share between MSO : LCO through SIA (Standard Inter Connection) is 55:45 ratio at present. The allocation may be revised to 20 : 80 (MSO : LCO). The LCO's have involved directly in the distribution and maintenance of the Networks rather than the MSO's.
3. Ownership of CPE, bundled schemes not consulted .
4. Private Local Channels issues not consulted.
5. Multi Signal Distribution by a Single LCO must be consulted. This restricts fair competition and obstructs reduction in bouquet prices by DPO's (MSO).