

Which of the price models discussed in consultation paper would be suitable at wholesale level in broadcasting sector and why? You may also suggest a modified/ alternate model with detailed justifications.

Hybrid Model taking best of all:

1. In this model, the broadcaster has the freedom in notifying the non-discriminatory price of the channel both for a-la-carte and bouquets.
2. Pricing should be done keeping in mind an average P/L of platforms. If average ARPU is taken at Rs. 150 less taxes and expenses (including content cost), the platform is left with barely nothing. Platforms should not pay the price to be transparent, addressable and accountable.
3. Genre based bouquets welcome again priced keeping in mind customer choice and platform financial viability.
4. Fixing pricing at retail level would hamper growth of ARPU. Entertainment is not a 'public good' but a service that costs to be produced and delivered. It has its own inflationary pressures. Fixing retail price will have its effect on the entire value chain.
5. HD channels should definitely be regulated as 'it's the same content'. As time goes by HD will take over from SD and in future Ultra HD be the ultimate currency for delivering the best quality to the customer. If Indian broadcast industry has to see a big change in quality, it cannot have forbearance on pricing of HD channels or even let the pricing be high so only a few customers can afford genuine broadcast quality.

How will the transparency and non-discrimination requirements be fulfilled in the suggested pair of models? Explain the methodology of functioning with adequate justification.

1. If the currency defined above is same then there will be no-discrimination. The broadcaster will earn more from a big platform and less from a platform having less subscribers. We must bear in mind that Broadcasters have dependence on many DPO's for their revenue but for a single platform the dependence on a single network like Star, Sony or Zee is very high. Losing one DPO may not hamper the Broadcaster business but carrying suboptimal content may have a devastating effect on the platform.
2. All interconnect agreements filed with TRAI to be regularly scrutinized by an agency of repute. Instances where carriage has been adjusted to subscription for the same network, to be given extra attention as chances of such dealing can establish discrimination.
3. MG's and Fixed Fee deals should not be allowed; a drop dead deadline date should be given. Existing Current Fixed fee deals should be analyzed wis-a-wis the subscribers (box) delivered. The Cost Per Box (CPB) or Subscriber cannot be different for different platforms. A margin of 10% could be given. If one platform has a CPB of Rs. 20 for the network. In case of a fixed fee arrangement it could be translating to a CPS range between Rs. 18 or 22. Large deviations is definite discrimination under the garb of a fixed fee.

How will the consumer's interests like choice of channels and budgeting their expenses would be protected in the suggested pair of models? Give your comments with detailed justifications.

1. The genre and language based bouquets are perfectly suited for such protection. The guy who likes movies does not have force himself to watch and pay for English News which he does not like.
2. The genre and language based bouquets are **Soft bundling** essentially catering to specific tastes or entertainment needs. **Hard bundling** of different genres is against consumer interest.

Is there a need to identify significant market powers? Q9. What should be the criteria for classifying an entity as a significant market power? Support your comments with justification. Q10. Should there be differential regulatory framework for the significant market power? If yes, what should be such framework and why? How would it regulate the sector?

Market power players are those broadcasters or DPO's that have sizable market share and prevent new entrants from coming up. Platforms can demand high carriage fees from new channels who want distribution. Broadcasters can deny its channels to a new platform (DPO) as its struggles. **There is no level playing field as the market becomes oligopolistic.** Yes, regulation should be in place and lots to be borrowed from Competition Commission of India.

Is there a need to continue with the price freeze prescribed in 2004 and derive the price for digital platforms from analog prices?

Have ARPU's grown across years? The answer is no and so should the freeze continue in the event broadcasters don't bring prices of Individual channel prices down. What broadcasters could look at as a most price sensitive customer friendly rate card and bouquets.

If not, what should be the basic pricing framework for pricing the channels at wholesale level in digital addressable platforms?

As explained earlier pricing should keep the Rs. 150 ARPU (shared between all stakeholders) across the country. If this increases, then the same rate of increase should be applied to channel prices. Currently the state is such that India is one of the countries with the lowest ARPU in the world.

Do you feel that list of the Genres proposed in the consultation paper (CP) are adequate and will serve the purpose to decide genre caps for pricing the channels? You may suggest addition/ deletion of genres with justification.

- a. News and Current Affairs b. Infotainment c. Sports d. Kids e. Movies f. Devotional g. General Entertainment.
- b. One can add 'Food and Lifestyle', 'Home Shopping', 'Education', 'Health' & 'Agriculture'

Is there a need to create a common GEC genre for multiple GEC genre using different regional languages such as GEC (Hindi), GEC (English) and GEC (Regional language) etc.? Give your suggestions with justification.

GEC's across languages could have a common price range but clubbing them may not make sense. A Zee TV and & TV can be clubbed together but a Zee TV and Zee Kannada may not make sense.

What should be the measures to ensure that price of the broadcast channels at wholesale level is not distorted by significant market power?

Explained above

What should be the basis to derive the price cap for each genre?

Viewership Data - BARC, the more mass market the product the lesser should be the price. It works for the broadcaster too as larger the distribution the larger the advertising revenue as reach increases.

What percentage of discount should be considered on the average genre RIO prices in the given genre to determine the price cap?

Keep Rs. 150 ARPU theory in mind while giving any discounts.

What should be the frequency to revisit genre ceilings prescribed by the Authority and why?

Every 2 years

What should be the criteria for providing the discounts to DPOs on the notified wholesale prices of the channels and why?

Subscriber Volume based discounts. But not something huge that causes discrimination. Eg. Rs. 20 CPB per month for 1st Mn customers then Rs. 19.5 for Second and then 19 for all above third Mn

What should be parameters for categorization of channels under the “Niche Channel Genre”? Do you agree that niche channels need to be given complete forbearance in fixation of the price of the channel? Can a channel under “Niche Channel Genre” continue in perpetuity? If not, what should be the criteria for a niche channel to cease to continue under the “Niche Channel Genre”

Ad-free channels, HD channels and 3D are not Niche channels but **new generation format channels**. Niche channels are special interest group channels that will also result in having zero or minuscule ratings both nationally and regionally.

A golf channel, a wine channel, can be termed as niche and should be retailed on an a-la-carte basis and can be given complete forbearance on pricing as it does not hurt the masses. If suddenly the programming of the niche channel starts appealing to a mass market its categorization should be changed.

How misuse in the name of “Niche Channel Genre” can be controlled?

By continuous monitoring by a qualified panel with a half yearly review meeting.

How should the price of the HD channel be regulated to protect the interest of subscribers? Q26. Should there be a linkage of HD channel price with its SD format? If so, what should be the formula to link HD format price with SD format price and why? Q27. Should similar content in different formats (HD and SD) in a given bouquet be pushed to the subscribers? How this issue can be addressed?

HD channel is nothing but a new generation format channel. Same channels irrespective of HD or not should be priced the same as their SD channel. Programmers may change the programming and argue that it's not a simulcast. Even if it's a shuffle cast the price should be same. Why should customer pay more to watch the same content. Yes, there could be a slightly higher price for AD free HD channel. Again please remember the Rs. 150 ARPU situation.

Do you agree that separation of FTA and pay channel bouquets will provide more flexibility in selection of channels to subscribers and will be more user friendly? Justify your comments. How

channel subscription process can be simplified and made user friendly so that subscribers can choose channels and bouquets of their choice easily? Give your suggestions with justification.

FTA channels cannot be clubbed with PAY. FTA is a must provide. Yes it gives flexibility to subscribers and platforms. Lower priced packs of platforms will have more FTA's and as the price increases more pay channels are added. Rs. 100 for FTA pack, Rs. 150 for FTA + Some Pay, Rs. 200 for FTA + Pay + additional Pay. This is basic principle of tiering.

E.g. Rs. 100 FTA + Rs. 20 Hindi GEC + Rs. 15 Hindi Movies + Rs. 15 Hindi News for HSM market person. This is his staple/basic need anything else he will spend more on. HD channels of these genres should be included and as a business rule only those HD channels whose SD equivalent is purchased.

Should the carriage fee be regulated? If yes, what should be the basis to regulate carriage fee? Q32. Under what circumstances, carriage fee be permitted and why?

Carriage fees cannot be regulated. Out of the 800 plus channels in the Indian territory not all channels can be carried as platforms have limitations in terms of carriage capacity. Also if a channel is adamant on being carried without any merit (quality of programming, relevant content) the platform can charge the channel for carriage. If broadcasters can charge, why can't the platforms. Putting a cap of the fee is debatable. Doordarshan DD Direct also charges a hefty carriage fees.

Is there a need to regulate variant or cloned channels i.e. creation of multiple channels from similar content, to protect consumers' interest? If yes, how should variant channels be defined and regulated?

This is content shifting i.e. taking key programs and properties out of a leading channel and put it onto another channel then ask the customer and platform to pay for the same additionally. So yes this should be regulated.

Can EPG include details of the program of the channels not subscribed by the customer so that customer can take a decision to subscribe such channels?

I think it's already there.

Can Electronic Program Guide (EPG) include the preview of channels, say picture in picture (PIP) for channels available on the platform of DPOs but not subscribed by the customers at no additional cost to subscribers? Justify your comments.

It was done by one of the platforms people were not subscribing but were enjoying the PIP video for free. What can be done is PIP stays only for a few seconds and then message appears to subscribe.

Is the option of Pay-per-program viewing by subscribers feasible to implement? If so, should the tariff of such viewing be regulated? Give your comments with justification.

Government should not regulate value added services like PPV or VOD, the only source of differentiation left for platforms.

Regards

Vishnu Sharma