Response to Consultation Paper on Tariff issues related to TV Services dated 29th January, 2016

The over-arching objectives of the Authority to maintain equilibrium amongst all stakeholders have always been lauded by us and in this backdrop, we hold utmost regard to the Authority's latest initiative of releasing a Consultation Paper on Tariff issues related to TV Services dated 29th January, 2016.

The digital ecosystem has opened up new vistas to various stakeholders and has also helped them in laying an ever evolving blue print in garnering consumer share by fostering innovation.

While the same would form a continuing process, the latest Consultation Paper takes a giant step in facilitating plurality of views in setting the rules for a transparent and non-discriminatory environment bridging the trust deficit at the wholesale level and affording choice and financial relief at the consumer level with tangible benefits, hitherto restrictive and illusory. What is truly commendable is that the Consultation Paper has taken a nuanced approach on issues encompassing market dominance in the value chain with a sharp focus on various operating / business models and its respective advantages, shortcomings etc.

Further, the Regulator's compelling proposition of a suggesting a viable model that strives to achieve a "Golden Mean" to promote efficiency and good order draws deep appreciation.

It further attempts to allay fears of all stakeholders and ensure cohesion inter se, in the process of mutual arrangements recognising the need for a level playing field with clarity at the consumer level as regards total transparency and liberty of choice.

The different Tariff formulae proposed in the Consultation is very detailed and it has attempted to maintain fairness by enumerating the Pros, Cons and the Challenges that are envisaged in each model. The challenge is that in any multi-stakeholder business ecosystem, formulating a balanced and nuanced Tariff formula is a always a challenge. Each one of the stakeholder in their efforts to maximize their share from the revenue generated, and as has been rightly observed by the Regulator, ends up creating distortions in the existing tariff and furthering their own interest.

Before we proceed with the issues concerning various Tariff models and analyze the characteristics of each model, we urge that if things are viewed from an objective lens, it would benefit all stakeholders.

In this backdrop, we provide our analysis of what each stakeholder aspires to achieve from the proposed Consultation :

1. **Consumer**: Transparency in Tariff practices should prevail to afford the Consumer to exercise his/her choice of Channels, whether a-la-carte or bouquet/Packages, based on their considered selection and paying capabilities.
2. **LMO**: It is important to point out that the only source of revenue for this stakeholder LMO, is the revenue generated from subscription. In the Analog regime, LMOs used to generate supplementary revenue from advertisements run on local cable channels, but in a DAS regime even that revenue source has dried up given that local content also has to be encrypted.

It is imperative therefore that the LMO gets a ***fair and equitable share*** from subscription revenue and in a transparent manner. Broadcasters bolster their revenue substantially from selling commercial time, DPOs earn additional revenue from Carriage and Placements but the LMO earns it only through a share from subscription. Further, keeping in mind the Digital India initiative, wherein the LMO needs to invest capital to upgrade their existing network from a unidirectional network to a bi-directional network which can happen only if the system ensures the LMO gets a fair share of revenue to plough back into the business.

This is the rationale considered while proposing later that the LMO is given a reasonably higher share from subscription.

3. **MSO/DPO**: Channels (whether on ala-carte basis or package-basis) should be available to them on an Equitable basis and in a Transparent manner. This has to be supplemented with a fair share from subscription revenue to enable them to generate adequate returns on the additional Capital (as well as Opex) deployed for ushering in full Digitization. It is pertinent to point out that for ushering in DAS, DPOs have invested maximum resources. DPOs also expect a regime where they get the flexibility to package and create Retail bouquet of channels using content from Multiple broadcasters and even offer value-added-services.

   A Tariff regime, which is Fair, Transparent and Equitable is critical for the survival of Independent, Small and un-aligned DPO's, which is important for maintaining plurality in the distribution sector.

4. **Broadcasters:** For broadcasters, a fair Tariff regime, which will allow them the freedom to Price and Package their offerings and enable them to generate maximum revenues and profitability, is desired. The Broadcaster also expects that they are not unduly restricted by the Distribution ecosystem and they are able to reach their target consumers to be able to sample and consume their channels and earn a fair share of revenue and generate profits.

In our response to the Tariff Consultation, we have attempted to maintain objectivity with the purpose to achieve a very vibrant business ecosystem, which promotes competition and plurality in the business, gives the consumers freedom to choose the products and services at a fair price. A light Regulatory regime is the best option in a mature and a more evolved market; however in a developing market like ours, a slightly more involved Regulatory approach may be a better option.

The current business ecosystem consists of 150 Million consumers belonging to different strata of society (also pertinent to understand that even the uneducated and poorly-educated customer gets their share of Infotainment through this medium), more than 100,000 LMO's, DPOs including an estimated 5000 to 7000 MSOs, 6 DTH companies , about 300 to 400 Broadcasters of which about 5 or 10 are Large ones.

While finalizing the Tariff, our contention /view is that a Broadcaster's dependence on many of the medium, small and even Big DPO's is far less consequential for their revenue and business, but for the thousands of Small and Independent DPO's and LMO's not having a Single Broadcaster-platform on their business offering can be disastrous on their business and very existence . To maintain plurality and promote local level Entrepreneurship, the concerns of thousands of small and medium DPO's and LMO's should be considered and addressed.

On Tariff, our opinion is that any model that is finalized based on the inputs received should be:

1. Transparent
2. Equitable & Fair
3. Beneficial to the Consumers

While at the same time:

1. Enables effective choice to the consumers
2. Fosters Competition
3. Fosters Growth and Investments into the Sector
4. Promotes plans for Digital India
5. Promotes efficiency and good order
6. Recognises the various / largely less privileged socio – economic strata of consumers
7. Rationalises the existing mechanism
8. Does not create or propagate Monopolies or help Integrated/ Affiliated entities
9. Propagates Competition and Plurality rather than Inhibit or Stymie competition
10. Reduces Litigation and Disharmony
11. Addresses market dominance in the distribution channel
12. Allays fears of all stakeholders and ensures cohesion inter se

At the outset, we wish to reiterate that all the models suggested here have their individual merits and challenges, our opinion is that overall, some of the models suffer from a lack of Transparency and has challenges to be addressed. While one of the proposed models may be good for one of the stakeholders, it may not be good for the other stakeholders and implementing them may not augur well for the industry and therefore a Tariff regime which is equitable to all stakeholders should be finalized.

Issues for consultation:

Q1. 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.

Reply: Issues with the Wholesale Pricing Model (W.P.M) and our Comments on the Different WPM

In our view there are multiple drawbacks/flaws in the Wholesale Pricing Model and any variation of the model currently being used is likely to continue to suffer from the same set of challenges. As has been pointed out by TRAI in several instances in the Consultation paper, the WPM has been one of reasons for lack of Transparency, Inter-stake holder disputes, Litigations and most importantly Consumers feeling let down in a supposedly Transparent *Digital Addressable System*.

Of the various proposed Wholesale Pricing Models , we feel the Universal RIO Model scores over the others. The Merits of this model is that this model proposes to gives complete freedom to Broadcasters in deciding the price of each channel- but in this model we feel that there should be adequate emphasis on the broadcaster notifying the RIO and declaring the price of each of its channel both on A -la-carte basis and Package basis, to all DPOs in an equitable manner.

However, the main issue of Transparency to all stakeholders under this model is under question, as only two of the stakeholders (Broadcaster and the concerned DPO) are privy to their deals and thereby enjoy exclusive pricing knowledge of their deals inter se, but leaves out both the LMO and the Consumer having no knowledge of the Pricing, which is not in the spirit envisaged under DAS. Secondly, we suggest that a clear linkage between A- la-Carte Rates with the Bouquet Rates has to be formulated. Simultaneously, a recommendation for creating the framework for Discounts, based on a non-discriminatory approach and the Finalization of Pricing to consumers in a Transparent Manner should form the underlying principle.

A Detailed Analysis of Issues with the Wholesale Pricing Model (W.P.M) is provided :

We have tried to analyze why the current ecosystem has resulted in multiple litigations, inter-stakeholder disputes, stunting the growth of the industry leaving a consumer in a Digital Addressable System in the dark and feeling let down.

It is our view that the Wholesale Price Model (WPM) is an Opaque Model, which has fundamental flaws as it leads to favouritism which can lead to monopolies and is anti-competitive, is anti-consumer and in this model even the Broadcaster has not been able to realize the full Price for their channels.

The W.P.M is based on the concept where:

1. The Broadcaster declares the wholesale Price of channels to the DPOs
2. Directly transacts with DPO's and the deal/understanding between them is neither known to the LMO (they are not a party to this transaction) nor with the Consumer.
3. The DPO declares a Retail Price and the LMO is given a Share of this Revenue (Currently exceeding 35% of the share from subscription).

In an ecosystem, which has Vertically and Horizontally Integrated entities, such an arrangement is likely to promote anti-competitive practices and elimination of competition.

Illustrated below is the working of a simple Wholesale Price Model (WPM) of any single Broadcaster, where we have assumed the following:

A Channel/bouquet of channels is/are priced at Rs. 10/- (Declared wholesale Price of Broadcaster. Rates are Per subscriber/STB, per month) (substantial but differential Discounts are offered to different DPO's).

1. The channel/Bouquet is offered to:
    a. A New/Small Local DPO-1 @ 40% Discount to the declared Wholesale Price. Channel/s is/are available to them at Rs.6/-
    b. To a Big National DPO-2 @ 75% Discount to the declared Wholesale Price. Channel/s is/are therefore available to them at Rs.3/-
    c. To an Affiliated DPO-3 @ 90% Discount to the declared Wholesale Price. Channel/s is/are therefore available to them at Re 1/-

2. The DPOs marks-up the negotiated Wholesale Price at which they get the channel/s from the Broadcaster to come up with a Retail Price to the consumer.
    a. The small DPO-1 Prices the channel/s @ Rs. 12/- to Consumer (100% mark-up)
    b. Big National DPO-2 Prices channel/s at Rs. 10/- to Consumer (300% mark-up)
    c. Affiliated DPO-3 Prices channel/s at Rs 9/- to the Consumer (800% mark-up)
3. The LMO gets atleast 35% of the Retail Price
4. DPO’s share is = Retail Consumer Price – LMO share – Broadcasters Price

Wholesale Price Model working					
		DPO 1-Small & Unaffiliated	**DPO 2-Big National & Unaffiliated**	**DPO 3-Affiliated may be small or big**	Broadcaster Prices content at Rs.10/- at Wholesale and Offers at Rs. 6/- to small DPO, Rs. 2.5/- to a National DPO and Rs. 1/- to Affiliated DPO
	Discounts	**40%**	**75%**	**90%**	
Broadcaster's Price		10	10	10	The Discount offered by the Broadcaster to the different DPOs is not known to either to the LMOs or to the other DPOs in the ecosystem
Broadcaster's Share After Discount		6	2.5	1	
MSO' Share		1.8	4.0	4.85	Since the Affiliated DPO-3 gets a 90% discount, they are able to Price the Channel/s to the Subscriber at a much Lower Price making them Happy, whereas this DPO has a much higher Margin than other DPOs, which can be used by them to say, pay an additional share to the LMO's of DPO 2 & 1 and wean them away.
LMO's Share	35%	4.2	3.5	3.15	
DPO Mark up		**100%**	**300%**	**800%**	
Retail Price after Mark up by DPO		12	10	9	

The smaller DPO-1 despite getting a 40% discount and the National DPO-2 despite getting a 75% discount on the Wholesale Price, finds that the Retail-end Prices of the Affiliated DPO-3 is much lower and at the same time DPO-3 earns a higher margin. DPO-3 can use this extra margin to entice LMOs connected to DPO 1 & 2 to leave their existing DPOs and join DPO-3.

WPM in a Multi-Broadcaster/Aggregator Scenario

However, in a real, multi-broadcaster situation there are likely to be atleast one or two broadcasters / broadcaster-aggregators having atleast one or two Affiliated DPOs.

We have tried to project such a scenario, where there are 3 different Broadcasters/Broadcaster content Aggregators; Broadcaster BB-A distributing a 15 channel bouquet, Broadcaster BB-B distributing 30 Channels and Broadcaster BB-C distributing 40 Channels respectively.

We have assumed that Broadcaster BB-A has 3 different Packages comprising of 5 channels, 10 channels and a 15 channel bouquet carrying all their channels.

Further, it is assumed that Broadcaster BB-B has 3 different Packages comprising of 10 channels, 20 channels and a 30 channel bouquet carrying all their channels.

Assumption is that Broadcaster BB-C has 3 different Bouquet/Package comprising of 15 channels, 30 channels and a 40 channel bouquet carrying all their channels. *Further, we have assumed that BB-C also Owns/ is a stakeholder in DPO-4.*

DPOs have been categorized into 4 groups; DPO-1 is a Small, Local and Unaffiliated (Independent), DPO-2 is Mid-sized and Non-affiliated, DPO-3 is a Big National level MSO & Non-affiliated whereas DPO-4 is also a National MSO, and is Affiliated to Broadcaster, BB-C

Broadcaster/Aggregator offers huge, across-the-board discounts to all the DPOs on their Declared Wholesale Price; **40%** Discount to the New, Small, Local DPO-1, **60%** Discount to the Non-Affiliated mid-sized DPO-2, **75%** Discount to the National DPOs i.e DPO-3 & DPO-4. However, Broadcaster BB-C offers to its own affiliated DPO-4, a whopping Discount of **90%** on its Packages/Bouquet. (***As pointed out in the Consultation paper, calculations based on industry figures clearly indicate that Prices in the market are currently hovering around 10% of the Notified RIO rates and that Discounts, if given, should be Transparent and the same for all).***

As in a WPM, the discount offered is visible only between the Broadcaster/Aggregator and the DPOs and not to others. The DPOs then mark-up the Discounted W.P to Fix the Retail Consumer Price, from the collections received from the Consumer, pays 35% share to the LMO, pays the Broadcaster the agreed price and retains the Balance as their share from Subscription.

Wholesale Price Model and Packaging to Consumers based on channels got from multiple broadcasters													
			Broadcaster (BB) A				Broadcaster (BB) B				Broadcaster (BB) C		
Total Channels in different Bouquet			15	Channels			30	Channels			40	Channels	
Different Packages of Broadcasters			Package I A	Package II A	Package III A		Package I B	Package II B	Package III B		Package I C	Package II C	Package III C
No. of Channels in different packages of Broadcasters			5	10	15		10	20	30		15	30	40
Av. Price of Channels in Bouquet			9	7	5		7	4	3		5	3	2.5
Wholesale Price declared by the Broadcasters (BB)			**45**	**70**	**75**		**70**	**80**	**90**		**75**	**90**	**100**
			Broadcasters Share										
Broadcasters Price/Share after Discounts offered to MSO - different discounts for different DPOs	New and Small Sized Local DPO -1	40%	27	42	45		42	48	54		45	54	60
	Non-Affiliated Mid Size DPO-2	60%	18	28	30		28	32	36		30	36	40
	Large Size National DPO-3	75%	11.25	17.5	18.75		17.5	20	22.5		18.75	22.5	25
	Broadcaster Affiliated (to BB-C) DPO-4	90%	11.25	17.5	18.75		17.5	20	22.5		7.5	9	10
Retail Price to Consumer: DPO/MSO fixes the Retail Price, by marking up the price at which they get content from Broadcasters	New and Small Sized Local DPO -1	**50%**	**40.5**	**63**	**67.5**		**63**	**72**	**81**		**67.5**	**81**	**90**
	Non-Affiliated Mid Size DPO-2	**100%**	**36**	**56**	**60**		**56**	**64**	**72**		**60**	**72**	**80**
	Large Size National DPO-3	**200%**	**33.75**	**52.50**	**56.25**		**52.50**	**60.00**	**67.50**		**56.25**	**67.50**	**75.00**
	Broadcaster Affiliated (to BB-C) DPO-4	**650%**	**33.75**	**52.50**	**56.25**		**52.50**	**60.00**	**67.50**		**56.25**	**67.50**	**75.00**
LMO's Share: We have asssumed it is 35% from Retail Price		**35%**	14.18	22.05	23.63		22.05	25.20	28.35		23.63	28.35	31.50
			12.60	19.60	21.00		19.60	22.40	25.20		21.00	25.20	28.00
			11.81	18.38	19.69		18.38	21.00	23.63		19.69	23.63	26.25
			11.81	18.38	19.69		18.38	21.00	23.63		19.69	23.63	26.25
MSO's/DPO's Share: Calculated after subtracting Broadcasters share & LMO's share from Retail Price	New and Small Sized Local DPO -1		-0.67	-1.05	-1.13		-1.05	-1.20	-1.35		-1.13	-1.35	-1.50
	Non-Affiliated Mid Size DPO-2		5.40	8.40	9.00		8.40	9.60	10.80		9.00	10.80	12.00
	Large Size National DPO-3		10.69	16.63	17.81		16.63	19.00	21.38		17.81	21.38	23.75
	Broadcaster Affiliated (to BB-C) DPO-4		10.69	16.63	17.81		16.63	19.00	21.38		29.06	34.88	38.75

DPO-1 & the Mid-size DPO-2 mark-up the W.P by 50% & 100% respectively, whereas the National DPOs i.e DPO-3 and DPO-4 marks-up the W.P of channels/packages of Broadcasters, BB-A & BB-B by 200%, and DPO-4 marks-up the W.P of content from their Affiliated Broadcaster BB-C by a whopping 650%. The drawback with the WPM is clearly evident as the Smaller DPO and Mid-size DPO despite marking-up the Wholesale Price by a lesser percentage ends up with a Retail Price much higher than DPO-3 & DPO-4.

DPO Packaging in WPM

The DPOs create Consumer-end Packages by combining the channels/bouquet of Individual Broadcasters. Let’s assume the DPOs combine channels of the Broadcasters BB-A, BB-B & BB-C to create 3 Packages; Package-I of 30 channels, which combines the 1st Bouquet of all Broadcasters (5 channels of BBA+10 Channels of BB-B+ 15 Channels of BB-C), similarly Package II is of 60 channels combining (10 channels of BBA+20 channels of BB-B+30 channels of BB-C)and Package III of 85 channels (15+30+40).

DPO Packaging in WPM and its Implications for Different stakeholders

			Package I - 30 channels	Package II- 60 channels	Package III- 85 channels
Retail Price of Package I, II & III to Consumer	New and Small Sized Local DPO -1		**171.0**	**216.0**	**238.5**
	Non-Affiliated Mid Size DPO-2		**152.0**	**192.0**	**212.0**
	Large Size National DPO-3		**142.5**	**180.0**	**198.8**
	Broadcaster Affiliated (to BB-C) DPO-4		**142.5**	**180.0**	**198.8**
LMO's Share:35% of the Retail Rate of packages created by DPO's. As can been seen, the LMO's connected to different DPO's/MSO's get different share			**59.9**	**75.6**	**83.5**
			53.2	**67.2**	**74.2**
			49.9	**63.0**	**69.6**
			49.9	**63.0**	**69.6**
MSO's share	New and Small Sized Local DPO -1		-2.8	-3.6	-4.0
	Non-Affiliated Mid Size DPO-2		22.8	28.8	31.8
	Large Size National DPO-3		45.1	57.0	62.9
	Broadcaster Affiliated (to BB-C) DPO-4		56.4	70.5	77.9

Ironically, DPO-1 ends up with a ***Negative*** margin and DPO-2 with a much Lower margin as compared to DPO-3 & DPO-4, despite DPO 1 & 2 having a higher Consumer-end Retail Price of Rs. 238 & Rs. 212 respectively. This extra margin can be misused by DPO-3 & 4 to stymie or even eliminate DPO-1 & 2 by either offering a much lower Retail Price or alternately offering the extra margins earned to LMO’s of 1 & 2 and entice them to move out.

Other Likely Scenarios which may Happen, which can have Disastrous Consequences:

1. ***Assume 2 Broadcasters (BB-B & BB-C) decide to form a Joint Venture or even informally work or Align together on the Ground. Further assume that BB-B also gets into the ground operations and buys a DPO (DPO-3)***

Option 1: DPO 3 &4 decides to offer slightly lower Rates to Consumer but retain higher margins

OPTION 1 : DPO 3 & 4 Gives slightly Lower Consumer Rate than DPO1 & 2 and decides to have Higher Margins												
		Broadcaster (BB) A				Broadcaster (BB) B			Broadcaster (BB) C			
Total Channels in Bouquet			15 Channels			30 Channels			40 Channels			
			Package I A	Package II A	Package III A	Package I B	Package II B	Package III B	Package I C	Package II C	Package III C	
No. of Channels in different packages of Broadcasters			5	10	15	10	20	30	15	30	40	
Av. Price of Channels in Bouquet			9	7	5	7	4	3	5	3	2.5	
Wholesale Price declared by the Broadcasters (BB)			45	70	75	70	80	90	75	90	100	
		Broadcaster offers Discount	Broadcasters Share. Both DPO's 3 & 4 gets 90% Discount from Broadcasters BB-B and BB-C									
Broadcasters Price after Discounts offered to MSO - different discounts for different DPOs	New DPO - 1	40%	27	42	45	42	48	54	45	54	60	
	Non-Affiliated Mid Size DPO (2)	60%	18	28	30	28	32	36	30	36	40	
	Broadcaster Affiliated (BB-B) DPO 3	75%	11.25	17.5	18.75	7	8	9	7.5	9	10	
	Broadcaster Affiliated (BB-C) DPO 4	90%	11.25	17.5	18.75	7	8	9	7.5	9	10	
Retail Price to Consumer: DPO/MSO fixes the Retail Price, by marking up the price at which they get content from Broadcasters	New DPO - 1	50%	40.5	63	67.5	63	72	81	67.5	81	90	
	Non-Affiliated Mid Size DPO (2)	100%	36	56	60	56	64	72	60	72	80	
	Broadcaster Affiliated (BB-B) DPO 3	200%	33.75	52.50	56.25	52.50	60.00	67.50	56.25	67.50	75.00	
	Broadcaster Affiliated (BB-C) DPO 4	650%	33.75	52.50	56.25	52.50	60.00	67.50	56.25	67.50	75.00	
LMO's Share : Negotiated between LMO & DPO/MSO, but if not agreed to, LMO is mandated to get a minimum of 35% from Retail Customer Price		35%	14.18	22.05	23.63	22.05	25.20	28.35	23.63	28.35	31.50	
			12.60	19.60	21.00	19.60	22.40	25.20	21.00	25.20	28.00	
			11.81	18.38	19.69	18.38	21.00	23.63	19.69	23.63	26.25	
			11.81	18.38	19.69	18.38	21.00	23.63	19.69	23.63	26.25	
MSO's/DPO's Share: Calculated after subtracting Broadcasters share & LMO's share from Retail Price	New DPO - 1		-0.67	-1.05	-1.13	-1.05	-1.20	-1.35	-1.13	-1.35	-1.50	
	Non-Affiliated Mid Size DPO (2)		5.40	8.40	9.00	8.40	9.60	10.80	9.00	10.80	12.00	
	Large Size National DPO 3		10.69	16.63	17.81	27.13	31.00	34.88	29.06	34.88	38.75	
	Broadcaster Affiliated DPO 4		10.69	16.63	17.81	27.13	31.00	34.88	29.06	34.88	38.75	

OPTION-1: DPO Packaging where DPO-3 & 4 gets hugely discounted rates forms Broadcaster BB-B & BB-C					
Package to Consumer: DPO creates their own packages by combining bouquet from the 3 Broadcasters. Assumed a simple case of combining 3 packages	New DPO - 1		171.0	216.0	238.5
	Non-Affiliated Mid Size DPO (2)		152.0	192.0	212.0
	Large Size National DPO 3		142.5	180.0	198.8
	Broadcaster Affiliated DPO 4		142.5	180.0	198.8
LMO's Share: it is 35% of the Retail Rate of packages created by DPO's, but as we can see LMO's connected to different DPO's/MSO's get different share		35%	59.9	75.6	83.5
			53.2	67.2	74.2
			49.9	63.0	69.6
			49.9	63.0	69.6
Broadcaster's share	New DPO - 1		114.0	144.0	159.0
	Non-Affiliated Mid Size DPO (2)		76.0	96.0	106.0
	Large Size National DPO 3		25.8	34.5	37.8
	Broadcaster Affiliated DPO 4		25.8	34.5	37.8
MSO's share	New DPO - 1		-2.8	-3.6	-4.0
	Non-Affiliated Mid Size DPO (2)		22.8	28.8	31.8
	Large Size National DPO 3		66.9	82.5	91.4
	Broadcaster Affiliated DPO 4		66.9	82.5	91.4

DPO-3 & 4 now have much higher margins than DPO-2 & DPO-1 which can be used by them to entice LMO’s connected to them and marginalize them or eliminate them from the business.

OPTION-2: DPO 3 & 4 decides to pass on Huge Discounts to Consumers

OPTION 2 : DPO 3 & 4 Gives Huge Discount to Consumer ass compared to DPO1 & 2 and decides to have lower													
		Broadcaster (BB) A				Broadcaster (BB) B				Broadcaster (BB) C			
Total Channels in Bouquet			15	Channels			30	Channels			40	Channels	
			Package I A	Package II A	Package III A		Package I B	Package II B	Package III B		Package I C	Package II C	Package III C
No. of Channels in different packages of Broadcasters			**5**	**10**	**15**		**10**	**20**	**30**		**15**	**30**	**40**
Av. Price of Channels in Bouquet			9	7	5		7	4	3		5	3	2.5
Wholesale Price of Broadcasters			**45**	**70**	**75**		**70**	**80**	**90**		**75**	**90**	**100**
			Broadcasters Share										
Broadcasters Price after Discounts offered to MSO - different discounts for different DPOs	New DPO - 1	**40%**	27	42	45		42	48	54		45	54	60
	Non-Affiliated Mid Size DPO (2)	**60%**	18	28	30		28	32	36		30	36	40
	Broadcaster Affiliated (BB-B) DPO 3	**75%**	11.25	17.5	18.75		7	8	9		7.5	9	10
	Broadcaster Affiliated (BB-C) DPO 4	**90%**	11.25	17.5	18.75		7	8	9		7.5	9	10
Retail Price to Consumer: DPO/MSO fixes the Retail Price, by marking up the price at which they get content from Broadcasters	New DPO - 1	**50%**	40.5	63	67.5		63	72	81		67.5	81	90
	Non-Affiliated Mid Size DPO (2)	**100%**	36	56	60		56	64	72		60	72	80
	Broadcaster Affiliated (BB-B) DPO 3	**200%**	33.75	52.50	56.25		28.00	32.00	36.00		30.00	36.00	40.00
	Broadcaster Affiliated (BB-C) DPO 4	**300%**	33.75	52.50	56.25		28.00	32.00	36.00		30.00	36.00	40.00
LMO's Share : Negotiated between LMO & DPO/MSO, but if not agreed to, LMO is mandated to get a minimum of 35% from Retail Customer Price		**35%**	14.18	22.05	23.63		22.05	25.20	28.35		23.63	28.35	31.50
			12.60	19.60	21.00		19.60	22.40	25.20		21.00	25.20	28.00
			11.81	18.38	19.69		9.80	11.20	12.60		10.50	12.60	14.00
			11.81	18.38	19.69		9.80	11.20	12.60		10.50	12.60	14.00
MSO's/DPO's Share: Calculated after subtracting Broadcasters share & LMO's share from Retail Price	New DPO - 1		-0.67	-1.05	-1.13		-1.05	-1.20	-1.35		-1.13	-1.35	-1.50
	Non-Affiliated Mid Size DPO (2)		5.40	8.40	9.00		8.40	9.60	10.80		9.00	10.80	12.00
	Large Size National DPO 3		10.69	16.63	17.81		11.20	12.80	14.40		12.00	14.40	16.00
	Broadcaster Affiliated DPO 4		10.69	16.63	17.81		11.20	12.80	14.40		12.00	14.40	16.00

OPTION-2: DPO Packaging where DPO-3 & 4 gets hugely discounted rates form Broadcaster BB-B & BB-C					
Package to Consumer: DPO creates their own packages by combining bouquet from the 3 Broadcasters. Assumed a simple case of combining 3 packages	New DPO - 1		**171.0**	**216.0**	**238.5**
	Non-Affiliated Mid Size DPO (2)		**152.0**	**192.0**	**212.0**
	Large Size National DPO 3		**91.8**	**120.5**	**132.3**
	Broadcaster Affiliated DPO 4		**91.8**	**120.5**	**132.3**
LMO's Share:35% of the Retail Rate of packages created by DPO's			**59.9**	**75.6**	**83.5**
			53.2	**67.2**	**74.2**
			32.1	**42.2**	**46.3**
			32.1	**42.2**	**46.3**
Broadcasters's share	New DPO - 1		**114.0**	**144.0**	**159.0**
	Non-Affiliated Mid Size DPO (2)		**76.0**	**96.0**	**106.0**
	Large Size National DPO 3		**25.8**	**34.5**	**37.8**
	Broadcaster Affiliated DPO 4		**25.8**	**34.5**	**37.8**
MSO's share	New DPO - 1		-2.8	-3.6	-4.0
	Non-Affiliated Mid Size DPO (2)		22.8	28.8	31.8
	Large Size National DPO 3		33.9	43.8	48.2
	Broadcaster Affiliated DPO 4		33.9	43.8	48.2

This arrangement can have disastrous consequences for the business of LMO’s who will have very little margins and incentive left in the business and they may be forced to sell of their business to the aligned DPOs.

The genesis of the problem happens purely because of the opaque nature of the transaction between the Broadcasters and the DPOs, where the LMO’s are not made a party to the discussion.

The Other major Implication of such an arrangement will be for mid sized and small Broadcasters, wherein the Aligned DPOs can either refuse to carry channels of competing Broadcaster-Aggregator and of smaller Broadcasters or carry just one or two Driver channels and leave the rest of the channels out or alternately refuse to pass on the discounts offered by these Broadcasters to Consumers so that channels of their aligned Broadcasters are available much cheaper to Customers, who may not be inclined to subscribe to the channels of odd small and mid-sized broadcasters, thus marginalizing them.

The above illustration identifies some of the likely scenarios that may play out in the Wholesale Price Model (WPM). While there are Merits in some of the Wholesale Price Models, the Demerits far outweigh the Merits and therefore we urge the Regulator to consider the alternate models suggested in the consultation.

The WPM as shown above depicts a non-transparent/opaque system for both the LMOs and the Consumers. We advocate that Consumers should get uniformity in pricing and the flexibility to choose channels to protect them from being forced to subscribe to large bouquet belonging to multiple broadcasters. The LMOs are left ending vulnerable and finding themselves at bay and out of the negotiation process with little or no capability to influence the pricing mechanism and is just left as a mute spectator and gets only a share from the Retail Price.. The lack of their participation is likely to lead to non transparency and may lead to manipulative practises against their interests.

Q2. Which of the corresponding price models discussed in consultation paper would be suitable at retail level in broadcasting sector and why? You may also suggest a modified/ alternate model with detailed justifications.

The Retail Price Model is a better suited model as it brings in greater Transparency to the ecosystem and reduces inter-stakeholder disputes. However linking the Retail Price to the Wholesale Rate will still not serve the purpose as it will continue to keep out the LMO and Consumer from the negotiation process.

Both the Price Forbearance and A-la-carte models suffers from the drawbacks mentioned in the WPM and will continue to escalate inter stakeholder disputes. The Ala-carte model suffer from the fact that packages cannot be formulated and the customers will face hardship in creating their own packages.

Q3. How will the transparency and non-discrimination requirements be fulfilled in the suggested pair of models? Explain the methodology of functioning with adequate justification.

In a matured and evolved business ecosystem, Transparency and Non-Discrimination can co-exist and as such the above 2 models can work, , but in our current ecosystem it may not be appropriate to adopt the above 2 models , especially when there are vertically and horizontally integrated entities operating in the ecosystem.

Q4. How will the consumers interests like choice of channels and budgeting their expenses would be protected in the suggested pair of models? Give your comments with detailed justifications.

The Consumers interest like Choice of Channels and Budgeting their Expenses is very difficult to achieve W.P.M even if there are Standard RIO rates for both Ala-Carte channels and Bouquets. The problem for the Consumer happens when DPOs create their own bouquet from the channels (either taken as a bouquet from multiple Broadcasters or their Aggregator or mixing Bouquet of some of the Broadcasters and adding Ala-carte channels from other Broadcasters). The consumer may then not be able to decide in a transparent manner on the choice of channels they seek to subscribe to.

In addition to the Consumers, the LMO, who is an important stakeholder does not get to participate in the subscription Pricing process and this lack of Transparency can work against their interest. ***As averred in the Consultation paper, calculations based on industry figures clearly indicate that Prices in the market are currently hovering around 10% of the Notified RIO rates and that Discounts, if given should be Transparent and the same for all.***

Q5. Which of the integrated distribution models discussed in consultation paper would be suitable and why? You may also suggest a modified/ alternate model with detailed justifications.

All the models proposed under the Integrated Model appear to allow/ facilitate Transparency and allows freedom for Consumers to choose their channels. We concur with the recommendation in this Integrated Pricing Model that the Broadcaster has complete freedom to Price their channel/s, both for A-la-carte and Bouquet. But in our view the subsequent suggestion that Revenue share will be left open to the Broadcaster has its limitations and challenges. The other issues are :

1. The model completely excludes the LMO in the negotiation process on how the revenue will be shared, which we do not agree to.
2. What is also unclear in these models is the suggestion that Broadcaster will decide sharing of revenues to DPO. We believe that this will lead to favouritism and continue to create inter-stakeholder disputes and continue with the lack of transparency seen in the ecosystem.
3. Our suggestion is that the Revenue share of each of the stakeholder, till the ecosystem stabilizes, should be under Regulation, else it may lead to continuation of disputes and acrimony between stakeholders.

The **Flexible MRP model** scores over the **Conventional MRP Model** in that it allows DPOs complete freedom and flexibility to Package channels of multiple broadcasters, which can be declared by the DPO's to the Consumer. The Individual Broadcasters will continue to declare their prices, both a- la-carte and packages to the Consumer. The Discounts offered by the Broadcasters should be announced to the general Public and to the Regulator and it should be uniform for all DPOs.

A similar but slightly Different Model is Proposed herewith:

In this model, the Broadcaster Declares the Retail Price of a Channel as well as all the Bouquet of Channels they distribute. All the 3 Stakeholders get a fixed revenue share (let's say Broadcaster & DPO gets 30% each and LMO gets 40%). The reason for proposing a higher share from subscription is that the LMO generates revenues only from Subscription, the DPO in addition to Subscription share gets Carriage, Placement revenues and the Broadcaster gets Advertisement revenues in addition to Subscription.

We believe that this model will bring in the much needed Transparency in the ecosystem for all the Stakeholders including when Discounts are offered by any of or all the stakeholders and the discounts given by any of the stakeholder does not diminish /alter the revenue share of the other stakeholder. Further, this model will lead to minimum intervention by TRAI and reduce inter-stakeholder disputes.

In the illustration shown below we have assumed the following:

1. Column A shows the Percentage share (illustrative) for different Stakeholders from the Consumer Price.
2. Column B is the Actual Revenue Share for different stakeholders from the Consumer Price when No Discount is offered by any Stakeholder.

3. Column C is the Share for Different Stakeholders when Broadcasters offers a Discount to the Consumer.
4. Column D is the When DPO offers an Additional Discount to the Consumer from their share of revenue (this discount will be over and above the Broadcaster's Discounted Price) and as can be seen the LMO's Share does not go down, but benefits the Consumer by bringing down the Retail Price.
5. Column E is when the LMO offers a Discount to the Consumer, in addition to the Broadcaster's discount and DPO's discount and as can be seen the Consumer benefits further without the discount impacting the revenue share of any other stakeholder. The LMO can offer discounts directly to the consumer without any discounts offered by the DPO.

Retail Price Model and Transparency Despite Discounts by Various Stakeholders					
		DPO 1-Unaffiliated DPO. Additional Discount is the Discount offered by DPO & / LMO in addition to Broadcaster Discounts			
		No Discount by Broadcaster	Broadcaster Discounts Retail Price by 30%	DPO/ MSO gives addditional Discount	LMO also gives addditional Discounts
	Column A	Column B	Column C	Column D	Column E
Broadcaster	30%	3	2.1	2.1	2.1
DPO/MSO	30%	3	2.1		
Additional Discount by DPO	30%			1.47	1.47
LMO	40%	4	2.8	2.8	
Additional Discount by LMO	25%				2.1
Retail Consumer Price		**10**	**7**	**6.37**	**5.67**

Let's assume that Broadcaster offers an Additional Discount (of say 50% to one of their affiliated DPO) - it is unlikely to adversely impact the equations on the ground as this share will be given from the Broadcaster share from subscription (in the above case the Broadcasters share will get reduced to Rs. 1.05/- i.e 50% of Rs. 2.1 /-), which will not make much material impact the other stakeholders share.

Retail Price Formula and How it can ensure Transparency to all Stakeholders										
		Broadcaster (BB) A			Broadcaster (BB) B			Broadcaster (BB) C		
Total Channels in Bouquet		15			30			40		
		Package I A	Package II A	Package III A	Package I B	Package II B	Package III B	Package I C	Package II C	Package III C
No. of Channels in different packages of Broadcasters		**5**	**10**	**15**	**10**	**20**	**30**	**15**	**30**	**40**
Av. Price of Channels in Bouquet		9	7	5	7	4	3	5	3	2.5
Retail Price declared by the Broadcasters (BB)		**45**	**70**	**75**	**70**	**80**	**90**	**75**	**90**	**100**
LMO Share	40%	18	28	30	28	32	36	30	36	40
MSO's Share	30%	14	21	23	21	24	27	23	27	30
Broadcasters Share	30%	14	21	23	21	24	27	23	27	30
	Discount									
New DPO - 1	0%	13.5	21.0	22.5	21.0	24.0	27.0	22.5	27.0	30.0
Non-Affiliated Mid Size DPO (2)	5%	12.8	20.0	21.4	20.0	22.8	25.7	21.4	25.7	28.5
Large Size National DPO 3	10%	12.2	18.9	20.3	18.9	21.6	24.3	20.3	24.3	27.0
Broadcaster Affiliated (BB-C) DPO 4	20%	12.2	18.9	20.3	18.9	21.6	24.3	18.0	21.6	24.0

Even in a Multiple-Broadcaster scenario the R.P.M suggested above works in a Transparent manner as the respective shares of the stakeholders are clearly visible. Even if the Broadcaster offers differential Discounts (Volume Discounts), the difference between the Margins of the DPOs is not significant and therefore it is not likely to hurt the business prospects of the smaller and unaffiliated DPOs.

Even in the event of packaging in the R.P.M, we can see there is not much of a difference in the margins of either the DPO or the LMO.

DPO Formulates Packages.		**1 Package -30 Channels**	**2 Package -60 Channels**	**3 Package - 85 channels**
LMOs Share		76.00	86.00	104.00
DPO1		57.00	72.00	79.50
DPO 2		54.15	68.40	75.53
DPO 3		51.30	64.80	71.55
DPO 4		49.05	62.10	68.55

Distribution Network model: The Distribution network model proposed is an excellent model and can have positive acceptance, albeit with some minor tweaks to make it more effective.

We agree with the Regulator's finding that huge cost is incurred on creation and maintenance of the network and that the Distribution entities should be adequately compensated through a monthly Rental/charge from bandwidth consumed is an equitable proposition and is commendable.

A Uniform Price Cap to protect the interest of the consumers is also acceptable, which can be Rs. 100/- for initial pack of 100 FTA channels and an additional amount of Rent, pre-specified, can be charged by the distributor for each pack of say, 25 channels or part thereof .

The changes that we seek in this model relate to the handling charges proposed to be paid by Broadcasters to the DPOs, which says "as some percentage, say 20%, of the pay channels subscription amount". Our view is that this needs a re-look as it appears to be a tad low and a higher share needs to be given as there are 2 stakeholders DPO and LMO who will share this revenue. As stated earlier, the LMOs interest from subscription revenues needs to be protected..

It is therefore important to arrive at a '*Reasonable Handling Charge'*, to ensure that the customer is not pushed by the DPO's to Subscribe to bigger bouquet containing few Driver channels and more non-driver/ FTA channels. On the other hand, it should not be so low that there is very little incentive left for Distribution entities and making the distribution business unviable. For this Model to be acceptable and implementable, a pre-determined share between the DPO and LMO needs to be clearly set out to eliminate disputes/ litigations and manipulation of the ecosystem.

This can be an acceptable model, should the stakeholders agree to a fair and transparent share from Subscription, in addition to the Rental/Bandwidth Charges proposed.

A couple of illustrations of how this formula may work :

	No of Channels	Rate	FTA Sharing Ratio DPO	FTA Sharing Ratio LMO	FTA Sharing Ratio Broadcaster	Pay ChanneL Sharing DPO	Pay ChanneL Sharing LMO	Pay ChanneL Sharing Broadcaster	Distribution Charge in Rs. Per Channel DPO	Distribution Charge in Rs. Per Channel LMO	Distribution Charge in Rs. Per Channel Broadcaster	Consumer Price	Stakeholder Share DPO	Stakeholder Share LMO	Stakeholder Share Broadcaster
			50%	50%	0%	25%	30%	45%	0.5	0.5	0	768			
100 FTA channels	100	1	50	50	0							100	50	50	0
20 additional FTA Channels	20	1	10	10	0							20	10	10	0
10 Pay channels @ Rs. 10/-	10	10				25	30	45	5	5	0	110	30	35	45
5 pay channels @ Rs. 15	5	15				18.75	22.5	33.75	2.5	0	0	77.5	21.25	22.5	33.75
3 Pay channels @ Rs. 25	3	25				18.75	22.5	33.75	1.5	0	0	76.5	20.25	22.5	33.75
	138		60	60		62.5	75	112.5	9	5	0	384	131.5	140	112.5

	No of Channels	Rate	FTA Sharing Ratio DPO	FTA Sharing Ratio LMO	FTA Sharing Ratio Broadcaster	Pay ChanneL Sharing DPO	Pay ChanneL Sharing LMO	Pay ChanneL Sharing Broadcaster	Distribution Charge in Rs. Per Channel DPO	Distribution Charge in Rs. Per Channel LMO	Distribution Charge in Rs. Per Channel Broadcaster	Consumer Price	Stakeholder Share DPO	Stakeholder Share LMO	Stakeholder Share Broadcaster
			50%	50%	0%	25%	30%	45%	0.5	0.5	0	1060			
100 FTA channels	100	1	50	50	0							100	50	50	0
20 FTA Channels	20	1	10	10	0							20	10	10	0
20 Pay channels @ Rs. 5/-	20	5				25	30	45	10	10	0	120	35	40	45
10 pay channels @ Rs. 15	10	15				37.5	45	67.5	5	5	0	160	42.5	50	67.5
5 Pay channels @ Rs. 25	5	25				31.25	37.5	56.25	2.5	2.5	0	130	33.75	40	56.25
	155		60	60		93.75	112.5	168.75	17.5	17.5	0	530	171.25	190	168.75

	No of Channels	Rate	FTA Sharing Ratio DPO	FTA Sharing Ratio LMO	FTA Sharing Ratio Broadcaster	Pay ChanneL Sharing DPO	Pay ChanneL Sharing LMO	Pay ChanneL Sharing Broadcaster	Distribution Charge in Rs. Per Channel DPO	Distribution Charge in Rs. Per Channel LMO	Distribution Charge in Rs. Per Channel Broadcaster	Consumer Price	Stakeholder Share DPO	Stakeholder Share LMO	Stakeholder Share Broadcaster
			50%	50%	0%	25%	30%	45%	0.5	0.5	0	1320			
100 FTA channels	100	1	50	50	0							100	50	50	0
20 FTA Channels	20	1	10	10	0							20	10	10	0
50 Pay channels @ Rs. 5/-	50	5				62.5	75	112.5	25	25	0	300	87.5	100	112.5
10 pay channels @ Rs. 10	10	10				25	30	45	5	5	0	110	30	35	45
5 Pay channels @ Rs. 25	5	25				31.25	37.5	56.25	2.5	2.5	0	130	33.75	40	56.25
	185		60	60		118.75	142.5	213.75	32.5	32.5	0	660	211.25	235	213.75

As can be seen the Integrated model can give reasonable balance and full transparency to the Distribution business and seems fair to all stakeholders.

Q6. How will the transparency and non-discrimination requirements be fulfilled in the suggested models? Explain the methodology of functioning with adequate justification.

The above two models – The Integrated Retail Price Model and the Distribution Network Model look fairly Transparent and Equitable.

Q7. How will the consumers interests like choice of channels and budgeting their expenses would be protected in the suggested integrated distribution models? Give your comments with detailed justifications.

The first and foremost reason why the consumer will be protected is that in this model it is proposed that all the Broadcasters will individually declare their ala-carte and bouquet rates to the consumer. This will allow consumer to decide whether to go in for packages created by DPOs or they can decide to take the entire bouquet of channels or mix and match channels from different bouquet. In this model the consumer can select channels based on their budget, by selecting their channels, whether ala-carte or bouquet or ala-carte+ bouquet, fully knowing what the price of the total service will be.

The Consumer can order channels of any one broadcaster (as broadcasters will now have market their channels and its prices or bouquet created by DPOs by mixing channel/s of multiple broadcaster).

Q8. Is there a need to identify significant market powers?

It is essential to identify such market powers to protect the interests of the Consumers, LMO's, Unaffiliated DPOs and multiple small broadcasters and to ensure plurality and competition, especially in a scenario where there are no checks and balances in place today to identify and control Integrated entities

Q9. What should be the criteria for classifying an entity as a significant market power? Support your comments with justification.

Ideally, any player operating in a defined market and has more than 25 to 30% market share can be termed as a Significant Market Power.

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?

The current regulatory framework can continue.

Q11. Is there a need to continue with the price freeze prescribed in 2004 and derive the price for digital platforms from analog prices? If not, what should be the basic pricing framework for pricing the channels at wholesale level in digital addressable platforms?

There is a need to remove the Price Freeze and allow Broadcasters complete freedom to price their Channel/s, both ala-carte and Bouquet. Out of the estimated 150 Million Cable & Satellite homes in India, since more than 90 million (60%+) have already been digitized, we see no reason for continuing to derive Prices of channels in a Digital ecosystem based on Archaic Analog Rates is wholly unjustified. At the same time, as per timelines framed by the GoI, we have another 9 months for complete sunset of analog ecosystem and therefore we feel the time is right to announce a complete delineation of the two.

Q12. 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.

The genre list is quite comprehensive and one can probably have sub-genres (such as in News we can have Hindi, Regional, English, International) and a Separate Biz News section; in Kids genre there can be sub-genres such as Animation, Kids General Education etc).

Our view is that there should be No Price Caps or Restrictions on Broadcasters to Price their channel/s.

However, if the general view is for Price Caps to be implemented, our reservation is on the Recommendation on English GECs and Kids genre, where we find a general lack of Original Programming and Localisation and offering more of Recycle content being recommended a steep price.

Here, we also wish to draw attention to the fact that English GEC's, which have content which are produced predominantly for foreign markets and which generate their revenues from foreign markets, are being given higher Price Caps than the Regional GECs, who strive and produce fresh programmes for local audience and for a very limited landscape.

Besides we submit that such channel/s should not be constrained by placing caps on pricing their content, especially in a Distribution Price Model /Retail Price Model, which can bring in Transparency, as the Consumers are free to decide the price points at which they may wish to consume a channel/s.

Q13. 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.

India is a multi-linguistic, multi-cultural market and there is clearly a need to create and define multiple GEC genres. Hindi Language GEC may have very little or no takers in the South and East and South Indian GEC channels may find very little traction in the North & East.

Q14. What should be the measures to ensure that price of the broadcast channels at wholesale level is not distorted by significant market power?

This is a very difficult task and therefore the Wholesale Price Model may have to be replaced with an Acceptable, Transparent, Equitable Retail Price (Integrated Distribution Model). Please see the working of Wholesale Price Model and the Implications which reiterates this fact.

Q15. What should be the basis to derive the price cap for each genre?

Our suggestion is to allow full freedom for Broadcasters to declare their Price and not have any Caps in any genre. A Transparent Retail/Integrated Pricing mechanism will anyways give the customer complete freedom to decide on what channel/s to buy at what cost. Price Caps stymie innovation and compromises quality. Even if Price caps are recommended our view is that Sports channels should be in any case kept out of Price Caps, as Sports acquisition cost happens to be quite high and additional recoveries from such channels invariably help Sports promotion in the country

Q16. What percentage of discount should be considered on the average genre RIO prices in the given genre to determine the price cap?

We are not in favour of any Price Caps or Price bands for any Genre, as we believe that this will hamper Quality and Innovation.

Q17. What should be the frequency to revisit genre ceilings prescribed by the Authority and why?

In view of our position in Point 16 this is not applicable.

Q18. What should be the criteria for providing the discounts to DPOs on the notified wholesale prices of the channels and why?

Discounts are an integral part of any stable, mature business ecosystem to promote the business and as such should be allowed; however in the WPM especially in a market such as ours which is yet to be stabilized, offering discounts and that too in a multi-stakeholder environment, where Vertical & or Horizontal Integrated entities exist, it is most likely to promote business inefficiencies and opaqueness.

At the same time, in the Retail/Integrated Price Models, Discounts that are given are very Transparent in Nature and helps the respective stakeholders to promote and enhance their service reach and objectives. To help maintain Plurality in the business ecosystem, it is proposed that Discounts, of whatever nature should be declared upfront and should be equitable to all.

Our view is that Broadcasters offering discounts to the DPOs in their bid to encourage a higher uptick of their channels, even in a transparent manner may need to be revisited and a better approach will be for Discounts to be ideally given to the Consumer, who is the ultimate purchaser of the Service.

However, if the general view is for implementation of any variant of the W.P.M, we suggest that Broadcaster discounts, be based on the number of Subscribers (Volume Discount) and the Number of channels of subscribed to, individually as well as in Bouquet.

Q19. What would be the maximum percentage of the cumulative discount that can be allowed on aggregated subscription revenue due to the broadcasters from a DPO based on the transparent criteria notified by the broadcasters?

Our view is that this Cumulative discount should not exceed 20% of the declared W.P and the discount criteria should be uniform for all the stakeholders.

This will ensure discontinuing of ”***Fictitious Pricing***” and “***Favoured Pricing***”, both of which is prevalent currently – this fact is clearly spelt out in this consultation paper when it said that prices have been found to be at 90% of the Declared RIO rates.

Q20. What should be parameters for categorization of channels under the “Niche Channel Genre”?

Any New channel, which does not fall under the currently defined genre-category (for the sake of Innovation, channels falling under sub-genres should also be allowed to be defined as “NICHE”) and which does not have many subscribers (one of the method proposed can be say having subscriber base < 1 % of the Total C & Homes i.e a maximum of 1.5 million subscribers for general category The total number of subscribers does not necessarily have to be the Total No. of C & S homes, but of any category for eg. A Niche Channel for a Marathi or a Malayalam channel will have to be a percentage say 1% of the Total C & S homes of say Maharashtra or Kerala.

We suggest that if any channel/s falls under either of the above without limiting it to any gestation period, should be classified as **“NICHE”.**

Q21. Do you agree that niche channels need to be given complete forbearance in fixation of the price of the channel? Give your comments with justification.

“NICHE” Channels should be allowed complete forbearance and should not be limited by any Price caps - - else it will limit Innovation and new genres may be restrained from getting introduced. With a proposed cap on numbers, it may never be a viable option to launch a NICHE channel if there are additional caps on Price of the channel.

Q22. **What should the maximum gestation period permitted for a niche channel and why?**

In view of our comments under Q 23, this does not apply.

Q23. How misuse in the name of “Niche Channel Genre” can be controlled?

A NICHE channel will continue to be a NICHE even if it is not limited by any Time Period

One of the options is to ensure that there is no misuse in the name of Niche Channel is that channels qualified for offering as Niche Channels should be offered only on an Ala-carte basis and not packaged with any other channel or with any other Niche Channel.

Secondly, Discounts should not be allowed on Niche Channels.

Thirdly there should be no Variant or Clone of such channels in the same market and if the same channel is launched in another market, its applicability in that relevant market should be first verified.

Fourthly, a Minimum percentage of content should be Original content (ideally atleast 75%) and all the content shown on such a channel should fall under the category for which it gets categorized as a Niche Channel.

Q24. 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”?

Our view is that a channel can continue to be a Niche channel in perpetuity, if it continues to offer the same set of program-genre. If required, a review can be had every 2 years.

Q25. How should the price of the HD channel be regulated to protect the interest of subscribers?

The best method once again is an Integrated/Retail Price Model, where the Broadcaster is free to Price their channels and should a Subscriber feel the need to pay a premium, they will be at complete freedom and choose and pay for it. But in this case there has to be protection for the consumers, wherein such HD channel should not be allowed to be packaged with SD channels. Further HD channels should also be offered on an ala-carte basis and the discounts offered should not exceed 15 to 20% of the quoted price and the discount-rationale should be common for all DPOs and Consumers.

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?

Our view is consistent that as with SD channels, there should be complete forbearance for Pricing for HD channels, should an Integrated /Retail Price Model be finalized. In a Wholesale Price Method, where the Consumer does not have information on the actual Price of a channel, then in such a case there should be regulation to link same channels offering both formats .

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?

In our opinion, this is the major issue which needs to be addressed. Both Broadcasters and DPOs should be restrained / disallowed from offering HD Channels & SD channels in the same Bouquet (whether a premium pricing or Forbearance allowed).

Further, we suggest that if a Customer chooses any one of the channels in a particular format (either HD or SD), the customer should not be charged for the Other channel on the same STB. For eg. If a Customer Chooses on an HD STB say a Kids channel in Tamil language on HD format and since HD STB also Receives SD channels and if there is the Telugu version of the same Kids channel on the channel bouquet received in the SD format, then the customer should be given the option to choose between the channels and a pro-rata deduction in the subscription amount has to be given.

What is also very more important to be addressed is with respect to the content on these channels:

1. Content on both SD and HD channel of the same name should have the same content. What has been observed is that some of the Sports program matches of an Event is seen only in SD and not shown in HD and vice versa. The customer is therefore forced to subscribe to both the channels to view a tournament. This practice has to be disallowed.

2. Similarly, a particular Sporting Event (one tournament), the rights for which are vested with one Broadcaster is shown in one of the channels, while the other match is shown on another channels and the customer is forced to subscribe to both the channels. The subscription deals, (between Customer to DPO or LMO, between DPO to LMO and the deal between the Broadcaster to DPO), is on a monthly basis and if the customer pays for a channel in a calendar month then the same customer may not want to subscribe to another channel/s just for one or a couple of matches of the same tournament telecast on that channel.

3. Such a practice may be permissible if the matches are available to the consumer on a Pay-Per-View basis, as the customer subscribes to only one match. Such an arrangement will be inappropriate, even if the consumer subscribes to a pay-per-tournament basis where they expect the whole tournament to be telecast on only one channel.

4. Care should also be taken so that there are no '***Cloned'*** version of a Channel mirroring almost the same content with little variation and being pushed as a separate channel in a different format.

Q28. 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.

One of the primary objectives of digitalization is to serve the subscriber interest better, giving them more choice of the channels, better quality of content and at a reasonable price and more importantly to give them complete freedom to choose and select a channel or channels (bouquet) based on their qualifying criteria.

However, we agree that Pay and FTA channel bouquet as suggested should be separated as the consumer is not aware which of the channels offered are FTA or Pay. As suggested elsewhere in our reply, our view is that FTA channels should not be charged more than Re. 1/- per channel, per month, per STB.

Q29. 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.

The suggestions mentioned here will be workable only if we have a full fledged ***Integrated Retail / Distribution Model***, proposed earlier in the consultation, where the Broadcaster declares a Retail Rate directly to the consumer, both for ala-carte and bouquet they formulate. This will enable Consumers to decide on what they want to subscribe to depending on their criteria for subscribing to such channels

We suggest that the DPO's should offer all bouquet offered by Broadcasters on an "as-is" basis so that the customers can choose to subscribe to such bouquet if they feel so.

In addition to this, the DPO's should also be allowed complete freedom to formulate their own packages/bouquet by mixing channels of multiple broadcasters or create a Bouquet/Package by bundling together Ala-carte channels of one or more Broadcaster with Bouquet of channels or one or more Broadcasters also. However, bundling should be done in a manner such that the Retail Rate of such a DPO-formulated Bouquet to the Consumer, should not be higher than the Retail Rate/s prescribed by the Broadcasters. It should also conform to the other Criteria (such as Twin Condition prescribed by TRAI).

Q30. How can the activation time be minimized for subscribing to additional channels/bouquets?

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Q31. Should the carriage fee be regulated? If yes, what should be the basis to regulate carriage fee?

Carriage fee is a B2B activity which in a Digital ecosystem does not impact the customer adversely but may rather help the customers as the DPOs may use it to subsidize Prices to the consumer and therefore our view is that it should be regulated in a "soft touch" manner.

Q32. Under what circumstances, carriage fee be permitted and why?

As stated above, the carriage fee, being governed at a B2B level, needs to be best left to the two stakeholders to their mutual benefit.

The concept should not be curtailed as the revenues derived from the carriage fee could be deployed for network maintenance / up-gradation

Q33. Is there a need to prescribe cap on maximum carriage fee to be charged by distribution platform operators per channel per subscriber? If so, what should be the "price Cap" and how is it to be calculated?

Carriage will be a B2B activity and therefore if not transparent, it may also lead to anti-competitive issues and to favouritism and therefore suggest that it should be lightly regulated.

To ensure the system is completely Transparent and Non-discriminatory, our suggestion is that all DPO's should share their standard RIO rates and the Discounts offered Transparently (number of channels dealt with a single broadcaster, number of subscribers and any other such criteria for offering discounts). More importantly, this discount should not be linked in any way to Subscription payments.

Q34. Should the carriage fee be reduced with increase in the number of subscribers for the TV channel? If so, what should be the criteria and why?

This could be worked out in a manner where volume discounts could be based on the number of channels of a particular Broadcaster. However, a consistent formula be adopted for all Broadcasters in a non-discriminatory manner.

Q35. Should the practice of payment of placement and marketing fees amongst stakeholders be brought under the ambit of regulation? If yes, suggest the framework and its workability?

We suggest that there is a need to lightly regulate Placement fee as it is again a B2B activity with little direct impact on the Consumer. Further our view is that in any network where to place a certain channel/certain set of channels within a DPO's network should be left entirely at the discretion of the DPO.

DPOs however, should have a standard Placement tariff, displayed on their website alongwith the premiums for special placements to ensure that the same is available equitably to all broadcasters.

We are also of the view that a Retail Price Model will reduce the pressures of Carriage, Placement and Marketing activity as the consumer with full knowledge of its Price can demand the channel/s.

We suggest that to be fair to all stakeholders Placements in DAS should be done in a systematic manner to ensure that all Channels belonging to a Particular Genre or Language is placed in the same Group. Placements can be done; Genre-wise and Sub-classified Language-wise or it can be Language-wise and sub-classified, Genre-wise with proper LCN Numbers to enable Customers to manoeuvre easily between channels. A sample of the same is given below.

OPTION - 1. Generewise and sub-part Language-wise Summary					
Sr. No.	**Language**	**LCN Numbers**	**Genres**	**Lanuage**	**No. of LCNs Provisioned**
1	Hindi GEC	101-125	GECs	Hindi	25
2	English GEC	126-140		English	15
3	Hindi Movies	141 -155	Movies	Hindi	15
4	English Movies	156-170		English	15
5	Hindi News	171 - 220	News	Hindi	50
6	English News	221-235		English	15
7	Hindi Music	236-250	Music	Hindi	15
8	English Music	251-265		English	15
9	Hindi Religious	266-290	Devotional/Religious	Hindi	25
10	Eng Religious	291 - 305		English	15
11	Hindi Biz	306-310	Biz News	Hindi	5
12	Eng Biz	311-320		English	10
13	Hindi Kids	321-335	Kidz	Hindi	15
14	Eng Kids	336-355		English	20
15	Sports Channels	356-375	Sports	Multiple	20
16	Foreign language Channels	376-400	Foreign Language	Multiple	25
17	Science/ Education	401-420	Science	Multiple	20
18	Life Style/ Health	421-430	Lifestyle	Multiple	10

OPTION - 2. Language Wise and sub-part is Generewise Summary					
Sr. No.	**Language**	**LCN Numbers**	**Language**	**Genre**	**No. of LCNs Provisioned**
19	Bangla GEC	431-440	Bangla	GEC	10
20	Bangla News	441-450		News	10
21	Bangla Music	451-455		Music	5
22	Punjabi GEC	456-475	Punjbi	GEC	20
23	Punjabi News	476-490		News	15
24	Punjabi Music	491-510		Music	20
25	Punjabi Religious	511-530		Devotional/Religious	20
26	Marathi GEC	531-540	Marathi	GEC	10
27	Marathi Movie	541-550		Movies	10
28	Marathi News	551-570		News	20
29	Bhojpuri/Mythili/Awadhi	571-610	Bhojpuri & Others	Mixed	40
30	Gujarati GEC	611-620	Gujarati	GEC	10
31	Gujarati News incl Biz	621-630		News	10
32	Tamil GEC	631-650	Tamil	GEC	20
33	Tamil Movies	651-660		Movies	10
34	Tamil News	661-675		News	15
35	Tamil Music	676-685		Music	10
36	Tamil Religious	686-695		Devotional/Religious	10
37	Telugu GEC	696-715	Telugu	GEC	20
38	Telugu Movies	716-725		Movies	10
39	Telugu News	726-740		News	15
40	Telugu Music	741-750		Music	10
41	Telugu Religious	751-760		Devotional/Religious	10
42	Kannada GEC	761-775	Kannada	GEC	15
43	Kannada Movie	776-780		Movies	5
44	Kannada News	781-785		News	5
45	Kannada Music	786-790		Music	15
46	Kannada Kids	791-800		Kidz	10
47	Kannada Religious	801-810		Devotional/Religious	10
48	Malyalam GEC	811-830	Malayalam	GEC	20
49	Malyalam News	831-850		News	20
50	Urdu - All Genres	851-865	Urdu	Mixed	15
51	Oriya Channels - All Genres	866-880	Oriya	Mixed	15
52	Mixed Others	881-900	Mixed	Mixed	20
53	VoD, NVoD, VAS	901 - 950	Mixed	VAS	50
					860

The above is an Illustration of a sample Placement, which has both the suggested models and either of the One can be used or even a mix of both as shown above within the same line-up can be used as it makes it easier for channels to be placed alongside similar channels and at the same time it makes it easier for Consumers to navigate between channels.

Q36. 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?

India is a multi-lingual country with very strong Regional and Linguistic preferences which generates consumer demand for multiple linguistic feeds of the same or a similar channel and this should be encouraged.

However we agree that packaging the same channels twice, either in the same bouquet or in multiple bouquets and charging the customer twice or more for the same billing period is incorrect and should not be allowed, as rightly pointed out in the Consultation paper.

Further, our suggestion is that any 2 or more channel/s which has 60% of the same content but offered in multiple languages should be categorized as a "CLONE", , Similarly 2 channels offering same or almost similar content but in multiple languages should also come under the definition of ***Clone***.

On offering to subscribers, our view is that in an the *Integrated Retail/ Distribution Model* a simple Replacement process for the channel/s is suggested. Wherever a broadcaster has a/multiple Variant/s and if such channel/s is/are made a part of a bouquet/s declared by the broadcaster, then the broadcaster must declare the ala-Carte Price of each of such variant. If a customer subscribes to any one Variant of the CLONE channel, the subscriber should not be forced to subscribe to the other CLONEs, whether in the same Bouquet or in a Separate Bouquet and further if a Consumer subscribes to 2 bouquet and finds a Clone in each of the bouquet, then the Price of such bouquet should be reduced the ala-carte rate of the Clone which the subscriber does not wish to subscribe to. However, if the Customer agrees specifically to subscribe to both the Clones, then the they should be allowed to do so. At the same time Customers should also not be allowed to change from one CLONE channel to another in the same billing month and if they wish to do so, then they should be billed for both the channels for those months.

Once again we wish to reiterate that it is very important to address the issue which was flagged earlier with respect to content on channels:

1. Some of the Sports program matches of any One Event is seen only in SD and not shown in HD and vice versa. The customer is therefore forced to subscribe to both the channels if they are to view a tournament. This practice has to be disallowed.

2. Similarly, some of one Sporting Event (one tournament) the rights for which are vested with one Broadcaster is shown in one of the channels, while the other match is shown on another channels and the customer is forced to subscribe to both the channels. The subscription deals, (whether Customer to DPO or LMO, deal between DPO and LMO and the deal between the Broadcaster and DPO), is on a monthly basis and if the customer pays for a channel then the same customer may not want to subscribe to another channel/s just for one or a couple of matches of the same tournament telecast on that channel. We have no objection to such arrangement, if the matches are available to the consumer on a Pay-Per-View basis, as the customer subscribes to only one match. Such

arrangement will be inappropriate, if the consumer subscribes to a pay-per-tournament basis also as they expect the whole tournament to be telecast on only one channel.

Q37. 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?

EPG in the Digital ecosystem is a must, to manoeuvre between a maze of channels, comprising different genres, different languages etc. For consumers ease, all DPO's must have an EPG detailing the list of channels, bunched together along with the LCN numbers.

However, there are currently only 2 to 3 players who provide this service, and as with BARC, it is suggested that the industry come together to appoint 1 or 2 companies, which can provide this service to all DPO's. All broadcasters must then be required to provide updated details of the program to the EPG vendor/s, which can then be integrated at the Headend of the DPO. The EPG should be provided in a standard format, which industry experts can finalize.

EPG of the DPOs should include list of all channels which are being provided at the headend to all Consumers, irrespective of whether consumers are subscribing to these channels or not.

Q38. 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.

At this point it is suggested that this should not be made mandatory; if should be left to the discretion of the DPO.

Q39. 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.

Pay-per-program viewing in our opinion should be allowed as it is feasible to implement it in a DAS scenario. On Pricing our Opinion is that there should be Forbearance on the Pricing of such Program. Having said this, it is once again important to reiterate that Pricing and Discounts offered, if any, should be Transparent, equitable and available to all DPO's. Further the sharing between the stakeholders for such programs should also be alike.

However, such programs offered on a pay-per-view, pay-per-program or in Sports, it can be a pay-per-tournament basis should not be available on any other channel including a Cloned channel. Invoices and Payment for such programs should be as a separate line-item and should not be clubbed with the regular services.

Q40. Will there be any additional implementation cost to subscriber for pay-per-view service

There will e an additional cost, but recovering such cost at this point should ideally be factored in the Service cost itself. The Regulator can then intervene if such cost turn out to be a burden and revisit the regulation.

Q41. Do you agree with the approach suggested in para 5.8.6 for setting up of a central facility? If yes, please suggest detailed guidelines for setting up and operation of such entity. If no, please suggest alternative approach(s) to streamline the process of periodic reporting to broadcasters and audit of DPOs with justification.

Audit of any multi-stakeholder ecosystem is essential and must be made mandatory. However our suggestion is that a standard procedure, timing and penal clauses should be standard. Our suggestion on this is:

1. There has to be a Standard Operating Procedure for audit (to be defined by TRAI)
2. Formulation of a Standard Reporting Format
3. Number of Audits to be prescribed in a define period (half yearly/yearly)
4. Audit of both CAS & SMS.
5. Ideally a 3rd Party appointed by TRAI such as BECIL

Payment settlement and payment dispute redressal mechanism needs to be put in – so that payment outstanding issues and inflated billing issues, both for Subscription as well as for carriage & placements are addressed. One of the suggestion is that subscription and Carriage payments can be credited to a designated bank/s which can then get transferred to the accounts of the respective stakeholders. The suggestion for carriage and placement payments also to be made to a designated Banks are to avoid issues where Subscription payments are made on time while payments for carriage and placements are left unpaid.

Other Issues

Q42. Stakeholders may also provide their comments on any other issue relevant to the present consultation.

While the Consultation paper is very exhaustive and very well detailed and taking a holistic approach to almost all Contentious issues, this paper has not covered the future of Television, which is IPTV & OTT.

We are very hopeful that the final outcome of this Tariff Consultation will be a very balanced and landmark Tariff Order. What is however important is that any New Pricing/Tariff mechanism that will be proposed, if it is in variance with the existing Tariff Model, should be given sufficient time to get implemented (we propose atleast 6 months and a gradual shift rather than complete shift of all issues discussed simultaneously. Alternately the simpler changes can be adopted immediately and the changes where systems and processes needs change, should be given sufficient time and should be changed in a gradual manner). Anything lesser for a switch-over is likely to create disruption in the current practices and business model and end up creating more disputes which the new Tariff wants to get reduced. Systems and Processes followed till now will have be tweaked/changed altogether and New Systems & Processes defined to track customers, their billing, collections monitored, dunning done, outstanding deduced etc..

Having said this our request is that even if the process for a complete transition is difficult and challenging, may the best approach, which is equitable to all stakeholders prevail.

1. **Linking Retail Rates and FCT on Channel**:

One more suggestion, which can help reduce the Cost to the Consumers and at the same time help Broadcasters get maximum reach and distribution thus generating additional revenue by selling commercial time, is to formulate a Linkage between Subscription and Free Commercial Time on Channels.

We urge the Regulator to explore this option so that the Broadcasters can be free to optimally Price their channel/s with the objective of maximize their Reach while at the same time allowing them to generate additional revenues to meet their business objective.

The proposal envisages Channels which are FTA to be given the maximum FCT, the low cost channels given slightly less FCT and the premium channels still lesser FCT on their channels and thus incentivising more customer off-take and maximizing advertisement revenue due to the enhanced reach. Further, our view is that Only Sports channels should be allowed to Price a Premium and also have reasonable FCT on the channels, with the caveat that advertisements should not interrupt *Live* viewing of Sports content.

A sample of this can be:

Retail Price , Per Month, Per STB	FCT Allowed	
	Commercial Time (in mins per hour	Promos
FTA	17	2
2 to 5	15	2
6 to 10	12	2
11 to 15	9	2
16 to 20	7	2
21 to 25	5	2
25+	3	2

The Challenge in this model however, is in finding the right mix of Retail Price and FCT. Secondly, the challenge in computation of the Price of a channel, should the said channel be available to consumers in a Bouquet offered by the Broadcaster with a reduced price and in such a case which of the price to be taken to compute the FCT.

2. OTT and IP-Based Services:

We also believe that this Consultation has not touched upon offering of services through OTT and related Internet-based Interactive mediums and the challenges thereof. It is our considered view that such new Interactive Platforms should be accorded priority as such mediums will enable the "Digital India" initiative. One of the key reasons for repeatedly seeking adequate share and protection of revenue of the LMOs is based on our view that the LMO who has a wired-access to a customer's house, is best placed to offer Interactive services at an optimal price. But for this to happen there should be adequate incentive for them to stay on in the business rather than get marginalized or eliminated.