

**Bharti Telemedia Limited's response to the consultation paper on Tariff issues related to Broadcasting and Cable TV services for Commercial Subscribers**

At the outset, we wish to state for the record the benefits associated with the affordable distribution and consumption of broadcasting services. India's modern information economy is growing at an increasingly accelerated pace, and policy mechanisms should be framed with inclusive goals that protect the interests of subscribers. The ever expanding reach of broadcasting services, driven primarily by Distribution Platform Operators, continues to cover an increasingly larger portion of the country, and inclusive provision of services will ultimately rest on affordability for consumers.

The growing convergence between telecommunications and broadcasting is yet another aspect that has far reaching implications on the future of India's information economy. As the line between telecommunications and broadcasting continues to blur, and as the nation slowly moves towards next generation networks capable of immense speeds, the distinction between the telecommunications and broadcasting is expected to thin to a point of convergence.

### **Subscribers**

In its consultation paper, the Authority has proposed a classification of subscribers into ordinary and commercial categories. We wish to state that such a distinction for what is essentially a basic service is needless and unwarranted. For all intents and purposes, cable TV, DTH and other distribution platforms fulfill a basic service or need similar to and on par with telecommunications. Just as a mobile telephony subscriber is not classified into ordinary and commercial categories, broadcast television too, should be treated as a basic service.

A succinct definition of what classifies a commercial subscription has historically been a leading cause of conflicts and disputes, and this consultation paper on tariffs for commercial subscribers is a welcome exercise that could bring final clarity in this matter, protect the interests of all subscribers and ensure a level playing field for all stakeholders.

A "**commercial subscriber**" has been defined in the consultation paper as *any person, other than a multi system operator or a cable operator, who receives broadcasting service at a place indicated by him to a broadcaster or a cable operator or direct to home operator or multi system operator or head end in the sky operator or a service provider offering Internet Protocol television service, as the case may be, and uses such signals for the benefit of his clients, customers, members or any other class or group of persons having access to its commercial establishment.*

In resonance with our view above, we submit that a distinction between ordinary and commercial subscribers is unwarranted, especially in light of the fact that provision of services in either case remains unaffected, and demands no additional resources to be deployed by broadcasters or platform operators. Such a distinction only has merit in cases where the costs of providing services to a specific group of customers are higher. Providing a connection to a commercial subscriber/entity is no different than doing so for an ordinary subscriber.

Further, as critical members of the broadcast television value chain, DPOs should enter into wholesale agreements with broadcasters, and be solely responsible for bringing services to market. The broadcaster's role should be limited to the sale of content to distributors who shall endeavor to bring quality services to market in an affordable manner.

Currently, a large number of cable and DTH operators compete with each other in local markets. This has resulted in a wide variety of choices for subscribers, and effective competition has consistently lowered the cost of providing services to end consumers. The stellar growth of telecommunications in India has been a direct result of the freedom afforded to operators, especially w.r.t free market competition, and should serve as a model fit for the broadcast television industry. Any mandated segregation of customers would serve only to hamper innovation in packaging and pricing services for end consumers. Distinguishing between commercial and ordinary subscribers and prescribing higher charges for the former would be detrimental to the health and growth of the Industry.

Notwithstanding our views above and the position that there should not be any distinction between ordinary and commercial subscribers, we hereby submit our responses to the specific questions raised in this consultation paper.

**Q1. Do you agree with the definitions of “commercial establishment”, “shop” and “commercial subscriber” as given in para 1.23?**

**and**

**Q2. If the answer is in the negative, alternate definitions with proper justification may be suggested.**

As represented above, we do not support the classification of subscribers into ordinary and commercial categories. The provision of services to both categories is in no way differential. Further, the implications of affecting this distinction would be far reaching, and would most certainly hamper the uptake of services in low end commercial establishments such as small restaurants or eateries, as well as limit the value these subscribers currently assign to cable TV connections. It is entirely plausible to assume that a significant percentage of low end commercial establishments would opt out of availing these services if higher commercial rates were to be prescribed. Moreover, there are a number of establishments such as hospitals and institutions both in the private and public sector primarily engaged in welfare and philanthropic activities, and these may never commercially exploit television signals, but would get covered by the above definition.

As per current practice, broadcasters are engaging directly with commercial subscribers. DPOs, as the distributors of digital content, should be responsible for the marketing of these services to all subscribers, and broadcasters should enter into wholesale agreements with DPOs, irrespective of the type of end customer.

Any tariff regulation for commercial subscribers should take into consideration the scale of commercial engagements, and accordingly prescribe commercial rates that reflect market realities and protect all stakeholders.

**Q3. Do you agree that further sub-categorizing the commercial subscribers into similarly placed groups may not be the way to proceed? In case the answer is in the negative, please give details as to how the commercial subscribers can be further sub-categorised into similarly placed groups along with full justifications.**

We agree with the authority, in that a further sub-categorization would only serve to complicate the administration, monitoring, and compliance of services.

**Q4. Which of the models, discussed in para 1.27, should be prescribed for distribution of TV signals to the commercial subscribers? Please elaborate your response with justifications. Stakeholders may also suggest any other model with justifications.**

We support the second distribution mechanism proposed by the Authority, and submit that DPOs should solely be responsible for the publication of rates and the distribution of broadcast content to end users. Broadcasters should enter into wholesale agreements with DPOs as per the interconnect regulation, and DPOs should compete in a fair market, free of tariff controls, to bring affordable services to all subscribers. Such a policy would ensure a level playing field for all stakeholders, and spur the development of the industry.

**Q5. In your view which of the 4 alternatives mentioned in para 1.28 should be followed? Please elaborate your response with justifications.**

In light of our submission above, in that a distinction between commercial and ordinary subscribers is unnecessary, we propose that the wholesale tariffs for commercial subscribers should be the same as that for ordinary subscribers. To that end, we propose a uniform RIO rate for all groups of subscribers. DPOs however should be free to price services at on a case by case and competitive basis.

**Q6. In case your answer is “alternative (ii)” as mentioned in para 1.28, please give full details with justifications of as to what should be the tariff ceiling/dispensation for each category/ group of commercial subscribers.**

As above, our submission on the issue of differential charges is unwavering, in that tariffs for commercial subscribers should be the same as ordinary rates, and DPOs should be free to offer competitive prices on a case by case basis. Broadcasters and DPOs should enter into wholesale agreements with a uniform Reference Interconnect Offer (RIO) that does not separate subscribers into categories.

**Q7. If in your view, none of the 4 alternatives mentioned above are to be followed, stakeholders may also suggest any other alternative with justifications.**

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