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**Comments of Eenadu Television Private Limited**

**to**

**Telecom Regulatory Authority of India's Consultation Paper Dated 7-May-2022**

**on**

**"Issues related to New Regulatory Framework for Broadcasting and Cable services"**

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Dt 30-05-2022

To  
Shri Anil Kumar Bhardwaj,  
Advisor (B&CS),  
Telecom Regulatory Authority of India,  
email: advbcs-2@traf.gov.in  
jtadvbcs-2@traf.gov.in.

Respected sir,

We Eenadu Television Private Limited ("ETPL") would like to appreciate this gesture of the Telecom Regulatory Authority of India ("TRAI") for giving stakeholder an opportunity for expressing their concerns and views on the issues related to new regulatory framework for broadcasting and cable services ("CP"). We would like to take this opportunity to humbly submit our concerns and issues in the matters related to pricing of television channels, formation of bouquet and discounts as follows:

1. We are of the opinion that overregulating and micro-controlling Broadcasting Sector is not good for the Industry which is already under tremendous pressure due to pandemic effect and also tough competition from other non-traditional OVER-THE-TOP (OTT) platforms. The present proposals of controlling and ceiling the pricing of bouquet and a-la-carte channels will have adverse impact on end consumer. The industry should be set free to decide pricing of channels and bouquet as derived by market forces and competition.
2. Broadcasters invest a lot in producing/acquiring content for their channels and it is broadcaster's fundamental right to exploit the content. Today, the end consumer is much more informed and smarter to choose what he/she wants to watch, and therefore, forcing choice of channels on consumer is out of question. Offering of bouquet by broadcaster give consumers an option to view diversified content bundled at affordable price. Broadcasters form bouquet of their channels keeping in mind the need and demand of their viewers who come from various sectors and age groups and with an intent to provide suitable content to different end consumers, as a bundle at an affordable price level. Channel and bouquet pricing is decided generally by broadcaster keeping in mind various factors which *inter-alia* includes cost of content, operational and administrative cost, capacity of target viewer to pay for the content, balancing demand from target audience, perspective revenue to be generated from subscription as well as advertisement and most importantly pricing of similarly placed competing channels. By virtue of operating the channels over the past few years, the broadcasters have broad knowledge of viewer preferences and bundling happens accordingly.
3. Apropos, we would like to humbly submit that the concept of perverse pricing effect of the bouquet is pseudo and fictional, since its lacks test of reality. It is to be noted that the exercise of determining the composition and pricing of bouquet in itself is a rigorous and mammoth process, since while doing so, numerous factors such as target audience, age group of the audience, preferences of the audience, uptake and acceptability of channel(s) forming part of bouquet, languages spoken in target market, etc., are scrupulously gone into in a scientific manner. Therefore viewing relationship between pricing of a-la-carte channel and price of bouquet cannot be done on standalone basis and to arrive at a defined theory to determine the price is non-viable. Price is to be determined basis market condition and prevailing competition and imposing twin conditions or any other similar theory to determine correlation between price is impracticable. Imposing any such authoritarian conditions will choke the entire ecosystem of broadcasting and cable sector.



4. In a country of diverse languages, cultures and traditions like India, there is an overlapping of taste, culture and tradition which is considered while creating bouquets, so that viewers will get a couple of more channels at a discount. For example, there are large areas in the country where people speak two or more Indian languages and relish entertainment content from all the languages that they know. Broadcaster's built bouquet comprising of channels of two or more languages keeping in mind the varied linguistic distribution of county which ultimately works to the advantage of viewers of such areas. Post deciding composition of bouquet deciding pricing of the same so that the bouquet should be accepted by consumer is another mammoth task for the broadcasters. Further we would like to submit that broadcasters also offer discount on price of bouquet trusting that all such benefits shall be passed on by distributor to end consumer which will benefit them by providing additional discount for the content. Under these circumstances, posing any restrictions or conditions on offering discount on bouquet is detrimental to end consumer's interest. We hereby submit that instead of regulating amount of discount offered on bouquet the Authority should look at building mechanism to keep a close watch on whether the discount offered by broadcasters to DPOs are being passed on to consumer or not.
5. We would also like to submit that as proposed in the CP if the Authority wants that uptake of channels on a-la-carte basis shall be increased so that no unwanted channels are being imposed on the consumer, then the Authority should take effective steps at the DPO level (which is direct relation point of consumer) to educate the consumer about available option and they should help them to make appropriate choice. We would also like to mention here that generally package opted by consumers are the packages / bouquets designed by the DPOs which normally comprises of channels / bouquets of various broadcasters. Thus, implementation of the provisions of the new regulations in its true spirit and content at the DPO level will bring fruitful result as are desired by the Authority. Overregulating and pressuring only one arm, i.e., broadcaster, and incentivizing the other will create imbalance in the industry.
6. We would like to humbly submit that the issue put forth for consultation under the CP are more or less the same on the similar lines as of the consultation paper dated 16-August-2019 titled "Tariff related issues for Broadcasting and Cable services" and Amendment dated 01-Jan-2020. The Authority is well aware of the fact that these issues were challenged by various stakeholders in the court of law and is still pending implementation. Thus, in our view, the Authority need to consider the matter afresh and should leave the issue related to pricing of channel and composition of the bouquets for market forces to decide rather than suggesting any ceiling on price level. The industry has already matured enough and faces water tight competition, thus over pricing or perverse pricing cannot sustain. Broadcasters itself is very cautious while determine the pricing of channels and composition of bouquets since uptake of the same determines various revenue streams of the broadcasters.
7. In the highly competitive market for television channels in the country with so many number of channels, broadcasters today are spending huge amounts on content as the cost of production has witnessed all round increase in artists remuneration, high cost of satellite rights of films, expensive shows etc. It may not be out of place to state here that content creation has become a big challenge in view of availability of content created by international giants like amazon, netflix and the like. At this juncture, imposing excessive fetters on the broadcasters by excessive regulations, will adversely impact the industry, which employs a huge number of people and contributes large revenues to the exchequer in the form of taxes. Therefore we once again humbly request TRAI that in light of the aforementioned concerns, the issues under consultation requires a fresh approach for fixation of pricing of channels and formation of bouquets, since the broadcasting and cable service sector has evolved and developed many folds and applying bygone principles and irrelevant conditions on pricing of channel / bouquet will have adverse impact on the industry.



8. In backdrop of the above preliminary submission, please find below ETPL's pointwise commentson various issues raised by the Authority in the CP:

**Q1: Should TRAI continue to prescribe a ceiling price of a channel for inclusion in a bouquet?**

- a. If yes, please provide the MRP of a television channel as a ceiling for inclusion in a bouquet. Please provide details of calculations and methodology followed to derive such ceiling price.
- b. If no, what strategy should be adopted to ensure the transparency of prices for a consumer and safeguard the interest of consumer from perverse pricing?

**Please provide detailed reasoning/ justifications for your comment(s).**

**ETPL Comment:** We are of the strong opinion that keeping in mind the present market scenario and the competitive market condition not only from the fellow broadcasters but also from the other platforms, the Authority should not prescribe any kind of ceiling price of a channel for inclusion in bouquet. Please refer to our preliminary submission for the basis and reasoning of our submission. However, in the interest of quick implementation of the new regulatory framework we opine that an interim ceiling of Rs. 21/- to Rs.22/- should be imposed as an interim measure with provision for review and revision every year basis inflation and prevailing market conditions. We are proposing an interim ceiling price as mentioned above considering the fact that Authority itself has prescribed a ceiling of Rs.19 in the year 2019 and if we take into account the inflation figures during past three years it works out to be 18% at an average of around 6% per year. Thus, post considering inflationary hike ceiling price of Rs.19/- will be Rs.22/-.

**Q2: What steps should be taken to ensure that popular television channels remain accessible to the large segment of viewers. Should there be a ceiling on the MRP of pay channels? Please provide your answer with full justifications/reasons.**

**ETPL Comment:** Please refer our submission in Q1 above in this regard.

**Q 3. Should there be ceiling on the discount on sum of a-la-carte prices of channels forming part of bouquets while fixing MRP of bouquets by broadcasters? If so, what should be appropriate methodology to work out the permissible ceiling on discount? What should be value of such ceiling? Please provide your comments with justifications.**

**ETPL Comment:** There should not be any ceiling on the discount on sum of a-la-carte prices of channels forming part of bouquets while fixing MRP of bouquets by broadcasters, please refer our preliminary submission for detailed reasoning regarding the same. However, in the interest of quick implementation of the new regulatory framework we opine that at this juncture the Authority may consider to allow maximum of 33.33% discount on sum of a-la-carte prices of channels forming part of bouquets while fixing MRP of bouquets as an interim measure with provision for review and revision every year basis prevailing market conditions.

**Q4. Please provide your comments on following points with justifications and details:**

- a. Should channel prices in bouquet be homogeneous? If yes, what should be an appropriate criteria for ensuring homogeneity in pricing the channels to be part of same bouquet?
- b. If no, what measures should be taken to ensure an effective a-la-carte choice which can be made available to consumers without being susceptible to perverse pricing of bouquets?



- c. **Should the maximum retail price of an a-la-carte pay channel forming bouquet be capped with reference to average prices of all pay channels forming the same bouquet? If so, what should be the relationship between capped maximum price of an a-la-carte channel forming the bouquet and average price of all the pay channels in that bouquet? Or else, suggest any other methodology by which relationship between the two can be established and consumer choice is not distorted.**

**ETPL Comment:**We submit that composition and formation of bouquet needs be decided keeping in mind the target market and audience, since the beauty of our nation is that the citizens comprise of multi lingual and different culture it is next to impossible to determine homogeneity. We also submit that there should not be any capping of a-la-carte price with reference to average price of all pay channel forming part of bouquet, with all due respect we submit that this proposition has already been dismissed in the court of law. Please refer to our preliminary submission for detailed comment in support of our submission.

- Q 5. Should any other condition be prescribed for ensuring that a bouquet contains channels with homogeneous prices? Please provide your comments with justifications.**

**ETPL Comment:**Please refer our submission in Q4 above in this regard.

- Q6. Should there be any discount, in addition to distribution fee, on MRP of a-la-carte channels and bouquets of channels to be provided by broadcasters to DPOs? If yes, what should be the amount and terms & conditions for providing such discount? Please provide your comments with justifications.**

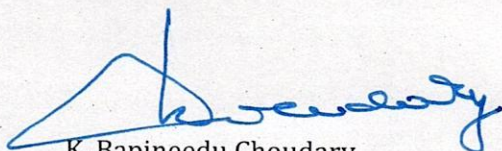
**ETPL Comment:** We are primarily of the opinion that there should not be any additional discount offered, however, if at all any discount is to be offered, trusting that the same shall be passed on by DPO to the end consumer, then the quantum of such discount shall be decided by the broadcasters considering prevailing market conditions. Any such discount to be offered by broadcaster shall be on non-discriminatory basis and shall be available to all distribution platform operators qualifying and complying with the parameters set by broadcaster for availing such discount.

- Q 7. Stakeholders may provide their comments with full details and justification on any other matter related to the issues raised in present consultation.**

**ETPL Comment:**Implementation of the provisions of the new regulatory in its true spirit and content at the DPO level will bring fruitful result as are desired by the Authority. Overregulating and pressuring only one arm, i.e., broadcaster, and incentivizing the other will create imbalance in the industry.

Thanking you  
Yours faithfully

For Eenadu Television Private Limited



K. Bapineedu Choudary  
Chief Executive Officer