

From: Manu Sood <manu.sood@gmail.com>
Date: Monday, February 1, 2010 5:06 pm
Subject: Response for supplementary consultation paper on tariff issues for DTH
(cpaper24dec09no7)
To: traicable@yahoo.co.in, bcs@traai.gov.in

Dear Sir,

Please find my comments in individual capacity as a subscriber below. For any clarification or any information request, you may please respond at the same email address.

Thanking you,
Manu Sood.

4.1.1 Whether there is a need to differentiate various packages for the purpose of wholesale tariff determination?

4.1.2 If yes, how to define a basic package and add-on package for the purpose of wholesale tariff differentiation in relation to DTH services? Please elaborate your comments with appropriate reasoning.

No, there should not be any differentiation of various packages at wholesale level. The definition of packages and the channels included in it are different for different providers as well as broadcasters and more about marketing than the actual content in them. The broadcaster should be free to offer any channels in any package so long as the same channel is available a-la-carte also to the DTH provider on the terms of payment already covered by regulation. What constitutes a basic package in one region of India may become an add on package because of different taste/linguistic leaning in another region in India. Also, the contents of a package should be allowed to be changed by the broadcaster as per market dynamics based on the pricing regulation already in place i.e. the cost of channel cannot be more than 3 times the average rate of channel in a package. A broadcaster must calculate this rate for a channel for all packages that this particular channel is part of and the lowest price become applicable for that channel in a-la-carte mode.

4.1.3 Whether there is a need for different wholesale price formulation for a TV channel/bouquet depending upon its inclusion in different packages offered to the subscribers by the DTH operators. You may also suggest any other option for differential wholesale price formulation. Please elaborate your comments with appropriate reasoning.

No. All the pay channels should be made available to the subscribers in a-la-carte mode. The only link should be between the price at the wholesale level and retail level per channel and not based on which package it is part of. The DTH providers may provide incentives to the subscribers by way of discounts or otherwise to make them subscriber to any packages etc.

4.1.4 If the wholesale price is to be linked with packaging of the TV channels then what should be the relationship between wholesale prices of a TV channel/bouquet offered by a broadcaster to a DTH operator, if the channel/bouquet is packaged as a part of a basic package, or as a part of add-on-package or both by a DTH operator? Please elaborate your comments with appropriate reasoning.

There should only be a link between the channel price on wholesale level and retail level. It should be left to market forces for broadcasters and DTH providers to come up with packages

which give best value to both of them . Since the channels included in any package can be changed by the broadcaster (for DTH providers) as well as the DTH provider (for subscribers), the creation and changing of new bouquets etc will give rise to requirement for regulation to be updated each time. This can be avoided and regulation only talk of wholesale and retail price of a channel. Already regulation exists where the price of channel at individual level and as part of bouquet is governed and the same remain applicable at both wholesale and retail level

4.1.5 Why should not a DTH operator extend a-la-carte mode of service provisioning of a TV channel at the level of subscriber?

There is no reason why it should not be done since the technology allows for such a mode of service.

4.1.6 Can the DTH operator offer a-la-carte option as one of the entry level options for subscribers?

Yes, the benefit of an addressable system are that it is possible to manage a-la-carte selection of channels per subscribers and the same must be extended to them. However, it is agreed that if a subscriber opts for very few number of channels, it may become unviable for the DTH provider. Hence there is a need to ensure a minimum subscription level for the subscribers to make it lucrative for the DTH provider. This may be achieved as mentioned in the response to 4.1.7

4.1.7 If the DTH operators are required to make available the channels on a-la-carte basis to the subscriber, then what could be the minimum number of channels and/or minimum subscription price and/or minimum subscription period for subscribing to the channels? Please elaborate your comments with appropriate reasoning

The need of DTH providers to have some minimum number of channels subscribed per subscriber is understandable. However, the current practice of having multiple basic packages means the subscriber is forced to choose multiple packages to get his choice of channels even before the add-on packages come into picture. Thus the subscriber is saddled with a number of channels which he is not interested in watching. One option could be that all Free to air (FTA) channels carried by the DTH provider be made available for selection as part of basic package to the subscriber. The subscriber must opt for a minimum of 20 channels at a price of at max Rs 5/- per channel. The subscriber may opt for any more number of channels from these FTA channels at the same rate. Since the DTH provider has no acquisition cost for these FTA channels, it ensures that for each subscriber, the DTH provider will get some amount per subscriber which will make the subscriber economically viable. For example if a DTH provider charges Rs 4/- per channel, then it will surely get Rs 80/- per month per subscriber. To ensure that adequate choice is available to the subscribers, it may be mandated that the DTH provider carry at least 40 channels in this basic package. If the DTH provider is not carrying 40 FTA channels, it must transfer some pay channels into this category at the same rate. The provider will be interested to carry as many popular FTA channels as possible in the basic package so that people subscribe to more than the minimum 20 thereby increasing the revenue per subscriber. Hence it may not be needed to spell out the channels included in the basic package. The pricing of pay channels may or may not be done in the same manner as FTA channels as the acquisition cost is different for each pay channel.

4.1.8 In case of a-la-carte provision to the subscribers, should there be a maximum permitted time frame for servicing request of a DTH subscriber? If so what should be such time frame? Please elaborate your comments with appropriate reasoning.

The DTH providers are currently offering a subscription period of one month for any of the pay channels. However to reduce the overheads for such requests for basic package only, the subscription time may be increased to 4 months (one quarter). This is a balanced time frame for both provider and subscribers before a change request can be placed from the subscriber. For add on packages and a-la-carte subscription to pay channels, the subscription period should continue to be one month as is currently followed by the provider. The DTH provider should be allowed to offer longer subscription lock-in periods by giving cost incentive or other incentives to the subscriber.

4.1.9 In case of a-la-carte offering of any TV channel by a DTH operator, whether there is a need to identify relationship between wholesale and retail price of that channel? Please elaborate your comments with appropriate reasoning.

The basic subscription package described above ensures that the DTH provider is getting enough revenue per subscriber to make it viable. Hence there is no requirement per-say to allow a markup on the retail price of a paychannel to its wholesale price. It may be mandated that the maximum a DTH provider can charge for a pay channel is the per subscriber charges published by the broadcaster for the wholesale market. The DTH provider earns on volume discount it can negotiate based on its subscriber base and any other discounts based on bouquets offered by the broadcaster as bouquets are supposed to cost less than the sum total of cost of channels in that bouquet.

Also, it must be ensured that a pay channel does not fleece its subscribers by asking for very higher prices during a particular time period. for example a sports channel should not ask for very high subscription charges when any particular tournament is being staged. It may be mandated for ex that the price for a particular month may not be more than 1.5 times the minimum price in any 12 month continuous period containing that month.