15<sup>th</sup> November 2016

To,
Mr. S.K. Gupta
Pr. Advisor (B&CS)
Telecom Regulatory Authority of India (TRAI)
New Delhi

### <u>Sub: Comments on the draft Telecommunication (Broadcasting and Cable Services)</u> (Eighth) (Addressable Systems) Tariff Order, 2016 (Draft Tariff Order of 2016)

Sir,

No words would be enough to describe the effort taken by TRAI in coming out with a Tariff regime, which not only takes into account the requirement of all stakeholders in the Broadcasting sector, which is bound to usher a level playing field for all of them, but has also ensured to keep the consumer as its focal point. This draft tariff Order of 2016 has taken into account the various issues raised with the authority from time to time by various stakeholders as also the situation which is prevalent on the ground.

As desired by the authority, we are limiting our response to only those provisions of the **Draft Tariff Order of 2016**, which in our opinion require some modification in order to ensure a level playing field, prevents predatory pricing, protect the interests of consumers and would further help in reducing disputes between the stakeholders.

S. No.	Existing Draft Tariff Order	Modification/Addition/Deletion proposed to the Draft Tariff	Reasons for the proposals
	Order	Order of 2016	proposais
1	Clause 2(O) reads as under:  "distribution platform" means distribution network of a DTH operator, multi-system operator, HITS operator or IPTV operator	Clause 2(O) is proposed to be modified as under:  "distribution platform" means distribution network of a DTH operator, multi-system operator, HITS operator, IPTV operator, OTT operator or any platform that distributes content to the subscriber	By leaving out the emerging platform from the ambit of the tariff regime, the authority is leaving it prone to litigation. In near future, various new platforms are going to emerge for
2	Clause 2(p) reads as under:  "distributor of television channels "means any	Clause 2(p) is proposed to be modified as under:  "distributor of television channels "means any DTH operator, multi	distributing content to the subscribers and keeping them in forbearance would again give rise to non- playing field and which in our views must be



	DTH operator, multi system operator, HITS operator or IPTV operator	system operator, HITS operator, IPTV operator, OTT operator or any platform that distributes content to the subscriber	avoided to otherwise very competitive regime proposed by the authority.
3	Clause 2(q) reads as under:	Clause 2(q) is proposed to be modified as under:	
	electronic programme guide "or "EPG" means a program guide maintained by the distributors of television that lists television channels and programmes, and scheduling and programming information therein and includes any enhanced guide that allows subscribers to navigate and select such available channels and programs	"electronic programme guide "or "EPG" means a program guide maintained by the distributors of television that lists television channels and programmes, subject to furnishing of the information regarding the programmes by the broadcasters to the distributors in a specified standard format and scheduling and programming information therein and includes any enhanced guide that allows subscribers to navigate and select such available channels and programs.	The EPG is maintained by a third party vendor on behalf of the Multisystem operator (MSO) and can be updated only based on the information forwarded by the Broadcasters. In case the Broadcasters do not share the information with the MSO, the EPG cannot be updated by the MSO. Hence it is important to include the addition in the definition requested for.
4	Clause 2(x) reads as under:	Clause 2(x) is proposed to be modified as under:	
	"maximum retail price" or "MRP" with reference to a-la-carte channel or bouquet of channels means the maximum price, excluding taxes, payable by a subscriber for that a-la carte channel or bouquet of channels, declared by the broadcaster;	"Customer retail price" or "CRP" with reference to a-la-carte channel or bouquet of channels means the maximum price, excluding taxes, payable by a subscriber for that a-la carte channel or bouquet of channels, declared by the broadcaster;	Under the Consumer Goods (Mandatory Printing of Cost of Production and Maximum Retail Price) Act, 2006, MRP is defined as such price at which the product shall be sold in retail and such price shall include all taxes levied on the product. Hence the
5	Clause 2(ze) reads as under:  "retail price" with	Clause 2(Ze) is proposed to be modified as under:  "distributor offer price" with	proposal to change the MRP to CRP. Accordingly, the retail price can be renamed as "distributor Offer



reference to a-la-carte channel or bouquet of channels means the price, excluding taxes, declared by the distributor of television channels payable by a subscriber for that a-la-carte channel or bouquet of channels.

reference to a-la-carte channel or bouquet of channels means the price, excluding taxes, declared by the distributor of television channels payable by a subscriber for that a-la-carte channel or bouquet of channels. Price". Further The distribution platform should be given the flexibility to ROUND UP the retail price inclusive of taxes to a higher rupee from ease of communication and collection point of view.

Accordingly wherever the word maximum retail price excluding taxes comes in the Tariff Order of 2016, should be replaced with Customer retail price excluding taxes and retail price to be substituted with distributor offer price.

### 6 Clause 2(zh) reads as under:

"subscriber" means a person who receives television broadcasting services, provided by a service provider, at a place indicated by such person without further transmitting it to any other person and each set top box located at such place, for receiving the subscribed television broadcasting services from the service provider, shall constitute one subscriber.

### Clause 2(zh) is proposed to be modified as under:

"subscriber" for the purpose of this Tariff Order of 2016 means a person who receives television broadcasting services, provided by a service provider, at a place indicated by such person without further transmitting it to any other person and each set top box located at such place, for receiving the subscribed television broadcasting services from the service provider, shall constitute one subscriber.

Various Statutory authorities including Entertainment Tax have taken view that taxes are payable per Set Top Boxes even if there are multiple set top boxes in the same house in the name of single subscriber based on current subscriber definition. Hence it is important to have this change incorporated.

### 7 1st Proviso to Clause 3(1)(b) reads as under:

Provided that the maximum retail price of a

1<sup>st</sup> Proviso to Clause 3(1)(b) is proposed to be modified as under:

Provided that the **customer** retail price of a pay channel shall be

This is required from an operational



	pay channel shall be more than Zero.	minimum Rs. 1.	convenience point of view and from customer ease for payment.
8	5th Proviso to Clause 3(3) reads as under:  Provided further that such bouquet shall not contain high HD and SD variants of the same Channel.	5 <sup>th</sup> Proviso to Clause 3(3) is proposed to be modified as under: Provided further that such bouquet shall not contain HD and SD variants of the same Channel.	The word "high" to be deleted as it seems to be a typo error.
9	1st Proviso to Clause 3(6) reads as under:  Provided that a broadcaster, before making any change in the nature of any channel, shall at least ninety days prior to the scheduled change (a) inform the Authority; (b) inform the distributors of television channels; and (c) inform the subscribers by running scroll on the channel	1st Proviso to Clause 3(6) is proposed to be modified as under: Provided that a broadcaster, before making any change in the nature of any channel, shall at least ninety days prior to the scheduled change (a) inform the Authority; (b) inform the distributors of television channels; and (c) inform the subscribers by running scroll on the channel  Provided further that any change in pricing/genre/ Pay / FTA by broadcaster should be made effective only from the first day of a calendar month following the 90-day notice period.	The above addition is required from an administrative convenience point of view. In case a broadcaster makes the changes during the month, it would be challenge for the distribution platform to implement it during the month else it would give rise to billing and reporting related disputes.
10	Clause 4 reads as Under:	Clause (4) is proposed to be modified as under:	
	Genres of television channels: (1) Every broadcaster shall declare a genre for each of its channels under any one of the genres specified below: (a) Devotional	Genres of television channels:  (1) Every broadcaster shall declare a genre for each of its channels under any one of the genres specified below:  (a) Devotional  (b) General Entertainment  (c) Infotainment	Music has emerged as a completely separate industry with lot of new channels coming up and hence it is needed that there is a specific genre for Music. it is a separate industry segment catering to



	(Addressable Systems) faith Order, 2010			
	(b) General Entertainment (c) Infotainment (d) Kids (e) Movies (f) News and Current Affairs (g) Sports	(d) Kids (e) Movies (f) News and Current Affairs (g) Sports (h) Music	specific audiences. Clubbing music with GEC / Infotainment may result in diluting the offering to consumer.	
11	Clause 6(1) reads as Under:  Manner of offering of	modified as under		
	channels by the distributor of television channels:	by the distributor of television channels:		
	(1) No distributor of television channels shall charge a rental amount exceeding rupees one hundred and thirty, excluding taxes, per month per set top box from a subscriber for providing a capacity so as to enable the subscriber to receive the signals of up to one hundred SD channels:	(1) A distributor of television channels shall charge a fixed rental of rupees one hundred and thirty, excluding taxes, per month per set top box from a subscriber for providing a capacity, subject to maximum discount of 15%, so as to enable the subscriber to receive the signals of up to one hundred SD channels:	TRAI has in its explanatory memorandum clearly explained that Rs. 130 is the cost towards creating capacity by the MSO and hence it is important that this cost is protected for and no undercutting is allowed to anyone. If any discounting is allowed in excess of 15% by any name, this would lead	
	Provided that one HD channel shall be treated equal to two SD channels for the purpose of calculating capacity of one hundred channels offered to the subscriber.	Provided that one HD channel shall be treated equal to 4 SD channels for the purpose of calculating capacity of one hundred channels offered to the subscriber.	to predatory pricing and restrictive trade practices by companies having deep Pocket and distributors who are vertically integrated. This would lead to skewed market in favour of few, which would be against the provisions of the Competition Act.	
			Hence to prevent predatory pricing by the new entrants with deep pockets and with distribution platforms	



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#### Comments on the draft Telecommunication (Broadcasting and Cable Services) (Eighth) (Addressable Systems) Tariff Order, 2016 integrated, we are proposing that the rental amount should be fixed instead of keeping it as maximum. Keeping it maximum would allow DPOs who are vertically integrated undercut to market, which would defeat the verv purpose of this Draft Tariff order of 2016. Once the rental amount is fixed there would be no scope for unfair trade practices, predatory pricing and/ or any restrictive trade practice. It would also ensure that subscribers are assured parity in rental amounts and each subscriber irrespective of areas would be assured of services at a constant price without fear of change. It would reduce changes of distributors of TV channels trying to enter into anticompetitive agreements, so as to subvert the regulations. Secondly, it is proposed that one HD Channel should be treated equal to 4 SD Channels, rather than 2. Most distributor of channels have already



compression

large

installed

the

number of MPEG2 Set-Top Boxes and as per

standards available on the said Set-Top Boxes/ Equipment one HD

			Channel takes about 3.4-3.5 times the bandwidth of a SD Channel. Therefore, the Regulation should be amended accordingly to reflect the bandwidth utilization of a HD Channel.
12	Clause 6(2) reads as Under:  Every distributor of television channels shall offer all the channels	Clause 6(2) is proposed to be modified as under  Every distributor of television channels shall offer all the shannels available on its network.	Our understanding is that there is no lower
	offer all the channels available on its network on a-la-carte basis and declare retail prices of pay channels payable by the subscriber.	channels available on its network on a-la-carte basis and declare retail prices of pay channels payable by the subscriber subject to maximum discount of 15% on the ala carte price declared by the Broadcaster.	cap on the retail price of ala-carte Channels pricing by distributor to consumer. To prevent misuse of this forbearance on alacarte Channels pricing at distribution platform level by vertically integrated distributors who may resort to price cannibalization, it is recommended that the retail price should be subject to a 15% cap on the ala-carte Channels price declared by the Broadcaster.
13	Clause 7 reads as under:	It is proposed that Clause 7 should be amended to the following:	
	7. Reporting requirement. (1) Every broadcaster shall furnish the following information to the Authority, namely:  - (a) names, genre, language and relevant geographical area of all free to air channels offered by the broadcaster;	7. Reporting requirement. (1) Every broadcaster shall furnish the following information to the Authority, namely: - (a) names, genre and language of all free to air channels offered by the broadcaster; (b) name, maximum retail price, genre and language of each pay channel offered by the broadcaster; (c) list of all bouquets of pay	The references made to relevant geographical area of sub-clause (1) have been removed, as also changes made to bring the same in conformity to the proposed Clause 3.  In the first proviso to sub-clause (1) the time period to declare the

- (b) name, maximum retail price, genre, language and relevant geographical area of each pay channel offered by the broadcaster;
- (c) list of all bouquets of pay channels offered by the broadcaster with maximum retail prices of each bouquet, indicating the names of all the pay channels contained therein:
- (d) name, maximum retail price, language and relevant geographical area of each premium channel offered by the broadcaster;
- (e) whether the pay channels are pay channels in whole of the country or only in part of the country. (relevant geographical market(s) must be specified if a channel is a pay channel in part of the country);
- (f) advertisement revenue for the last financial year;
- (g) any other information relevant to free to air channels, pay channels, premium channels, maximum retail prices and bouquets offered by a broadcaster as called for by the Authority from time to time:

Provided that the first such report, containing maximum retail prices effective from April 1, 2017, shall be submitted to the Authority by March 1, 2017 and, thereafter, any changes in such rates ---

(a) shall be reported to

- channels offered by the broadcaster with maximum retail prices of each bouquet, indicating the names of all the pay channels contained therein;
- (d) name, maximum retail price and language of each premium channel offered by the broadcaster;
- (e) advertisement revenue for the last financial year;
- (f) any other information relevant to free to air channels, pay channels, premium channels, maximum and retail prices bouquets offered bν broadcaster as called for by the Authority from time to time: Provided that the first such report, containing maximum retail prices effective from April 1, 2017, shall be submitted to the Authority by January 1, 2017 and,
- (a) shall be reported to the Authority thirty days prior to the change; and

thereafter, any changes in such

rates ---

- (b) shall also be published on the website of the broadcaster.
- Provided further that every broadcaster shall provide to the Authority the advertisement revenue for each financial year within ninety days of the end of that financial year,
- (2) Every broadcaster who, after the commencement of the Telecommunication
- (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2016 (of 2016),------
- (a) introduces any new pay channel or free to air channel or premium channel; or
- (b) converts any pay channel or premium channel into free to air channel; or
- (c) converts any free to air channel into pay channel or premium channels; or

maximum retail price by the Broadcaster has been changed January, 2017 instead of March, 2017 as only once the Broadcaster declared maximum retail price can the distributor of TV channels formulate packages publish the same and start its consumer awareness programs. Since, the Regulation is to come into effect from April, 2017 a minimum period of 2 months' prior thereto is required for the creating consumer awareness regarding the changes. Furthermore. the distributor of channels also requires some time to formulate packages thereafter circulate the publicity material etc. In the case of MSOs, they also need to hold meetings with LCOs and educate them regarding the changes in the packaging etc., who in turn would have to educate the end consumer/ subscriber.

In the first proviso to sub-clause (2) it has been added that any information with regard to introduction conversion discontinuation or change of a channel should also be furnished the to distributor of TV



the Authority thirty days prior to the change; and (b) shall also be published on the website of the broadcaster.

Provided further that every broadcaster shall provide to the Authority the advertisement revenue for each financial year within ninety days of the end of that financial year,

- (2) Every broadcaster who, after the commencement of the Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2016 ( of 2016),------
- (a) introduces any new pay channel or free to air channel or premium channel; or
- (b) converts any pay channel or premium channel into free to air channel; or
- (c) converts any free to air channel into pay channel or premium channels: or
- (d) converts any premium channel into free to air channel or pay channel; or
- (e) discontinues any free to air channel or pay channel or premium channel; or
- (f) introduces any new bouquet or discontinues any bouquet or changes rate of existing bouquet; or
- (g) changes genre, language, name etc. of any existing channel, shall, ninety days prior to

- (d) converts any premium channel into free to air channel or pay channel; or
- (e) discontinues any free to air channel or pay channel or premium channel; or
- (f) introduces any new bouquet or discontinues any bouquet or changes rate of existing bouquet;
   or
- (g) changes genre, language, name etc. of any existing channel, shall, ninety days prior to such introduction or conversion or discontinuation or change, furnish to the Authority and to the Distributor of TV channels and subscribers, the following information, namely:-
- (i) name of the channel to be introduced, converted or discontinued,
- (ii) the date on which the new channel is to be introduced, converted or discontinued;
- (iii) the maximum retail price of the pay channel if it is a newly introduced or converted pay channel;
- (iv) the maximum retail price of the premium channel if it is a newly introduced or converted premium channel
- (v) composition of new bouquet or bouquets to be introduced along with maximum retail price for each such new bouquet;
- (vi) in the case of a new channel, the genre and language of the new channel;
- (vii) changed maximum retail price of the existing bouquet;
- (viii) changed maximum retail price, genre, language, name etc. of the existing channel.
- (3) Every broadcaster shall display on its website the information furnished under sub-clauses (1) and (2), except the information specified under sub clause (f) of

channels and the subscribers. The providing of such the information to distributor of TV channels is essential as only once the same has come to the knowledge of the distributor can it formulate packages and/ or modify its offerings to the consumers. The distributor would also in the case of new channels require time to decide whether or it wishes not subscribe to the same.

In sub-clause (a) of the first proviso to subclause (4) the time period to report the changes to Authority has been reduced from 90 days to 30 days. The same has been done as the Broadcaster has been given a period of 90 days give information regarding the introduction conversion ٥r discontinuation or change of a channel. Once the Distributor of TV channels has received such information from the Broadcaster, it would have to change its offerings i.e. bouquets etc. Therefore, in order to provide some time to the distributor of TV channels to modify its offerings the time period has been reduced.



such introduction or conversion or discontinuation or change, furnish to the Authority, the following information, namely:-

- (i) name of the channel to be introduced, converted or discontinued,
- (ii) the date on which the new channel is to be introduced, converted or discontinued;
- (iii) the maximum retail price of the pay channel if it is a newly introduced or converted pay channel;
- (iv) the maximum retail price of the premium channel if it is a newly introduced or converted premium channel
- (v) composition of new bouquet or bouquets to be introduced along with maximum retail price for each such new bouquet;
- (vi) in the case of a new channel, the genre and language of the new channel;
- (vii) changed maximum retail price of the existing bouquet;
- (viii) changed maximum retail price, genre, language, name etc. of the existing channel.
- (3) Every broadcaster shall display on website the information furnished under subclauses (1) and (2), except the information specified under clause (f) of clause (1), simultaneously with its submission to the

clause (1), simultaneously with its submission to the Authority.

- (4) Every distributor of television channels shall furnish the following information to the Authority, namely:-
- (a) monthly rental amount charged from subscribers(b) list of all pay, free to air and
- (b) list of all pay, free to air and premium channels available to subscribers on its network
- (c) list of all the bouquets of pay channels and bouquets of free to air channels available to subscribers on its network
- (d) retail price for pay channels, premium channels and bouquets of pay channels available to subscribers on its network
- (e) all terms and conditions, associated with the supply of set top boxes to the subscribers
- (f) all the platform services and their rates

Provided that the first such report, containing monthly subscription charges and retail prices effective from April 1, 2017, shall be submitted to the Authority by March, 2017 and, thereafter, any changes in such rates ---

- (a) shall be reported to the Authority thirty days prior to the change; and
- (b) shall also be published on the website of the distributor of television channels:

Provided further that every such distributor of television channels who commences its services after coming into force of this Tariff Order shall submit to the Authority such reports before commencement of its services and thereafter any changes in the rates shall be reported thirty days prior to the change.

(5) Every distributor of television channels who, after the commencement of the

In sub-clause (5) the time period of 90 days given to a distributor of TV channels in the event of introduction conversion or or discontinuation or change of a channel/ bouquet has been reduced to 30 days. There is a two-fold reason for the same. Firstly, the Broadcaster has been given a period of 90 days to give information regarding the introduction conversion or discontinuation or change of a channel. Only once. Broadcaster gives such information can the distributor of  $\mathsf{TV}$ channels take decision with regard to the same. Secondly, in the event of discontinuation of a channel due to nonpayment of carriage fees etc., the proposed and extant Interconnect Regulations provide for a notice of 21 days. A period of 90 days in

Regulations provide for a notice of 21 days. A period of 90 days in such situations is excessively long. Therefore, the reduced time frame of 30 days is required.



Authority.

- (4) Every distributor of television channels shall furnish the following information to the Authority, namely:-
- (a) monthly rental amount charged from subscribers
- (b) list of all pay, free to air and premium channels available to subscribers on its network
- (c) list of all the bouquets of pay channels and bouquets of free to air channels available to subscribers on its network
- (d) retail price for pay channels, premium channels and bouquets of pay channels available to subscribers on its network
- (e) all terms and conditions, associated with the supply of set top boxes to the subscribers
- (f) all the platform services and their rates Provided that the first such report, containing monthly subscription charges and retail prices effective from April 1, 2017, shall be submitted to the Authority by March, 2017 and, thereafter, any changes in such rates ---
- (a) shall be reported to the Authority ninety days prior to the change; and
- (b) shall also be published on the website of the distributor of television channels:

Provided further that every such distributor of

Telecommunication

- (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2016 ( of 2016),------(a) introduces any new pay channel or free to air channel or premium channel on its network;
- (b) discontinues any free to air channel or pay channel or premium channel from its network; or
- (c) introduces any new bouquet or discontinues any bouquet or changes rate of existing bouquet; shall, thirty days prior to such introduction or conversion or discontinuation or change, furnish to the Authority, the following information, namely:-
- (i) name of the channel to be introduced or discontinued,
- (ii) the date on which the new channel is to be introduced or discontinued;
- (iii) retail price of the pay channel or premium channel if it is a newly introduced;
- (iv) composition of new bouquet or bouquets to be introduced along with retail price for each such new bouquet;
- (v) changed retail price of the existing bouquet;
- (6) Every distributor of television channels shall display on its website the information furnished under sub-clauses (4) and (5), simultaneously with its submission to the Authority.



television channels who commences its services after coming into force of this Tariff Order shall submit to the Authority such reports before commencement of its services and thereafter any changes in the rates shall be reported thirty days prior to the change. (5) Every distributor of television channels who, after the commencement of the Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2016 ( of 2016),-----(a) introduces any new pay channel or free to air channel or premium channel on its network; (b) discontinues any free to air channel or pay channel or premium channel from network; or (c) introduces any new bouquet or discontinues any bouquet or changes rate of existing bouquet; shall, ninety days prior to such introduction or conversion discontinuation change, furnish to the Authority, the following information, namely:-(i) name of the channel to be introduced or discontinued, (ii) the date on which the new channel is to be introduced discontinued; (iii) retail price of the pay channel or premium



channel if it is a newly	
introduced;	
(iv) composition of new	
bouquet or bouquets to	
be introduced along with	
retail price for each such	
new bouquet;	
(v) changed retail price of	
the existing bouquet;	
(6) Every distributor of	
television channels shall	
display on its website the	
information furnished	
under sub-clauses (4) and	
(5), simultaneously with	
its submission to the	
Authority.	

Once again we would like to compliment TRAI for such an extensive work undertaken by it, which is unprecedented in terms of the changes that it is likely to bring as to the working of this whole industry and ensure transparency, level playing field and implement digitization in true sense and hence request TRAI to consider the aforementioned proposed amendments/deletions and/or additions for the Draft Tariff Order of 2016 to bring about a new and reformed era for the broadcasting sector wherein disputes between the service providers are minimized and the actual goal of providing good quality uninterrupted services and choice to the customer is achieved as well as the business interests of all the tiers of the distribution chain are protected.

Thanking you,

Yours faithfully

For Hathway Cable and Datacom Limited

(Ajay Singh)

Head Legal, Company Secretary & Chief Compliance officer

