Issues related to Target Market

Q1: Do you think that the flexibility of defining the target market is being misused by the distribution platform operators for determining carriage fee? Provide requisite details and facts supported by documents/ data. If yes, please provide your comments on possible solution to address this issue?

Comments: - As going through the consultation papers issued by TRAI on issues relating to the target market, both the DPO's and DTH companies as well as broadcasters does have their own issues to handle and continuing to provide quality services to their customers 24x7. As DPO's and DTH companies connect their equipments and networks to the broadcasters to provide broadcasting and cable services to the customers and broadcasters do their job by providing quality contents like entertainment programs, movies, news, sports and regional programs etc.
The ultimate result of above mentioned subject is both the DPO's, DTH players and Broadcasters are necessary in this process and each and everyone is important while completing the entire process.

Onto the Target Market issue, it my opinion that defining the target market by DPO's for connecting broadcasters to certain area of subscribers mainly for regional channels is itself has to be demolished by TRAI because as most of the DTH players have presence and area of operation is on pan India basis, so it is unable to them to declare target market for any state or city. Now taking into consideration DPO's defining target market like PAN India basis or combining two states of different language speaking population, different cultures and demand for different television programs is truly undue arm twisting by DPO's.

Mainly problem due to defining target market by DPO's is faced by regional channels as their channel is entirely based upon one language speaking population or one specified area of state, so ultimately is not possible that other than language or area people would like that channel or programs broadcasted by that channel. So the solution to cater this issue would be to demolish this entire process of target market and leave this decision to the broadcasters to select whether they want their channel to be broadcasted towards entire nation, world or in certain specified state or area. As mentioned in consultation papers DPO's have to as well as broadcasters must declare genre of their channels like Entertainment, Infotainment, Kids, Movies, Devotional, News, Current Affairs, Sports, Miscellaneous and language(for regional channels). As mandatory by TRAI that DPO's must place channels together according to their genre in Electronic Program Guide (EPG) and so subscribers can find a bifurcated list of channel list for every genre of channel at one place.

As the genre of the channel is already defined by their broadcaster and if broadcaster has defined their channel as regional channel which all the programs would be in one language only and for that specified language speaking population and DPO's have already placed that channel in group of same language of regional channel in one place then broadcasters wants to focus only on that language speaking area or state and not entire nation.

By taking view of DPO's, if broadcaster's especially regional channels requests and does the interconnection agreement to connect their channel to the target markets other than selected by broadcasters only then DPO's should charge them carriage fees for connecting them to other states of India. Further calculation of carriage fees charged by DPO's to regional broadcasters will come in the next question comments.

Q2: Should there be a cap on the amount of carriage fee that a broadcaster may be required to pay to a DPO? If yes, what should be the amount of this cap and the basis of arriving at the same?

Comments: - By taking into consideration both sides as Broadcasters and DPO's & DTH players, there has to be a equilibrium way to solve this carriage fees issue as both sides of stakeholders are playing important role in this television cycle, both having their own huge capital expenditures and less earnings due to competition in the markets.

Capping for DPO's: -

According to the Interconnection Regulation, 2017 currently carriage fee for per standard definition channel per subscriber per month to be declared by a distributor of television channels shall not exceed twenty paisa should be reduced to ten paisa.

AND

Carriage fee for per high definition channel per subscriber per month to be declared by a distributor of television channels shall not exceed forty paisa should be reduced to twenty paisa. This calculation of carriage fees shall change according to the monthly subscription percentage of such television channel.

BUT

As going through the consultation paper it is learnt that DPO's recover hefty carriage fees from all regional broadcasters for broadcasting their channels to regions other than their target markets so it is unfair to regional broadcaster, whereas the other News, Entertainment, Movies and Sports etc. channels whose viewership is almost in Pan India basis and they enjoy monthly average subscription surpasses free carriage fee limit of 20% for month even it crosses 70-80% average monthly. So there should be some kind of carriage fees to be shifted to all these huge viewership channels from regional channels as below: -

Revised Carriage Fees Structure as per Monthly Viewership					
Regional Broadcasters	**Up to 5%**	**5% to 10%**	**10 to 15%**	**15% to 20%**	**Above 20%**
	As per rates fixed in Interconnection Agreement per subscriber	0.75 times of rates fixed in interconnection agreement per subscriber	0.50 times of rates fixed in interconnection agreement per subscriber	0.25 times of rates fixed in interconnection agreement per subscriber	NIL-No carriage fees at all
-	-	-	-	-	-
Regional	**Up to 5%**	**5% to 10%**	**10 to 15%**	**15% to 20%**	**Above 20%**

Broadcasters					
Other than their selected Target Market Regions	0.50 times of rates fixed in interconnection agreement per subscriber	0.75 times of rates fixed in interconnection agreement per subscriber	0.50 times of rates fixed in interconnection agreement per subscriber	0.25 times of rates fixed in interconnection agreement per subscriber	NIL-No carriage fees at all
Pan India Broadcasters	**Up to 5%**	**5% to 10%**	**10 to 15%**	**15% to 20%**	**Above 20%**
Changes in carriage fees above 20%	As per rates fixed in Interconnection Agreement per subscriber	0.75 times of rates fixed in interconnection agreement per subscriber	0.50 times of rates fixed in interconnection agreement per subscriber	0.25 times of rates fixed in interconnection agreement per subscriber	**Current** - NIL No carriage fees at all. **Change** - Fixed carriage fee of 0.02 paisa per SD channel and 0.04 paisa for per HD channel per month per subscriber

Referring to above table as broadcasters having presence in Pan India has advantage of NIL carriage fees as their monthly average viewership always crosses 20% and they never get charged by DPO's/MSO's or DTH players so it is recommend to charge them fixed monthly if their monthly viewership is above 20% then carriage fees should be charged as 0.02 paisa per SD channel and 0.04 paisa per HD channel per month per subscriber.

According to me this is a very calculated and fare rates of capping which are really helpful for broadcasters to have capping on the monthly per subscriber carriage fees they pay to DPO's. As mentioned in the consultation paper carriage fees of DPO's should be capped to half as compared to the current capping of twenty paisa for SD channels and forty paisa for HD channels. And they recover huge amounts of extra hefty charges from broadcasters on the name of marketing fess and advertising fees.

Q3: How should cost of carrying a channel may be determined both for DTH Platform and MSO Platform? Please provide detailed justification and facts supported by documents / data.

Comments: - Considering most of the DPO's/MSO's are now having Pan India presence to offer their services and having huge amount of subscriber base. As given in consultation paper DPO'S and MSO's in total have almost equal percentage of subscriber base as compared to DTH Players. One cannot deny that MSO can offer each and every channel that can be offered by DTH players on their platform.

But as DTH players have huge subscriber base individually like in millions and can reach to the every corner of the country because of their wireless platform, people always firstly prefer to subscribe DTH platform first. As DTH players have to connect to broadcasters and subscribers thorough wireless system or through satellite system their costs for operations are huge but DTH players subscription costs/plans are also bit expensive than DPO's/MSO's.

In terms of DPO's/MSO's they use wired technology which connects broadcasters to subscribers, so their cost of operations are less expensive than DTH players. But they have their own problems of maintenance and durability of their technology. DPO's/MSO's to survive through competition given by the DTH players they offer competitive and less expensive plans to their subscribers.

As broadcasters complaining about huge carriage fees charged by DPO's/MSO's and DTH players there should be a carriage revival is necessary as follows: -

As discussed in comment number 2, the most important point here to be noted would be the broadcaster whose channels monthly active subscription is far more than 20% limit of average monthly subscription, their average monthly subscription numbers are up to 70-80%, by which they are the mostly beneficiaries in this system of calculating carriage fees, by which they have no amount of carriage fees for any month, as their viewer base is allover India. Whereas in terms of regional channels their viewership is limited to their regions like state or language speaking areas. So their monthly subscription is limited to certain areas/regions and they have to pay hefty carriage fees for other areas of country. For viability of the DPO's/MSO's and DTH players and to avoid hefty recovery of carriage fees to regional broadcasters, it is necessary to charge some carriage fees structure. (Please refer to table in comment no-2 for revised carriage fees structure).

By referring table in comment no-2 there should be another option to have carriage fee different carriage fee structure for DTH players other than DPO's/MSO's as follow: -

Revised Carriage Fees Structure as per Monthly Viewership					
Regional Broadcasters	**Up to 2%**	**2% to 5%**	**5 to 10%**	**10% to 15%**	**Above 15%**
	As per rates fixed in Interconnection Agreement per subscriber	0.75 times of rates fixed in interconnection agreement per subscriber	0.50 times of rates fixed in interconnection agreement per subscriber	0.25 times of rates fixed in interconnection agreement per subscriber	NIL-No carriage fees at all
Regional Broadcasters	**Up to 2%**	**2% to 5%**	**5 to 10%**	**10% to 15%**	**Above 15%**
Other than their selected Target Market Regions	0.50 times of rates fixed in interconnection agreement per subscriber	0.75 times of rates fixed in interconnection agreement per subscriber	0.50 times of rates fixed in interconnection agreement per subscriber	0.25 times of rates fixed in interconnection agreement per subscriber	NIL-No carriage fees at all
Pan India Broadcasters	**Up to 2%**	**2% to 5%**	**5 to 10%**	**10% to 15%**	**Above 15%**
Changes in carriage fees above 20%	As per rates fixed in Interconnection Agreement per subscriber	0.75 times of rates fixed in interconnection agreement per subscriber	0.50 times of rates fixed in interconnection agreement per subscriber	0.25 times of rates fixed in interconnection agreement per subscriber	**Current** - NIL No carriage fees at all. **Change** - Fixed carriage fee of 0.02 paisa per SD channel and 0.04 paisa for per HD channel per month per subscriber

In above table the revised carriage fee structure especially for DTH players is given to charge monthly carriage fee according to it to broadcasters. By refereeing to above table one can notice that the standard capping of up to 5% monthly average viewership according to Interconnection Regulation, 2017 to be changed to up to 2% for first slab than gradually it changes to 2 to 5%, 5 to 10%, 10 to15% and above 15%. As referring to Interconnection regulation it is mentioned to cap 20% is the largest slab for carriage fees but instead now I recommend the highest slab of 15% should be adopted by DTH players while calculating monthly carriage fees of broadcasters.

This change in basic slabs structure of carriage fees will be viable option to DTH players as well as broadcasters as they pay more carriage fees to DTH players than DPO's/MSO's, so I can reduce broadcasters monthly carriage fees bill.

Q4: Do you think that the right granted to the DPO to decline to carry a channel having a subscriber base less than 5% in the immediately preceding six months is likely to be misused? If yes, what can be done to prevent such misuse?

Comments: - As stated in consultation paper most of the DPO's are having technical difficulty to carry as many as most 600 channels on their platform and almost 900 channels are presently working in India. So giving all channels same justice to have them on every DPO's platform and continue to broadcast after that channel is not getting a monthly average viewership of 5% then it should be injustice to other channels in the market, whose monthly viewership is far better than those having less than 5% average monthly viewership.

Most of the time it happens with regional channels than channels are Pan India basis channels. Unfortunately due to heavy competition in DPO's and also competition from DTH players it creates jumbling to DPO's to continue with channels which are having better viewership and their subscribers also demand for that channels only. For example if one DPO 1 having channel whose monthly viewership is far better than the other channel which is listed on DPO 2 platform then DPO 2 hastily remove that channel from his platform and have those channels having better viewership, as it happens in every industry.

But by taking into consideration broadcaster’s point of view they pay to monthly carriage fees to DPO’s according to rates agreed in Interconnection Agreement done by both. So the channels having less viewership is paying more to DPO’s than those having huge viewership, so giving right to DPO to discontinue channel having a subscriber base less than 5% in the immediately preceding six months is very unfair with channels. <u>Only solution to that would be by referring to table in comment number -2 monthly carriage fees should be revised to up to 5% would be 0.50 times of rates fixed by both in interconnection agreement. And revise the limit of discontinuation given to DPO of 6 months should be change to 9 or 12 months (as per discussion with DPO’s), as 9/12 months is enough time to broadcasters to improve their viewership to avoid discontinuation from DPO’s platform.</u>

Issues related to placement and other agreement between broadcasters and distributors

Q5: Should there be well defined framework for Interconnection Agreements for placement? Should placement fee be regulated? If yes, what should be the parameters for regulating such fee? Support you answer with industry data/reasons.

Comments: - As DPO’s make Interconnection Agreements or Placement Agreements with broadcasters for placing their channels on Electronic Program Guide on their platform and broadcasting their channel to their subscribers, for which DPO’s charge carriage fees by calculating average monthly subscription multiplied by rates fixed in Interconnection Regulation,2017.

Yes, there has to be a framework for Interconnection Agreements for placements between Broadcasters and DPO's, as this whole process of placement and broadcasting is regulated through Interconnection Regulation, 2017. The process of Interconnection Agreement for Placement can be well structured as follows: -

Placement Agreement between DPO's and Broadcasters should be approved by the TRAI, as this process of broadcasting is involved millions of subscribers. According to consultation paper channel placement always creates conflict situation between DPO's and broadcasters because of many channels wants their channels to be placed in first place in Electronic Program Guide (EPG) so subscriber can find their channel easily on first place while searching the same genre channels and their channel shall have huge amount of subscription as well as viewership. For that they pay heavy placement fees to DPO's. But it creates unfair situation to other broadcasters who doesn't pay DPO's more placement fees than their competitor.

For that situation TRAI must regulate Placement agreement process and compulsorily order DPO's to have placements of channels of same genre in Electronic Program Guide (EPG) **alphabetically**, so the process of placement will become more transparent and no Broadcasters will have mere advantage to place their channels on first place and so DPO's will not get chance to recover hefty placement fees from broadcasters.

Placement fee regulation: -

Yes, the placement fees should be regulated and DPO's have no right to recover channel placement fees from broadcasters as they pay monthly carriage fees to DPO's as per the average monthly subscription per subscriber as fixed in Interconnection Agreement. It is unfair to broadcasters to pay DPO's heavy placements fees as well as carriage fees.

It is well known situation that DPO's does have their own expenditures and problems but they cannot force broadcasters to pay hefty placements fees to place their channels on their platforms. As stated in Interconnection Regulation, 2017 no DPO's can deny any broadcaster to place their channel on their platform.

Parameters for regulating placement fees: -

1) Taking hefty Placement fees from broadcasters for placing their channels is arm twisting situation for broadcasters as they pay monthly carriage fees to DPO's to broadcast their channels by using their platforms. So Placement fees should be demolished.

2) By taking into consideration DPO's side they can take some interest free refundable deposit from the broadcaster for placing their channels on DPO platform.

3) According to current Interconnection Regulation, 2017 the DPO's have right to discontinue that channel from their platforms which subscription is consecutively below for next six months for 5% of their average monthly subscription, In that case if channel is discontinued by DPO's and that broadcaster is ready to replace their channel on the DPO's platform then only DPO can recover placement fees from that broadcaster. But as stated above he has to place that channel in EPG list according to **alphabetical order.**

Q6: Do you think that the forbearance provided to the service providers for agreements related to placement, marketing or any other agreement is favoring DPOs? Does such forbearance allow the service providers to distort the level playing field? Please provide facts and supporting data/documents for your answer(s).

Comments: - As and until this process of Interconnection Agreement like placement, marketing and such other type of agreements does pace between DPO's and broadcasters is not regulated by TRAI, the DPO's can use this process to recover heavy charges from broadcasters for carrying their channels on DPO's platform fulfill their ulterior motive.

But we have to take into consideration other side of the situation, why DPO's are only who recover these charges from broadcaster and not DTH players by naming it as placement fees, marketing and advertising fees and many other names and agreements etc. Reasons for that as follows: -

1) As compared to DTH players DPO's subscriber base is less and their market share is also less accordingly.

2) DPO's have to reach each and every subscriber with wired technology, so that becomes disadvantage to DPO's as DTH players use wireless technology to connect with their subscriber so they can easily connect with any number of subscribers at any corner of the country.

3) Because of wired technology DPO's cost of operations and maintenance becomes less expensive and non durable according to DTH Players.

4) Also comparing with DTH player's subscription/plans rates DPO's charge their subscribers less expensive monthly subscription plans. So it ultimately creates huge shortfall in their incomes as compared to DTH players.

5) The wired technology which is used by DPO's gives them disadvantage of placing or listing only up to 600 channels as compared to more than 900 channels are working in the market and which are more listed by DTH players on their wireless platform to their subscribers. It also creates shortfall in DPO"s incomes accordingly.

6) As most of the DPO's reach of as many as target markets are less as compared to DTH Players as their presence is in all India basis. So most of the regional channels could not be listed on DPO's platform so it also affects their income.

7) Competition is the very important factor which affects the business of DPO's, as competition from other DPO's and the more than double amount of subscribers competition from DTH players also the main reason for income shortfall to DPO's.

8) Most of the pan India broadcasters does have their monthly average subscription is above 20% and according to Interconnection Regulation, 2017 if the broadcaster have average subscription above 20% then that channel will automatically availed for zero carriage fees payment to DPO's and most of the Pan India base channels does have huge viewership avail this benefit.

Of course DPO's and their placement, marketing and other type of similar agreements should be regulated but while doing this one must take into consideration DPO's side also. **Solutions for having control and regulation on DPO's for above agreements done by them as follows: -**

1) Regulate the process of Interconnection Agreement or placements agreements. On every agreement DPO's and Broadcasters must have to compulsorily take permission from regulator and inform the agreement clauses and fees structure and various charges structure to the regulator. The regulator must have intervention power if they find unbalanced agreement conditions.

2) In my opinion this marketing or other similar type of agreements forcefully done by DPO's with broadcasters should be completely removed by regulator. As they receive monthly carriage fees from broadcasters as well as monthly subscription charges from subscribers.

3) As referenced to comment no.5, the placement process of channels on DPO's platforms is always creates conflict situation if regulator makes compulsory to DPO's to place all same genre channels **alphabetically** on EPG so all this process will become more transparent than the current placement done by DPO's which is fully in

hands of DPO's and they recover hefty charges from broadcasters in the name of marketing and any other similar agreements.

4) As referenced to table in comment no.3 if channel crosses the monthly average subscription limit of 20% then according to Interconnection Regulation, 2017 that channel automatically gets benefit of zero payment of carriage fees to DPO's. But if regulator avails compulsory fixed payment structure to those channels like <u>fixed carriage fee of 0.02 paisa per SD channel and 0.04 paisa for per HD channel per month per subscriber.</u> Then it will not create any financial burden on DPO's and will promote them to not recover any marketing or any other similar type of charges from broadcasters.

Q7: Do you think that the Authority should intervene and regulate the interconnection agreements such as placement, marketing or other agreement in any name? Support your answer with justification?

Comments: - Comment No.5 and 6 does focuses on the same issues.

Q8: How can possibility of misuse of flexibility presently given to DPOs to enter into agreements such as marketing, placement or in any other name be curbed? Give your suggestions with justification.

Comments: - Comment No.5 and 6 does focuses on the same issues.