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5.2.1 Whether there is a need to fix tariff for DTH?

Answer : Yes. Definitely tariff fixation should be done for DTH. DTH is alternate to cable and when there is tariff fixation for Cable it should also be for DTH, since ultimate reason for fixing of tariff for cable (protection to customers) remains same for DTH also. **Also the fact that DTH system which shows 100% accountability of revenues must be considered in tariff fixation.** Also the DTH operators have started to identify new ways of charging the subscriber which must be curbed. **The customers have invested in the STB cannot move out of the DTH operator to another DTH operator or to CAS system in cable due to requirement of investing again in the STB.**

5.2.2 If yes, whether tariff regulation should be at wholesale level or at retail level or both, i.e., whether tariff should be regulated between broadcasters and DTH operators or between DTH operators and subscribers or at both the levels?

Answer : Tariff regulation should be done at both level.

Reasons

1. Because of dispute between the pay channels and DTH operators new channels and other pay channels are not introduced by the DTH operators in their platform inspite of having transponder capacity. In CAS or Cable **all the new channels are immediately included (even the trail run is shown)** whereas in DTH only if the broadcaster is a related party then only the new channel introduced by him shown immediately (i.e as and when it begins) otherwise it is introduced after few months.

2. Tariff Regulation made for Broadcasters and DTH operators have not benefited the customers. Some DTH operators offered the price to customers 300% the cost of the additional packs even for subscribers who have chosen the highest monthly subscription package. DTH operators started new methods of charging the subscribers viz.

1. Levying Downgrade charges (customers are charged for migrating to lower packs everytime) - Comment : It is unethical and against the free choice of selection of packs by customers also the DTH operators does not incur any specific cost for changing the package at the time of renewal. (i.e. The cost for downgrade or renewal of existing package is same and does not differ.)
2. Grace charges (For recharging after a few of close of subscription) - Comment : There should not be charging of grace charges in the prepaid recharge system in operation. In case the customers do not renew in time only Free to Air channels be displayed till

renewal. The existing regulation of showing FTA if the customer does not make renewal is not followed by any of the DTH operators.

Also the packages defined in such a manner that the customers have to opt for the highest packs in order to get few channels of their choice. All Language channels are forced to subscribe by the customers even if he wants to view only 1 or 2 channels of the pack of the specific broadcaster.

5.2.3 Whether tariff regulation for DTH at wholesale level should be in terms of laying down some relationship between the prices of channels/ bouquets for non-addressable platforms and the prices of such channels/ bouquets for DTH platform? If yes, then what should be the relationship between the prices of channels/ bouquets for non-addressable platforms and the prices of such channels/ bouquets for DTH platform? The basis for prescribing the relationship may also be explained.

Answer : The present regulation of charging of 50% of Non CAS rates does not take into account the Maximum tariff ceiling fixed for Non CAS area. The customers in Non CAS area will not be affected by price increase on account of new pay channels or increase in price of pay channels by the broadcasters. So the regulation based on Non CAS area pricing does not fully benefit the customers of DTH. DTH customers, who are the main addressable medium, must not be penalised by charging more since the broadcasters cannot collect money because of above reason of ceiling on maximum tariff and underreporting of subscribers, in the Non CAS regions. So pricing of channels based on non addressable platform needs for adjustment on account of 100% accountability of revenue and adjustment for non receipt of money from Non CAS customers due to ceiling on Maximum Tariff that can be collected. Further TRAI should make way for 100% transparency in Non CAS areas so that the Broadcasters will be able get correct revenues.

5.2.4 Whether tariff regulation for DTH at wholesale level should be in terms of fixation of prices for different bouquets/ channels? If yes, then the prices for different bouquets/ channels may be suggested. The methodology adopted for arriving at the prices for such bouquets/ channels may also be elucidated. Further, the methodology to fix price for a new pay channel may also be given.

Answer : Yes. Tariff regulation for DTH should be in terms of fixation of prices for different bouquets as well as for ala carte channels. The prices for the different bouquets/channels be made after taking into account after adjustment on account of 100% accountability of revenue and adjustment for non receipt of money from Non CAS customers due to ceiling on Maximum Tariff that can be collected. In my view (in consideration of the facts above) 20% of price charged for Non CAS be adopted as price of bouquets/channels for DTH. New pay channels be given free viewing for first two months for all the customers. Based on their comparison of their TRP with existing channels price be fixed.

5.2.5 Whether retail regulation of DTH tariff should be in terms of maximum retail prices

of various channels or is there any other way of regulating DTH tariff at retail level?

Answer : No. DTH operators be given 15% margin on costs of channels/bouquets (20% of Non CAS rate) received by them from the broadcasters.

DTH operators must be made to pass on the benefit of getting all the bouquets/ala carte channels from broadcasters to the customers.

With this type of pricing more number of customers will be attracted to DTH and will result in more number of persons coming into the 100% accountability from the non addressable platform which will benefit the broadcasters. Also there should not be any mandatory minimum no. of months subscriptions. (which is mandatory for CAS)

Also some pay channels adopt the policy being given as free to air channel in CAS areas/area. Those channels should be made to give their feed as free to air in DTH also. They cannot levy price for DTH to compensate for their loss in CAS area/areas. Uniform method of pricing must be implemented by them either opt as full pay channel for all areas or free to air channel for all areas.

Some channels like Cartoon Network, Toon Disney etc. give two or more language feeds for the same video they should be considered as one channel only for collecting pay channel fee.

The fact that the DTH operators also get revenues from broadcasters showing the no. of customers must be kept in view while fixing the tariff rate.

DTH operators should be prohibited from charging any other fee by whatever name it is specified whether Downgrade or any other nature. Non prohibition will result in more loss to customers as the DTH operators continuously levy fees under different names for the same services rendered.

I request the TRAI to declare the levying of additional charges under disguise of 1.Downgrade charges 2.Grace charges as illegal retrospectively due to it being against the option of giving the customers to change plan and make the DTH operators to repay the same to customers.

5.2.6 In case DTH tariff is to be regulated at both wholesale and retail levels, then what should be the relationship between the wholesale and retail tariff?

Answer : DTH operators be given 15% margin on costs of channels/bouquets received by them from the broadcasters. DTH operators must be made to pass on the benefit of getting all the bouquets/ala carte channels from broadcasters to the customers.

5.3 Comparison with CAS

5.3.1 Whether the basic features of tariff order dated 31st August, 2006 for cable services in CAS areas, namely fixing of ceiling for maximum retail prices of pay channels, at the level of the subscriber fixing of ceiling for basic service tier and standard tariff packages for renting of Set Top Boxes should be made applicable to DTH services also?

Answer : Standard tariff packages for renting of STB may be made applicable for DTH also. **The CAS regulation in its entirety including fixing ceiling on MRP of pay channels be compulsorily made applicable to DTH if the decision based on the 15% margin on cost (20% of Non CAS) is not accepted.**

For the existing sales which disguised as STB Renting Schemes should not be affected by such regulation (i.e the customers must not be required to pay further amounts) as they have paid more amounts even though it was mentioned as Rent for STB.

Also no option is given to customers to select purchase or rental of STB at present.

5.3.2 Whether the ceiling for maximum retail prices of pay channels for DTH should be the same as laid down for cable services in CAS areas?

Answer : Yes, if the above suggestion based percentage markup is not accepted.

5.3.3 Whether DTH operators should be mandated to provide a basic service tier of FTA channels and if so, what mechanism should be adopted by DTH operators to provide the service of unencrypted Basic Service Tier, which is available in CAS areas without having to invest in a Set Top Box?

Answer : In lieu of **high cost of investment in getting / renting STB all the FTA channels from whichever platform** be made to view freely without any renewal. The customers be given option to add FTA channels from other DTH providers also if it can be tuned in, in situation it is not given customer's DTH provider for want of transponder space. The basic pack may be made to include few pay channels based on the regional language of the customer + english news channels for Rs.100/-. Then selection of individual/bouquet of channels be made applicable on the above suggestions.

5.3.4 Whether the DTH operators should be required to make available the pay channels on a-la-carte basis to the subscribers as the cable operators are required to do in the CAS areas?

Answer : Yes. It is a must since introduction of CAS is because of that. When such technology is available in DTH the same must be implemented.

5.3.5 Whether standard tariff packages for renting of Set Top Boxes should also be prescribed for DTH operators?

Answer : Tariff for Rental of STB for new customers be mentioned. Also the option to purchase STB should also be given.

5.4 Other Relevant Issues

5.4.1 Whether the carriage fee charged by the DTH operators from the Broadcasters should also be regulated? If yes, then what should be the methodology of regulation?

Answer : Yes. It must be done otherwise the customers are affected by slow addition of channels. The Methodology of regulation must be based cost of leasing of transponders from satellite companies.

Since there is limitation of transponder space, DTH operators carrying the same channel individually even when it can be shared must be prohibited. Sharing of transponder space by DTH operators will give way for new / waiting channels to reach the customers. This will result cost savings to the broadcaster (reduction in carriage fee) and give opportunity to new channels, which will make the DTH operators not loose the carriage fees. Ultimately the customers will be benefited by able get all the channels as in CAS.

5.4.2 Whether any ceiling on carriage fee needs to be prescribed? If yes, then whether the ceiling should be linked with the subscriber base of the DTH operator or should it be same for all DTH operators?

Answer : Yes. It must be linked to subscriber base and cost of leasing of transponders.

5.4.3 Comments may also be offered on the prayers made in the writ petition of M/s Tata Sky Ltd.

Answer : Tatasky recommendation on urgency of tariff fixing is very much correct due to exploitation of customers by the broadcaster and DTH operators. The Tariff fixing must be made immediately and there must be no further delay. Also the earlier agreements between the broadcasters and DTH operators should be immediately scrapped. (i.e DTH operators should not be given any opportunity to postpone the implementation of CAS like system)

Many thanks for giving an opportunity to state our views.

Yours faithfully,

N.Subramanian