

To

The Chairman
Telecom Regulatory Authority of India
New Delhi

Dated 11.1.2013

Sub: Comments on Consultation Paper No. 18/2012 on Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems & Tariff Order applicable for Addressable Systems 20th December, 2012

Dear Sir,

With reference to above mentioned subject, I would like to bring the following points for your notice and consideration:

A. Major issues related with the a-la-carte and HD transmission services-

- Presently, subscription of HD channels are less prevalent among the customers due to high prices of HD packages combined with the problem of unwanted cluster of channels with the HD packages. Same is the case with a-la-carte problems. This is further aggravated due to malpractices in offering of these services by service providers.
- Further, it may be observed that the no. of HD subscribers are increasing day by day due to availability of HD TV set at affordable prices. So, there are already a large number of potential HD subscribers and they are going to continue to grow exponentially due to projected digital television industry growth. Therefore, TRAI has to regulate the tariff of HD channels in the interest of the large number of consumers.
- Selection of channels on a-la-carte basis should be allowed to be made as per the consumer choice at competitive rates as offering of channels on a-la-carte basis is the basic advantage of **addressable** digital system

B. Unfair practices adopted by the DTH service providers for HD and a-la-carte services. Following unfair practices are observed in the DTH sector:

- The DTH service providers are forcing consumers to buy base pack which cost Rs. 200 approximately before buying add-on pack of HD/SD service.
- There is a vast variation of the prices of HD channels among the various DTH service providers. Some of them are even exploiting the situation to their benefit due to the ignorance of the majority of the customers.
- The service providers are offering plethora of unwarranted channels as part of bouquets which are actually not needed by the subscribers. For eg. all regional channels are not needed by any subscriber but they are forcible provided all the regional channels.
- Some of the operators are transmitting SD recorded/broadcasted channels in HD format and claiming to be HD channels.
- Combining unwanted channels with HD packages priced at higher rate as well on high rate of a-la-carte. E.g. a-la-carte price of Dish TV is Rs. 50 per HD channel and on the other hand Videocon D2H is offering pack of 22 HD channels for Rs. 133.
- Same Channel is made accessible in both HD as well as SD format, whereas the consumer views only HD format, rendering the SD format redundant.
- Due to ineffective tariff regulations, unfair practices are prevalent in the HD and a-la-carte services and continuing the tariff in forbearance without any proper justification in violation of Section 11(2) of TRAI Act would aggravate the problems.

C. Specific comments on the consultation paper.

Minimum subscription period: The minimum subscription period should not be more than one month. It is observed that a-la-carte channels are largely ordered by consumers with some special occasion, event or need in mind which may last for a few days to weeks or at most to a month. In case they require it for longer period there is no issue. So forcing them to subscribe for a longer period will be forceful and unwarranted on the consumers.

Freedom to choose the channels on a-la carte and/ or bouquet(s)

As per Clause 11(2) of TRAI Act, the Regulation of Tariff is within preview of TRAI, so HD service can't be left on forbearance until unless the rates come down to the rock bottom on the basis of market forces and competition. Moreover, as all the channels are not available in HD formats, and customers are subscribing to both HD as well as SD Channels, intervention of TRAI is the need of the hour for HD Channels as well as for combination of HD+SD if permitted. It is further suggested that the SD Channels and HD Channels should not be mixed in Bouquet. There should be separate bouquet for HD channels as well as a-la-carte.

Therefore, it is strongly felt that TRAI should regulate the tariff of HD services and these should not be left to market forces.

Twin condition at retail level

It is suggested that instead of complex tariff formulas, the notification of tariffs should be simple and clear to the general public especially due to the low level of literacy and consumer awareness in India.

Ceiling of a-la-carte channels should be fixed by TRAI and bouquet prices should be determined by using the a-la-carte rates (*but TRAI is trying to determine the a-la-carte rates ceiling based on bouquet rates available by some formulas without undergoing empirical testing of the same*).

Comments regarding clause a -

Whole sale price may vary from one service provider to another service provider and these will not be put on public domain by the service providers due to confidentiality of commercial interests. So these criteria cannot be used for determining a-la-carte prices by service providers. However, TRAI can take the data from various service providers and use as a reference while deciding the tariffs ceiling.

Comments regarding clause b -

The complicated formula in clause (b) seems beyond common logic. It needs to be reviewed and simplified in a manner which a general person can understand.

It is observed that in the proposed formula the price weightage for free to air channels have been reduced from 3 to 1 by the introduction of a factor and cost ceiling has been enhanced from 1.5 to 3. It appears that the same has not been verified statistically with the market rates offered by the service providers.

It is suggested that either the old formula may be continued. In case it is decided to be changed, it is suggested that the same may be verified exhaustively with the available data keeping in view the rates being offered by the service providers on al-la-carte as well as bouquets before finalisation. This analysis for all the major service providers should be put in public domain. Further, any formula should be simple which is understandable to a common person.

With the above comments, I further submit that I am ready to represent the case in person, if required.

Thanks

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