

Cable Operators Federation of India

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Without Prejudice
(by Speed Post/E-mail)

Ref/COFI/TRAI/06/2016

Dated: 09 June 2016

The Chairman,
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg
New Delhi-110002

Kind Attn: Mr. Sunil Kumar Singhal, Advisor (B&CS) and Mr G S Kesarwani

Sub: Comments on TRAI Consultation Paper on Interconnection framework for Broadcasting TV Services distributed through Addressable Systems

Dear Sir,

This is in reference to your Consultation Paper on Interconnection framework for Broadcasting TV Services distributed through Addressable Systems dated 4th May, 2016

At the outset, we wish to complement TRAI for such a elaborate consultation paper on a subject which is very basic to the business of cable TV and broadcasting. We also appreciate your views expressed in your speech at the India Satcom 2016 forum, held in New Delhi on 02 June 2016 suggesting to use cable operators to provide broadband connectivity in the country. We fully agree with you that connectivity is vital for digital India and that digital cable television systems could be used to enable delivery of broadband.

We have been submitting our suggestions to the TRAI from time to time to focus on this aspect rather than concentrate on how every TV channel must reach every household and broadcasters should get all the revenue that they desire, from the consumers even if they do not watch their channels.

Unfortunately the very aim of Digitisation in cable TV to provide digital connectivity to each

household has been kept aside in making the broadcasters happy. These broadcasters have many other means of reaching the consumers like through mobile apps, DTH, OTT etc. Sadly, Regulator's focus on broadcasters has led to the neglect of the cable TV industry and it has in no regulation tried to facilitate Cable operators get sufficient revenue to upgrade their networks to provide broadband services. So far the process of mandatory digitization has helped only these large broadcasters and their affiliated companies. Please consider the following situation.

End of 2011:

- a) 80% of Cable TV market was in the hands of Cable Operators and 20% with large corporate MSOs.
- b) 70% of TV HH were served by Cable Operators & MSOs and DTH had 25% of the TV HH.

End of 2015

- a) DTH controls 50% of the TV market.
- b) In Cable TV, MSOs hold 70% of the market and Cable Operators are left with just 30% of the market.

This has happened in the first three phases. Within the next six months more than 60000 cable operators will cease to remain entrepreneurs. They will all be reduced to collection agents of large corporate only because the interconnection regulations and MSO registration policy has been designed in this way.

This has happened in spite of Ms Ambika Soni, the then I&B Minister telling the Parliament at the time of discussing the DAS Bill –

“The most important benefit flows to the common man, who is the most important stakeholder of course. Digitalization will enable the consumer to exercise a *la carte* selection of channels, get better picture quality, access to Value Added Services like Triple Play, Video on Demand, etc. For the Broadcasters and Cable Operators, who are both Service Providers, the system will ensure transparency, fairness and allow complete addressability, resulting in increase in subscription revenue and reducing their dependence on TRPs as also advertising revenue. We hope that this will lead to better and more meaningful content.”

“It is not anti-poor, it is not anti-small operators, it is not against persons who are earning their livelihood in the cable industry and it is certainly not for the big players. This is for the good of India and for the country to go forward in an organised fashion.”

Cable Operators who earned at least Rs 100 per connection before 2011 are left with Rs 50 per connection or less, given the most difficult task of forcing consumers to pay for the STB and also pay twice the analogue subscription and that too for each and every TV set in the house.

Government has been talking about Cable Operators being used for providing broadband services and speed up broadband penetration but neither the Government (MIB & Ministry of Comm & IT) nor the Regulator have ever tried to find out where will the investments come for these small and medium operators for the gigantic task.

There is no possibility of building up a new last mile infrastructure by large operators or even the Government itself within the deadlines set by the Regulator for digitizing the whole nation, even if all the available resources were put at its disposal as it has miserably failed to do the task since the first broadband policy was drafted. Failure of NOFN and Bharat Net is an example.

The conclusion is that the DAS regulations were only created some large broadcasters and their vertically integrated DTH and MSO networks

So far TRAI has issued more than 50 consultation papers, given 14 recommendations and issued many directions but the situation in the industry has not improved.

It is a known fact that except seeding of STBs by the LCOs nothing more has happened in Digitisation till date and not much will happen even in the next five years unless some drastic steps are taken by the government as well as the Regulator.

We suggest the TRAI to re-examine its recommendation's on Digitisation of Cable TV dated 05 August 2010 and on Restructuring of Cable TV Industry dated 25 July 2008 and somehow convince the Parliament to implement those recommendations irrespective of personal interests of the MIB and the Ministry of Communications and IT. Without that the sector will take a long time to get organized and will not attract any investments. The only outcome will be increase in monopolies of a few companies resulting in unemployment of lakhs of operators and their employees. Also Consumers from low economic strata will keep suffering poor services at exorbitant rates.

The regulator has to remember that among all the digital addressable systems, only cable TV is the legacy system working on a very small scale to large one in analogue technology.

DTH and Telecom are organised from the start and Cable TV operators cannot be forced to work under the similar terms as DTH and Telecom.

Digitisation is the need of the Government. Otherwise many cable networks in the country located in remote areas can continue working in Analogue mode till the technology support ceases to exist in the market. Also the type of TV sets owned by 70% subscribers, their economic status and no demand for digital quality may not necessitate digital services for these people. Government cannot force a technology on people, particularly when other technologies like DTH and mobile are available. TRAI should approach the government regarding this and allow these networks to continue in analogue mode and earn their living till their consumers demand digital services. In any case DTH and mobile is there for them. **Their analogue signals must not be switched off and consumers forced to go for DTH service.**

Different addressable systems have to be treated differently. Cable TV still has many

small networks that have to be protected as they are digitising not on public demand but due to a government mandate.

In the first few years, a number of consultations were done and strategies for restructuring and digitization were made. The aim was to frame policies leading to consolidation of the existing industry so that it can be organised better. TRAI's recommendations for digitalisation dated 05 August 2010 were very specific and detailed. **In the hope of those recommendations being accepted, the industry accepted mandatory digitization, hoping for a better future, least knowing that none of TRAI's recommendations would be accepted and in a situation of government facing paucity of fund, lack of infrastructure and inability to coordinate with state governments, will leave the small cable operators in front of big sharks to be annihilated to make it easy for the government to govern the industry.**

Unfortunately the shortcut to organise the industry adopted by the regulator to complete the task within impractical deadlines without any support and force the Cable Operators to do the impossible, left them helpless in front of the large corporate making them easy victim of coercive takeovers. This is what has led to the present situation where these small operators/MSOs are being forced to approach the courts as a last resort to save their livelihood. Many have resorted to suicides and murders.

Interconnection is very important part of the Cable TV Industry as it can lead to good business growth beneficial to all only if the intentions are good. This is where we request the regulator to give a deliberate thought to this and try to resolve disputable issues as much as possible and as early as possible so that industry moves on a growth path.

ISSUES FOR CONSULTATION

Our comments on the issues raised in the consultation are given below:-

Issue 1:- COMMON INTERCONNECTION FRAMEWORK FOR ALL TYPES OF ADDRESSABLE SYSTEMS [3.2 to 3.5]

1.1 How a level playing field among different service providers using different addressable systems can be ensured?

Comments:

The only way to ensure a level playing field among different service providers using different addressable systems is to **keep content and services delinked from the infrastructure.** Similarly **Free to Air content and 'pay content' must be treated differently.** Carrying every channel should not be a compulsion for any network in a digital world.

Also **MRP of channels for consumers must be declared** and revenue share and wholesale price worked backwards, starting from consumers who have to give the revenue.

1.2 Should a common interconnection regulatory framework be mandated for all types of addressable systems?

Comments:

No, a common interconnection regulatory framework cannot be mandated for all types of addressable systems, since the type of interconnection is different. For example, in wired networks stakeholders involved in each type of service like Cable TV, IPTV, OTT etc. are different. In wireless networks also Satellite, Mobile, terrestrial networks do not have similar network topology and structure to demand same interconnection requirement.

Issue 2:- TRANSPARENCY, NON-DISCRIMINATION AND NON-EXCLUSIVITY [3.6 to 3.25]

2.1 Is there any need to allow agreements based on mutually agreed terms, which do not form part of RIO, in digital addressable systems where calculation of fee can be based on subscription numbers? If yes, then kindly justify with probable scenarios for such a requirement.

Comments:

RIO should be unique and transparent and should apply to every stakeholder in a non-discriminatory manner. No mutual agreements should be allowed since they bring discrimination. Every interconnection has to be worked out keeping the consumer in mind. All terms and conditions should be part of the RIO.

2.2 How to ensure that the interconnection agreements entered on mutually agreed terms meet the requirement of providing a level playing field amongst service providers?

Comments:

No mutually agreed terms should be permitted outside the realm of RIO.

2.3 What are the ways for effectively implementing non-discrimination on ground? Why confidentiality of interconnection agreements a necessity? Kindly justify the comments with detailed reasons.

Comments:

Transparency is the hallmark of non-discrimination. There should be no confidentiality in a deal that affects the consumers and thousands of stakeholders. Even the discount structure should be transparent and within permissible and regulated terms.

2.4 Should the terms and conditions (including rates) of mutual agreement be disclosed to other service providers to ensure the non-discrimination?

Comments:

All Terms and conditions should be available to all service providers.

2.5 Whether the principles of non-exclusivity, must-provide, and must-carry are necessary for orderly growth of the sector? What else needs to be done to ensure that subscribers get their choice of channels at competitive prices?

Comments:

Non exclusivity and 'must carry' are no more necessary in a fully digital addressable system. Must provide is still required to protect the service providers from discriminatory practices.

The government is obliged to protect the small players till they exist because that is one of the objectives of digitisation of Cable TV. And considering the demography of the country, economic conditions in different parts of the country, lack of existing infrastructure, lack of financial support and governments' inability to provide any financial incentives to service providers to carry out the government mandate of digitisation, regulatory intervention must fulfill the task in the best manner. Some suggestions are given below:-

- a) Protect the business of the small players from coercive moves of large players.
- b) To provide a business model which is economically viable.
- c) To ensure the operators get the content demanded by their subscribers on fair, non-discriminatory terms.
- d) Subscribers can get the TV channels at competitive prices only if there is no discrimination.
 - I) RIO price and terms and conditions must be public.
 - II) Each Broadcaster must declare MRP of the channel.
 - III) Bouquets should be allowed to broadcasters only for their pay channels and not FTA channels.
 - IV) No MSO should have more than 33% channels of the same broadcast group in the Basic Package.
 - V) Basic Package of Only FTA channels must be provided by each MSO.
 - VI) Rate of FTA channels and Basic Pack must be fixed by TRAI. No a-la-carte of FTA to be decided by the MSO.

2.6 Should the RIO contain all the terms and conditions including rates and discounts, if any, offered by provider, for each and every alternative? If no, then how to ensure non-discrimination and level playing field? Kindly provide details and justify.

Comments:

Yes, the RIO must contain all rates and terms and conditions including the MRP.

2.7 Should RIO be the only basis for signing of agreement? If no, then how to make agreements comparable and ensure non-discrimination?

Comments:

Yes, RIO with MRP

2.8 Whether SIA is required to be published by provider so that in cases where service providers are unable to decide on mutually agreed terms, a SIA may be signed?

Comments:

Yes, SIA with MRP

2.9 Should a format be prescribed for applications seeking signals of TV channels and seeking access to platform for re-transmission of TV channels along with list of documents

required to be enclosed prior to signing of SIA be prescribed? If yes, what are the minimum fields required for such application formats in each case? What could be the list of documents in each case?

Comments:

A simple written correspondence should suffice.

2.10 Should 'must carry' provision be made applicable for DTH, IPTV and HITS platforms also?

Comments:

No

2.11 If yes, should there be a provision to discontinue a channel by DPO if the subscription falls below certain percentage of overall subscription of that DPO. What should be the percentage?

Comments:

NA

2.12 Should there be reasonable restrictions on 'must carry' provision for DTH and HITS platforms in view of limited satellite bandwidth? If yes, whether it should be similar to that provided in existing regulations for DAS or different. If different, then kindly provide the details along with justification.

Comments:

Since we recommend no must carry due to shortage of transponders, interoperability of STBs should be enforced.

2.13 In order to provide more transparency to the framework, should there be a mandate that all commercial dealings should be reflected in an interconnection agreement prohibiting separate agreements on key commercial dealing viz. subscription, carriage, placement, marketing and all its cognate expressions?

Comments:

Yes, All commercial deals be reflected in the Interconnection Agreement.

Issue 3:- EXAMINATION OF RIO [3.26-3.32]

3.1 How can it be ensured that published RIO by the providers fully complies with the regulatory framework applicable at that time? What deterrents do you suggest to reduce non compliance?

Comments:

- a) RIOs must be submitted with TRAI within 30 days of framing signed by the topmost authorised person giving full details and also accompanied by a letter of authorisation.
- b) A confirmation of the RIO terms should be given every year by 31 March.

c) TRAI to impose deterrent financial disincentives on defaulting companies.

3.2 Should the regulatory framework prescribe a time period during which any stakeholders may be permitted to raise objections on the terms and conditions of the draft RIO published by the provider?

Comments:

No Time frame. Objections can be raised any time.

3.3 If yes, what period should be considered as appropriate for raising objections?

Comments:

NA

Issue 4:- TIME LIMIT FOR PROVIDING SIGNALS OF TV CHANNELS / ACCESS TO THE PLATFORM [3.33-3.39]

4.1 Should the period of 60 days already prescribed to provide the signals may be further sub divided into sub-periods as discussed in consultation paper? Kindly provide your comments with details.

Comments:

No

4.2 What measures need to be prescribed in the regulations to ensure that each service provider honour the time limits prescribed for signing of mutual agreement? Whether imposition of financial disincentives could be an effective deterrent? If yes, then what should be the basis and amount for such financial disincentive?

Comments:

Financial disincentives and administrative action of revoking the licence should be resorted to. Quantum of disincentive will depend on the type of entity and type of default.

4.3 Should the SIA be mandated as fall back option?

Comments:

Yes. In addition TRAI must fix MRP of Rs 5 for pay channels and Rs 1 for FTA channels in case of SIA.

4.4 Should onus of completing technical audit within the prescribed time limit lie with broadcaster? If no, then kindly suggest alternative ways to ensure timely completion of the audit so that interconnection does not get delayed.

Comments:

There is no need for a broadcaster to carryout the technical audit. It should be done by an independent agency only. All CAS and SMS companies must be registered with the

government for doing business in India and their quality must be tested by an government department.

4.5 Whether onus of fixing the responsibility for delay in individual cases may be left to an appropriate dispute resolution forum?

Comments:

Yes

Issue 5:- REASONS FOR DENIAL OF SIGNALS / ACCESS TO THE PLATFORM [3.40-3.42]

5.1 What are the parameters that could be treated as the basis for denial of the signals/ platform?

Comments:

No denial for the next two years. Let every existing company continue to do the business. Experience

5.2 Should it be made mandatory for service providers to provide an exhaustive list in the RIO which will be the basis for denial of signals of TV channels/ access of the platform to the seeker.

Comments:

NA

Issue 6:- INTERCONNECTION MANAGEMENT SYSTEM (IMS) [3.43-3.48]

6.1 Should an IMS be developed and put in place for improving efficiencies and ease of doing business?

Comments:

Yes

6.2 If yes, should signing of interconnection agreements through IMS be made mandatory for all service providers?

Comments:

No comments

6.3 If yes, who should develop, operate and maintain the IMS? How that agency may be finalised and what should be the business model?

Comments:

NA

6.4 What functions can be performed by IMS in your view? How would it improve the functioning of the industry?

Comments:

6.5 What should be the business model for the agency providing IMS services for being self supporting?

Comments:

Issue 7:- TERRITORY OF INTERCONNECTION AGREEMENT [3.49-3.51]

7.1 Whether only one interconnection agreement is adequate for the complete territory of operations permitted in the registration of MSO/ IPTV operator?

Comments:

Yes

7.2 Should MSOs be allowed to expand the territory within the area of operations as permitted in its registration issued by MIB without any advance intimation to the broadcasters?

Comments:

Yes

7.3 If no, then should it be made mandatory for MSO to notify the broadcaster about the details of new territories where it wants to start distribution of signal a fresh in advance? What could be the period for such advance notification?

Comments:

NA

Issue 8:- PERIOD OF AGREEMENTS [3.52-3.55]

8.1 Whether a minimum term for an interconnection agreement be prescribed in the regulations? If so, what it should be and why?

Comments:

A three year term should be considered.

Issue 9:- CONVERSION FROM FTA TO PAY CHANNELS [3.56-3.57]

9.1 Whether it should be made mandatory for all the broadcasters to provide prior notice to the DPOs before converting an FTA channel to pay channel?

Comments:

Not only a notice but also a press release be issued nationwide as it affects all consumers.

9.2 If so, what should be the period for prior notice?

Comments:

Three months

Issue 10:- MINIMUM SUBSCRIBERS GUARANTEE [3.58-3.62]

10.1 Should the number of subscribers availing a channel be the only parameter for calculation of subscription fee?

Comments:

Yes

10.2 If no, what could be the other parameter for calculating subscription fee?

Comments:

NA

10.3 What kind of checks should be introduced in the regulations so that discounts and other variables cannot be used indirectly for minimum subscribers guarantee?

Comments:

No guarantee required

Issue 11:- MINIMUM TECHNICAL SPECIFICATIONS [3.63-3.67]

11.1 Whether the technical specifications indicated in the existing regulations of 2012 adequate?

Comments:

Yes. In addition, technical specification of broadcaster's signal at the MSO headend should be specified. At present there are no quality specs laid down for the broadcasters. They do not give a professional IRD to MSOs. This should be mandatory.

11.2 If no, then what updates/ changes should be made in the existing technical specifications mentioned in the schedule I of the Interconnection Regulations, 2012?

As given above.

Comments:

11.3 Should SMS and CAS also be type approved before deployment in the network? If yes, then which agency may be mandated to issue test certificates for SMS and CAS?

Comments:

There should be a government registered agency certified for the purpose like ISI standards.

11.4 Whether, in case of any wrong doing by CAS or SMS vendor, action for blacklisting may be initiated by specified agency against the concerned SMS or CAS vendor.

Comments:

Yes

Issue 12:- TECHNICAL AUDIT OF ADDRESSABLE SYSTEMS [3.68-3.72]

12.1 Whether the type approved CAS and SMS be exempted from the requirement of audit before provisioning of signal?

Comments:

No broadcaster audit required. Only a check may be made and complain made to the authority if found not to the mark.

12.2 Whether the systems having the same make, model, and version, that have already been audited in some other network and found to be compliant with the laid down specifications, need not be audited again before providing the signal?

Comments:

No comments

12.3 If no, then what should be the methodology to ensure that the distribution network of a DPO satisfies the minimum specified conditions for addressable systems while ensuring provisioning of signals does not get delayed?

Comments:

As given above.

12.4 Whether the technical audit methodology prescribed in the regulations needs a review? If yes, kindly suggest alternate methodology.

Comments:

Yes, as given above.

12.5 Whether a panel of auditors on behalf of all broadcasters be mandated or enabled? What could be the mechanism?

Comments:

No. Not required if government appoints an auditing agency.

12.6 Should stringent actions like suspension or revocation of DPO license/ registration, blacklisting of concerned SMS and CAS vendors etc. be specified for manipulating subscription reports? Will these be effective deterrent? What could be the other measures to curb such practices?

Comments:

No. Only government agency should check such malpractice and financial disincentive may be imposed.

Issue 13:- SUBSCRIPTION DETAILS [3.73-3.80]

13.1 Should a common format for subscription report be specified in the regulations? If yes, what should be the parameters? Kindly suggest the format also.

Comments:

No comments

13.2 What should be the method of calculation of subscription numbers for each channel/bouquet? Should subscription numbers for the day be captured at a given time on daily basis?

Comments:

13.3 Whether the subscription audit methodology prescribed in the regulations needs a review?

Comments:

13.4 Whether a common auditor on behalf of all broadcasters be mandated or enabled? What could be the mechanism?

Comments:

13.5 What could be the compensation mechanism for delay in making available subscription figures?

Comments:

13.6 What could the penal mechanism for difference be in audited and reported subscription figures?

Comments:

13.7 Should a neutral third party system be evolved for generating subscription reports? Who should manage such system?

Comments:

13.8 Should the responsibility for payment of audit fee be made dependent upon the outcome of audit results?

Comments:

Issue 14:- DISCONNECTION OF SIGNALS OF TV CHANNELS [3.81-3.84]

14.1 Whether there should be only one notice period for the notice to be given to a service provider prior to disconnection of signals?

Comments:

14.2 If yes, what should be the notice period?

Comments:

14.3 If not, what should be the time frame for disconnection of channels on account of different reasons?

Comments:

Issue 15:- PUBLICATION OF ON SCREEN DISPLAY FOR ISSUE OF NOTICE FOR DISCONNECTION OF TV SIGNALS [3.85-3.88]

15.1 Whether the regulation should specifically prohibit, the broadcasters and DPOs from displaying the notice of disconnection, through OSD, in full or on a partial part of the screen?

Comments:

15.2 Whether the methodology for issuing notice for disconnection prescribed in the regulations needs a review? If yes, then should notice for disconnection to consumers be issued by distributor only?

Comments:

It needs revision. There should be no OSD notice.

15.3 Whether requirement for publication of notices for disconnection in the news papers may be dropped?

Comments:

Yes

Issue 16:- PROHIBITION OF DPO AS AGENT OF BROADCASTERS [3.89-3.91]

16.1 Whether the Regulations should specifically prohibit appointment of a MSO, directly or indirectly, as an agent of a broadcaster for distribution of signal?

Comments:

Yes

16.2 Whether the Regulations make it mandatory for broadcasters to report their distributor agreements, through which agents are appointed, to the Authority for necessary examination of issue of conflict of interest?

Comments:

Yes

Issue 17:- INTERCONNECTION BETWEEN HITS/IPTV OPERATOR AND LCO [3.93-3.96]

17.1 Whether the framework of MIA and SIA as applicable for cable TV services provided through DAS is made applicable for HITS/IPTV services also.

Comments:

Yes

17.2 If yes, what are the changes, if any, that should be incorporated in the existing framework of MIA and SIA.

Comments:

17.3 If no, what could be other method to ensure non discrimination and level playing field for LCOs seeking interconnection with HITS/IPTV operators?

Comments:

Issue 18:- TIME PERIOD FOR PROVIDING SIGNALS OF TV CHANNELS [3.97-3.99]

18.1 Whether the time periods prescribed for interconnection between MSO and LCO should be made applicable to interconnection between HITS/IPTV operator and LCO also? If no, then suggest alternate with justification.

Comments:

18.2 Should the time period of 30 days for entering into interconnection agreement and 30 days for providing signals of TV channels is appropriate for HITS also? If no, what should be the maximum time period for provisioning of signal to LCOs by HITS service provider? Please provide justification for the same.

Comments:

Issue 19:- REVENUE SHARE BETWEEN HITS/IPTV OPERATOR AND LCO [3.100-3.103]

19.1 Whether the Authority should prescribe a fall back arrangement between HITS/IPTV operator and LCO similar to the framework prescribed in DAS?

Comments:

Yes

19.2 Is there any alternate method to decide a revenue share between MSOs/ HITS/IPTV operators and LCOs to provide them a level playing field?

Comments:

Issue 20:- NO-DUES CERIFICATES [3.104-3.107]

20.1 Whether a service provider should provide on demand a no due certificate or details of dues within a definite time period to another service provider? If yes, then what should be the time period?

Comments:

Yes, within 15 days.

Issue 21:- PROVIDING SIGNALS TO NEW MSOs [3.108-3.110]

21.1 Whether it should be made mandatory for the new MSO to provide the copy of current invoice and payment receipt as a proof of having clear outstanding amount with the last affiliated MSO?

Comments:

Yes

21.2 Whether the broadcaster should be allowed to deny the request of new MSO on the grounds of outstanding payments of the last affiliated MSO?

Comments:

No

Issue 22:- SWAPPING OF SET TOP BOX [3.111-3.113]

Comments:

22.1 Whether, it should be made mandatory for the MSOs to demand a no-dues certificate from the LCOs in respect of their past affiliated MSOs?

Comments:

22.2 Whether it should be made mandatory for the LCOs to provide copy of last invoice/ receipts from the last affiliated MSOs?

Comments:

Issue 23:- ANY OTHER RELEVANT ISSUE THAT THEY MAY DEEM FIT IN RELATION TO THIS CONSULTATION PAPER.

Comments:

At the end we wish to give the following suggestions that we have been giving since many years, requesting TRAI to consider them for the benefit of all stake holders.

- a) **Keep LCO as the last mile owner.** The Model interconnection agreement must keep the status of LCOs in tact as owners of the last mile networks and not leave a chance for the MSOs to exploit them in any way and take over their networks by coercion or other means.
- b) **Protect LCO from forced takeovers.** As seen in the past, many MSOs who have strong political links conspire with the local administration to not renew his yearly registration in the post offices or registration is cancelled under a fabricated excuse like piracy. This gives the MSO an opportunity to cut off LCO's signals and destroy his business. There are hundreds of such cases reported to us from Punjab, Tamil Nadu and other states.
- c) **Ensure a minimum revenue share to make LCO business viable.** We again reiterate that revenue share given to the LCOs, must have a minimum limit, enabling him to run just the basic services with reasonable profit providing quality of services, complying with the regulations. TRAI should not assume the revenue from Pay channels as that will depend on customer choice. The fall back regulations giving him a share of 35% must be reviewed in this context. All the parameters of operating an LCO network of an average size are well known to TRAI and financials can be easily worked out.
- d) **MSO should not force his responsibility on the LCOs.** Set-Top-Box procurement and supply is the sole responsibility of the MSO. Keeping this in mind, there should be a well defined system of supplying the STBs to the consumers through LCOs with proper documents like invoice, warranty or hire purchase agreement etc. There should be no opportunity for MSO to make LCO compensate if a subscriber STB does not function properly or becomes faulty requiring replacement. Faulty STBs must be replaced immediately to avoid disruption in service.
- e) **Non Payment of Subscription by Consumer.** Cases of non-payment by a subscriber due to any reason must be investigated by the MSO when brought to his notice by the LCO. Effort should be made to retain the connection rather than disconnect at the first opportunity. In many cases MSOs who do not own the last mile, force the LCO to disconnect such subscribers due to which LCO loses business.

We submit that all subscribers may not understand the implication of government directive of going digital and they may not like to pay more subscription due to:-

- i) Cannot afford.
- ii) Subscribers TV set is old and does not give any benefit of digital Cable to him.
- iii) Subscriber does not get his choice of channels in the packages offered.
- iv) Subscriber only wants FTA channels and MSO does not offer the Rs 100

basic package.

In all such cases it is the LCO who suffers, both in business as well as goodwill. For an MSO, it is a new business, so he can afford to wait and watch but for an LCO it is a loss of subscriber he acquired years ago.

In many cases, MSOs do not listen to the problems put forth by the LCO and demand full payment of dues which is detrimental to LCOs business. Such cases must be avoided.

- e) **Encourage integrated networks.** Interconnect agreements must bind MSOs and LCOs in a permanent or semi-permanent relationship so that together they move towards building a well integrated network providing all broadband services and not just 300-400 TV channels.
- f) **Do not make Pay channels mandatory.** TRAI must accept only FTA cable operators or MSOs. This will create a level playing field with the Free Dish DTH of Prasar Bharati which has started accepting private broadcasters and even pay channels are coming on the platform in FTA mode. Particularly in Phase-III and IV, many Cable Networks are operating only FTA networks, charging very low subscriptions, affordable by even the poor households. Interconnect agreement must contain a clause where this arrangement of providing only FTA package is mentioned. TRAI can even recommend amendment in the regulations.

Powerful Pay Broadcasters are forcing MSOs to include their pay channels in the basic package to get maximum viewership. It should not be mandatory for an MSO to get audit done by a broadcaster. Audit should be done only by an independent organization.

Yours Faithfully,

(Roop Sharma)
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