

From

R. KUMAR
Kumar Cable Network
Madurai.

Dear Sir,

Sub : Comments on consultation paper on tariff issues related to Cable TV Services in Non CAS Areas consultation Paper No. 5/2010.

I hereby request the authority while making the regulations, the following must be kept in mind.

1. Look towards Rural
2. Inter connection Regulation.
3. Lack of knowledge of TRAI ACT by Rural Operator.
4. Among the 60,000/- LCO's How many LCO's send the comments to TRAI.

If Negligible %age. why?

- i) Lack of Knowledge
- ii) Afraid of Monopoly Big Broad Caster / MSO
- iii) Regulations Not giving any Protection to LCO.
- iv) Comments/Remedy/ Problems of operators given by various stakeholders, mainly COFI who is having well knowledge about problems of operators, as well as subscribers; Neglected by the Authority.

5. Complaints send by operators to TRAI and the cases running in Honourable. TDSAT, and Honourable Supreme court.

6. Judgements of Honourable TDSAT and Honourable Supreme court.

Comments as follows:

Questions for 1 to 6 No comments

7. Monthly Cable bill given in various places in India is given Figure 3.12 and 3.13 but on that its not mentioned about the No's of FTA+Pay channels carried, then only we can able to calculate. In the figure chart, only few rural area in Kanpur only shown.

But in Rural Area in TamilNadu cable bill is starting from Rs. 80 to 125 for the Pay Channels from 5 to 30 No's.

These above reports clearly shows that with Declaration of 100% subscriber Report, operator can not provide the cable in this Rate.

But the Big Broad Caster's and MSO's always want more subscriber base and more subscription from operators.

8. Under declaration

Tariff order Dt. 4th October 2007.

Fixed the Cable Price variously according to place and no.of Pay channels carried.

Minimum No.of 30 FTA Channels Price Rs. = 77 and upto 20 Pay channels the cable Rate for C Class is Rs. = 130.

If one operator want to provide 20. Pay channel then he has to get the Pay channels at the following price.

Cable Price = Rs. 130

Basic Tier/30 FTA Channel Price = Rs. 77

20 Pay Channel Rate = Rs. 53

Per Channel Price = Rs.53 Divide by 20 No.of Channel.

So One Pay Channel Rate = Rs. 2.65

As per channel price Report on year 2007

Price list given in TRAI's website.

Total No.of Pay Channels = 116

a.la.cable price total = Rs. 1147.91

average per channel price = Rs. 9.89(1147.91/116)

R.O. to = Rs.10

If we provide 20 Pay channel at average price of Rs.10 then the total rate of 20 Pay channel = Rs.200 + Basic tier Rs.77 = Rs.277/-

Average pay channel carried as per consultation paper is 30 No's so if operator provide. 30 No.of pay channel means Rs.300 + Basic tier Rs.77 = Rs.377.

But the Average cable rate is Rs.=165.

(If we calculate as per Boquet)

Before calculating about Boquet Price we have to think about the carrying of channel in the Boquet.

Most of the channels carried along with the Boquet's are music channels / News channels/ some different Genre channels (most states needed one genre only) / Kids channel, but now in cable industry plenty of music channels/New's channels/Entertainment Channel's in all Genre's available FTA. Operator's and Subscribers unnecessarily paying/carrying for these channels only to get one (or) two popular channel.

The average channel price among Boguet is Rs.5.5 to Rs.6.0

So if we calculate for 20 channels = Rs.110 + 77 = 187

If we calculate as per average channel of 30 = Rs.165 + 77 = 242

This above calculation prove by the calculation the cable price is more than average cable price and Equal to the max cable price, for watching few popular channel and paying to more unwanted pay channels.

(If we calculate popular a-la-carte channel)

Average price of Entertainment channel starting from = Rs.12 to Rs.20

If we take minimum price	=	Rs.12
Movie Channel	=	Rs.10
Kids channel	=	Rs.10
Animal / Geographic Channels	=	Rs. 10
News	=	Rs. 05
Total	=	<u>Rs.52</u>

News / Music – more News / music channels available in FTA mode

Sports channel – Star / ESPN/Cricket = 44.17 Boquet

New = 38.74 Boquet

Setmax (IPL)	=	20.00 a-la-carte
Ten sports	=	15.00 a-la-carte
		117.91

If we show one popular channel in

Each genre then the channel price become Rs. 52.00

All sports channel Rates become Rs. = 117.91

Total Channel price Become Rs. = 169.91

Add Basic tier cable Rate Rs. = 77.00

Total Cable price Rs. = 246.91

Maximum cable Networks carries all sports channel due to sports events telecasted in all sports channels in various times/period and operator has to carry all the channels through out the year.

As per the report from the source of Government of TamilNadu Department of Economic and Statistics Chennai – 6.

(Refer – website tn.gov.in/deptst/stat.htm.)

Chennai Population	=	4343645
Houses in Chennai	=	962213
Population density in Chennai	=	24231/Sq.Km
Population density in Rest.TN	=	480/Sq.Km
TN. Population on 2002	=	6,29,89,000
Urban	=	2,83,88,000
Rural	=	3,46,01,000
TN Population on 2010	=	6,70,12,000
Urban	=	3,57,80,000
Rural	=	3,12,32,000

Total Houses in TamilNadu	=	1,46,65,983
Urban	=	63,81,600
Rural	=	82,84,383

Average Person live in house in Chennai

Population – 4343645/Houses in Chennai 962213 = 4.5

Average set top Box – Vs – Houses in Chennai

Houses in Chennai – 962212/Set Box installed in Chennai 1,74,119 = 5.52

Out of 5.52 household only one set top box is installed ie = 18.1%

DTH = 20%

In the metro city only 38.1% subscribers are only watching Pay channels. So 61.9% of the subscribers are watching FTA/without cable.

We take some more evidence against the view of the wood “under declaration”.

Refer Tariff issue consultation Paper for CAS Area No. 7/2010

Chapter 2 S1.10 (2.10) Figure showing Number of Pay channel (in percentage) if we calculate. (average of channel views)

1 to 5 channels	=	32.75%
6 to 10 channels	=	22.50%
		<u>55.25%</u>

This figures clearly says out of 129 pay channels.

55.25% subscribers are watching only upto 10 Pay channels

a-la-carte channel viewers = 59%

FTA (only 3 metro cities) = 6.6%

Reasons behind variation of cable price in ground level are

1. No.of channels provided by cable operator FTA + PAY
2. Paying capacity of the local people
3. Pay channels purchased by the operator by Negotiation power

4. Geographical ground A, B, C type of cities, Taluk head / semi rural. Rural
5. Business / Agricultural background surround the Town/Village.
 - i) In Agriculture Rainfall and the Irrigation water supply (through River) is not equal so the Farmer's in the different place living condition is Different.
 - ii) Cities / Town also not in the equal environment some city / Town having more business and some don't.
6. Education / Illiterate living on that Area
7. In the same city, Rich people live one place and nearby poor / slum people also live.

So the ground level cable price will be vary in different parts and different Reasons mentioned above and also may be some more reasons affect the cable price. but the above reason are the most common factors. But there is no higher rate collected by cable operator than the rate fixed by TRAI.

Cable price kept by a cable operator is by the grounds of the channels provided by him FTA as well as pay; and one more important reason is as per the Pay channel rate and subscriber base for which he purchased the channel.

When the price cap kept, cable operator cannot increase his cable price. But the MSO/Broad caster increases the subscriber declaration more from the operator instead of cable price without Reason.

Broad Caster's always says over regulation will lead to reduce the Business interest and it lead to failure of Broad casting industry.

But by seeing the figures of increasing number of channels the above statements are false.

Also after coming of more channels of 485 numbers and 170 channels waiting for permission is showing the growth of Broadcasting industry, and the interest and the profit (If there is risk/less profit/loss in the Business no one will enter new (or) extend the business more. In which more investment Required)

One more point has to be noted, once among the 485 channels; 356 channels are FTA; the pay channel is also increasing gradually in the same ratio. The number of pay channels increasing shows that it require more regulation.

Such as not only freezing of price, it should freeze the subscriber level also, reason behind; on year 2008 cable subscriber are 83 million, and less % age of CAS and DTH. But now, by seeing the figure of cable subscribers. Analog cable subscriber is reduced due to the competition of DTH. It shows how the DTH and IPTV platforms affected the cable industry. But none of the broadcasters are reduced the subscriber declaration accordingly; instead of that most of the popular channels increasing the subscriber declaration every year at the time of renewing the Interconnection agreement. It reduces the income of the cable operator. It affects the QOS, provided to the subscriber due to reduce of fund (Already income reduced due to the reduction of cable subscriber due to DTH competition) For maintaining the cable and accessories, it affects market failure in ground level operator.

By seeing the figure of MSO (3000 to 4000) and 60,000 LCO's the authority should protect the above small MSO's and the LCO's from big MSO's / Broad casters to protect market failure.

India is not a Rich country, to compare with the USA ad UK. Their average personal income per day may be the average personal income of a person per month in India.

While saying the under declaration word we must compare the rate of cable price with the price of all other services like CAS, DTH, IPTV and Hits.

The cable price fixed for the Rural = Rs.130 Rs.53 if the operator is getting Rs.53 to pay to pay channel in Rural Area. Per Pay channel Rate is Rs.2.65 as per the tariff order.

But in Rural we are collecting Rs.80 to Rs.100 in the state level for the pay channels of 5 to 20 and above.

In my area the Madurai rural Cable operator's collecting Rs.110/- per subscriber for 30 FTA channels + 3 local channel and 27 No.of pay channels. It comes the total of 60 channels and also some more pay channel also my MSO subscribed for and not carrying in cable Network because, no subscriber watch/demand that channel. No place to carry but that channels are taken by the MSO (forced to purchase by the Broad caster) along with the Boquet.

So if we calculate for Rs.110 per subscriber for 30 FTA + 27 pay channels, then it comes $Rs.110 - Rs.77 = 33/27=Rs.1.22$. So the channel rate is comes only Rs. 1.22. But it's not means MSO' is paying only Rs.1.22 per subscriber to the Broad caster. The channel rate will be vary according to the popularity of the channel.

I am running my cable operation in a Rural village there I am collecting Rs.100 per subscriber and paying Rs.60 per subscriber to the MSO. If the MSO pay's with out taking any profit/revenue share for him then the channel price will be Rs.2.22

If one operator Pays's Rs.60 per subscriber to the MSO then the operator will get Rs.40 only as a operating cost. So the ultimate affect will be carried onto the subscriber only, because with in this Rs.40 operator can pay less to the workers so he will not take much interest to maintain the Network, operator has to purchase low cost materials /cable accessories which will be substandard / low quality. So subscriber will get the low quality of signal.

This above are not only in my Net work. It is all most happening with the operator's in my area and surrounding areas;

The average cable rate of Rs.165/- and the minimum of Rs.65 and the max Rs.250 and the average carrying channel of 36 FTA + 30 Paychannel + Few Local channel in operator's having > 500 subscriber and operators having < 500 subscriber carry's 32 FTA + 26 pay channel + 15 Local channel.

I feel this above reports / figures will not give any help to authority to finalish the tariff fixation because of the differential cable price for Rs. 65 to Rs.250 is more difference of Rs.185 which is more than the average cable rate of Rs.165. Also the number of channels carried on the Network's not taken in account.

Number of channels calculated along with the operator's having > 500 subscribers and < 500 subscriber base only calculated. Authority should taken the report of

1. No.of Channels carried for minimum subscription for Rs.65
2. No.of channels carried for Max. subscription for Rs.250
3. Subscriber > 500 and < 500 may be in Rural also (or) in Urban also.

So by the report of figure of Population / Houses in TamilNadu. Rural / Urban the Figure clearly says more people living in Rural on 2002, and now 2010 more people living in urban mean's. People having well education and getting good job, shifting to the urban, and the Formers / Daily wage form workers/Beedi Roller's are only remain in the Rural, also they are mostly below Poverty line.

On top of that most Government staff working in the Rural also live in the urban only due to living standard and the children education (Good / Rich schools are mostly in urban only) most of the Rural villages having schools primary level only.

This is the main reason for differential cable price in different places.

According to the all above calculation and collected figures clearly says by this cable rate collected by the operators and fixed by the authority, operator can pay less than 10% only to the Broad caster.

So the Ultimate beneficer of under declaration is only the consumer / subscriber.

So the under declaration is not a cable operators falt

1. Subscriber's paying less subscription only. Authority also fixed less subscription to collect from subscriber.
2. Unwanted pay channels carried in the cable Network (By the name of Boquet)

3. (Bargaining power) whether the pay channel has to provide in this subscriber base are not. This deciding power is with the Broadcaster only because this product is his own.
4. Few popular channels collecting for more subscribers base due to the more viewers / demand from subscriber. (Operators ready to pay more for the Popular channel) (but not for sports channel for one/two event in a year Paying subscription for whole year. Their demand is very high only at the time of live sports event other times no one watch those channels.)
5. Figures of consultation paper 7/2010 for CAS area shows more subscriber wants
 - i) a-la-carte channel
 - ii) Only few channels are watched by the subscribers (among 129 pay channels / 55% subscriber watch only upto 10 pay channel)

(The figure of Cable TV viewers not provided, Houses in Chennai 9,62,213 but the CAS viewers with set top box is 1,74,119)

6. Broad caster may provided the wrong report.

7. Few Big National level MSO may have more Bargaining power.

Easy way to calculate accurate subscriber base

68 million Subscriber/ 4,000 MSO = 17,000 Subscriber per MSO

Each MSO appoint 5 person for local survey = 3400 subscribers for each person

If One person count 100 subscriber per day = 34 day's

Person Working 20 days per month = one month and 14 days

With in maximum of 60 days. Subscriber report will be confirmed.

So if authority pass the order to (9 Pay channel Broad caster by Pay channel Price list / Boquat price list shown in TRAI's website on year 2007) all pay channel Broad

caster's to provide subscriber base, they can pass this to 4000/- MSO's under them and subsequently they can count the subscriber base, by the method shown in above.

But authority is taken more than one year and collected all the figures in Average / %age. Which is not giving any conclusion.

Refer:. Interconnection regulation Dt. 4th September 2006 – sub clause 9.1, 9.2, 10.1, 10.2, 11.1, 11.2 and 12.1 is clearly mention about local survey, cable operator list and subscriber base. Mainly read section – 12. Reproduced hear.

12 monthly subscriber Base statement

12.1 In non-addressable systems, the multi system operators shall furnish the

updated list of cable operators along with their subscriber base to the broad casters

on a monthly basis.

Refer

Honourable TDSAT judgement Dated 27th February 2007 in case Appeal No.10 9(C) of 2006.

“Yet looking to the figures of TV viewer ship in this country its importance can not be under estimated. Available figures suggest a TV viewership of 68 million for the whole country. This shows the television viewing has almost attained the status of an essential service in this country. This viewership figure brings in the need for protection of consumer interests.”

TDSAT seminar held at Chennai Honorable TDSAT chair person Arunkumar while giving his address mentioned.

“As per MIB” advertising code for Broadcaster’s permitted advertisement time is 10 minutes for commercial and 2 minutes for channel promo.

But the Broadcaster run a less than three hours time movies, they run for 4 to 4 ½ hours. Thanks to Advertisers”.

20. Yes

But the channel Rate should Not exceed more than CAS price i.e. Rs.5 per subscriber and Revenue share like CAS ie 45:30:25 if operator get the channel from Broadcaster at the Rate of 45% ie Rs.2.40 then only operator can provide the cable to the subscriber at the rate fixed by the Authority with out revenue share.

37. Yes

Education should be given for following subjects.

- 1) TRAI Act
- 2) Q.O.S.
- 3) Digital addressable systems
- 4) Maintaining of Records

I request the authority look towards rural were most people live below poverty line, formers, daily wage form workers and Beedi rollers who dont have regular income. Not having ability to pay.