

## Reply by MCCS on "Issues for consultations"

### Section A:- Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems.

- 1) Whether the following proviso should be introduced in the clause 3(2) of the interconnection regulations for DAS and the clause 3(5) of interconnection Regulation for DAS should be deleted.

“provided that the provisions of this sub-regulation shall not apply in the case of a multi-system operator, who seeks signals of a particular TV channel from a broadcaster, while at the same time demanding carriage fee for carrying that channel on its distribution platform.”

Reply:

**No carriage fee or any other fee cannot be asked for in case of a ‘must provide’ situation.**

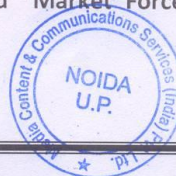
- (2) If no, the reasons thereof.

Reply:

**There are two factors which are affecting Interconnection Regulation between Broadcaster and MSOs.**

- a. Carriage Fee – This is a Market determined price on which broadcaster will pay to MSOs as a function of demand supply economics.
- b. Must Provide – This is a judicial enforced clause to provide the channel in case market forces are unable to come at a conclusion.

The above two i.e. ‘Judicial Enforcement’ and “Market Forces” are mutually-exclusive and therefore cannot happen together.



***Minimum Channel Carrying Capacity of 500 Channels for MSOs***

- (3) Whether there is a need to specify certain minimum channel carrying capacity for the MSOs in the interconnection regulations for DAS.

Reply:

Yes, there is a definite need to specify a minimum channel carrying capacity for MSOs. The very logic of DAS being brought about to give choice to consumers. If minimum nos. of channels is not specified, 50-100 channels of present Non-DAS environment would have been good enough and DAS need not happen.

- (4) If yes, what should be the different categories (example cities/town/rural area) of areas for which minimum channel carrying capacity should be prescribed and what would the capacity for each category.

Reply:

All MSOs should carry minimum of 500 channels ( as calculated by TRAI) everywhere irrespective of the geography. All consumers have right to equality and just because a person is in a smaller town doesn't mean that his need is any lesser.

***Placement Fee***

- (5) Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated. The stakeholders are requested to submit their comments with justifications.

Reply

"Yes" there is a need for regulating (mandate from TRAI) the placement fee from the regulatory authority by defining and should include



- (a) Carriage Cost
- (b) LCN
- (c) EPG
- (d) Packaging of Channels and
- (e) any other fee by any other name etc.

It has to be transparent, non-discriminatory and regulated. DAS is willy-nilly creating "last mile monopoly" for MSOs. Therefore, this scenario warrants the regulator to necessarily enforce discipline.

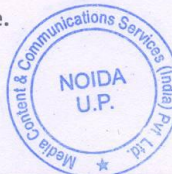
Section B:- Issues related to amendments to the Tariff Order applicable for Addressable Systems.

*Twin Conditions at retail level*

- (6) The stakeholders are requested offer their comments on the following twin conditions, to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s).
- a. The ceiling on the a-la-carte rates of pay channels forming part of bouquet(s) which shall not exceed three times the ascribed value# of the pay channel in the bouquet;
  - b. The a-la-carte rates of pay channels forming part of bouquet(s) shall not exceed two times the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable systems.

Reply:

Not required; the above issue is coming up due to packaging of FTA Channels in pay packet. Pricing of pay channels (i.e. calculation of "Ascribed Value") has to be free from no. of FTA channels in the bouquet. Hence we recommend changing the formula for calculating the ascribed value.



***Minimum Subscription Period***

- (7) The stakeholders are requested to offer the comments, if any, on the proposed deletion of the word „pay“ in clause 6 and 6(2) of the principal tariff order dated 21.07.2010.

Reply:

**Agreed with the Authority on deletion of word “Pay” in Clause 6 and 6(2) of the principal tariff order dated 21.07.2012.**

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

- (8) The stakeholders are requested to offer their comments, if any, on the proposed inclusion of the following provision after sub-clause 6(4) in the tariff order dated 21.07.2010, as amended.

“It shall be open to the subscriber of the addressable systems to subscribe to one or more pay channel or only free to air channels or only pay channels or pay channels and free to air channels.”

Reply:

**Yes but while doing so the interest of consumer and MSO should be safeguarded through BST. This means**

- **BST channels are the min nos of channels that any consumer will get. Anything else is/ are above.**
- **BST price is the minimum amount of money that any consumer will pay to MSO. Anything else is above.**



*Offerings of Bouquet(s) of channels which require special Set Top Boxes (STBs) such as High Definition Television (HDTV) or Three Dimensional Television (3D TV) channels etc.*

(9) Whether the channels that require special type of STB be offered only on a-la-carte basis or as part of separate bouquets that consists of only those channels that require a particular type of specialised STB.

Reply:

The wholesale and retail pricing and packaging logics should be the same for all channels i.e

- the channel or it's distributor should be free to decided on whole sales pricing and packaging as well as consumer pricing
- The MSO should be free to decide the consumer packaging.
- Whatever be the pricing, DAS logic should be unaltered i.e consumer should get a minimum of BST channels at the BST price. All other channels including any special channels should be above it.

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