

Comments of:

1. BBC World (India) Private Limited; and
2. BBCW Channels Private Limited
on "Issues related to implementation of Digital Addressable Cable TV Systems".

Basic Service Tier for the Digital Addressable Cable TV Systems

1. What should be the minimum number of free-to-air (FTA) channels that a cable Operator should offer in the basic-service-tier (BST)? Should this number be different for different states, cities, towns or areas of the country? If so, what should be the number and criteria for determination of the same?

It is important to keep the interest of the consumer in mind during this transition. The consumer/viewer is habitual of receiving a number of channels at a low rate today. Keeping this in mind, we recommend that the minimum numbers of channels should be 100 and should be a healthy mix genre such as news, general entertainment, sports, music, movies, infotainment etc.

2. In the composition of BST, what should be the genre-wise (entertainment, information, education etc.) mix of channels? Should the mix of channels and/or the composition of BST be different for different states, cities, towns? If so, how should it be?

The composition of the BST would be best left to the operator, who would base it on the profile of subscribers, class of town/city/state.

3. What should be the price of BST? Should this price be different for different states, cities, towns or areas of the country? If so, what should be the price and criteria for determination of the same?

We recommend that market forces should determine pricing. There is enough competition in the market today that will ensure that the consumers' interest is taken care of.

The pricing would change depending on region, class of town and profile of the subscribers in the network. The service providers can bundle the BST offerings along with the set top box and other schemes like monthly/quarterly/yearly payments and also with VAS.

4. What should be a-la-carte rate of channels that form part of BST? Should there be a linkage between a-la-carte rate of channels in the BST to the BST price or average price of a channel in the BST? If so, what should be the linkage and why?

Retail Tariff for the Digital Addressable Cable TV Systems

We believe that channels available on BST should not be offered on ala carte basis. BST will be the first step towards subscribing to the service. To encourage a consumer take up of digital services, it would be beneficial if the service provider can offer the BST at competitive pricing. This is likely to help subscribers and encourage broadcasters to join the BST to reach out to more households.

5. Should the retail tariff be determined by TRAI or left to the market forces? If it is to be determined by TRAI, how should it be determined?

We strongly recommend that retail tariff should be left to market forces.

(a) Should the a-la-carte channel price at the retail be linked to its wholesale price? If yes, what should be the relation between the two prices and the rationale for the same?

We reiterate our stand that tariffs should not be regulated at any level. The whole sale price should be decided in negotiations between the broadcasters and the service providers. However as a guide, the service provider could offer the channel at a maximum of two times the whole sale price negotiated with the broadcaster. We recommend the same logic should be applicable to DTH.

(b) Should there be a common ceiling across all genres for the pay channels or different ceilings for different genres? What should be the ceilings in each case and the reasons thereof?

We are not in favour of any ceiling on prices of channels.

(c) Should there be a common ceiling across all genres for the FTA channels or different ceilings for different genres? What should be the ceilings in each case and the reasons thereof?

As stated above, we are not in favour of ceiling on prices.

(d) Any other method you may like to suggest?

Interconnection in the Digital Addressable Cable TV Systems

The Government should use this opportunity for market correction and allow the broadcasters to propose new pricing of the channel in Digital Addressable Systems. This pricing should be publicly declared and should be based on the commercial understanding with the service provider. India is a highly competitive market with a large number of players and in the interest of the growth of the industry, pricing should be left to market forces to determine.

6. Does any of the existing clauses of the Interconnection Regulations require modifications? If so, please mention the same with appropriate reasoning?

The current regulations hamper debt collection and affect cash flows at the broadcaster level. The time periods for termination clauses should be reduced, broadcasters should be allowed to charge interest in the case of late payment. We also recommend that there should be no need for public notices in newspapers for disconnection. Just as a contract is between the broadcaster and the service provider, termination should also be left for them to handle as per terms of the contract.

7. Should the subscription revenue share between the MSO and LCO be determined by TRAI or should it be left to the negotiations between the two?

The subscription revenue share should be left to MSO and LCO to determine. However, TRAI may consider recommending a minimum for the LCO to ensure that the LCO is able to provide quality service to Subscriber.

8. If it is to be prescribed by TRAI what should be the revenue share? Should it be same for BST and rest of the offerings?

As stated above, we recommend that the revenue share should be left to the MSO and LCO to determine.

9. Should the 'must carry' provision be mandated for the MSOs, operating in the DAS areas?

We believe that there should be no must carry Provisions.

10. In case the 'must carry' is mandated, what qualifying conditions should be attached when a broadcaster seeks access to the MSO network under the provision of 'must carry'?

It TRAI decides to make must carry mandatory, we recommend that it should be on nondiscriminatory basis. The MSO should place the channel with similar genre of channels.

11. In case the 'must carry' is mandated, what should be the manner in which an MSO should offer access of its network, for the carriage of TV channel, on nondiscriminatory terms to the broadcasters?

It will enormously help the digitization if must carry or must provide provisions ensure qualifying conditions at the MSO level - such as conversion to digital addressable systems, openness to audit and transparency. Beyond this, any commercial negotiations should be left between the MSO and the broadcaster.

12. Should the carriage fee be regulated for the digital addressable cable TV systems in India? If yes, how should it be regulated?

We believe that there should be no carriage fee. If the market is allowed to operate on a de-regulated basis, market forces will ensure robust growth and a subscription revenue share model may develop between pay broadcasters and service providers. Similar to our stand on price regulation - any kind of commercial negotiation should be left to the respective parties to negotiate.

13. Should the quantum of carriage fee be linked to some parameters? If so what are these parameters and how can they be linked to the carriage fee?

As stated above, we are not in favour of regulation of carriage fee

14. Can a cap be placed on the quantum of carriage fee? If so, how should the cap be fixed?

As stated before we believe that commercial negotiations should be left to the respective parties.

15. Should TRAI prescribe a standard interconnection agreement between services providers on similar lines as that for notified CAS areas with conditions as applicable for DAS areas? If yes, why?

We believe that the Standard Interconnection Agreement is a very good standard to draft any commercials between two parties and the TRAI may provide one for DAS. However TRAI may want to reconsider strengthening anti piracy clauses and reviewing termination clauses to make the terms commercially easy to operate.

Quality of Service Standards for the Digital Addressable Cable TV System

16. Do you agree with the norms proposed for the Quality of Service and redressed of consumer grievances for the digital addressable cable TV systems? In case of disagreement, please give your proposed norms along with detailed justifications.

Yes, we agree with the proposed norms.

17. Please specify any other norms/parameters you may like to add with the requisite justifications and proposed benchmarks.

We do not wish to add any other norms.

18. Who should (MSO/LCO) be responsible for ensuring the standards of quality of service provided to the consumers with respect to connection, disconnection, transfer, shifting, handling of complaints relating to no signal, set top box, billing etc. and redressal of consumer grievances?

We recommend that responsibilities are clearly defined between the MSO/LCO so that the consumer knows whom to approach and does not suffer in confusion. All

local complaints by subscribers should be addressed by LCO, however the LCO may escalate the same to MSO. The MSO should ensure minimum technical parameters are fulfilled while delivering the signals to LCO. All parameters should be recorded by both the parties.

19. Whether Billing to the subscribers should be done by LCO or should it be done by MSO? In either case, please elaborate how system would work.

We believe that the LCO should be the point of contact for the consumer. We recommend that billing should be done by MSO but distribution of invoices and collection should be handled by LCO. Since the SMS will be managed by MSO it will be technically advisable to keep the billing with MSO. For larger LCO's there should be options to have extended SMS terminal.

20. Should pre-paid billing option be introduced in Digital Addressable Cable TV systems?

Yes, pre-paid billing option should be introduced.

Miscellaneous Issues - Broadcasting of Advertisement free (ad-free) channels

21. Whether an ad-free channel is viable in the context of Indian television market?

Ad free channels are a normal part of any broadcasting industry and we believe that industry should have this option in the programming mix.

22. Should there be a separate prescription in respect of tariff for ad-free channels at both the wholesale and retail level?

We strongly recommend that market forces should be left to determine commercials for ad free channels. The Indian consumer is savvy and both price and quality conscious and we do not believe that it is required to protect his interest through tariff regulation.

23. What should be the provisions in the interconnection regulations in respect of ad-free channels?

As stated earlier, provisions for collection of dues should be strengthened along with amending the termination clauses. The objective of the first is to ensure that the broadcaster can enforce debt collection and of the second to let the terms of contract determine termination if either party breaches the contract.

24. What should be the revenue sharing arrangement between the broadcasters and distributors in respect of ad-free channels?

Non addressable digital Set top boxes

At this stage it is not possible to comment.

25. In case you have any view or comment on the non-addressable STBs, you may please provide the same with details.

We believe that one of the primary objectives of digitations is to bring addressability. Non- addressable STB should therefore not be allowed by the regulator. This will only prolong the implementation of true addressability and further complicate the system. It will confuse the consumers and will not be fair to MSO's or those digital networks who invest in addressability. Allowing non addressable STB's will defeat the purpose of digitations and we strongly advise against it.

Reference point for wholesale price post DAS implementation

26. Would there be an impact on the wholesale channel rates after the sunset date i.e. 31st Dec 2014, when the non-addressable systems would cease to exist? If so, what would be the impact?

It is premature to comment on rates at a future date at this stage.

27. Any other relevant issue that you may like to raise or comment upon.

In the interests of the consumer we believe that interoperability must be strictly implemented. All MSO's should be able to service any subscriber irrelevant of what STB the subscriber used in the past. This is similar to MNP in telecom.