

CABLE T.V. OPERATORS WELFARE ASSOCIATION

(Greater Hyderabad & R.R.Dist) Regd. No. 206/2011

(Affiliated to A.P.Cable Operators Welfare Association)

Besides Shivam, Nallakunta, Hyderabad

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- 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 of a channel in the BST? If so, what should be the linkage and why? for different state, cities, towns or areas of the country? If so, what should be the number and criteria for determination of the same?**

Comment : There are around 700 FTA channels and however basic service tier can be made for 100 channels basing on the topographical taste and choice as it may vary from place to place and region to region. These 100 channels (includes all D.D. channels) which will be decided by LCOs Associations and MSO.

- 2 In the composition of BST, what should be the genre-wise(entertainment, information, education etc.) mix of channels?**

Comment: The genre-wise should be left to LCOs as they are directly in contact with the consumer/customer. However, as per I & B Ministry has only two genre such as 1) News and current affairs 2) Non-news. If TRAI decides to have specific genre of channels in the BST and at the same time such a genre is not available on FTA then the condition cannot be made as a rule in the BST.

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

Comment: The price of BST should be in such a way the livelihood of LCo and the affordability of the common man in India, shall be taken into consideration. We recommend different packages depending upon the number of channels as required by the consumer.

i)	Upto	100 channels	...	Rs.	100 plus tax
ii)	Upto	150 channels	...	Rs.	120 plus tax
iii)	Upto	200 channels	...	Rs.	140 plus tax
iv)	More than	200 channels	...	Rs.	160 plus tax

The TRAI has to think of fixing the same package price for DTH operators also.

- 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?**

Comment : Since we are proposing 4 different packages for FTA, there is no need for a-la-carte for FTA channels. A-la-carte may be made applicable for pay channels.

- 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?**

Comment : We suggest three packages as below:

- a) BST-Price as given above.
- b) Middle Tier – MRP Rs. 5.35 which is already proven in the CAS areas and till date it has not been questioned by anybody or any stake holder.
- c) Premium package / HD channels: Can be priced at Rs. 5.35 + 15% (Rs. 6.25) to cover additional cost of production.

- 5(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?**

Comment : Yes, a-la-carte price should only be 15% more than the wholesale price. This is a standard profit margin in any business.

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

Comment : There are only two genres as per licensing regulations – only a common ceiling will suffice.

- 5 (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?**

Comment : FTA channels are never priced and hence the issue is not relevant. More over all DD channels are carried compulsorily without any price.

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

Comment : i) Sharing of a single event or tournaments on two different channels in parts must be stopped. Channels must declare their broadcast dates of an event atleast 6 months before the event. This will enable consumers to decide which channel to buy, like many Cricket matches are shown on more than one channel, some matches of the series on one channel and the rest on the

other channel. This happens often on Ten Sports and Ten action, on Star Sports, Star Cricket and ESPN etc.

ii) Classification of channels should be done on the basis of News, Sports, Education, and Entertainment, strictly the guidelines on the subject should be followed by the channels. Otherwise channels like Sony Set Max have the practice of airing sports though it is not a sports channel.

iii) Sports Channel should have live event on a regular basis to qualify as a pay channel if not such channel should be free to air or should not qualify as a sports channel.

iv) Digital Set Top Boxes should be made Universal Cable TV Box, to help the subscriber to use the same box purchased by him while shifting from one area to another. And also in case a particular MSO is not able to provide channels and good service, then the Cable TV Operator can opt for another MSO without having to go through the problem of changing the boxes and putting the subscribers in hardship. So, universal accessible box should be implemented as a rule. Analogue signal should be continued till strict implementation of universal STBs are made available. All the STBs should be treated on lines of Portability like in Telecom Sector.

v) Once a box installed at a Subscribers end, then there shall be no claim by any establishment on the STB by any MSO., as the STB is purchased by the Subscriber.

vi) Definite standards should be fixed by TRAI on the sourcing of STBs keeping in mind of the future technology.

INTERCONNECTION IN THE DIGITAL ADDRESSABLE CABLE TV SYSTEMS :

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

Comment : It requires in depth study and lot of modifications.

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

Comment : Let TRAI decide all the revenues ie., Subscription, Advertisement revenue, carriage fees etc. TRAI should look into the ground realities among MSOs and LCOs.

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 :

Comment : Revenue sharing as suggested below :

- a) FTA ... 100% to LCO
- b) Pay channels ... 30% to Broadcasters
40% to MSOs
30% to LCO
- c) Local channels Ad revenue ... 50:50 by MSO and LCO
- d) Carriage fees ... 50:50 by MSO and LCO

9 Should the “must carry” provision be mandated for the MSOs operating in the DAS areas?

Comment : Yes only for DD channels

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

Comment : Insist for carriage fees.

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 non-discriminatory terms to the broadcasters?

Comment : 70% ad revenue to Broadcasters, 10% to MSO and 20% to LCO

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

Comment : Yes. It should be same for all channels.

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

Comment : Carriage fees should be more for Pay channels and slightly lesser for FTA channels

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

Comment : Instead of cap, transparency is required more.

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

Comment : No, it cannot be done immediately as it involves lot of parameters in ground realities to be sorted out.

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

Comment : The customers / consumers should never be at the mercy of broadcaster/MSO. The LCO must be always in a position to indicate the grievance of consumers. This saves relation between LCO and consumer should never be disturbed or derogated. It is in the context and perspective the regulation has to be enacted so as to regulate the MSO/Broadcaster. The deliberations of MSO/Broadcaster intense must not be jeopardize the Rights and obligations as between LCO and his customers. For instance MSO/Broadcaster retires from business, then, by virtue of regulations, other substituting MSO/Broadcaster must take over the obligations of retiring MSO/Broadcaster, so that such situations will not be detrimental to the interests of LCO and to his customers.

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

Comment : Every LCO should be treated like a Local telephone exchange. LCOs should be given a Username and password by MSOs for the LCOs area of operation to have a individual control of the STBs installed by LCO to connect or disconnect services to the customer/consumer.

- 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?**

Comment : Historically since the inception of the Cable TV industry the LCO himself used to handle all the above mentioned services. However, after the entry of MSO signal input quality parameter was shifted to MSO for maintaining the qualitative transmission to the LCO point. As even today LCO is providing 24 x 7 services to his subscribers / viewers.

- 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 ?**

Comment : Historically and traditionally LCO is final service provider to the subscriber. Therefore LCO should be the only authority for the billing and collecting from the subscribers. To remind once again, LCO is the only authority to bill and collect from the subscriber.

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

Comment : Yes and it should be through the LCO only.

MISCELLANEOUS ISSUES

BROADCASTING OF ADVERTISEMENT FREE (AD-FREE) CHANNELS

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

Comment : Yes, especially movie channels and sports channels.

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

Comment : Yes

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

Comment : Should be only on CAS model.

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

Comment : 70 : 10 : 20 for Broadcaster, MSO and LCO, because all the promotional activity will be done to the subscriber by the LCO.

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

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

Comment : Addressable with CAS will have impact of some pay channels converting to FTA.

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

Comment : Subscriber Management System should be under the control of LCO, because the subscribers are the customers of the LCOs. Any service related issues or other issues related to

our industry, the customer can be reached and their issues addressed immediately without any delay only by the LCO.

No FDI beyond 49%. Foreign investors will not be able to understand the Indian conditions in the industry, except for having invested with profit motive. No broadcaster or MSO should transfer or assign the contracted rights of LCO, without written consent of LCO, which aspect needs to be regulated by Law, or else the interest of LCO will be jeopardized.

The customs duty on the STBs and the digital equipment should be waived in consumers interest.

Regards,

L Hari Goud
President
Cable TV operators welfare association
(Greater Hyderabad & RR Dist).