

**COMMENTS OF "CABLE & BROADBAND OPERATORS WELFARE ASSOCIATION"
(CBOWA)**

Consultation Paper on
"Issues related to Implementation of Digital Addressable Cable TV Systems"

Dated: 22.December, 2011

**COMMENTS ON THE ABOVE CONSULTATION PAPER DATED 30.01.2012 AS PER
EXTENDED DATE OF 30.01.2012 VIDE PRESS RELEASE NO: 9/2012 OF TRAI**

In View of such extended time period to submit comments, we prefer to register our views/comments on the subject more elaborately on all those issues which was left unanswered because of inadequate time limit. We, on behalf of Cable & Broadband Operators' Welfare Association, would request you to kindly REGISTER and RECORD this document as our official comments, leaving the previous one as cancelled.

Basic Service Tier for the Digital Addressable Cable TV System:

ISSUE : 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?

ISSUE : 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?

VIEWS/COMMENTS: That the bandwidth constrain become minimal in the DFTA (Digital Free To Air) system, we propose that cable operators may transmit 80-90 digitally free to air channel which may vary from state to state. Since India is a country of mix culture and languages, people have a tendency to stick to their own culture and language more than others which has been experienced during course of the cable operation across the country by the Cable Operators. That is the reasons also that the number of regional channels both on satellite and local base platform has so

increased. It is presumed that with the introduction of Digital platform, more business house will be inclined to involve/invest in the TV channels business, as a result the availability of channel and the demand of the same will differ from state to state for diverse consumer choices. We propose that authority should identify the genre of the channel only which should be included in the DFTA channel and leaving the rest on the market force to determine the number which will differ by natural choice. In all metro city since we have cosmopolitan crowds, to cater all language of people we recommend to include all FTA regional channel in the DBST(Digital Basic Service Tier) in addition to the DD-mandatory channels.

ISSUE : 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?

VIEWS/COMMENTS: The rate of Digital free to air(DFTA) channels that a cable operator should offer in the BST category should be minimum Rs: 120/-. The cost of inflation has risen since the last increment has been given effect in the CAS area for the FTA charges which runs on analogue format only. That the new DAS regime will allow cable operators to transmit the channels on complete Digital platform and hence the infrastructure, maintenance and upgradation cost will become considerably high for the Cable operators to reach to the subscriber's premises which will have a recurring effect to the investment of the cable operators for the outdoor cabling system under the Indian climatic conditions. The authority recommendation on QoS parameters will also compel cable operators to invest more on their day to day upgradation and maintenance activity to comply the guideline. Hence, we strongly put forward our submission on DFTA charges for cable Operators as Rs: 120/- and since the minimum number of channel will be determined, the rate may also be fixed as same across the country.

ISSUE: 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?

VIEWS/COMMENTS: The proposed rate, Rs: 120/-, of DFTA(Digital free to Air) channel normally non subscription based and are meant for providing the programme of digital channels service to the subscribers premises. The cost incur by a cable operators is for re transmission cost of the digital channels. Depending upon the conditions, there are possibilities that the number of DFTA channels may increase. So, we propose that we should refrain from putting a-la-carte rate cap for the DFTA channels as we feel that in absence of a-la-carte price cap subscribers will be benefited in case the number of channel increases.

Retail Tariff for the Digital Addressable Cable TV System:

ISSUE: 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?

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

VIEWS/COMMENTS: The Broadcaster has a tendency to hike their channel price arbitrarily which was evident in numerous cases in the past. Hence we propose that the whole sale price of broadcaster's Pay channel be fixed for a certain period of time to under the market dynamics. Since the market will be kept open on digital cable TV, the cable Industry has to face the stiff competition from the DTH operators also. Under the absolute transparent activity of cable Industry, the industry will act upon volume base which will allow them to offer modest fees for the consumers to avail programme package. Hence all other issues should be left to the market force.

Regarding the price ceiling of FTA channel, we propose that the DFTA(Digital free to Air) channel normally non subscription based and are meant for providing the programme of digital channels service to the subscribers premises hence TRAI may put a cap of Rs: 120/- for the samethere should not be any ceiling of DFTA.

Interconnection in the Digital Addressable Cable TV System:

ISSUE : 6

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

NO COMMENT

ISSUE : 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?

VIEWS/COMMENTS: The subscription revenue share between the MSO and LCO be determined by TRAI as an Apex body and should not be left to the negotiations between the two to avoid disputes and disruption.

ISSUE : 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?

VIEWS/COMMENTS: The subscription revenue from pay channels, in DAS regime, should be shared in the ratio of 33.33 : 33.33 : 33.33 in respect of broadcaster, MSO and cable operator.

In the DAS regime the role and responsibility of Cable Operators will ultimately generate the earning of the whole chain system. The subscribers will enjoy the service and pay for the same which will thereafter be shared among the all stake holder of the chain system. The programme delivery of Broadcasters and the MSOs does restricted to the delivery of the same to the cable operators distribution point only. The whole responsibility lies to the cable operators thereafter to supply the service to the consumers-end through the outdoor wireline which are prone to disruption. Moreover, Cable operators earning restricted only on the revenue shared among Broadcasters/MSO/Cable Operators against delivery of service to the subscriber's premises. Whereas Broadcaster get other earning in terms of Advertisement/sponsorship/sale of time slot etc.. On the other hand the MSOs get their absolute earning in terms of carriage/placement fees in addition to the share of subscription revenue.

Since delivery of Digital service require standard equipment, expert man power, round the clock monitoring to subscribers satisfaction, we propose to fix up the revenue share of pay channel among Broadcasters/MSOs/Cable operators as 33.33 : 33.33 : 33.33 respectively.

The section of DBST(Digital Basic Tier Service) should be left aside and the proposed DBST charges should only go to the Cable operators under this arrangement. As described earlier, the cost of service whether DBST or digitally encrypted pay channels are equal which required high and standard quality equipment and materials for error free delivery to the consumers in order to comply TRAI QoS norms. The Digital era will also open up many more new services and option for the consumers and Cable operators will require huge finance to maintain and upgrade the infrastructure upto a international standard to carry Digital cable TV and VAS. Under such conditions, we propose that DBST charges should not be allowed to share with MSOs for the rightful purpose of the cable operators.

ISSUE : 9

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

VIEWS/COMMENTS: Must carry provision should not be mandated in the DAS area. Must carry provision has no relevance with the operation and the consumers as well. This provision will add nothing special than jamming the spectrum and involvement of more finance for cable operators and the MSOs for addition of each single channel. Broadcasters will force, with the help of such provision, to include their channel(s) which may neither have importance nor the acceptance to a larger audience. On the contrary, will add more cost to the signal generating station and the distribution network of the cable operators. TRAI SHOULD NOT MANDATED THE "MUST CARRY" PROVISION INSTEAD THE MATTER SHOULD BE LEFT TO THE MARKET FORCE TO ACCEPT OR REJECT THE CHANNEL

ISSUE : 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'?

VIEWS/COMMENTS: The condition does occur once the "Must Carry" provision is rejected.

ISSUE : 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?

VIEWS/COMMENTS The condition does occur once the "Must Carry" provision is rejected.

ISSUE : 12

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

VIEWS/COMMENTS Carriage/placement fees has a connection with the operation of MSO. Broadcasters does earn on several mode against broadcasting of channels through MSO via Cable operators. The carriage/placement fee is ultimately plays a very important role in terms of operation for both MSOs and the Cable operators without disturbing the consumers pay out. Hence it should be left open for the market force. Moreover, all channels does not offer/pay carriage fee and the

channel(s) having huge earning on Advertisement/sponsorship/time slot revenue pattern use to pay carriage fee for getting premium placement to earn more. Hence, the broadcasters and the MSO understanding on carriage should be left open for their own understanding.

ISSUE : 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?

VIEWS/COMMENTS: Not relevant at this juncture as carriage fee should be left open for concerned authority.

ISSUE : 14

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

VIEWS/COMMENTS Cap is not necessary at this mement. While considering a cap on carriage fee, TRAI should also consider the advertisement duration of channel, ad contents and viewing obstacle conditions during advertisement.

ISSUE : 14

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?

VIEWS/COMMENTS NO COMMENT

ISSUES : 16 & 17

16. Do you agree with the norms proposed for the Quality of Service and redressal of consumer grievances for the digital addressable cable TV systems? In case of disagreement, please give your proposed norms alongwith detailed justifications.
17. Please specify any other norms/parameters you may like to add with the requisite justifications and proposed benchmarks.

VIEWS/COMMENTS REQUIRE MORE TIME LIMIT FOR COMMENT.

ISSUE : 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?

VIEWS/COMMENTS Responsibility for Ensuring the standard of quality, on the above stated area, lies as :

CONNECTION : LCO subject to technical feasibility and application form duly submitted with all relevant documents by the subscriber.

DISCONNECTION: LCO

TRANSFER/SHIFTING: LCO, provided the subscriber require the shifting to any other place than that of his present injection point of the same Cable operators network area. In case subscriber require the shifting to a area of different cable operator's operating area, subscriber will bourne the responsibility to follow the rule of acquiring a connection.

Handling of complaints relating to no signal: LCO, provided there are no interruption to the input MSO signal/service at the cable operator's point of distribution.

Handling of complaints relating set top box: LCO for signal related problems only. Any hardware/ software related problem of the Set Top Box(STB), MSOs will be responsible to handle the same.

Handling of complaints relating billing: LCO shall be responsible to generate the bills and to distribute the same.

Handling of complaints relating redressal of consumer grievances: LCO & MSO subject to the nature of grievances.

ISSUE : 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.

VIEWS/COMMENTS: Prima facie it should be done by the MSO for its SMS server and quite a few other reasons. But according to guideline laid by the TRAI and the time frame for the same, generating bill(invoice) fulfilling all criteria, sending them to the respective cable operator and thereafter to the end user (the subscriber) may lead to unwanted delay. This may lead to complicity for not only delay in delivery of bill but also several other issues related to selection of channels, deletion/ommission of channel. WE, THEREFORE, PROPOSE THAT END-USER'S BILL WILL BE DONE BY THE LCO who are doing this activity for so many years.

ISSUE : 19.

Should pre-paid billing option be introduced in DAS. Please justify your answer.

VIEWS/COMMENTS: Should be LCO.

ISSUES : 21

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

VIEWS/COMMENTS: YES

ISSUES : 22

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

VIEWS/COMMENTS: YES

ISSUES : 23

What should be the provisions in the interconnection regulations in respect of adfree channels?

VIEWS/COMMENTS: REQUIRE SEPERATE INTERCONNECTION REGULATION

ISSUES : 24

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

VIEWS/COMMENTS: SEPERATE REVENUE SHARING PATTERN. COMMENTS, SEPERATELY MAY BE INVITED.

ISSUES : 25

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

VIEWS/COMMENTS: NO COMMENTS.

ISSUES : 27

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

- 1. BECIL Certification: It is reported that the BECIL Certification will become necessary in the days to come. We propose that the profit making concern shall try to extract the money from the cable operator. If it is become necessary to obtain certification, we propose TRAI to intervein and look into the matter so that operators segment get proper guidance on appropriate financial arrangement by some other public sector authority.**
- 2. MDU system to be restricted and DTH service provider should not be allowed to cater MDU service as the MDU service is detrimental to the interest of Cable operators and their livelihood.**

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