

April 23, 2008

Mr. S. K. Gupta
Advisor (CN)
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg
New Delhi - 110 002

Re: Consultation Paper - Restructuring of Cable TV Services

Dear Sir,

Please find enclosed response of DEN Digital Entertainment Networks Pvt. Ltd. to the Consultation Paper dated March 4, 2008 released by the Telecom Regulatory Authority of India on issues relating to restructuring of Cable TV Services ("**Consultation Paper**").

Please contact us should you need any question concerning the enclosed document.

Yours sincerely,

Indranil Banerjee
Head-Legal & Regulatory Affairs

**DEN'S COMMENTS TO THE CONSULTATION PAPER ON
RESTRUCTURING OF CABLE TV SERVICES ISSUED BY THE
TELECOM REGULATORY AUTHORITY OF INDIA ON
MARCH 4, 2008**

1. DEN Digital Entertainment Networks Private Limited (“DEN”) welcomes the initiative taken by the TRAI for issuing the Consultation Paper and seeking comments from the stakeholders on issues relating to restructuring of Cable TV services.
2. The cable television networks in India are largely analog. However, in view of (i) increased competition from other distribution platforms, and (ii) increased demand from the subscribers for value added services, the cable television networks are looking at convergence and advanced technologies. However, this requires huge investments and adequate regulatory support.
3. In this background, our comments to each of the issues for consultation are as follows:

Regulatory Enforcement

- (i) **The technological advancements, convergence, and increasing popularity of value added services and applications require more vibrant and effective regulation for cable TV industry. Present eligibility criteria do not clearly define a person and also do not take into account financial strength, technical strength and experience of the applicant to provide cable TV services. Do you feel that present regulatory framework requires change? Please give suggestions with justifications.**

The technological advancements, convergence, and value added services require substantial investments. Not many operators, who register themselves as cable operators by payment Rs. 500/- registration fees, can afford to make such substantial investment. Only financial and technically sound cable operators will be in a position to meet customer expectations.

In view thereof, we suggest that the regulatory framework be amended (i) to define a special category of cable operator (say Master Multi System Operator - MMSO), (ii) to impose strict entry norms on such MMSO, including higher registration fees, net worth, etc., and (iii) to permit such MMSO to operate across India (like DTH/ISP).

- (ii) **The registering authority may refuse the grant of registration in case of non submission of any document required by him as the application**

form does not clearly list out the documents to be submitted. In view of this should a comprehensive list of documents required to be submitted along-with the application of registration be mentioned in the application form itself? Similarly is there a need to make provisions for the appellate authority in case of refusal of registration by the registering authority?

The cable operators, who intend to operate as MMSO, would generally provide value added services, including internet services. In view thereof, the list of information/documents required to obtain an ISP license may be a requirement to obtain license for an MMSO.

An Appellate Authority may not be required, as the applicant company can always file a writ and seek relief from High Court.

- (iii) The present cable TV industry is subjected to minimum supervisory guidance and control. Do you feel that there is a need to streamline registration process, data collection and monitoring to ensure better cable TV services to customers? Is there a need to have a centralized/decentralized authority where all the information relating to cable TV sector and also monitoring is managed? If yes, then what should be the structure and scope of work of such an agency? Please, give suggestions with justification.**

The laws are already in place but enforcement is an issue. Therefore, we suggest that central/regional law enforcement agencies be established with limited powers. Such law enforcement agencies can provide their report to the Central Government for necessary action.

- (iv) Present cable TV registration, the Cable Act and the Cable Rules do not cast any specific responsibility for effective customer grievance redressal. What changes do you suggest to bring in effective consumer grievance redressal mechanism?**

We suggest that Quality of Service obligations be imposed on the cable operators catering to the customers. If the MSO is providing signals directly to the consumers, the MSO must be responsible for the QoS obligations. However, if MSO is providing signals to the customers through the LCO, the LCO must be responsible for the QoS obligations.

The operator responsible for QoS obligations should be responsible for consumer grievance redressal. If the consumers' complaint is not addressed, the complainant can always approach the consumer forum.

- (v) **At present by and large only one cable TV operator is providing service in a locality. Is there a need to introduce competition with more than one operator? Please give your suggestions with justifications.**

There is enough competition from DTH and IPTV operators. Therefore, there is no urgency to introduce competition.

- (vi) **Any other regulatory reform.**

- We suggest that the Central Government immediately implements the report dated June 12, 2007 submitted by the Group on Digitalization and Introduction of Voluntary CAS, and take necessary measures to implement CAS across India. The Central Government should take all necessary measures to incentivise digitalization.
- ‘Digitalization’ and ‘Convergence’ is the key to the growth of the cable television industry and MSOs and LCOs have a key role to play. Therefore, the MSOs and LCOs need to be incentivised. In this regard, the TRAI may consider removal of price caps at retail level.

Problems Faced by Cable Television Operators

- (vii) **In view of deliberation in para 3.2, is there a need to modify provisions of the Cable Act/Cable Rules? Please give your suggestions with justifications.**

The cable operators cannot be held responsible for non-adherence of Programme and Content Code on the television channels; only the Broadcasters must be fully responsible for the same. At best, the cable operators may be asked to comply with the Programme and Content Code with respect to the local channels. We suggest modifications in the Cable Act/Cable Rules accordingly.

- (viii) **In particular, suggestions may be given for a proper regulatory framework on the following issues, among others:**

- (a) **Correct determination of subscriber base**
 - (b) **Laying a good quality network**
 - (c) **Permission and monitoring of ground-based channels offered by MSOs and LCOs**
- (a) Correct determination of subscriber base would be possible with digitalization. Therefore, as suggested in point (vi) above, the MSOs and LCOs need to be incentivised.
- (b) In a converged environment, the rules applicable to IPTV and cable television services must be similar. The TRAI has issued a Position Paper dated September 6, 2007 on provisioning of IPTV

Services. Similarly, the TRAI should also issue a Position Paper/Recommendations suggesting inclusion of licensing ‘right of way’ to MSOs/LCOs under the Indian Telegraph Act, 1885.

- (c) The TRAI may suggest guidelines for permitting ground-based channels offered by MSOs and LCOs. The monitoring can be done under the Cable Act/Cable Rules.

Separate License/Registration of MSO

- (ix) **Presently MSOs are also registered as Cable TV operators. Do you feel the need for a different regulatory framework for MSOs in view of discussions in section 3.3? Give your suggestions with justification. The suggestions may specifically cover, among others, the issues relating to registration of multi-city MSOs, monitoring mechanism, number of MSOs in a city/state etc.**

The Central Government may consider (i) issuing licenses to MSOs on circle basis, similar to radio/telecom, and (ii) imposing new and more detailed registration formalities. In the interim, the registration process in CAS notified areas may be adopted.

Quality of Service Standards

- (x) **What QoS parameters should be prescribed for non-CAS areas to address concerns of the customers keeping in view the present status of networks? What should be the points in the network to define various signal parameters such signal strength, S/N ratio etc? What should be the monitoring mechanism to ensure effective implementation?**

Imposition of QoS obligations on MSOs/LCOs in non-CAS areas will indirectly promote addressability. Under the CAS regime QoS obligation is on the MSO, with a presumption that there is 100% addressability and the MSO has details (including names and addresses) of all subscribers it is catering to. Unfortunately in a non-CAS area, the MSO do not have details of all subscribers it is catering to. Therefore, in the non-CAS areas, the QoS obligation must be imposed on the LCOs. The MSOs may be made responsible for QoS obligations for all subscribers, details (including names and addresses) of whom are shared by the LCOs.

Incentives for Network Upgradation

- (xi) **In view of technological advancement, convergence, and increasing competition upgradation of cable TV operators network will be desirable; however it may require significant investments. Please suggest how cable TV operators can be encouraged to upgrade their**

network both in their business interest and in interest of customer to provide better services?

'Digitalization' and 'Convergence' is the key to the growth of the cable television industry. This requires upgradation of the existing analogue cable television networks, which requires detailed network planning and significant cost. The cable television operators have realized this fact and are in the process of upgrading their respective networks. In this regard, they are doing strategic alliances with bigger cable television operators and/or investors. Capping prices at the retail level could discourage infusion of funds by bigger cable television operators and/or investors. In order to encourage infusion of funds and fast role out of digitalization, the TRAI must ensure that the ARPU increases.

Standardization of the Software

(xii) Is standardization of encryption and subscriber management software feasible? Please, give comments with justification.

It may not be appropriate to suggest specific hardware and software to be used by the cable television operators. We suggest that broad guidelines be proposed to ensure encryption and subscriber management.

Transition of Existing Cable Television Operators

(xiii) What should be the consideration, important criteria and guiding factors for prescribing the transition path for the existing cable TV operators and MSOs to the revised regulatory regime? Please, give suggestions with justification.

'Digitalization' and 'Convergence' is the way forward. Therefore, we suggest that the report dated June 12, 2007 submitted by the Group on Digitalization and Introduction of Voluntary CAS be implemented on a priority basis and similar format be extended across India in a phased manner.