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RESPONSE TO CONSULTATION PAPER

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ON

**ISSUES RELATED TO IMPLEMENTATION OF
DIGITAL ADDRESSABLE CABLE T.V.
SYSTEMS**

By

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Introduction :

We are a consumer organisation working in Pune City for over 10 years.

We are submitting our suggestions and views in regard to the issues concerning the cable TV subscribers only.

we refrain from commenting upon the issues regarding MSO, LMOS, and such other issues, which are not of immediate concerns of the cable TV subscribers at large.

More over, with emerging technologies like HD, 3D, interactive reverse path technologies, new methods of advertisements with the help of cursors etc. it is difficult for the ordinary subscribers to formulate and place before the Authority the views and suggestions.

Thus, we restrict ourselves to the issues pertaining to the cable TV subscribers in implementation of Digital Addressable Cable TV Systems", as perceived by us.

In view of limiting our response as stated above, we will be responding only some issues, defined in the consultation paper.

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Chapter I
BASIC SERVICE TIER FOR THE DIGITAL
ADDRESSABLE CABLE TV SERVICE

- [1] Although the digital addressable system exists in cable TV and DTH service, we suggest that both these services should be considered separately as the business model of these services vastly differ. Thus, what may be appropriate and adaptable BST for DTH may not necessarily suit the cable TV service.

At present we restrict ourselves only to Cable TV Service.

- [2] The Authority has suggested 30 FTA channels for the service charge of Rs. 82/-.

Firstly it is necessary to be clear whether 8 compulsory DD Channels are included in the 30 channels of BST. We suggest that 8 Compulsory channels of DD should not be included in the BST.

- [3] If the BST is to be considered without Compulsory DD Channels, we suggest following composition.

4 Regional Channels (Here for the purposes of language, the channels transmitted in the official language of the particular State, where the subscriber is situated, should be considered as Regional Channels). should be made compulsory. For example if a subscriber is situated in Maharashtra, 4 Marathi language channels in BST shall be compulsory.

The subscriber should have choice of any 38 free to air channels in BST.

- [4] Thus in the BST, there should be

DD Compulsory Channels :	8 Nos.
Regional Channels :	4 Nos.
& Channels of Choice :	38 Nos.
Total Number of Channels	50 Nos.

All FTA in BST.

[5] The BST service package should have a service charge of Rs. 100/-.

[6] **The Reasoning :**

(i) When digital addressable service will start the MSO or Cable Operator will have to attend individual subscriber for any complaint regarding quality of transmission unlike in analogue where the complaint could be attended on cable line for a group of subscribers, thus, the overhead charges of the service may increase.

(ii) At the same time the compression of channels 50 or even more, should not be a problem technically in the digital system. Reducing channels in BST increases service charges to the subscribers, therefore, it is necessary that optimum number of FTA channels are included in the BST.

In our opinion, considering the infrastructural differences in various regions. 50 Channels in BST will be adequate number with Rs. 100/- per month charge for the subscribers.

[7] If any MSO wants to give more than 50 Channels in the BST, the maximum service charge should be Rs. 100/- only.

[8] While providing with such Basic Service Tier, The MSO must give the list of channels in the Basic Service Tier, to the subscriber. Not giving such list in writing, and not only to be displayed or advertised on the TV Screen, should be treated as contravention of the Regulation and be dealt with appropriately.

[9] If any FTA Channel, included in the BST, converts into Pay Channel, the subscriber should have choice to select other FTA channel in its place. If the subscriber fails to give his choice, MSO should have liberty to include any other FTA channel in its place.

[10] Thus we state :

[A] The BST should have 50 or more FTA channels and the list of such channels in writing should be given to subscriber.

[B] The service charge should be Rs. 100/- per month for the BST.

[C] For each outgoing FTA channel, a new FTA Channel must be introduced.

[11] **In 50 BST Channels, whether the genrewise channels be regulated?**

In our view such restriction or regulation should not be there either for the MSO or for the subscriber.

The compulsion of 8 DD Channels transmission has already taken the care of genrewise distribution of channels in BST.

Secondly another compulsion of 4 regional channels shall ensure that the composition of BST does not go haywire.

It is almost improbable that the ordinary subscriber will choose 38 all entertainment channels, considering that majority of the subscribers are family subscribers.

In view of the above situation the recommendation of genre composition of channels in the BST is not warranted and it is unnecessary.

[12] Again, the a-la-carte rates of channels in BST should not be prescribed. Such recommendation will restrict the choice of channels for the subscribers. All FTA channels be treated on equal footing. Such recommendation may result into malpractices by MSO, while offering his BST to the subscribers.

Chapter II

RETAIL TARIFF FOR THE DIGITAL ADDRESSABLE CABLE TV SYSTEMS.

- [1] While considering the retail tariff, it is necessary that we take notice of different existing and emerging technologies in the digital addressable systems.
- [2] First difference arises due to the type of software used by the MSO.

As on today, there are two softwares widely used in digital addressable systems. They are Impeg 2 & Impeg 4.

Due to use of different softwares, the portability of the STB has become impossible.

Thus the first question is whether the retail price should be linked with the technology used?

In our view the retail price must be linked with technology for the following reasons -

- [A] As the digital addressable system will be compulsory for all the cable tv subscribers by the end of 2014, it must remain affordable for all stratas of the society.
- [B] High end technologies are capital intensive and therefore are dearer. While compelling every subscriber to take digital addressable cable tv, it should be seen that the regional monopolies of the MSO does not deprive a section of the population from cable tv service.
- [C] Thirdly, without linking of technology and retail price, it may prove irrational to suggest any limit of retail price.

For these reasons our view is that for the recommendation of any retail price, the linking of technology is inevitable.

- [3] Second important issue is the terms and conditions of installation of STB by the MSOs.

As we know, in CAS areas, the Authority had recommended installation of STB either on ownership basis or on hire basis. While making DAS compulsory, the terms and conditions of the installation of STBs must be standardised by the TRAI wherein three options should be available - they are -

[A] Ownership, i.e., outright purchase.

[B] Hiring

[C] The STB charges compacted with monthly subscription charges, without ownership rights.

- [4] Here again a thought must be given to the problem of portability of STBs.

- [5] In our considered view, we suggest - that -

[A] Before arriving at any retail price of channels, a standard software specification should be finalised.

[B] At present Impeg 2 & Impeg 4 software have comparable capital investment for the MSOs. Thus there should be uniform retail rates for either software.

[C] For higher versions of DAS, like HD, IPTV and such other and emerging technologies, there should be forbearance of control of retail price or for that matter MSOs employing such technologies should not be regulated in any manner except the controls on contents of the channels.

[D] Interactive services or value added services should also be out of the ambit of controls, except the controls on contents.

Thus, for considering retail price control, linking of the technology employed and the channel price in retail sector is imperative.

- [6] Another important issue is the price of individual Channel and the price of a Boquet of Channels.

We suggest that before recommending maximum retail charge / number of pay channels, the price of the individual channel must be controlled and regulated. The reasons for such controll are as under :-

[A] Now that the system is digital addressable the prime slots are almost redundant. The Channels will have same visibility and clarity in all slots. With this situation the Carriage Charges paid to the MSOs by the Broadcasters (or their Distributors) will also go and the channels can be sold at Net price.

[B] With the addressability, the concealment of number of subscribers will be almost non existant. One can safely presume that 90% or more connectivity will be on record.

[C] Still the MSO can definitely bargain for the subscription payable on the basis of connectivity, but his bargaining power will be much low.

[D] With revenue sharing duly implemented there is no reason to presume any Concealment of the connectivity.

Thus there is every likelyhood that there will major jump in subscription revenue to the Broadcasters.

We sincerely feel that with the introduction of the DAS, the price of the individual channel must be controlled, irrespective of its TRP.

- [7] Further we suggest that there should be different price ceiling levels for the different channels, based on the advertisement time in any programme transmitted.

For example if any channel is devoid of any commercial break, the ceiling price can be Rs. 30/- per month per subscriber, whereas a channel having about 20%

advertisement time, the ceiling price can be about Rs. 10/- per month per subscriber.

Secondly these criteria can not be applied to sports channels. The ceiling price for sports channel should be Rs. 15/- per month per subscriber with the condition that no bouquet of sports channel shall be formed by the Broadcaster / Distributor of the channel.

- [8] Second important aspect of price is Government Taxes. No service provider should be allowed to quote his service to the subscriber as "inclusive of all taxes as applicable". The service providers should be compelled to specify Government taxes in his bill separately every month.

In this regard we invite attention to the system existing in the Theatres. All Theatres are connected to the server, so that whenever a ticket is issued through computer, the taxes are automatically accounted for with the respective tax authorities. Same System (UFO) be introduced in Cable TV service before the end of the year 2014.

With these and necessary incidental modifications, and with specifications of technology (especially softwares), the Retail subscription Rates be regulated.

- [9] In so far as quantification of regulated rates are concerned, we feel that with addressability, except the BST and the Ceiling limit on individual channels, there is no need to regulate the prices of bouquet of channels.

For individual channel prices we suggest following limits.

[A] BST with 50 Channels - Rs. 100/-.

[B] For pay channels of entertainment with maximum of 20% advertisement time - Rs. 10/- per channel.

[C] For pay channels of information with maximum of 20% advertisement time - Rs. 10/- per channel.

[D] for Sports channels, with maximum of 20% advertisement time - Rs. 15/- per channel.

[E] For a pay channel of any genre without any advertisement Rs. 30/- per channel.

The Boquet of Pay Channels should not be subjected to any price control. The Sports Channels should not be allowed to be sold by boquet.

[10] We bring to the notice of all concerned that the benefit of the carriage Fee / Placement / Technical Fee never percolated to the subscribers and therefore it was a net profit to the MSO. We do agree that it is a market driven phenomenon. With total digitalisation, these fees more or less will be nullified and therefore the subscribers have reason to demand the reduction in the ceiling prices of the individual channels.

[11] A mechanism / system has to be in place to monitor the advertisement time in any pay channel for effective regulation and control of the channel prices.

Chapter III INTERCONNECTION IN THE D.A.S.

Strictly speaking, as a Consumer Organisation, we have no interest in the interconnection regulations. However, many times, due to dispute between two service providers, the Consumer suffers. The Disputes can not be totally stopped or avoided and therefore to that limited extent, that is, to safeguard the interests of the subscribers of Cable TV, we express our views in regard to Inter connection Regulations.

[1] With the introduction of DAS, every consumer will be required to install the STB. We suggest -

[A] A specific separate model contract be made available for terms and conditions of S T Boxes being supplied by MSO to Last mile operator.

[B] At no point of time, the subscriber be made to collect and / or install the STB on his own. To supply and

install the STB at the place of the connection should be responsibility of MSO / LMO.

[C] For no reason, whatsoever, the subscriber should be denied STB at the time of first installation. The grounds of de activation of STB should be clearly defined and be given in writing to each subscriber.

[D] The price and / or rent of STB should be controlled by TRAI. Any MSO charging more than prescribed rates of STB, should be heavily penalised. The receipt for the price / the rent of the STB should be made compulsory.

[E] The MSO / LMO should not be allowed to charge seperately for the maintainance of the STB; even if the subscriber purchases the STB outright, the maintainance should be the responsibility of the MSO / LMO.

[2] In regard to the issues, stated / defined in the consultation paper, our views broadly are as under :-

[A] Although the D A S offers more space to carry many more channels, it entails into a new capital investment for the MSO. Moreover, like in analog system, such channels can not be thrust upon the subscribers. This is exactly the reason we are of the view that the prices of the individual channels be effectively controlled and the boquet of channels be discouraged. Thus, in our view, "Must Carry" provision should not be mandated.

[B] If conditional "Must Carry" provision is mandated, the new channel should be offered on "On Sale" basis for a limited period and be provided to subscribers as FTA in that limited period. To continue or discontinue the channel should be option of the subscriber after the "limited period".

[C] If "must carry" is mandated, the MSO should be allowed to demand the carriage fees.

- [3] To avoid and stop any malpractices likely to arise while entering into any agreement, either by the MSO or by the broadcaster, the TRAI should prescribe a standard interconnection agreement not only between the Broadcaster and the MSO but also between the MSO and LMO, in DAS area.
- [4] At present No service provider gives copy of the service contract to the subscribers of any platform. It should be made mandatory for service providers to give the copy of the contract to the subscribers. The Authority should also prescribe the standard service contract/s between the service provider and the subscriber.
- [5] For the purposes of redressal of the consumer grievances, we state -
- [A] In DAS, all technical controls will be with the MSOs and LMO will be only maintaining cable lines. Thus, the effective redressal of consumer complaint will be in the hands of the MSO.
- [B] It may happen that MSO will order the channeling of grievance through LMO. In that case LMO and MSO will be jointly responsible for the time taken for the redressal of the complaint.
- [C] Considering these and other possible scenarios, the MSO and the LMO should be held jointly responsible for redressal of any consumer complaint.
- [D] The LMO (LCO) will be responsible for the distribution of bills but can not be loaded with preparation of bills as all the basic data of the bill will be with the MSO.
- [E] The Consumers should have option of prepayment of bill. The Consumers will be able to command some discounts for such prepayment which will be advantage to the consumers.

Secondly such pre payment will ensure the definite choice of channels for a specific pre payment period. This will be advantageous to the MSO.

The pre payment facility will give better bargaining power to MSO as, we understand, the MSO has to pay his subscription fees in advance to the Broadcaster.

The MSO will have better idea of average connectivity for the prescribed period of contract.

The rate of disconnection for default in payment may reduce with the facility of pre payment.

The cash transactions between the service provider and the subscriber consumer will be reduced.

Such facility will also increase the competition between the MSOs.

Thus we strongly suggest introduction of pre paid billing option in D A S area.

Chapter V

MISCELLANEOUS ISSUES

- [1] The commercial viability of ad-free channels will largely depend upon the size of market for ad-free channels. We can not elaborate, on financial basis, on this point, however, we strongly feel that there is a large enough market for ad-free channels.
- [2] As suggested by us, if there is a differential pricing regime for the channels, for channels with advertisements and ad-free channels, the demand for ad-free channels can be assessed in a short period.
- [3] The consumers may choose a mix of ad content and ad free channels if each channel price is controlled effectively, discouraging the sale of channels by bouquet.

- [4] The ad-free channels can be further encouraged with such conditions in the interconnection agreement, as -
- [A] 100% connectivity payment to Broadcaster.
 - [B] Revenue sharing about 60% for the Broadcaster.
 - [C] Prepayment billing facility.
 - [D] Disconnection to be allowed on the day to day payment default.

CONCLUSIONS

The consumers at large welcome the DAS as it gives more choices and benefits to the Consumers. Nevertheless, the system regulation modification should precede the introduction of DAS and such modified regulation should come in force on the same date as that of DAS.

TRAI has been very effective in regulating Cable TV business without hampering its growth. With introduction of new technologies this business has also become more capital intensive and therefore many small operators have either exited or have been taken over by larger service providers.

The introduction of DAS should not result in forcing exit of smaller operators from Cable TV business. The Authority should take adequate care that the interests of such small operators are adequately addressed.

Forbearance for high end technology services and protection to economic services should be generally objective of all regulations.

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