



30th Jan '2012

To,
Shri Wasi Ahmed
Advisor (B&CS)
Telecom Regulatory Authority of India
Mahangar Doorsanchar Bhawan
Jawahar Lal Nehru Marg
New Delhi - 110 002

Dear Sir,

**Sub: Responses to Issues Related to Implementation of Digital
Addressable Cable TV Systems
Consultation Paper No. 8/2011 (by Email)**

We are enclosing herewith our responses and comments on the above for your further process on the same.

Please feel free to contact us in case of any clarifications / further information

Thanking You,

Yours Faithfully,

For INDUSIND MEDIA & COMMUNICATIONS LTD.

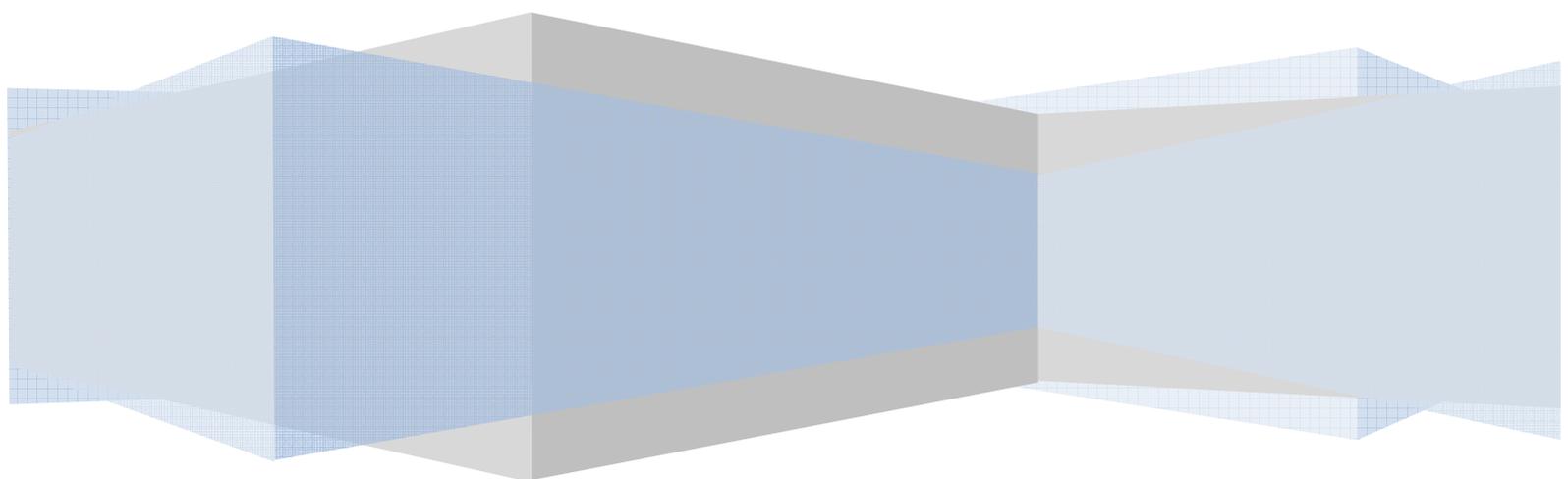
A handwritten signature in black ink, appearing to read 'Subhashish Mazumdar', written over a horizontal line.

SUBHASHISH MAZUMDAR
Senior Vice President
(Marketing & Customer Relations)

cc : Chairman, TRAI



**RESPONSES to TRAI's CONSULTATION PAPER
ON "Issues Related to implementation of
Digital Addressable Cable TV Systems (DAS),
dated 22nd December, 2011**



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?

The minimum number of channels in BST should be 30, including prescribed channels of DD and should be the same all over, India. The actual number of channels may differ for different States/Regions based on the regional demand and choice of genres. The number of channels and the criteria depends on the diversity of the languages and culture across the various Regions and is best left to the Operators to decide as they are most familiar with their subscriber's preferences.

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?

As explained above, the composition of the BST is best left to the Operators as they have the closest feel of the pulse of their Customers. They know their preferences. If they do not provide the right mix of Channels to their Subscribers, they will lose them to the competition.

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?

The price for BST should be Rs.150/- (exclusive of taxes), per month, per subscriber for the FTA channels, which can be shared 50:50 between the MSO and the LCO and should be same across India. MSOs have incurred the cost of digitization from setting up of digital Headends to deploying million of set top boxes.

In Consumer interest In addition to FTA BST, we propose that an additional 25 Pay channels should be offered as a Pay Channel BST which could be priced at Rs. 75/- (plus taxes) and this can shared equally between MSO, Broadcaster and LCO. The broadcasters will be entitled to Rs. 25/- for the pay channels, as these channels will be seen by the entire subscriber-base of that network and will result in substantial increase in advertising revenue for the Broadcaster. / Bouquets on an A-La-Carte basis at the MRP declared by the Broadcaster.

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?

No a-la-carte system is possible in the FTA BST as this is technically and commercially not viable. Once this FTA BST is formed it will be treated as a product by the Conditional Access System and will be available as a single product (channel) to all subscribers on the Network.

The average price of a channel and the price of this PAY BST are as outlined in point 3.

Retail Tariff for the Digital Addressable Cable TV Systems

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? 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?

The retail tariff should be determined by the Broadcaster depending on the Market forces. The market is the regulator as channels that are overpriced will not find any takers.

TRAI can step in if it feels that any Broadcaster is taking undue advantage of a particular content/event and is demanding exceptional pricing.

The methodology of wholesale pricing is just based on negotiations that results in minimum guarantees and lump sum payments, as in the present regime, and vitiates the fair revenue share model. It beats the process and reasoning of DAS. It will also lead to subscribers paying different rates for the same channel depending on what wholesale price their service operator has negotiated with the broadcasters. The same product will be available at different prices at various areas in the same neighborhood depending on the negotiated revenue share between the Operator, Distributor and MSO, and the rate at which the channel is offered to the subscribers by DTH.

The revenue share of the retail price can be as defined in the CAS regime. This will assure the Cable Operators that they will not be left out in the cold when the Broadcasters and MSOs are negotiating wholesale price. It will ensure transparency and clarity in the process. If needed, TRAI could mandate the CAS revenue share formula for the first year in each phase and then leave it to the stakeholders.

(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?

This should be left to the Broadcasters and market taste and preferences.

(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 above.

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

No

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?

The CAS interconnection regulation especially Para 5.1 and 5.2 should continue unaltered for the period of the DAS notification i.e. 31st Dec, 2014 or as extended by Government.

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 for the FTA BST and PAY BST could be as given in point 3. For the Pay channels it can be on similar lines as CAS for the first year of DAS in each phase and subsequently left to them to decide the revenue share depending on the services being offered to the subscribers.

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?

Revenue Share for FTA BST, PAY BST and for A-LA-Carte Channels and Bouquets has been defined in the earlier points.

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

A must carry provision for the MSO is not feasible because of the amended Act which provides for compulsory encryption of all channels for which a huge cost has to be borne by the MSO towards:

Cost of additional hardware in terms of servers, muxes, encoders, dishes etc.

Additional royalties to the CAS service providers in terms of increased number of channels (products) to be serviced.

Higher payout to the billing system provider.

Infrastructure cost due to more racks and hardware

Additional power consumption.

A MSO will only carry additional channels if he can recover the cost of providing the channel on his network or if there is market demand.

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'?

Must carry cannot be mandated. Must carry for 8 DD channels is already in place. There is a huge cost for encrypting and carrying a channel on the network. There is no point in incurring expenses for carrying channels that may not be required / desired by the market and expect the operator to contribute to some channel's business plan. Most of the small MSOs / operators will not be able to provide the additional infrastructure / equipment required to carry all 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?

Must carry should not be mandated for reasons stated above...

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

The issue of carriage fee regulation comes back and forth again and again. It is a B2B business and is similar to advertisement price / rates which a broadcaster charges for promoting a company's product or service.

Carriage is optional and not a compulsion for the broadcaster. Based on his business needs to enhance ad revenue, Broadcaster works out a carriage deal for some channels, to ensure maximum eyeballs that will lead to an increase in his Ad rates and higher revenues.

It is a part of distribution and marketing cost for a broadcaster to enhance revenue.

Carriage fee for MSOs and Advertising rates for broadcasters should never be regulated.

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?

Like it is not possible to regulate the advertisement rate, which a broadcaster takes for promoting various products, carriage regulation is similarly not possible.

The Channel is a product and the amount spent on promoting that product depends on the business plan of that Company (Broadcaster).

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

Is it possible to place a cap on the advertisement rate for a 10 seconds or 30 seconds slot or cost of buying a house in a particular building/locality/city/region? Similarly we can put no cap for carriage fees.

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?

Yes, it must prescribe a standard interconnection agreement between service providers as a default option if mutual negotiations fail in a defined period to ensure smoother and quicker implementation for the notification period.

This has been accepted and worked successfully in the CAS model.

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 redressal of consumer grievances for the digital addressable cable TV systems? In case of disagreement, please give your proposed norms along with detailed justifications.

We agree with the proposed norms; however demarcation has to be clearly made between the service providers. The responsibility of the Broadcaster, LCO and MSO has to be clearly defined for the QOS to be effective.

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

Signal problems from the Broadcaster at the MSO Headend do exist. The Broadcaster should rectify this within a reasonable timeframe and communicate the same to the MSO and Subscribers via a scroll on the Channel so that the Subscriber realizes that it is a channel problem and not the fault of the Operator or the Cable Network.

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?

All the above need to be analyzed and depending on the origin of the complaint will be handled by both MSO/LCO.

- ***Connection, disconnection, - MSO will update the back office while the LCO will physically do the connection / disconnection.***
- ***Transfer, - same as above.***
- ***Handling of complaints relating to no signal. Initially the LCO will have to analyze the fault. Based on his feedback the MSO/Broadcaster/LCO will take remedial action.***
- ***Set top box: All software issues and up gradation of STBs – MSOs.***
- ***All issues of hardware including remote control and connections - LCO.***
- ***Billing etc. – MSO***
- ***Redressal of consumer grievances - Initially LCO, though ultimately the MSO if LCO does not address the issues successfully.***
- ***The MSO should be responsible for subscription billing, STB and signal quality at trunk level of the Optical fiber.***
- ***The LCO should be responsible for connection, disconnection, transfer, shifting and signal quality at network level.***
- ***Both MSO & LCO should be jointly responsible for redressal of consumer grievances.***

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.

To be done only by MSO, as both prepaid and post paid will be possible. Various payment models can be offered to facilitate the subscribers:

Internet gateways, credit card, net banking, mobile etc.

The industry expects a major shift from post paid to prepaid as most of the service providers will be offering Triple Play (Video, Voice, and Data) and VAS and will need to give a single Bill to the Subscribers. Besides the MSO is the license holder and both the SMS and CAS coordination is at his end.

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

Certainly, for the convenience of all concerned. This will help in mopping up the subscriber revenues more efficiently.

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 channel is viable and can be offered by Broadcaster at a premium to the subscriber. This is because ad driven channels are to an extent subsidized due to revenue earned from the ads.

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

Ad free channels should have complete forbearance on tariff.

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

No special provision is necessary. However TRAI has power to intervene if price is too high under 11 (2) of the Act and the interconnect regulations for Ad free channels must follow the principal Interconnect Regulations of December 10, 2004.

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

If the Retail Price is being given by the Broadcaster or TRAI for such channels, the revenue sharing would be same as other pay channels.

In case wholesale price is offered by Broadcaster , then the revenue share arrangement does not arise as the retail price will depend on the negotiation on the wholesale price between each MSO and Broadcaster and the price that the Competition (DTH) is offering the channel to the Subscribers.

Non addressable digital Set top boxes

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

Non addressable STBs must continue at least for next 4 years, or till total addressable digitalization is achieved.

In any case, the present market has non addressable boxes; they should be allowed to continue in all non DAS markets, till the date of DAS implementation in those markets.

In view of master notification issued on 11.11.2011, the MSOs will begin seeding STBs in all areas simultaneously to acquaint subscriber with digital service and this should not be discouraged.

Besides smaller operators in non specified areas desirous of providing better service to their customers and not lose ground to DTH will opt for cheaper digital solution till their area notification comes into effect.

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?

This issue will not arise if we are following the Retail rate, which can be fixed by the Broadcaster depending on Market dynamics.

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



1. ***The MSOs are deeply concerned at the failure of the Government/Regulatory in curbing the illegal resort to MDU by DTH especially in the cities covered by first and second phase. MDU is a complete violation of DTH license conditions and obliterates the distinct difference between a MSO/Operator and a DTH operator. Appropriate urgent action is required to ensure smooth implementation of DAS.***

2. ***There should be no area restrictions to stop a licensed MSO from expanding and connecting Operators willing to provide digital service to their subscribers and content should be provided to the MSO on the DAS terms and conditions even before the date that area has been notified.
E.g. Mumbai will be digital in the first phase, and is already connected to various towns and cities by fibre. Digital signals from Mumbai via fibre (own or leased) are already being provided to areas like Thane, Kalyan, New Mumbai, etc and cities like Nasik, Pune, Goa and to all towns located in between these cities.
DAS can immediately be introduced in these places much before schedule as the entire infrastructure including back office is already existing and centralized in Mumbai.***
