Lt Col (Retd) VC Khare
Cable TV Industry Observer

Introduction

TRAI recommendations on re-structuring of Cable TV networks 2008 envisage only the following in the distribution chain :-

(a) Broadcaster who will allow access to their content through an interconnect offer signed with HSP (Headend Service Provider).

(b) Headend Service Provider i.e. HSP (Hitherfore known as MSO), dealing with turnaround, encoding, encryption, multiplexing, modulating, power amplification, electrical to optical signal conversion under license from the Ministry of Information & Broadcasting. HSP has to sign an interconnect offer (ICO) with broadcaster on one hand and LCO on the other.

(c) Cable Operator who does not perform any function of the HSP, recommended to be licensed by the Department of Posts. It is now learnt that they have declined to license cable operators. Hence either status quo of registration is to be lived with or some other agency has to be nominated in case licensing is envisaged.

(d) Subscriber or the End Viewer who will access digital content through a set-top-box on demise of analog transmissions over Cable TV networks. The end viewer shall sign on a customer acquisition form (CAF) with HSP with a reference to the Cable Operator for revenue sharing and service. Subscriber would be entitled to an itemized bill based upon ‘a-la-carte’ choice of content with prescribed customer care.

Comments on Issues for Consultation

Basic Service Tier (BST) for Digital Addressable Cable TV systems

1. *What should be the minimum number of free-to-air (FTA), channels that a cable operator should offer on 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 criterion for determination of the same?

The term FTA should be changed to FTV (Free to Viewer) because the medium in Cable TV is wire and not Air. Compression ratios possible are 1:10 or more for compressing programs in spectrum space occupied by one TV program in analog transmission using MPEG2. Hence the number of FTV channels should be confined to 20 on 'a-la-carte' basis or 30 inclusive of 3 or 4 DD channels. Criteria is firstly compression ratio to determine number of programs that can be compressed in the space of one analog program i.e. 7 or 8 MHz, secondly genre i.e. 3 to 4 DD channels, 1 or 2 each of entertainment, news, music, cable movies, kids and religious programs thirdly 'a-la-carte' bill not to exceed Rs 77.00 per month.

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?*

Genre mix could be News (English, Hindi, Regional), Business News, Entertainment, Religion, Cable Movies, Sports, Music and Kids. Since Cable TV is a local service, it can within broad guide lines be specific for the network served by HSP. It will thus be different for states, cities and towns.

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?*

BST shall comprise of a genre mix for which whimsical payments to PAY TV broadcasters are not required to be paid and yet a balanced mix of genre is made available. As such, it should be priced on a 'price not exceeding basis' at roughly 50% of the lowest PAY TV genre so that 'a-la-carte' pricing for all 20 0r 30 channels does not exceed the aggregate of Rs 77.00 per month. Since every network is built around a particular HSP, these will be different for ever city, town or area of the country.

4. *What should be 'a-la-carte' rate of channel that form part of BST? Should there be a linkage between 'a-la-carte' rate of channels in the BST price or average price of channels in the BST? If so what should be the linkage and why?*

If the BST is to be fixed at price not exceeding Rs 77.00 per month or so, and maximum obligatory number is say 30, then average price will be Rs 2.50 per channel per month. This will cater for rate within 'a-la-carte' price. However, BST price has to be mandated. Looking at the requirement of meeting the operational cost of networking, BST price of Rs 77.00 needs to be mandated with option for 'a-la-carte' selection.

Retail Tariff for Digital Addressable Cable TV Systems

5. *If it is to be determined by TRAI, how should it be determined?*

So far the basis for pricing of PAY TV tariffs has not been placed in the public domain either by Broadcasters or TRAI. TRAI should ask broadcasters to reveal their basis for pricing of channels detailing aggregate of cost of content (duly supported by invoices), profit/return on cost of content, content transportation cost and taxes payable. Then this aggregate should be divided by a percentage of Cable Homes in the country say 30% to arrive at cost of each channel. Such calculation would assure reasonable return to Broadcasters in 100 % connectivity transparent DAS. Excess beyond 30% connectivity basis shall accrue to Broadcasters in the delivery chain.

(a) *Should the 'a-la-carte' channel price at the retail be linked to its wholesale price? Ii yes, what should be the relation between the two prices and rationale for the same?*

No.

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

Ceilings should be different for different genres but should be determined on lines stated in answer under 5 above.

(b) Should there be a common ceiling across all genres for FTA (should be called FTV) channels or different ceilings for different genres? What should be ceilings in each case and reasons thereof?

FTV is also being provided on 'a-la-carte' hence its rate too should be on 'NOT EXCEEDING' basis.

(c) *Any other method you may like to suggest?*

Fix a flat mandated rate for FTV in BST say Rs 77/- with individual rates so distributed that if all FTV channels are ordered the amount payable shall not exceed Rs 77/-.

Interconnection in the Digital Addressable Cable TV systems

7. *Does any of the clauses in the Interconnection Regulations require modifications? If so please mention the same_with appropriate reasoning?*

The Broadcasters Interconnect agreement (ICO) is technically one sided and unrealistic. DAS should lead to technical advantage of elimination of carriage fee notwithstanding preferences for particular placements like program No 555 0r 777 and so on. The existing agreement is similar to TURNER operations in US in bi-directional networks. These, therefore, need to be customized for Uni-directional post paid operations.

PAY TV Broadcasters ask for features not mentioned in Indian Standards. For example, IS 15245 mandates only Finger Printing but coloured finger prints with fixed coordinates for some and varying coordinates for others are solicited. Finger prints, as such are an eye sore for viewers. These are anti-piracy detection facilities required when piracy is reported/detected to trace the subscriber or the culprit STB (set Top Box). It may be recalled that Cable Act mandates conformity to Indian Standards. Service providers cannot be coerced to provide features beyond IS.

Similarly in networks certified under TRAI Regulation No 4/2009, ageing reports are being insisted in B2B models where connectivity itself is negotiated and VAS is non-existant.

Regulations should be empathetic and realistic. In fact ICOs for HSPs should be concurred for feasibility. Similarly ICO for services to subscriber by HSPs should be made realistic.

8. *Should the subscription revenue share between MSO and LCO be determined by TRAI or should it be left to negotiations between the two?*

TRAI may lay suggestive minimum percentages only. The actual figure, if in excess of minimum should be left to the two with an insistence on conclusion of ICO.

9. *If it is to be prescribed by TRAI, what should be the revenue share? Should it be same for BST and rest of offerings?*

Revenue share could be 50% for BST *and 25% for PAY TV.*

10. Should 'must carry' *provision be mandated for the MSOs (call them HSPs) operating in DAS areas?*

To respect national broadcaster 2 to 4 channels must be carried for DAS areas.

11. *Should the 'must carry' provision be mandated for MSOs/HSPs what qualifying conditions should be attached when a broadcaster seeks access to the MSO/HSP network for the provision of must carry?*

For ‘must carry, the broadcaster must be a public broadcaster and content must be FTV and no carriage fee would be payable.

12. *In case the ‘must carry’ is mandated what should be the manner in which the MSO/HSP should offer access of its network, for carriage of TV channel on non-discriminatory terms to the broadcasters?*

Broadcaster for must carry must be promulgated by the Ministry of Information and Broadcasting/TRAI and an ICO must be got signed.

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

Carriage of the programs is a prerogative of the HSP. In DAS visibility is NOT an issue. Hence there is no need to regulate carriage fee. In fact TRAI’s interference should be constantly diminishing.

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

Quantum of carriage fee should be linked to negotiations between HSP and Broadcaster subject to conclusion of a written ICO.

14. *Can a cap be fixed on the Quantum of carriage fee? If so how should the cap be fixed?*

No

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

Yes! so that there is some structured similarity and discipline in the business. Enforcement of regulations and punishments when violation is reported must be ensured.

Quality of Service Standards for Digital Addressable Cable TV System

16 Do you agree with the norms proposed for Quality of Service and redressal of consumer grievances for digital addressable cable TV systems? In case of disagreement please give your proposed norms alongwith detailed justifications

Agree! but laying down QoS norms in files is NOT adequate. There must be an enforcement mechanism in place to ensure compliance alongwith rewards for conformity and penalties for defiance.

17 *Please specify any other norms/parameters you may like to add with requisite justifications and proposed bench marks.*

All HSPs should be subjected to audit of CAS and SMS and QoS certification on the same lines as TRAI Regulation No 4 of 2009. In fact such a certificate should accompany the application for grant of licence for Headend operation by the Ministry of Information and Broadcasting. Once certified, audit should be conducted every three years.

18. Who should (MSO/HSP/LCO) be responsible for ensuring quality of service provided to the customers with respect to connections, disconnection, transfer, shifting, handling of complaints relating to No signal, set top box, billing etc and redressal of grievances?

HSP holding charge of SMS should be responsible for all aspects except no signal. Even no signal should be routed through the customer care with HSP but executed by LCO.

19. W*hether Billing to the subscribers should be done by LCO or should it be done by HSP (MSO)? In either case please elaborate how system should work?*

Billing is a function of SMS which is integrated with the Headend. Hence billing is to be done by the HSP and delivered through the LCO to subscriber with various payment mode options including but not limited to cash remittance through the LCO or their representatives.

Present business model is B2B between HSP and LCO because of negotiated connectivity based revenue flows. This has to change to B2C. In DAS the SMS is with the HSP, based upon data base sourced from the customer acquisition forms punched therein. CAF has a link to LCO for appropriation of their share of revenue. Bills can therefore only be generated by the HSP in the name of the customer i.e. the viewer and serviced through the LCO. Based upon terms in the ICO, the LCO's dues are appropriated out of collections.

20. *Should pre-paid billing be introduced in the D*igital *Addressable Cable TV systems?*

Yes! like DTH.

Miscellaneous Issues

Broadcasting of Advertisement Free Channels

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

Yes!

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

Yes! ad-free channels should attract 50% additional tariff.

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

Broadcasters cannot be expected to satellite cast ad-free channels. It is HSP who would rip the ads off hence there is no need for a separate agreement. Clause should be inserted in the ICO allowing HSP to rip the ad, re-purpose the content and deliver it as VAS with latency. Broadcasters could lay down additional charges for such a service.

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

Negotiated rates.

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

Non addressable boxes do not have decryption facility and hence addressability. These are only channel enhancers to compete against DTH and self styled voluntary DAS. These can only be used if subscriber orders all hundreds of channels. These cannot be used in DAS with CAS, SMS and addressability.

Reference point for wholesale price post DAS implementation

26. What would be the impact on the wholesale channel rates after the sunset date i.e. 31 Dec 2014 when non-addressable systems would cease to exist?

This will depend upon supply and demand based upon content appeal.

Other relevant Issues

Headend Service Provider should be licensed by the Ministry of Information Broadcasting.

Cable Operators too should be licensed. If Deptt of posts are reluctant, an agency like the Ministry should open a cable cell which can undertake this job. Licence application should be submitted with required details. Registration syntax should comprise of PIN code and three more digits. In case of any violations licence could be got cancelled.

Broadcasting being a Central Govt Subject all issues concerning Cable TV should be dealt by Cable Cell under the Ministry of Information and Broadcasting. If this is NOT done, State Governments would start making their own laws and rules.

TRAI should also entertain grievances from cable operators against Broadcasters.

Issue of IRD to licensed HSP should be made mandatory.

Cable TV should be accorded status of Information infra-structure industry so that financial institutions consider funding for this sector.

Provision should also be made for High Definition video delivery.

Provision needs to be made to convert local content like Cable Video channels to be made PAY Channels and allow adult content since DAS is encrypted.

DTH is propagated as a better service, has mandatory CAS on pre-paid addressability. Why is DTH in loss? Why then all tariff fixation is bench-marked against Cable TV prevalent rates?