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To

The Chairman,
Telecom Regulatory Authority of India,
New Delhi – 110002.

Sir,

Sub: Comments for the consultation paper No. 8/2011.

I herewith enclose my comments for the consultation paper as mentioned above. Kindly accept the same.

Thanking you.

Yours truly,

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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)?

The channels in BST cannot be constant. Sufficient space should be reserved for new FTA channels for future. When the Government permits new satellite channels the room for distribution should also be kept open. It is beyond doubt that the new additions would increase the plurality in views thereby help the consumers in wider choice. Therefore the Authority should revisit the channels in BST, bi-monthly to update the list. The number of Channels in BST should be not less than 100.

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?

It is obvious that the number of channels be different for different states. The number should be determined by the quantum of operational TV channels linguistically served to the respective state.

While determining the number, the authority is suggested to take care that no FTA channels of the state's language is missed out in the BST and in addition to that a mix of FTA channels of different genre would be appreciated.

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?

May I suggest the following composition:

- All FTA channels available in the regional language of the state.
- At least 3 popular FTA 24X7English News channels.
- All FTA sports channels.
- At least 3 popular Hindi News Channels.
- 2 FTA business channels.
- Dedicated music channels.
- At least 5 Hindi GEC channels.
- All English FTA Science channels.
- And suitable amount of channel MIX of different generics.

Views of R.L.Saravanan....

3. What should be the price of BST?

Un like the present CAS environment where FTA channels are allowed to be re-transmitted in analog mode the Digitalisation Amendment in CTN Act. Mandates the re-transmission of even FTA channels (BST) through STBs. The present MRP for analog FTA channels in CAS areas is Rs.82/- The same yardstick may be applied to the BST pricing too.

Should this price be different for different states, cities, towns or areas of the country?

The Authority may fix a band for the BST pricing, Eg: 50 to 75 Channels for Rs. 75/-; 75 to 100 channels for Rs.90/-: 100 –125 channels for Rs. 100.

The operators may be allowed to charge in accordance to the number of channels in the BST as prescribed by TRAI for the respective states based on the band of pricing.

If so, what should be the price and criteria for determination of the same?

The pricing should be directly proportional to the number channels re-transmitted preferably on different price bands. Since the operator/MSO does not incur any cost for the contents in BST, they should be allowed to charge only for the expenses to carry the signals of BST. The said expense shall not be more than 0.75 paise per channel per month per subscriber supplied in a bundle.

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?

BST channels should be allowed to go in a single package as directed by the Authority. If A-la-carte provision is made in BST it may further choke the CAS and SMS of the MSO adding further cost to the operations. The BST package should be allowed to be switched on/off and not to be severed into piece meal.

When a-la-carte is mandated in BST, it would give room for the MSOs to form packages and further demand placement fees from broadcasters to place the given channel in the basic package. This would defeat the purpose of amended CTN-Act of partly creating a must carry provision.

Further when the package of BST is broken into pieces by way of a-la-carte and the consumer opts a minimum number of channels thereby pays minimum charges, the same may fetch the Cable Operator less than his operational cost.

Views of R.L.Saravanan....

Let me highlight the experience of Chennai CAS area, which is otherwise a 100% CAS mandated area. CAS is extended to the whole of Chennai Metropolitan area. The market sources would go to say that in Chennai CAS area there are around 21 lakhs analog FTA connections and about 1.5 lakhs of digital connections viewed via STBs. One would view a heavy balancing towards the analog network over the digital one. The reason behind this imbalance is that many of the Popular Pay Channels which are otherwise PAY in NON-CAS areas are declared as FTA in Chennai CAS area. Some of the PAY channels have recently announced the conversion of some of their channels as FTA in Chennai CAS area. The reach of channels have made visible difference to compel the pay channels for their FTA

conversions. The PAY channels were ready to sacrifice their subscription revenue for want of reach in 2.1 million consumer homes.

The above phenomena may be relevant in DAS environment. Yes, in order to achieve a better reach there are many chances that the Present PAY channels may convert in to FTA if the BST is supplied in a single package and not in pieces.

Retail Tariff for the Digital Addressable Cable TV Systems

5. Should the retail tariff be determined by TRAI or left to the market forces?

Yes, TRAI should determine the retail tariff in the larger interest of consumers. By and large, the last mile is still monopoly and hence the chances of the consumer getting exploited by the monopoly operator is more which reason is sufficient enough to refrain from leaving it to the market forces.

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

Cable industry has maintained its status quo for over 2 decades. The mandated digitalisation would change the status quo of the industry. When such change is happening, it needs a complete reworking on the modus-operandi of pricing and the status of MSO/LCO.

The regulations of TRAI included MSOs and LCOs within the definition of distributors of TV Channels. This was primarily accepted since they also sold the pay channels services for a fixed subscription. The carriage of FTA channels and the charges for Pay channels were included in their monthly charges. The negotiations of pay channels have taken place on illusionary basis.

It is high time that the components of Carriage and Distribution be differentiated in cable services. In a true digital addressable environment the controversy of declaration of subscription base would reach its end. In such transparent situation,

the MSO and LCO may be given a fixed percentage of margins to cover the operational expenses for PAY channels at whole sale level. Further, the MSOs and LCOs would be allowed to charge a fixed carriage charges for operation and maintenance of cable networks from the consumers which may go along with the BST. However this can be achieved only when a-la-carte provision is made as the only way in retail level.

(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?*

Yes, a-la-carte pricing at retail should be linked to its wholesale price and further a-la-carte should be mandated as the only mode for distribution of PAY channels and the formation of packages/bouquets should be banned.

As discussed earlier, carriage price should be separated and be linked with the BST. The MSO should be given a margin of 10% towards handling of addressability and other operational cost. Further the LCO may be given a margin of 5% towards the collection charges.

(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?*

There should be different ceilings for different genres. For a GEC channel the whole sale level ceiling may be Rs.8/- per sub. Per month. The ceiling for no channels of any genre should not be more than Rs.10/-.

Further the criteria of original content produced within the country and imported content used for lot of other countries with mere dubbing cost should also be considered for fixing ceiling.

(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?*

A broadcaster would fetch zero amount of money, in the case of FTA channels. Hence any charges charged by the LCO for himself and on behalf of the MSO would be sufficient enough to cater his carriage cost. The

compensation paid by the consumer to the LCO for carriage shall remain constant for all genres.

Further the ceiling may be fixed at 75 paise per channel per month at retail level.

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

As discussed earlier, the carriage may be separated from the content. The carriage cost should be linked with the BST and a fixed margin should be given on the cost of content.

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 Digitalisation notification would transcribe that both NON-CAS analog networks and Digital networks would co-exist till 31st December 2014. In such co-existence, further amending the interconnect regulation would lead to complexity. Hence, TRAI may think of formulating a new set of regulations for DAS era, as and when the digitalisation applies to the respective geographical area, the new DAS interconnect regulations shall apply to them in lieu of old regulations. Further the existing regulations may be repealed in total by the end of 2014.

In such case the provisions like * must provide clause, * disconnection modality, *prohibition of minimum guarantee, * mandating written agreements, * provision of copy of agreements, * mandating service of invoices and etc should be saved in the new set of interconnect regulations.

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?

Yes, the revenue share between the MSO and the LCO should be determined by TRAI. The eventuality of MSO exploiting the LCOs would be more in negotiations.

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?

For an LCO, apart from his livelihood he also maintains the last mile RF networks which involves a cost.

The MSO invests huge amount of money in digital head end with CAS, SMS, STBs and further employs a optical fibre network till the node of the LCO which again involves a cost.

In the present CAS environment, The LCOs are allowed to enjoy 100% subscription charges charged on FTA basic tier analog package and get a share of 25% in the digital subscription. Similar yardstick may be applied in DAS environment also.

However, since the cost and likely subsidy on STBs are accountable, a share in BST is also required to be given to the MSO.

In my opinion a sharing of 70:30 on BST and 30:70 on other offerings would be ideal between LCO and MSO.

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

The digitalisation amendment, has partly brought in the concept of must carry way of BST. However mandating 'must carry' for Pay Channels would lead to technical complexity in the Head end. As the number of addressable channels goes higher the configuration of CAS/SMS would also go higher which would add unwarranted cost to the MSOs. Hence, if TRAI is to mandate 'Must Carry' , it should again do an exercise similar of determining BST. Yes 'must carry' channels should be listed for different states depending upon the regional demand for the said channels.

Further, caution should be exercised in a way that "must Carry" should not give a right to the MSO/Broadcaster to impose the PAY channels in-voluntarily on consumers. The freedom of choosing the required PAY channels, strictly on a-la-carte mode should not be infringed. *Inter-alia* "must carry" should mean the availability of the said channel in stock of the MSO, provided to consumer on 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'?

As told earlier, Not all the channels need to be carried by the MSO of all geographical locations. Ex. Mandating an MSO in Amritsar to carry all the pay channels of south Indian language would be of no use. Hence TRAI should do another exercise of listing out the PAY channels for every region.

The minimum condition that should be attached is that the PAY channels must be provided in a-la-carte mode to both MSOs and in turn to Consumers and the MSO should be entitled for a big discount from the listed whole sale price.

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?

TRAI preparing a list of PAY channels for every state/region would be the only solution.

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

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

The significance of carriage fee would be drastically reduced in the proposed DAS environment and hence regulating the carriage would not fetch any productive result.

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, The present Standard Interconnect Agreement(SIA) for CAS areas seems to be a wholesome one. In the absence of standard interconnect agreement, the broadcasters would have an upper hand to dictate the MSOs and many objects and considerations of the RIOs would go against the very concept of digitalisation. In the present non-addressable environment the broadcasters are mandated to publish their RIO, which is not followed by many broadcasters. Further, the prescription of an SIA would reduce the disputes between the service providers and enable speedy execution of agreements.

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.

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

The proposed QOS norms seem to be adequate. However, it gives a common name for MSO as well as LCO namely "Cable TV Service provider". The responsibilities among the MSO and LCO should be separated and fixed accordingly. A re-work of the draft is necessary to severe the domains of MSO and LCO. In practice, having a nodal officer or call centre at LCO level in not feasible. Similarly the small and medium MSOs would find it difficult to have a full fledged call centre. Hence the

yard stick may be different for different size of MSOs. They may be classified in terms of connectivity (above 1 million or so) , head end capacity, operational area and etc.

In the proposed norms, clause 4.1, the consumer is not allowed to change the composition of a subscription package within six months. This norm may be held good, only in case the cap is fixed on the PAY channels. If the PAY channels are allowed to charge their subscription on forbearance, the said period should not be more than two months.

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?

The responsibility should be severed. The operation and faults at the local level of the LCO should be taken care by the LCO and the areas such as billing, STBs and etc should be taken care by MSOs in co-ordination with the respective LCOs.

End of the day, it shall be the joint responsibility of MSO and LCO. Hope the cable tv Service providers would render a better service, since the competition is awaiting at the consumer's door step in the form of DTH.

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.

Many LCOs doesn't posses the adequate infrastructure of billing. Further, the SMS would be handled by the MSO alone and hence billing shall be the responsibility of the MSO.

Since the LCO is at close proximity and contact with the consumer, the responsibility of collection of bills would be with the LCOs.

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

No, prepaid billing would not suit the cable TV environment. The LCO by himself or through his employees would have close contact with consumers. Many of the LCOs are from the same locality and known to consumers by name. This is one reason, Why the DTH penetration is relatively low, in spite of poor service offered by LCOs.

Cables are borne to frequent damages and hence the disturbance caused is also high. The service to the consumer is often ensured because of the reason that the cable operator needs to collect his money in the beginning of succeeding month. A pre-paid billing may take away the motivation of the LCO in ensuring proper service. Further the present way of paying the cable charges to the LCO is the easiest way to

the consumer to pay i.e., the LCO collects the subscription charges at the home of the consumer. Hence any attempt to change this pattern may cause gross inconvenience to the consumers.

Miscellaneous Issues - Broadcasting of Advertisement free (ad-free) channels

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

Yes, while commenting to the extant consultation paper, we are coming across the promos/advertisement for 4 ad-free channels by SUN TV group in south Indian languages. The status quo in content also needs a change and I sincerely hope that the Indian consumer is ready to welcome such channels, provided given at an affordable price.

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

Since, the only source of revenue is going to be by way of subscription, the market of ad-free channels may be let to forbearance and no cap is necessary for the same in whole sale level. However it is opt to mentioned that all the PAY channels, including the ad-free channels should be provided in a-la-carte mode in both whole sale and retail level.

It would go without saying that the cap in the margin should be fixed in the retail level.

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

The said channels may be included in the definition of Pay Channels.

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

As discussed earlier, a fixed margin should be allowed to MSO and LCO in the whole sale price of the PAY channels including Ad-free channel.

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 Digital STB may be allowed only in the case the consumer opts for BST alone.

Non addressable STBs should not be allowed to re-transmit any pay channel as it would bombard the very object of addressable digitalisation.

Views of R.L.Saravanan....

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?

I predict an impact in the wholesale price. The price may come down if the takers of such channels are low in an addressable environment.

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