

We, Sri. Ratan Naskar, Sri. Pratyush Bhowmick And Mrs. Mitali Dutta Operator of **SKY WAVE** want to put some facts of the New Tariff Order (NTO) to TRAI and the Government.

## OUR HUMBLE EXPECTATION TO TRAI

Our humble appeal to you save this Cable TV Industry along with Increase in Tax Revenue to the Government, since **30-40 % consumers are not viewing the Cable TV** due to the complicated process after NTO implementation resulting in decreased revenue of LMOs as well Govt.

- 1) As LMO we request TRAI to **introduce an automatic financial eco-system** in which no stakeholder will have scope to feel neglected, a system which must be winwin for all the involved entity.
- 2) LMOs are the pioneer of this industry who serves directly the customers and customers' aspirations are reflected through them. This segment of the chain must remain satisfied by the system financially to run the show.
- 3) So, TRAI is being urged to **augment their revenue either by allowing 65% of total bill of a customer or by allowing them 100% of total NCF and 70% of total 20% discount which now Broadcasters now allow for the DPOs. The LMOs must get Rs.225 to Rs.240 per set top box per month to run their part of the show smoothly.** It should be ensured that an LMO with 500 STBs can earn net revenue at least of Rs.40, 000/- to 45,000/- to run his family smoothly.
- 4) **GST should be reduced to 10% to 12% level.**

- 5) DD Free Dish must not be allowed to broadcast any private channels free of charge.
- 6) Regulations must be introduced to regulate the OTT, IP TV platforms, thereby creating a level playing ground for all the stakeholders.
- 7) In absence of the LMOs (last mile operators) in the case of DTH platforms the lion's share of the NCF remains idle in their coffer which they only use unethically to attract customers and blunt the competition from the MSOs and LMOs by allowing hefty discounts. So a level should be introduced and marked beyond which any stakeholder cannot allow any discount in any form either in cash or in kind such as free Set Top Box or free Wi-Fi router or free TV set.

We want to appeal TRAI to save the LMOs from being extinct from this very business of cable TV entertainment which they managed to built without any Government or private support. LMOs are the main substance of the chain who serve the customers according to the various needs of the customers, they employ many workers to maintain the service which if counted may touch several lakhs heads in total. This segment of the chain must be saved even from every predatory activities in the name of competition.

**Q1. Do you agree that flexibility available to broadcasters to give discount on sum of a-la-carte channels forming part of bouquets has been misused to push their channels to consumers? Please suggest remedial measures.**

**Ans.** No. Because this move of Broadcasters enables consumers to enjoy more channels, increases consumers' ability to surf and select to watch more channels / programmes.

**Q2. Do you feel that some broadcasters by indulging in heavy discounting of bouquets by taking advantage of non- implementation of 15% cap on discount, have created a non-level field vis-a-vis other broadcasters?**

**Ans.** From the point of view of consumers as well as DPOs / LMOs creating level playing field among Broadcasters is a non-issue.

**Q3. Is there a need to reintroduce a cap on discount on sum of a-la- carte channels forming part of bouquets while forming bouquets by broadcasters? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?**

**Ans.** Yes, the cap should be reintroduced and it should not be 15%, which should be nearer to 25% or may be 30% while keeping an eye that Broadcasters' interest to form , to offer and to sale their bouquets are not adversely affected.

**Q4. Is there a need to review the cap on discount permissible to DPOs while forming the bouquet? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?**

**Ans.** Yes: Any move regarding discount and whatsoever must be reviewed by all the stake holders got together. Here it is Broadcasters, MSOs and LMOs. The meager 20% discount which the Broadcasters allow to the DPOs are heavily insufficient and urgently needs to be reviewed upwardly. Particularly, the discount percentage / proportion allowed by MSOs which is receivable by LMOs must be worked out and announced immediately by TRAI itself without leaving the issue on the mercy of the mighty MSOs. LMOs are the entity to carry the signal of MSOs and serve the consumers at the end. After NTO net income of LMOs decreased heavily and now LMOs are compelled by too insufficient net income to reduce their strength of employees to cope up with the reduced income which is affecting the service to the consumers adversely.

The Broadcasters earn both from networks selling their channels / bouquets and from advertisements using the DPO network. But they do not share any portion of their advertisement revenue with DPOs. So, they should allow 70% discount to the DPOs straight way without any rider on the MRP of the channels / bouquets.

Further, LMOs must be allowed to enjoy 80% of the above mentioned 70% discount on MRP of channels / bouquets as the almighty MSOs now arbitrarily throw away to LMOs anything between 60% to 65% of Rs.130/- for 100 FTA channels and only half of the 20% discount on the MRP of channels which the Broadcasters allow to the DPOs after NTO. The other 15% discount which the MSOs receive from the Broadcasters remains intact with the MSOs which they do not share with the LMOs leaving the LMOs insufficiently fed, adversely affecting their ability to serve the consumers.

Moreover, after NTO the capital expenses as well as recurring office expenses of LMOs increased considerably to provide satisfying service to the consumers.

So, the LMOs must be empowered by TRAI to get at 80% of Rs.130/- earmarked for 100 FTA channels and 80% of the 70% discount from Broadcasters proposed in the earlier para.

The Broadcasters must allow 70% discount on MRP of channels / bouquets to the DPOs.

**Q5. What other measures may be taken to ensure that unwanted channels are not pushed to the consumers?**

**Ans.** No channels is unwanted is this world according to our long long experience from the very beginning of cable TV industry in 1990's with the channel CNN showing the Gulf war.

Consumers are exercising their choice in large numbers, change their previously selected channels whenever necessary without being hindered at all. Most of the consumers are not being forced to enjoy the channels as per the choice of the LMOs and/or DPOs as in many cases after the initiation of NTO, LMOs were outnumbered by the consumers and several such unwanted incidents occurred at the office of the LMOs for which the LMOs were not liable at all.

Most of the consumers are happy with the system and so it is TRAI itself is appropriate to set the parameters and to witch-hunt the unwanted channels and fix those accordingly.

**Q6. Do you think the number of bouquets being offered by broadcasters and DPOs to subscribers is too large? If so, should the limit on number of bouquets be prescribed on the basis of state, region, target market?**

**Ans.** No, the number of bouquets being offered by Broadcasters as well as DPOs are not large now. The scope of consumers to select the channels/bouquets increases according to their purchase power and need with the increment of number of bouquets.

Yes, the bouquets to be offered should satisfy the linguistic and target market necessity. Those must not be offered according to state, region etc., and if done may lead to instigate provincialism

**Q7. What should be the methodology to limit number of bouquets which can be offered by broadcasters and DPOs?**

**Ans.** No need to limit the number of bouquets which if done can limit the consumers ability to choice.

**Q8. Do you agree that price of individual channels in a bouquet get hedged while opting for a bouquet by subscribers? If so, what corrective measures do you suggest?**

**Ans.** Yes, it has got hedged already.

Reintroduction of cap to at least 25% on A-la-carte price while inserting into a bouquet will make the picture clearer.

**Q9. Does the ceiling of Rs. 19/- on MRP of a a-la-carte channel to be part of a bouquet need to be reviewed? If so, what should be the ceiling for the same and why?**

**Ans.** Yes, review should be done and it should be categorized according to the power of contents that delivers.

**Q10. How well the consumer interests have been served by the provisions in the new regime which allows the Broadcasters/Distributors to offer bouquets to the subscribers?**

**Ans.** After NTO Consumers now have the liberty to enjoy, surf and select more Channels in relatively less price which many of them could not afford to enjoy in A-la-carte basis if bouquets were not introduced by the Broadcasters and the MSOs.

**Q11. How this provision has affected the ability and freedom of the subscribers to choose TV channels of their choice?**

**Ans.** Subscribers' ability and freedom to choice have not been affected on the contrary it is increased. We have many examples to show that large number of subscribers

at first made their choice on A-la-carte basis in the months of Feb and March'19 and converted to Broadcasters' bouquets or MSO package by themselves later in the month of April, May'19 after those were available for choice without any pressure or provocation.

**Q12. Do you feel the provision permitting the broadcasters/Distributors to offer bouquets to subscribers be reviewed and how will that impact subscriber choice?**

**Ans.** No review is needed. If permission to offer bouquet by Broadcasters/DPOs is withdrawn the liberty to select as per their choice of consumers will be affected. Moreover, the MSOs who do not offer any package of their own or provide minimum logically sufficient number of bouquets for its subscribers must be mandated to offer such to increase the scope to select the appropriate bouquet/package by the consumers.

**Q13. How whole process of selection of channels by consumers can be simplified to facilitate easy, informed choice?**

**Ans.** Process of selection can be made simplified by the following ways:

- a) A-la-carte rates of every pay channels must be shown on TV screen.
- b) FTA channels must be shown on TV screen.
- c) Broadcasters' bouquet rates with the names of every individual channel in every bouquet must be shown on TV screen.
- d) DPO package rates with every individual channel name comprising a particular package must be shown on TV screen.
- e) The (first slab) price of Rs. 130/- (excluding GST) for 100 FTA channels must be shown on TV screen.
- f) The next Rs.20/- for every bunch of 25 channels (up to) must be clearly explained on TV screen.

Actually, in the busy life of consumers, he or she may be illiterate or literate, well informed, misinformed or least informed TV broadcasting helps them much to make themselves well informed, which they rely and quickly grasp and it helps to take quick informed decision by them in any case other than cable TV. Similarly, in the case of cable TV also if the recommendations as per the above 13(a), 13(b), 13(c), 13(d), 13(e) and 13(f) are implemented no consumer will have the scope to complain about misinformation or least information and that will lead to informed, quick and generous selection by consumers.

**Q14. Should regulatory provisions enable discount in NCF and DRP for multiple TV in a home?**

**Ans.** Any discount if TRAI wants to make available for multiple TV in a home must keep the following points (bone of contention) while deciding that :

- a) Now in the era of 5th generation technological advancement every TV set in a home needs equal and separate attention and investment unlike analog era which now involves everything separate for each TV set such as Set Top Box, separate coaxial/fibre, separate accessories outside/inside the home, necessary proper optical power. So, the cost involved to connect a TV set has been increased many fold over the years along with inflation and this last mile connection is done only by the LMOs and bear the cost described above single handedly which is not shared by the other two stakeholders i.e. MSOs and Broadcasters. The cost of service after installation such as complain attendance, replacing Set Top Boxes if necessary, even educate the consumers how to change the mode from TV to Av by using TV remote and each and every service related with cable TV rendered only by the LMOs.



- b) On the contrary as the Broadcasters and/or MSOs do not incur any expense related with the last mile connectivity, their expense and investment do not increase to connect any extra TV set in a multi TV home or anywhere. The Broadcasters only invest in making contents and make revenue and MSOs only invest in providing signal at a single point and maintain that only to the office of the LMOs and earn. Thus they only enjoy gradually inflated net income.

So, any discount involving multi TV sets in a home must not be made from LMOs net income. If done it will adversely effect the direct service to the end consumers.

**Q15. Is there a need to fix the cap on NCF for 2nd and subsequent TV connections in a home in multi-TV scenario? If yes, what should be the cap?**

**Please provide your suggestions with justification.**

**Ans.** The answer is same as question No.14.

**Q16. Whether broadcasters may also be allowed to offer different MRP for a multi-home TV connection? If yes, is it technically feasible for broadcaster to identify multi TV connection home?**

**Ans.** Broadcasters must be made compelled to offer discount only from their share of pie in case of multi TV connections as well as single TV connection in a home unit as there is no additional expense burden to incur by them.

Moreover, MSOs also should be mandated to provide discount for multi TV connections in a home as because like Broadcasters they do not have to incur any additional cost involved to connect any extra TV set in any way whatsoever as described earlier.

"If there is a will there is a way". So the technique about the feasibility for the Broadcasters to identify multi TV connection homes can be made if the three stakeholders here sit together and try to find out ways to precisely implement it.

**Q17. Whether Distributors should be mandated to provide choice of channels for each TV separately in Multi TV connection home?**

**Ans.** Actually, the scope of choice of channels/bouquets for each TV set separately in a multi TV connection home already prevails there for consumers now in this system after NTO is implemented.

**Q18. How should a long term subscription be defined?**

**Ans.** The long term subscription should be defined as follows:

- a) Starting only for the period of minimum 6 months (Six months) subscription charges paid.
- b) Subscription charges paid for one year and beyond.

**Q19. Is there a need to allow DPO to offer discounts on Long term subscriptions? If yes, should it be limited to NCF only or it could be on DRP also? Should any cap be prescribed while giving discount on long term subscriptions? Ans.** DPOs should always be allowed to offer discount on long term subscription. NCF should be saved and unharmed and it is to be made available only from DRP.

Yes, there should be cap in rendering long term subscription discount.

**Q20. Whether Broadcasters also be allowed to offer discount on MRP for long term subscriptions?**

**Ans.** Yes, it must be made mandatory for Broadcasters to offer discount on long term subscription, but with a cap and it should be uniform for all platforms such as cable TV, DTH, OTT, IPTV etc.

**Q21. Is the freedom of placement of channels on EPG available to DPOs being misused to ask for placement fees? If so, how this problem can be addressed particularly by regulating placement of channels on EPG?**

**Ans.** No, the freedom of placement of channels on EPG available to DPOs and asking for placement fees is correct as it provides scope for every channel to be placed according to the effective demand to place itself by Broadcasters. Otherwise once a channel gets a position at the most desired position on EPG or vice versa can lose its chance to change that position leaving them compelled to accept as per the whims of MSOs.

Placement fees must be announced by MSOs to all the Broadcasters for each and every position on EPG and thus fair, uniformity for a prefixed position of placement on EPG must be defined and announced by MSOs.

There may be a variation of placement fees, it may be high for an easily tunable position and vice versa.

Every MSO must be mandated to prefix their fees for each and every position of placement on EPG and to announce that to every Broadcaster and thus only this problem can be effectively addressed.

**Q22. How the channels should be listed in the Electronic Program Guide (EPG)?**

**Ans.** To be listed alphabetically.

**Q23. Whether distributors should also be permitted to offer promotional schemes on NCF, DRP of the channels and bouquet of the channels?**

**Ans.** Any scheme involving NCF or net revenue will harm the LMOs. It can be allowed provided the MSOs take the LMOs in fold, make them informed, acknowledged and take the consent of LMOs beforehand.

**Q24. In case distributors are to be permitted, what should be the maximum time period of such schemes? How much frequency should be allowed in a calendar year?**

**Ans.** Maximum time period for such schemes should be for three months period. It should be allowed only once in a year if really necessary after consultation with the LMOs.

**Q25. What safeguards should be provided so that consumers are not trapped under such schemes and their interests are protected?**

**Ans.** Consumers must be informed thoroughly by the MSOs and LCOs beforehand.

There should be clear and well defined provisions, rules and exit laws, terms so that consumers can effectively opt out of such scheme without being unharmed financially.

**Q26. Whether DPOs should be allowed to have variable NCF for different regions? How the regions should be categorized for the purpose of NCF?**

**Ans.** No, DPOs should not be allowed to charge variable NCF for different region as the investment pattern and volume, cost and expenses are equal throughout India.

No platform, medium whether it is through wire or wireless such as DTH, OTT or IPTV should be allowed to do so affecting the competitiveness among the contenders.

**Q27. In view of the fact that DPOs are offering more FTA channels without any additional NCF, should the limit of one hundred channels in the prescribed NCF of Rs. 130/- to be increased? If so, how many channels should be permitted in the NCF cap of Rs 130/-?**

**Ans.** Existing Rs.130/- for 100 FTA channels is ok. No pay channel should be included in that bouquet of 100 channels except FTA channels. Additional NCF of Rs.20/- for every 25 channels should be maintained.

**Q28. Whether 25 DD mandatory channels be over and above the One hundred channels permitted in the NCF of Rs. 130/-?**

**Ans.** No assorted 25 DD channels should be included within the limit of the 100 FTA channels.

**Q29. In case of Recommendation to be made to the MIB in this regard, what recommendations should be made for mandatory 25 channels so that purpose of the Government to ensure reachability of these channels to masses is also served without any additional burden on the consumers?**

**Ans.** DD channels are already within the limit of 100 FTA channels. In fact all DD channels except 3 to 4 channels for Govt. Of India broadcasting necessary information, announcement and content should be treated at par as private free to air channels. All the DD channels must not compulsorily be fed with every nook and corner of India. As of now say for example Tamil people are being fed with Bengali channels and vice versa should not be done anyway.

**Q30. Stakeholders may also provide their comments on any other issue relevant to the present consultation.**

**Ans. #Necessity is the mother of invention#**

In 1990 we, some of the unemployed youths of India in quest of being employed, to earn livelihood started the cable TV service with single VCR channel connecting neighborhood homes with Co-axial cable and in the latter half of 1990 the Gulf War started and we started injecting the CNN channel into our network through Dish Antenna to show our viewers the Gulf War beamed by CNN. This was the story of starting this cable TV service almost all over India by cable TV operators, whom we recognise today as LMOs and this initiative brought the revolution in the Television infotainment industry. Afterwards days gone by and cable TV operators connected thousands of homes everyday like disciplined, orchestrated strong army of ants which resulted in millions of connected today as we see now in 2019 when 'NTO' initiated. This was the success story of this segment of info-entertainment in India.

Then came the MSOs in 1993-94 with bigger money power with larger number of channels and cable Tv operators started to connect themselves with MSOs to render better and upgraded service to the subscribers/viewers.

Then the DTH companies emerged to tap the potentiality of wealth generation of this segment connecting viewers directly by eliminating the middle entities whom we recognise now as MSOs and LMOs.

Up to this point the story was more or less smooth and ok. Now at this point of the story in 2018-19 like bolt from the blue two things enter on the stage, one is initiation of NTO by TRAI and the other is JIO TV.

- a) The Broadcasters are happiest getting 80% on MRP of their channels and with their advertisement revenue getting unharmed.
- b) MSOs are happier multifold enlarged revenue.
- c) DTH companies are also happy having more connectivity shifted from cable TV due to the tremendous chaotic situation that emerged in introductory transitional period to NTO, which started without proper infrastructure in the months of February'19 to May'19 resulting in irritability of viewers and shifting the connectivity to DTH to find solace. But before that time no undulation was there, everything was calm and quiet.
- d) But the LMOs are unhappy as they are the most affected, as their share of revenue came drastically down 50% to 55% per connectivity in comparison to the period before implementation of NTO with which they were habituated for long time before NTO and moreover their revenue went down further due to the rampant shifting of viewers to the DTH platform along with increased office expenses which naturally aggravated their unhappiness. Many of them feel the introduction of NTO made their self created business financially unviable thus will throw them out of the business. Many of them are on the verge of shut down.
- e) The last entity is viewers/consumers. Many of them are not happy for various reasons. Among the reasons the most important is price hike. Before NTO they were habitual of getting enormous number of channels which gave them liberty to surf and select any channel as per their wish at any point of time. They are now after NTO complaining of having lesser number of channels in comparison to pre-NTO period with the same price.

In the year 2007 TRAI introduced CAS regime for cable TV and decided that the LMOs were entitled to get Rs.77/- and yearly 7% increase of NCF to overcome inflationary effect exclusively with which they could manage their affairs smoothly. But in 2019 the LMOs astounded to see that TRAI did not allowed that amount also which they had fixed for LMOs in 2007 even after so many years gone and had not fixed anything exclusively for them leaving them to lurch to collect their legitimate share of revenue after contesting with the mighty MSOs.

An LMO with 500 set top boxes (numerous number of LMOs are there in this category in India) must earn a net revenue of Rs.40, 000/- to 45,000/- to carry his/her duty to his family consisting six persons( he, his wife and two children, his parents). Now after implementation of NTO these LMOs are nowhere near this figure of net income and if this situation continues they will naturally be thrown away from this business which they pioneered in 1990s.

So, as an LMO I want to request TRAI to keep the NCF part of the total picture unharmed which is the bread and butter of the LMOs and LMOs must be entitled by TRAI itself to enjoy 100% NCF or at least 65% of total bill of a customer/subscriber excluding GST. to overcome the financial crisis of the LMOs.

Another bone of contention is high rate of GST. It should be reduced.

Any private channels should not be allowed to be broadcasted on #DD Free Dish# freely without any tariff. If allowed further it makes the LMOs practically useless, snatches the minimum revenue of the LMOs and Govt. Revenue is also compromised. So only free DD channels should be allowed to be broadcasted in "DD Free Dish" platform freely without any tariff.



Broadcasters should be consulted and advised to introduce a few premium niche channels with exclusive contents in HD version which will not carry any advertisement whatsoever.

OTT/ IP TV service platforms many of which are originated outside India must be brought into the regulatory fold of TRAI after due process of consultation and evaluation of its adverse effect on the industry and they must be mandated to comply with the necessary Govt. tax structure.

We want to appeal TRAI to save the LMOs from being extinct from this very business of cable TV entertainment which they managed to built without any Government or private support. LMOs are the main substance of the chain who serves the customers according to the various needs of the customers, they employ many workers to maintain the service which if counted may touch several lakhs heads in total. This segment of the chain must be saved even from every predatory activity in the name of competition.

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