

Date : 16.1.2012

From  
S.T.Balamurugan,  
59/7, CPWD Quarters,  
K.K. Nagar,  
Chennai-78.

To  
The TRAI,  
New Delhi.

Sirs,

Sub.: Submission of comments on Consultation paper no.8/2011

I would like to present my personal comments/suggestion on the Consultation paper no.8/2011, dt.22.12.2011 on the Issues related to implementation of Digital Addressable Cable TV Systems. Point-wise comments are furnished in the attached word file.

Hence I request the Authority to consider the comments/suggestion in the interest of consumers.

Yours faithfully,

(S.T.Balamurugan)

Encl.: As above.

## **Comments/suggestions on Consultation Paper No.8/2011, dt.22.12.2011**

### **Issues related to implementation of Digital Addressable Cable TV Systems**

#### **Issues for Consultation**

##### *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?

A minimum of 70 Free Channels. In the digital addressable Cable TV systems it will be possible to provide at least 70 FTA channels as at present there are more than 500 FTA channels available in India. Yes, in rural areas the minimum number of channels may be around 50 channels considering infrastructure limitations.

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?

BST shall be a mix of genre-wise national and regional channels of entertainment, information, education, news and current affairs etc. The cable operator shall select and provide mix of genre-wise national and regional channels of entertainment, information, education, news and current affairs etc. according to the taste of local population.

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?

Maximum retail price of BST shall not be more than Rs.100 inclusive of all taxes as at present CAS notified Chennai, Rs.100 is charged from the customers for 80 channels. Hence MRP of BST inclusive of all taxes will be reasonable at Rs.100.

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?

I would like to point out that DTH Operators have been permitted to charge for the Channels which they are getting from the broadcasters free of cost in the pretext of offering the channels on a-la-carte basis. When the DTH Operator is getting the channel free of cost from the broadcasters, there is NO rational for charging the customers for the free channels. In addition to that DTH Operator may collect a huge amount from the broadcaster by way of carriage fee

and placement fee for carriage of the Free channels on their network. Similarly the cable operator shall not charge the customer for the channels which are offered by the broadcaster/MSO free of cost in the pretext of offering the channels on a-la-carte basis. All Free channels shall be offered in the BST itself. All the Pay channels shall be offered to the customers on a-la-carte. The terms of FTA channels, Pay channels, BST and a-la-carte shall not be interpreted to the disadvantage to the customers. Hence I request the regulator not to allow the cable operators to exploit the customers by charging for Free channels in the pretext of offering the channels on a-la-carte basis. And all pay channels shall be offered on a-la-carte basis. In addition to offering the pay channels on a-la-carte basis, the cable operator may offer the pay channels on bouquet if such bouquet are beneficial to the customers.

*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?

Retail Tariff for the Digital Addressable Cable TV Systems shall be determined by TRAI as there almost will be a monopoly in Cable TV services in the particular area. In the absence of unregulated retail tariff, market forces will exploit the ordinary customers by using the monopoly. Retail tariff prescribed by TRAI for CAS areas shall be extended to all over the country in the Digital Addressable Cable TV Systems as implementation of CAS, has proved as a relief to the ordinary customers from the clutches of LCO/MSO and Broadcasters.

(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. The retail price of the a-la-carte pay channel shall not be more than 25% of whole sale price i.e. if a cable operator is getting a pay channel for Rs.10, the customers shall not be charged more than Rs.12.50 for the channel and all the discounts and benefits offered to the cable operators by the MSO shall be passed to the customers by the cable operator.

(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?

Yes. The present common ceiling of a-la-carte retail price prescribed for CAS areas i.e. Rs.5.35 shall be the common ceiling of a-la-carte retail price for pay channels in the Digital Addressable Cable TV Systems. However the regulator may determine the retail price of a pay channel on the basis of a scientific method considering content and operational costs of the pay channel.

(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?

I once again request the regulator not to permit cable operators to charge the customers for Free channels in the pretext of offering the channels on a-la-carte basis. As there will be no rational for charging the customers for the

channels which are offered free of cost to the cable operators. If FTA/Free Channels are allowed to be offered on a-la-carte basis, the cable operator will dump unwanted channels in BST and charge for good FTA/Free channel, then the customer will have to pay more for FTA/Free a-la-carte channels than the price of BST.

Hence all Free/FTA channels shall be offered in the BST itself and all the Pay channels shall be offered to the customers on a-la-carte basis.

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

The regulator may determine the retail price of a pay channel on the basis of a scientific method considering content and operational costs of the pay channel. The revenue earned by the broadcaster in r/o the particular pay channel shall also duly be taken to account while determining the MRP of the channel.

#### *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 Authority may modify the regulations in the interest of customers as and when required.

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?

It should be left to the negotiations between MSO and LCO, however the Authority may prescribe a system for revenue sharing between MSO and LCO for the orderly growth of the industry.

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?

The regulator may prescribe the terms in the interest of customers.

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

Yes.

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

It should be left to the negotiations between MSO and Broadcasters, however the Authority may prescribe a system, if it is required, for the orderly growth of the industry.

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. CAS has proved a success in terms of pricing and QoS., hence similar provisions may be prescribed for DAS areas.

#### *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.

Yes. However the Authority may ensure that the QoS are actually implemented.

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?

LCO shall be responsible for ensuring QoS etc, because LCO has direct contact with the customers.

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.

It may be at LCO or MSO level as per the system/hardware/software they use.

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

It may be allowed if it will be beneficial to customers.

*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?

The interconnect agreements/contract of Analog Systems will cease to exist and fresh interconnect agreement/contracts shall have to be implemented.

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

**The Authority may extend the tariff & Quality of Service Standards provisions for CAS notified areas to whole of the nation on implementation of DAS as CAS has proved a relief to the customers from the clutches of MSO and LCO. Hence DAS shall have the all provision of CAS with some modifications wherever necessary. The regulator may prescribe mandatory rental scheme for Set Top Boxes similar to that of CAS. It may be noted that in the absence of mandatory scheme for STB in DTH services, it resulted into a huge wastage of hardware. As per media estimate 10 million DTH Set top boxes worth of Rs.1000 crores are lying unutilized as the DTH Operators deactivate the STB in contravention to license rules, TRAI/BIS regulations. The DTH Operator charge a sum of around Rs.1500 for the hardware without informing the customer what purpose the sum is collected from the customer. The customer presuming that the sum is collected for security deposit towards the hardware pay and takes the connection. When he asks for disconnection and refund of security deposit, the DTH Operator says that the sum was collected for activation of service. In the absence of standard rental scheme for DTH Hard, DTH Operator has a free hand to exploit the customers in spite of TRAI's regulations. Hence the regulator may prescribe mandatory rental scheme STB in DAS similar to that of CAS for the optimum utilization of hardware.**

**Wide publicity shall be given to the regulations, QoS of DAS, so that the customers may take an informed decision. As the customers are unaware of the regulations, all the DTH Operators have turned a blind eye to TRAI regulations and continue to exploit the customers.**

**The Authority may recommend for tax concession for domestic production of DAS Hardware.**