

# **SATELLITE CHANNELS PVT. LTD.**

**E-68, LAJPAT NAGAR-1, NEW DELHI-110024.  
PH : 011-29814730, 29818780. FAX : 011- 29810887**

## **Comments on Issues for Consultation for Implementation of DAS**

**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?**

**Comment:** Comment: As per notification- every channel should be encrypted, since FTA channel by definition is a free to air channel, if encrypted it will have no significance if is FTA or PAY. Hence, not possible to determine the number of FTA channels to be part of a BST. However, there are more than 600 FTA channels at present. Number of channels in BST should be left to the MSO/cable service provider depending upon the affordability of the package in an area. Whereas all Doordarshan channels can be made part of a basic service package BST of the MSOs service offerings.

**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?**

**Comment:** Basic Service Tier has no definition. It should be left to the service provider. However TRAI can specify the genres only. Even in Telecom sector, it is the service providers who make their packages to attract different types of consumers.

**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?**

**Comment:** BST price should include min operational charges to keep the business running in a respectable manner. Also the price should be affordable to a common man in India.

However, an upper limit may be laid down for different types of packages depending upon the number of channels in the package. Packages can be made considering the average number of channels carried in different areas at present. Suggested packages for BST are:

- |    |                        |        |
|----|------------------------|--------|
| 1) | upto 100 channels      | Rs 100 |
| 2) | upto 150 channels      | Rs 150 |
| 3) | upto 200 channels      | Rs 175 |
| 4) | More than 200 channels | Rs 200 |

with an upper limit of Rs.250 fixed exclusive of the state and central levied taxes.

**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?**

**Comment:** a- la-carte has no meaning in BST- Packages are meant to look after the needs of all types of subscribers and forms part of the Basic Service offering, that contain only Free to Air Channels, or pay TV channels offering promotional offering. Putting a price to these channels in a-la-carte is contradictory to the purpose of FTA channels. BST, and the Basic Services offered by any service provider.

**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?**

**Comment:** Retail price should be determined by TRAI. It should be based on experience of four years in CAS areas.

There can be four packages:-

a) BST- Price as given above. (In reply to question no.3)

b) Middle Tier - MRP of Rs 5.35 for the current Pay TV Channels which is already proven a success in the CAS implementation already notified and till date it has not been challenged in the court by any stake holder.

c) HD channels (With-Ad) – HD Channels can be priced at Rs 5.35 + 15% to 20% extra (Rs 6.50 – Rs 7.00 as MRP) to cover additional cost of satellite bandwidth. At present there is no extra cost in production of HD content as all cameras, equipments and studios are already HD and only some extra satellite bandwidth is required for HD transmission.

d) Premium Services - These can be an Ad-free channel (SD & HD both) with fresh & latest content which may be classified as Premium Service and the tariff for these kinds of premium services should be left open for the market forces to decide.

**(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?**

**Comment:** Yes the a-la-carte channel price at the retail should be linked to its wholesale Price. The wholesale price could be the a-la- carte rate with a discount of 10 % to 15% or the other way round. This is a standard margin on a commodity

*The wholesale price of the Pay TV channel(s) should also be fixed by TRAI so that the small independent MSOs should not be discriminated vis a vis the large broadcaster owned MSO subsidiaries and there is equality and level playing field within in the service providers.*

**(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?**

**Comment:** There are only two genres as per the licensing regulations- (News and Non-News) only a common ceiling will suffice. Where the Pay broadcasters have no regulation to follow in terms of allowed FCT (Free commercial time) advertisement durations. Even if a Sports Channel broadcaster buys expensive sporting rights they do cover up the cost while making enormous profits by getting the advertisements spots and also the fixed scroll advertisements permanently shown on the screen of the title sponsors

**(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?**

**Comment:** If a channel is FTA this question is not valid Since the FTA channel is free and hopefully will not be encrypted in DAS and will form part of the BST, ceiling itself has no meaning. FTA channels are never priced and hence the issue is not relevant. More over all DD Channels are carried compulsorily without any price.

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

**Comment:** (i) Sharing of a single event on two different channels in parts must be stopped. Channels must declare their broadcast dates of an event along with the information whether it will be a exclusive or a shared event at least 6 months before the event, this will enable consumers to decide which channel to subscribe, like many Cricket matches are shown on more than one channel, some matches of the same series on one channel and the rest on the other channel. This is a common practice here adopted by the Pay TV broadcasters that we see often on Ten Sports and Ten Action+, or on Star Sports, Star Cricket and ESPN etc.

#### **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?**

**Comments:** The interconnect regulations as laid down by TRAI are ineffective, and the Pay TV broadcasters have always been successful in circumventing these thus defeating the entire purpose of these regulations, This is very clearly evident today where few hundred of these cases are pending in the tribunal TDSAT on the grounds of interconnect regulations

and its clear interpretations. There should be penalty for the broadcasters if they don't give content within 15 days of demand of content from MSO's. TRAI should invite an open house on the subject issue and listen to stakeholders before making modifications which are must before going for DAS.

**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?**

**Comment:** Yes it should be fixed by TRAI as it was done for the implementation of CAS. Though the Regulator did not look into the matter of sharing of the Basic service charges between the MSO and the LCO completely overlooking the cost of delivery/ transport of the service to the LCO and the periodic maintenance of the distribution plant.

**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?**

**Comment:** For the BST the revenue share can be based on equal ratio of share: divided between the MSO and the LCO in 50:50 ratios, for rest of the offering the Revenue share can be kept same as been devised for the CAS implementation and already notified.

Share of Revenue: **MSO = 30%, Pay TV. Broadcaster = 45% and LCO = 25%**

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

**Comment:** Must Carry provision should not be mandated as the channel may be of interest to very few subscribers and the MSO will be forced to invest in the equipment for the very few subscribers. The channel may not take proper care of the quality of the content as the MSO will be forced to carry the channel no matter the quality or content of the channel or its actual demand from the end consumers this may unnecessarily increase the burden of the payout on the consumers.

**10. In case the 'must carry' is mandated, what qualifying conditions should be attached when a broadcaster seeks access to the MSOs network under the provision of 'must carry'?**

**Comment :** The " Must Carry" if mandated should only be a privilege for the Public broadcaster , Prasar Bharti or to any other broadcaster only when they undertakes to show sporting events of national importance free of charge to the consumers, however If broadcaster wants any of its channel in "must carry" then broadcaster must ensure that it should be without any kind of advertisements & will remain in FTA mode only, for the minimum period of 5 years & in the case of any kind of failure/withdrawal of services from broadcaster's end, the broadcaster must have to pay penalty to MSOs & Govt. both.

**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?**

**Comment:** This privilege should be only for the Public Service broadcaster and already mandated by law for various Doordarshan Channels.

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

**Comment:** The carriage fee should be market driven as the demand for the channel will vary in different areas and states and the Carriage is directly linked to the TAM/TRP ratings as per the weight age of TAM data provided only limited to the few TAM cities.

**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?**

**Comment:** The carriage fee is already linked to the TAM/TRP ratings of the networks (for digital & analog both) and further it will also automatically get linked with the number of STB installed in the networks in DAS scenario.

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

**Comment:** When the carriage fee is market driven, and is limited to the few TAM cities then let the channel negotiate and arrive at the figure depending on their budgets and how much TRP weight age they wish to take as Carriage fee is linked to the TRP ratings and that is again linked to the Advertisement revenue they generate. And all this is very dynamic in nature the ratings are not permanent they keep on fluctuating due to various reasons.

**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?**

**Comment:** Yes as we find pertinent to mention that there has been no single litigation reported between the stake holders as by default all the regulations notified for CAS has proved to be quite effective and they are being followed on till date with no one going to any forum and challenging them. Even the Tariff notifications have been welcomed by all the stake holders and the public at large.

**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.**

**Comment:** The QoS standards are a must requirement for any service industry. In Satellite & Cable industry, the Quality of Service starts from the production/ procurement of the

content, editing, encryption at broadcaster level, up-linking, downlink (as per DVB norms) and finally the decoding equipment provided to the MSOs by the broadcasters. The broadcaster must ensure to MSOs that the decoding equipment & decoded signal will be of professional grade and in compliance with DVB standards for further re-distribution on cable networks. The QoS standards were also made in consultation for the implementation of CAS. The Standards may need some modifications (as per DVB norms) from time to time.

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

**Comment:** The BECIL certification (as per DVB norms) should be must for all the broadcasters, up-link stations & downlink stations to ensure the QoS from broadcasting end.

**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?**

**Comment:** The MSO should be responsible for delivering good quality signals at the point of connection to the LCO. The parameters of signal strength easily readable from the signal strength meter by the LCO should be fixed. The complaints relating to the activation / deactivation of the STB should also be the responsibility of the MSO subject to proper complaint being forwarded by the LCO at the call centre of the MSO in writing or by email transmission.

All other complaints of connection, disconnection, shifting, billing to the channel chosen by the subscriber, recovery of STB from subscriber etc should be the responsibility of the LCO.

**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.**

**Comment:** The Billing to the subscriber should be done by the MSO as the bills can only be generated by the SMS of the MSO installed, in the alternative The MSO can generate these bills in softcopy in Pdf format for the subscribers of the LCO and pass over the same by hand or email to the LCO for printing distribution and collection. The LCO shall print these itemized bills and distribute the same to its subscribers.

**20. Should pre-paid billing option be introduced in DAS. Please justify your answer.**

**Comment:** Yes, prepaid billing option should be there as one of the option in DAS because MSOs require it for selling the value added services (like nVoD & games) to its subscribers & getting the monthly subscription online. The DTH Players are already doing the same for selling their value added services & charging the monthly subscription to its subscribers.

## Miscellaneous Issues :

### Broadcasting of Advertisement free (ad-free) channels

**21. Whether an ad-free channel is viable in the context of Indian television market? Please elaborate with appropriate reasoning.**

**Comment:** There can be Ad-free channels (SD & HD both) with fresh & latest content which may be classified as premium service and the tariff for these kinds of premium services should be left open for the market forces to decide.

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

**Comment:** The tariff for the Ad-free channels (SD & HD both) should be market driven as it will be under premium services. However the tariff should be notified by the broadcaster like all the channels.

**23. What should be the provisions in the interconnection regulations in respect of ad-free channels? Please elaborate with appropriate reasoning.**

**Comment:** It should be same like other pay channels.

**24. What should be the revenue sharing arrangement between the broadcasters and distributors in respect of ad-free channels? Please elaborate with appropriate reasoning.**

**Comment:** The revenue for Ad-free channels (SD & HD both) will be driven by subscription charges only. The revenue sharing for Ad free channel(s) should be the same as for the Pay TV channels to the **LCOs = 25%, MSO = 30%** and for this **Premium Broadcaster = 45%**.

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

**Comments:** Non-addressable STBs should be allowed to at least avail the BST services by the masses of this poor, under developed country. As this will also solve the basic issue of STB inter operability and will not deny access to the right of information and news / views to a very large population of India. Where even DD-Direct the government owned and operated Free DTH service is without encryption and can be received by any Non-Addressable DVB-S STB then why we would like to have only addressable STBs to be made available in the market for the Indian Masses. It can be more economical and fruitful in the entire digitization process of the country if the LCOs or MSOs can be allowed to turn

around the DD-Direct service and provide to the customers through their distribution plant. Whereby avoiding the cost of installation of the Dish Antenna and its periodic maintenance.

**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? Please elaborate with details.**

**Comment:** This needs to be seen when the actual implementation takes place, but we are of the opinion that there should not be a forced black out for the millions of cable TV consumers in the country. Hence the sunset date should be aligned all over the country where the Basic Cable service of about 40-50 FTA channels in analogue should be continued to run till the actual sunset date of December 2014, otherwise this digitization process will only bring harassment and complete unrest in the consumers of this country.

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

**Comment: -**

1. TRAI should also come up with differential pricing for Cable vis a vis DTH as Cable has one extra member in the value chain the LCO, and government is committed to take care of them along with the subscriber . (As H'onble Minister Ms. Ambika Soni commented in the Parliament)

2. TRAI must take care that the FTA channels which currently exists in CAS areas should not convert their status into Pay channels in DAS scenario till the digitalization process is successfully implemented across the country, if current FTA channels convert themselves into PAY channels in DAS scenario then the cable services will get more expensive for the subscribers & the consumer benefit will get hurt which can de-rail the whole process of digitalization. However if any PAY channel wants to become FTA for DAS, it will be welcomed.

3. The BECIL certification (as per DVB norms) should be must for all the broadcasters, up-link Stations & downlink stations to ensure QoS from broadcasting end.

4. In CAS scenario every Pay channel has to be subscribed for 4 month billing cycle, which is not in consumer benefit by any mean. It has to be converted into one month cycle because there are different events on different channels every month. For Example, the billing cycle of Caller-Tune (which is also content) on mobile phone services is already on one-month billing cycle from the years. Changing channel in DAS scenario must be treated as the changing Caller-Tune on mobile phone for the consumer benefit only.

For Satellite Channels Private Limited

Rajeshwar Lal Chaudhry  
Mob: +91-9891728000