<u>Response To TRAI's Consultation Paper "**Tariff Related Issues For Broadcasting & Cable Services"** dated 16th August, 2019 for "How to reduce cost of Cable TV?"</u>

Star Cable Network, Shiroda, Goa - 403103 is MSO Licence No.9/386/2016-DAS.

With introduction of New Tariff Order (NTO) the Cable TV industry has shaken from bottom and neither the Broadcasters nor the consumer is satisfied or happy about it. The Broadcasters because they are unable to show their full bouquet of channels and the Consumer because they now have to shell out more money and are watching less number of channels. The restrictions on number of channels, their prices, consumer choice are all co-relevant in this scenario. The consumer was earlier watching +250 or +300 channels (including HD channels) and paying Rs.250/- per month and was thinking that with NTO the price of watching TV will come down but the opposite has happened. Since all required channels were shown on Cable TV in old system, the consumer is unaware which broadcaster transmits which channel and demands that he wants a particular channel without knowing the additional burden of subscription.

The consumer has got so much irritated that he is passing the blame on Local Cable Operators (LCO) and now demands uninterrupted service, even after knowing that Electricity availability, working hours of cable operators or cable cuts are part of this business and LCO needs to look after these aspects also. In contrast, the DTH reception is available for 24 x 7 once household has Electricity and unless some thing goes wrong with Dish or subscription is not renewed. The Cable TV consumers were earlier paying monthly cable bills at their will and now have to pay in advance as per the package opted by them. The demand that LCO has to attend their complaints and collect subscription amount also that too in time. In earlier system, subscription collection was 50 per cent of subscriber base but now each and every consumer (100 per cent) has to be reached or needs to pay subscription to keep them active. This has resulted in 25 to 40 per cent drop in subscriber base of each and every MSO and LCO, experiencing slow down of Cable TV business.

There are new demands, clauses and changes in NTO every now and then, which at first place are difficult to understand and more difficult to implement. The complex changes in laws, head ends and rules are detrimental to cable TV business. After huge investment in Head ends, Set Top Boxes and infrastructure of Digital Channel transmission, if the consumers are unable to watch available channels of their choice, the full infrastructure would become white elephant. A complex system is going add more wows for all stake holders.

Hence, a simplified system which is acceptable to all stake holders should be evolved and implemented so that all are able to reap the sweet fruits of system by restructuring New Tariff Order.

All the Broadcasters should be treated ON PAR and no one not even Doordarshan should be given preferential treatment. If any channel is made PAY category, it should be made

PAY across all platforms irrespective of its credentials or genre. On DD Free Dish platform is FREE all over but still some PAY channels (e.g. News & Music channels) included in Broadcaster PAY bouquets are on this. This duel policy is harmful as the consumers wrath falls on MSO and LCO, unaware that authorities have made this rule … PAY for some consumers and FREE for some consumers. This is one of the reason the NTO has failed to meet expectations of the consumers.

During a TDSAT meeting held in Goa on 9th February, 2019 Mr. Anil Kumar Bhardwaj, Advisor TRAI had categorically stressed that by end of March, 2019 or April, 2019 first week, the Pay channel will bring down their prices and we had pointed out that this looks impossible because PAY Channels had set target revenue and since they have achieved or even crossed their target, Broadcasters are unwilling to bring down the prices of their PAY CHANNELS.

THE FOLLOWING ISSUES need to addressed correctly in NTO:

A] **15% CAP:**

15 per cent bouquet discount should be made applicable.

B] **DISCONTINUE BOUQUETS**:

All channels should be offered on ala-carte and bouquets should be discontinued or Broadcasters should realistically price their channels, cost of which of which has been inflated by 5 to 8 times by them. If a consumer choses a particular channel it is based on the requirement of that channel for family member and consumer has lot of knowledge, which channel is important to him. If a channel is realistically priced, the choice of channel must be consumers wish.

The Broadcasters bouquets are pushing unwanted channels which the consumer has been forced to take because he wants of Good channel to watch and because of bouquet he pays for all unwanted channels. Let the consumer choose channel on Ala-carte, all unwanted channels will either get FTA or just perish from the system.

If bouquets are discontinued, pay broadcasters may challenge it in Court but TRAI should consider its legal validity or alternately structure the Revised Tariff Order (RTO) to discourage bouquets by capping bouquet discounts to 5 or 10 percent, whereby the consumer will get maximum benefit.

C] **CHANNELS ON DD FREE DISH:**

All channels shown on Doordarshan Free Dish should be FREE TO AIR (FTA) across all platforms viz. Cable TV, DTH, IP TV and OTT or any similar platform.

All these The FTA channels should be categorised viz. Doordarshan.

FTA channels should not be part of any Broadcaster bouquets.

D] **NETWORK CAPACITY FEE for 2ND TV/STB:**

NCF should be charged on individual STB/TV, the same norm for Pay channel bouquet should be made applicable for level playing ground.

Even after several visits to subscribers house for collection of monthly subscription, many times the subscriber is not available or refuses to pay or asks to visit some other day or on some pretex or other; in such case there should be COLLECTION charge of Rs.25/- per visit. In case the consumer wants LCO to visit his/her residence or flat to collect monthly subscription, a charge of Rs.25/- per visit should be made applicable.

In case the subscriber fails to renew his package before due date, he should be charged Rs.50/- instead of Rs.25/- at present for reactivation of package.

E] **NCF SHARING RATIO:**

NCF ratio between Broadcaster and MSO should be revised to 50:50 without putting any restrictions or criteria. The MSO's 50 per cent could be shared 50:50 again between MSO and LCO.

The present ratio of 80:20 fixed by TRAI between Broadcaster and MSO has not been considered on merits, requirements of cable business. The Pay channel cost should be shared between Broadcaster + MSO and LCO equally because if any channel has to reach the consumer, the MSO and LCO take that extra burden for smoothly facilitating channel into any household.

F] **FTA BOUQUETS**:

Fix a minimum Fee of Rs.130/- for Network Capacity Fee for unlimited number of channels (mimimum 100 channels) and a maximum of Rs.170/- which may include two additional bouquets of 25 channels each @ Rs.20/- basic price. This will cover additional important channels which can be opted by consumers. If the DPO includes all possible FTA channels in his offerings to consumer: [1] it will immensely add value to network, and [2] It will encourage FTA broadcasters to offer quality and extra number of channels.

G] **Simple Implementation and working process** :

The common household wanted a NTO solution whereby his monthly subscription cost comes down and is able to watch maximum number of channels within a Fixed monthly cost. The NTO did not meet his expectations and doubled his cable bills. The TRAI has been telling all the time, that cable bills would come down because consumer will be watching only channels required by him but the opposite has happened.

The NTO is so complicated that average consumer is still unable to understand and adopt to the system. This causes lot of hot exchanges between LCO and consumer. To make each and every consumer aware of new rules is hurricane and time wasting exercise. Even after explanation, more than 50% consumers are not getting convinced. This tends to bitterness and strained relations with consumers leading to non subscribing channels.

It must be noted that there are consumers residing in rural areas (villages) are illetrate, they do not have basic facilities of Mobile, Broadband etc. They are totally dependent on knowledge that is shared between villagers. It will take years for them to understand bouquets and other things brought by NTO and hence the grass root cable tv consumers who were earlier paying Rs.100/- to Rs.150/- are in shock with the prices crossing Rs.300/-.

The consumer was earlier paying Rs.250 to Rs.300 for all channels without restrictions. What the consumer thought was that once NTO implemented, the price of Cable TV will come down. The pay channels not required by consumer will be dropped from existing channels I.e. the present cost of channels will be divided into FTA and PAY and since only channels were to be paid for, about 100 pay channels will be dropped and billed approximately Rs.200/- per month but in fact the price has risen to Rs.400/- plus and number of channels in the package have come down.

If all pay channels are given on Ala-carte, the consumer can choose as per his real requirement/need and the present practice of bouquet bundled with unwanted (fake) channels can be shown their real place. The Broadcasters are taking undue advantage of bouquet offering by bundling non performing channels alongwith high TRP rating channels.

Similarly no bouquets either by Broadcaster or DPO should be allowed; No discounts be allowed on Multi TV, Long term subs, NCF. This will bring parity for all.

<u>ISSUES FOR CONSULTATION raised by TRAI</u>

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: Yes. The proposition in NTO about bouquet price cap has been misused by Broadcasters and due to this prices have rocketed for all channels.

In a single stroke this will eliminate several menaces including:

Disallow all discounting, to prevent manipulation / work arounds by Broadcasters & DPOs. This will also disable predatory pricing (often below costs) by DPOs with deep pockets. If the NCF is simplified, FTA and consumers will benefit immensely.

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: Yes. Unwanted channels are bundles in Broadcaster bouquet. These channels can never stand on its own and if all channels go on ala-carte, Broadcasters will be compelled to price them suitably.

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: If 15% cap was implemented by TRAI, today the prices of bouquet and pay channels would have been very realistic. Please implement 15% cap.

If the Pay channels are priced realistically, the price paid for now in NTO would have been different.

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.

*** DPOs Should Not Be Permitted Bouquets**

*** DPOs must be disallowed from discounting the NCF to avoid predatory pricing**

In India, there is at least 1 MSO which operates on a Not For Profit basis. Its operations and operational losses are subsidised by the State of Tamil Nadu and its tax payers. This has caused an extremely unfair situation on the ground, where it is not financially viable for other DPOs to operate in Tamil Nadu. No level playing ground. This should be set right.

Disallowing any DPO bouquet and any other form of discounting, will ensure an even playing field for all – Broadcasters & DPOs. It will also disable political capital being made at the tax payer's expense & to the detriment of the privately owned DPOs & the industry.

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

Ans: As stated above.

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?

The customer is confused and more than 200 bouquets of different broadcasters and different genres are being offered. As suggested above, No Pay Channel Bouquets should be permitted, by broadcasters or DPOs. This resolves the problem with simplicity and comprehensively, leaving no loopholes.

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

ANS: No Pay Channel Bouquets should be permitted, by broadcasters and DPOs.

This resolves the problem with simplicity and comprehensively, leaving no loopholes.

It results in an easy to understand and implement Pay Channel choice for consumers, and an uncomplicated Revised Tariff Order that the lay person can comprehend.

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. The answer is as above.

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: Once there are No bouquets, there need not be any price regulation or any channel price cap (of A-La-Carte) channels. Remove all price Caps on Pay channels. Let broadcasters decide what they want to price their channels. The consumer will decide if that price is acceptable, and the Pay channel will accordingly be forced to revise their prices as per market demand, A True Free market scenario. No Broadcaster can complain about that. However, Free pricing can ONLY go with NO Bouquets, and only A La Carte pricing of Pay channels, with no discounts permitted on the declared a-la-carte prices.

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: Bouquets – particularly without the originally proposed bouquet discount cap - have completely negated the NTO and even the basic purpose of deploying Digital STBs.

Due to grossly inflated a-la-carte prices consumers have not been empowered to select only the channels they want to view. **Current permissible bouquets have proved anti-consumer** and are the main reason why consumers are protesting against the New Tariff Order. Hence all Bouquets must be disallowed.

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

ANS: Before implementation of NTO, the Broadcasters used to offer their full bouquet to DPO at affordable price, which was approx. 3 percent of price of total ala-carte price addition (Approx. 800 to 900 rupees). This meant that they were asking DPO to show all their channels but at much discounted rate compared to NTO price now.

Broadcasters are getting huge revenue through advertisements and also they are collecting 80 percent revenue from DPO, this means DPO is at disadvantage receiving 20 percent, which also he has to share with LCO.

The DPO should get minimum 50 per cent share from revenue collected by them and LCO and balance 50 percent should be paid to broadcasters.

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: Yes. Broadcasters pricing of their channels and bouquets is very heavy for consumer's pocket. In fact, they are taking advantage of the NTO and pushing their price high and consumer's are unnecessarily burdened.

Offering pay Channels only on a stand alone (A-La-Carte) basis will finally empower the consumer, as promised (“Select & pay for only the channels you want”) when DAS was compulsorily rolled out and consumers were told to pay for their Digital STBs.

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

ANS: Hardly 20 to 30 percent Cable TV subscribers have access to broadband and most of the consumers are with low income. Because of service by local LCO they feel confident that some one takes care of their interests; hence LCO is trusted more by locals.

The NTO has made LCO just a collection agent without getting enough profit to offer good service to consumers. His income has come down to less than 50 per cent prior to NTO implementation. NTO is very complicated and it takes lot of time for some to understand the system and make its use for self advantage.

Must carry Channels need not be part of NCF. They must be delivered free.

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

Ans: The requirement of each and every consumer will differ and in a house hold different genres will feel need of different category of channels. Every one should be allowed choose channels on ala-carte so that Multiple TV packages with unwanted channels are effectively remain unsubscribed.

Same Home, Multiple TV / STB Discounts Should Not Be Permitted.

Since we suggest no aggregation of TV channels in bouquets and all channels to be sold un-discounted as standalone channels only, there should be no multi TV / STB discount.

This will also significantly simplify tracking and computing cable TV/ DTH charges to the consumer.

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.

As mentioned earlier, to maintain a level playing field & disable predatory pricing, no NCF discounts should be permitted.

NCF should be charged as described above.

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: Multiple STBs in the same home usually serve completely different audiences, viz: parents, kids, elderly and home staff. The pay channel needs for each are quite different.

Broadcasters should not be permitted to offer inflated bundles that serve all these diverse viewers, yet are under-utilised by each viewer category. As an example, children's channels are not typically viewed by parents or the elderly, and there is no reason why they should be subscribed on multiple STBs in the same home. There could be a handful of common channels that would be subscribed a-la-carte by diverse viewer segments. For simplicity & ease of implementation, no discounts should be offered for channels subscribed on multiple STBs in the same home.

Hence, Broadcasters should not be permitted different MRPs for Pay channels to multiple STBs in the same home.

Multiple STB discounting is a form of Horizontal bouquets, and should not be permitted. It will most certainly be misused by Broadcaster and possibly even DPOs.

All Rates must be maintained uniform. No direct or indirect incentives should be permitted by any broadcaster or DPO to maintain transparency, uniformity & avoidance of a plethora of options that will only confuse the consumer.

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

ANS: Once Pay channels are offered only a-la-carte, on each STB, without any permissible discounts, each STB automatically receives a choice of any Pay Channel.

Hence to answer the question: Yes, distributors should be mandated to provide an a-la-carte choice of channels, without any (Pay Channel or NCF) discount, to a multi TV connection home.

Q18. How should a long term subscription be defined?

ANS: No Discounted Long Term subscriptions should be permitted. This will help keep the tariff order simple & without convoluted options. TRAI can review this after a minimum period of 12 months after a revised tariff order is implemented.

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: No Long Term Discounts should be permitted by DPOs.

This will also ensure that DPOs continue delivering quality service month after month to consumers, and not take their customers for granted, once they commit to any extended service period.

Also, the tariff order needs to be simple without convoluted options.

TRAI can review this after a minimum period of 12 months after a revised tariff order is implemented.

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

ANS: No Long Term Discounts by broadcasters should be permitted.

This will also ensure that Broadcasters keep delivering quality content, month after month to consumers, and not take their customers for granted, once they commit to any extended service period.

Also, the tariff order needs to be simple without convoluted options. TRAI can review this after a minimum period of 12 months after a revised tariff order is implemented.

Channel content may change significantly within 12 months, and it is in the interest of the consumer that he makes an intelligent choice, based on the content he receives. Hence long term subscriptions and long term discounts should not be permitted by broadcasters.

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: TRAI has accepted that both, Placement Fee & Carriage Fees are legitimate sources of revenue by DPOs. Hence there is no reason to restrict or disallow Placement Fees, as long as they are levied in a transparent and uniform manner for all channels on the network. For decades the Print Media has been selling its cover page at a premium, and there are buyers for it. In fact, the print media monetises each of its pages via special position ads. There is no reason why the DPO should not be permitted to monetise both placement & carriage of channels on its own network.

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

ANS: Listing of channels in the EPG should not be regulated. Placement fee has not and should not be regulated. TRAI should consciously avoid getting into micro-regulating operations, as it will invariably lead to counter measures by the parties whose business is being micro-regulated.

Broad regulations should be put in place and adhered to on a long-term basis, allowing players certain liberties in their operations.

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

ANS: No Discounts Permitted On NCF, Pay channels and declared ala-carte rates.

The simplicity and transparency introduced by the above, is consumer friendly.

Distributors should not be permitted to offer promotional schemes on NCF, DRP of channels.

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: No Schemes are permitted by Broadcasters, Distributors or DPOs.

This is an extension of the approach to retain simplicity, as well as avoid micro regulation and subsequent counter measures by industry players – the Cat and mouse game we have referred to in the preamble to our response to this consultation, must end.

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

ANS: No consumer safeguards, or patchwork restrictions are required if the holistic solution presented by us here, is implemented.

No schemes shall be permitted, and hence no possibility of consumers being trapped by any scheme.

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: To maintain simplicity, transparency and uniformity, a common & fixed (no discounting permitted) NCF must be implemented countrywide for all DPO Platforms.

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: The current NCF formula is too elaborate to track.

Further, **the un-ending incremental NCF for additional channels discourages the take up of Free To Air Channels for casual viewing or even exploring / sampling diverse genres of 350+ channels available FTA in India. Also consumers are required to select each FTA channel a-la-carte only! This is unfair to all FTA channels, who do not receive adequate visibility during the selection process.**

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

Now there 26 Must carry / compulsory channels. These include several regional language channels which are generally not of interest to everyone. However, given the cultural diversity of consumers in towns and cities which are turning increasingly cosmopolitan, it is desirable to carry all the compulsory channels.

However, consumers must not be burdened with the NCF for compulsory channels that they do not watch. Cable TV & DTH licenses already dictate that DPOs must distribute these channels.

We therefore recommend:

- • Must carry Channels Not to be included when computing NCF. They must be delivered free, as long as the minimum NCF is paid.
- • The number of Mandatory channels may be changed by the MIB from time to time, without restriction

Simplicity is once again preserved with this solution. Interest of the Government is also served.

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: As explained above, exclude the Mandatory Channels from the NCF computation & No Recommendations are necessary to the MIB.

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

ANS: MSO – LCO SHARING OF NCF

A major issue not addressed by the regulator's questions in this consultation, is the sharing of revenues between the MSO and LCOs.

Compared to approximately 1,300 MSOs countrywide, there are over 60,000 LCO entities, employing over 200,000 people in both rural & urban areas. These LCOs form the backbone of Cable TV distribution, delivering TV entertainment and personalised services to more than 100 million Indian homes.

A quick glace through the public statements and financials of publicly listed MSOs reveals that their revenues and profits have spurted very significantly post the New Tariff Order. Most listed MSOs even have publicly stated this in their financial statements to the bourses, projecting optimistic earnings in future. This is good for the industry.

However, in sharp variance, Post NTO, LCOs are protesting that their revenue share is below sustenance levels. They lack funds to adequately service their customers to the levels required by TRAI's QoS norms. As a result, LCOs have no earnings to plough back into upgrading and extending their networks.

LCOs provide the extensive "Last Mile Connectivity" essential for wired distribution. The combined cost of the LCOs distribution plants, and the daily operational effort far exceeds the distribution costs incurred by MSO.

As its name suggests, the Network Capacity Fee (NCF) is a fee for utilisation of the distribution network. Most of this distribution network is owned and operated by the LCO.

Pay TV collections have shifted significantly to the "Pre-Paid' model. The currently enforced NTO provides **55% of the NCF to MSOs with only 45% to LCOs. This share** declared by TRAI **is probably a rare if not unique case where a Wholesaler (MSO) is provided a larger commission than the retailer, for an activity that is essentially retailing.**

The LCO while providing cable services to consumers, have to face following challenges and hence needs to taken care of by altering revenue share between Broadcaster and DPO.

	<u>LCO EXPENSES :</u>
	Office: Rent of premises, Electricity & Set-up expenses
	Staff: 2 Technicians + 1 Office Assistant Salary
	Computer: For complaints, updation of data and packs
	Pull and maintain OFC lines to carry signals
	Maintenance: Purchase scooter + Petrol expenses + Maint
	Repair and Replacement of Ampli + Node + Splitters + OFC + RG-6 + Taps, Power Pass Units
	Electricity Pole charges to State Government
	Own Splicing Machine or Charges for splicing of OFC
	STB Repair charges
	Pay electricity charges to Customer for Using Electrical Power

	Repair and maintain network from damages caused by Rain + Lightning + Cutting of cables by opponents

100% Of The NCF Should Accrue To The LCO

We propose that:

* LCOs should be allocated 100% Of the NCF collected from Consumers
* Other revenue share between MSO and LCO should remain in accordance with the revision of revenue share between MSO and Broadcasters.

OUR PREAMBLE & SUBMISSION :

We have submitted a long Preamble, because it was felt necessary to declare a complete and holistic solution to the current issues faced and concerns expressed by consumers, before responding piece-meal to the consultation's queries.

As a result, a significant portion of the preamble has been repeated as answers to the 29 specific questions listed by the regulator.

We request that our preamble also be treated as our submission here, under Question 30, so that it receives the serious consideration it deserves.

Thank you.