

To,
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VOICE COMMENTS ON “Monopoly/Market dominance in Cable TV services

VOICE COMMENTS:

Q 1. Do you agree that there is a need to address the issue of monopoly/market dominance in cable TV distribution? In case the answer is in the negative, please elaborate with justification as to how the ill effects of monopoly/market dominance can be addressed?

A1: Yes, VOICE strongly feels that the intervention is necessary because market dominance by any entity be it state or private is detrimental to consumer interest, more so in Cable TV distribution as it impacts a very large population and every economic strata as well.

Q 2. Do you agree that the State should be the relevant market for measuring market power in the cable TV sector? If the answer is in the negative, please suggest what should be the relevant market for measuring market power? Please elaborate your response with justifications.

A2: The State can be considered as a relevant market for measuring power but with few modifications like additionally few large cities/metros should be additionally included. VOICE proposes that Greater-Mumbai, Kolkata, Chennai, Bangalore, NOIDA, Chandigarh, Kanpur and such other cities should also be included.

Q 3. To curb market dominance and monopolistic trends, should restrictions in the relevant cable TV market be:

- (i) Based on area of operation?
- (ii) Based on market share?
- (iii) Any other?

Please elaborate your response with justifications.

Q 4. In case your response to Q3 is (i), please comment as to how the area of a relevant market ought to be divided amongst MSOs for providing cable TV service. Please elaborate your response with justifications.

Q 5. In case your response to Q3 is (ii), please comment as to what should be the threshold value of market share beyond which an MSO is not allowed to build market share on its own? How could this be achieved in markets where an MSO already possesses market share beyond the threshold value? Please elaborate your response with justifications.

Q 6. In case your response to Q3 is (ii), please comment on the suitability of the rules defined in para 2.26 for imposing restrictions on M&A. Do you agree with

the threshold values of HHI and increase in HHI (X, Y and Delta) indicated in this para. If the answer is in the negative, what threshold values for HHI and delta could be prescribed for defining restrictions? Please elaborate your response with justifications.

A3,4,5,6: VOICE proposes 3 alternative approaches-

- 1. Areas of operations may be auctioned like Telecom licenses and the same regime for market dominance, supervision and control be followed.*
- 2. Restriction on Government entities becoming MSO/LCO should be withdrawn and each State Government / U.T. should be asked to set up one Cable TV distribution entity (like Tamil Nadu) without any restrictions on private entities. This will enforce competition as all State Governments would love to be in this business. Then we can enforce market share based restrictions because if other private entities do not enter the market (as the dominant entity will argue) no regulation will work.*
- 3. Find ways of popularising IP-TV, may be BSNL/MTNL should be officially pushed to seed competition and then we can enforce market share based restrictions.*

Q 7. Should 'control' of an entity over other MSOs/LCOs be decided as per the conditions mentioned in para 2.29? In case the answer is in the negative, what measures should be used to define control? Please elaborate your response with justifications.

A7: Yes with added restriction that Customer Management System/Billing etc. Should not be outsourced to same entity.

Q 8. Please comment on the suitability of the rules defined in para 2.31 for imposing restrictions on control. Do you agree with the threshold values of HHI and increase in HHI (X, Y and Delta) indicated in this para. If the answer is in the negative, what threshold values for HHI and delta could be prescribed for defining restrictions? Please elaborate your response with justifications.

A8: Agree.

Q 9. In case your response to Q3 is (iii), you may support your view with a fully developed methodology indicating a measure arrived at to determine market power and proposed restrictions to prevent monopoly/ market dominance in the relevant market.

A9: Refer to A3,4,5,6 above.

Q 10. In case rules defined in para 2.31 are laid down, how much time should be given to existing entities in the cable TV sector (which are in breach of these rules as on date), for complying with the prescribed rules by diluting their control? Please elaborate your response with justifications.

A10: Preferably 12 months, maximum 18 months. This should be achieved before digitisation is completed in Rest of India.

Q 11. Whether the parameters listed in para 2.33 are adequate with respect to mandatory disclosures for effective monitoring and compliance of restrictions on

market dominance in Cable TV sector? What additional variables could be relevant? Please elaborate your response with justifications.

A11: All of the list +

- 1. Major vendors/service providers specially if the market data/consumer data is being managed by the same vendor / outsourced to same vendor it may be an indication of indirect control.*
- 2. Close relations in same/competing business*
- 3. Membership of various trade associations.*

Q 12. What should be the periodicity of such disclosures?

A12: To start with quarterly for say 18 months from now which can be made half-yearly after that.

Q 13. Which of the disclosures made by the Cable TV entities should be made available in the public domain? Please elaborate your response with justifications.

A13: All should be in public domain except –

- f. Shareholders agreements, loan agreements*
- h. Details of Subscribers served*
- i. Details of areas of cable TV operation*
- j. Details of revenue earned from services provided through cable TV network*
- 4. Major vendors/service providers (from suggestion given above)*

Q 14. What according to you are the amendments, if any, to be made in the statutory rules/ executive orders for implementing the restrictions suggested by you to curb market dominance in Cable TV sector?

A14: Apart from other amendments, TRAI recommendation for restricting Govt. Entities from entering the Cable TV distribution needs to be withdrawn.

Q 15. Stakeholders may also provide their comments on any other issue relevant to the present consultation.

A15: For increasing competition and resultant better service at least cost to consumers following needs to be done-

- 1. Push for IP TV and HITS.*
- 2. Technology/provider neutral STBs (STB portability)*
- 3. Integration of people meters with STBs for real-time market dominance data*

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VOICE

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