

Date:

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**Subject: Consultation Paper on Market Structure / Competition in Cable TV Services**

Respected Sir

At the outset, we would like to express our deep disappointment at the release of this consultation paper, as we sincerely believe that TRAI instead of addressing the real issues plaguing the Cable TV and Broadcast industry is resorting to theatrics by releasing this consultation.

We are shocked at the current state of this once thriving industry, which we pioneered in the early 80's and we can say that it has been built over our sweat, blood and investments. When our brethren started this industry, other than plain grit and determination, we had nothing else to talk about.

There was no proper hardware, nor any technical understanding forget technical expertise, no investment support, but yet we went ahead, invested in the business and created a big business out of nothing, which we all today proudly call as the second largest Cable TV industry in the world.

There were no Broadcasters, no MSO, no DPO, no big Media sharks and thankfully no MIB & TRAI to create hurdles in building the world's second largest cable TV industry. Going a little out of the topic, we dare say that the big Media houses/sharks, never ever want to invest in creating any industry, but are readily available to gobble up any readymade industry and make a claim to being a part of the success story.

We are truly surprised, rather shocked at this consultation paper as we seriously don't know how TRAI could even think of bringing out a consultation paper to discuss Monopoly in the distribution sector.

Just a cursory look at the industry even by a novice would show that there are more than 7 lakh Cable TV Owners (LMO/LCO – Last Mile Cable TV Owners), just about 5 to 10 big broadcasters and about 10 to 15 DPOs. If there is any monopoly or players who create Market Dominance, it should be the Broadcasters and DPOs and not the LMOs.

Whatever fancy arguments or formulae that have been proposed in the consultation paper to study and understand market dominance, to us all of it looks specious and completely hollow. We may not be intelligent enough to understand Lerner's index or the Herfindah-Hirschman index and their relevance, but we do know that the regulations and the consultation papers that you keep churning at regular intervals are all Nails that you are trying to push into our coffins.

We sincerely requests you to kindly desist from raking up such imaginary topics as monopoly or market dominance in the distribution sector but rather discuss the real issues and challenges facing the industry.

This once thriving industry is today facing an identity crisis and a complete lack of confidence by all stake holders including investors, purely because of the deliberate attempts made by to favour the DPOs and the Broadcasters and throttle the voice and business of the LMOs.

The first of the issue that we want to discuss is the formula prescribed to share the subscription revenue between the stake holders.

What is surprising is that TRAI has prescribed regulations on sharing of only “**Subscription Revenue**” that is generated by delivering services to the customer and has conveniently ignored other revenue streams generated in the business, such as Advertising revenue generated by Broadcasters as well as the Carriage, Placement, Advertisement and Marketing revenues generated by the DPOs.

A broadcaster gets to retain all the advertisement revenue generated in the business (which incidentally runs into several thousands of crores monthly) and the DPO gets to retain all the Carriage, Placement, Advertisement and Marketing revenues generated by them.

We, the LMOs have been constantly upgrading our network to help deliver more and more channels and services that our subscribers have been demanding from time to time and yet we are the only business entity who have seen a massive reduction in the revenues generated.

Back in the late 80's and early 90's we would earn about Rs. 150 monthly subscription from a consumer without paying any money to the broadcasters. The problems started when the Cable Act was introduced and suddenly we had broadcasters who were given the powers to force us to pay money to them, failing which they would resort to threatening us with piracy or simply shutting off the signals to us and putting our investments to risk.

We are still trying to figure out how TRAI arrived at the formula of sharing 80% of the subscription revenue from the consumers, when it is the LMO who has to bear about 80% of the load of investing in the distribution infrastructure.

The DPO, other than investing in a headend, does not own any other distribution infrastructure. You may claim that the investment in STB is done by the DPO, but here again they sell the boxes (at a premium to the subscriber), so it is only the investment done by the LMO that does not get a return on the investments in the distribution infrastructure. Without our infrastructure, we would like to know how the broadcaster's will be able to deliver their signals to the customers.

What also needs to be appreciated is that we are also delivering Broadband signals to customers at price points unheard of in the world. Does TRAI or even DoT, know how many households are the Telecoms or big ISPs or GOI through the BBNL initiative, able to deliver signals, despite claims of investing more than several lakh crore in wires.

Through this correspondence, we would also like to draw your attention to the matters relating to different NTO brought out by the sector regulator TRAI, which we maintain, is grossly unfair and against the interest of the Consumers and to the LMOs.

Our consumers are complaining to us and seeking our advice as to why were they forced to purchase a STB in the name of transparency and yet is forced to subscribe to bundled services and coerced to pay higher subscription fees, as many of the channels in the bundle are not to their liking.

We are appalled by the approach adopted by both TRAI and MIB to freely allow our National Broadcaster D, to telecast Pay channels and channels run by normal Broadcasters on the Free Dish platform, which as well know is funded by Public money.

We will be very supportive of all the initiatives undertaken by the GOI to reach out and deliver programmes on News and current affairs, content that is dedicated to the farmers, Indian classical music, Indian culture, Environmental issues, Weather, Issues of National Importance to our underprivileged masses through channels on Free Dish. However, what shocks us is that Free Dish is used to telecast and distribute channels which have serials which have content on polygamy, television shows which depict unethical means of making money and ways cheating, programs which are on murders and rapes etc. and that too using public money.

We accept that we are small in size and are very vulnerable when compared to the favoured Broadcasters and DPOs owned by very big Media giants and we request both TRAI and MIB to discuss regulations that are fair and just, so that we get an equitable share of revenue rather than coming out with rules and regulations aimed at killing our business.

Imagine the plight of more than 20 lakh unskilled or semi-skilled workers, whom we employ and we keep constantly retraining and re-skilling, using our resources.