

**RESPONSE SUBMITTED BY VIACOM 18 MEDIA PRIVATE LIMITED ON THE
CONSULTATION PAPER FOR TARIFF ISSUES RELATED TO CABLE TV
SERVICES IN NON-CAS AREAS (Consultation Paper No.5/2010) ("Paper")**

Viacom18 is a broadcaster and inter-alia owns channels like "MTV", "Vh1", "NICK" and "Colors". At the outset, we would like to appreciate and welcome the initiative and the effort taken by the Telecom Regulatory Authority of India ("TRAI") in compiling the data from broadcasters across genres and other stake holders and for providing a platform for discussion of some issues which are crucial for the development of the television industry in India.

Preamble

Viacom18 as a broadcaster operate channels in the genres of Music (MTV and Vh1), Kids (NICK) and General Entertainment (Colors). The Paper however categorises genres broadly into GEC -English, Hindi and Regional, News- English, Hindi, Regional and Business, Sports, Movies - English, Hindi and Regional, Kids and Niche category. Further the Niche category has been referred in the paper as channels based on science, golf, infotainment, education etc. Therefore it is not clear in which category our channels MTV and Vh1 could fit into.

From the Paper it is apparent that the major roadblock for the growth of television industry in India is under declaration due to lack of addressability and digitization of cable networks. So we urge that the main focus of TRAI should be on the issues of digitization and bringing about addressability. Any regulation including fixation of tariff should only happen in an addressable market if there is unreasonable pricing by any broadcaster due to a lack of competition.

Our primary submission is that the issues of wholesale pricing, bundling and carriage should be left to forbearance as far as the Non-CAS areas are concerned till complete digitization and addressability is implemented. Presently the competition and market forces are strong enough to handle these issues pertaining to non-addressable markets and there is no required for regulatory intervention.

Moreover, biggest issue in the consultation paper is conclusion drawn by the Authority do not match with analysis presented.

Keeping this primary recommendation in mind, we shall now proceed to our submissions pertaining to the queries raised by you in this consultation paper.

- 1. Are the figures in Annexure B3 representative for the different genres of broadcasters? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the genre, and not of your company.**

The figures pertaining to subscription revenue and operating cost in Annexure- B3 do not seem to be representing the correct figures of the channels operated by Viacom18. Our Subscription Revenues across as a % of our overall revenue for all of our channels s after deduction of aggregator commission is much lower than the figures presented in B3. Further the operating cost keeps fluctuating every year due to increase in the carriage fee payable to cable operators and due to the demand of viewers for better and premium content. The capital expenditure assumed across genres is way below the actual expenditure. Therefore considering historic figures to fix the tariff of a channel for future years would not be reasonable and fair to the broadcasters.

- 2. Are the figures in Annexure B5 representative for aggregators? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.**

We have appointed MSM Discovery Private Limited as the aggregator for our channels. We believe MSMD would be in a better position to comment on this.

- 3. Are the figures in Annexure B7 representative for the national MSOs? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.**

We distribute our channels through MSMD and we believe MSMD would be in a better position to comment on this.

- 4. Are the figures in Annexure B7 representative for the regional MSOs? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.**

We distribute our channels through MSMD and we believe MSMD would be in a better position to comment on this.

- 5. Are the figures in Annexure B9 representative for the LCOs with > 500 subscribers? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.**
- 6. Are the figures in Annexure B9 representative for the LCOs with =< 500 subscribers? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.**

There seems to be apparent contradictions in the figures submitted by LCOs which is obvious from Annexure- B8. Further the figures seem very far from the actual revenues of LCOs who operate on more than a conservative margin of 50% due the lack of addressability. Since the calculations in Annexure-B9 are based on incomplete and inaccurate figures provided by the LCOs, the same also suffers from defects.

Our distributor, MSMD would be in a better position to comment on the actual figures for each category.

7. What according to you is the average analog monthly cable bill in your state or at an all India level?

In the explanatory memorandum to the Telecommunication (Broadcasting and Cable Services (Second) Tariff (Eight Amendment) Order 2007, it has been stated that as per market study commissioned by TRAI the average monthly cable charges in India (or ARPU, i.e., average revenue per user) is Rs. 200 per month, including taxes. From our experience, we find that the figure from the abovementioned study is close the actual ARPU. Therefore an ARPU of Rs.225/- (i.e. a 12 to 13% increase from the ARPU in 2007) would be appropriate ARPU for analog presently.

8. Is the market for cable services in non-CAS characterized by the following issues:

(i) Under-reporting of the analog cable subscriber base

Yes the major issue faced by the industry is the high levels of under reporting of the analog subscriber base. Considering that more than 75% of the total cable and satellite subscribers are connected to analog networks, the analog system leads to huge losses to the broadcasters. Subscription revenue is fast becoming an unviable model for most broadcasters and the main reliance of the broadcasters is on advertisement revenue to sustain their business. This leads to an eventually restricted variety in the content being created for the consumer since broadcasters can barely sustain only in advertisement friendly genres like GEC and other genres like music, kids and niche channels die slowly. Under-reporting is due to a lack of transparency in the system itself. The government has heretofore been unable to move away from the analogue distribution system in most of the country, and as a result there is no way to conduct a transaction other than on a negotiated basis.

(ii) Lack of transparency in business and transaction models

There is a lack of transparency in the business and transaction models of the MSOs and LCOs. There is a huge level of under declaration on the part of the LCOs and a second level of under declaration on the part of the MSOs. After two levels of under declarations and deduction of the aggregator commissions, the broadcasters are left with an unviable model as far as subscription revenue is concerned.

(iii) Differential pricing at the retail level

Television service is not to be compared with voice or broadband service in the telecom industry, where the product is standard. In the television industry, there are variations in content packages and service levels including quality and number of channels. The fact that subscribers pay less in one area compared to another may suggest that the level of competition is higher in that area than others, based on which consumers are offered a discounted cable fee. Clearly, the growing penetration of DTH services has considerably changed the game and competition levels.

(iv) Incidence of carriage and placement fee

The reasons for incidence of carriage and placement fee are the capacity constraint of analog cable. Additionally, the current environment is characterized by limited pass through of subscription revenue, which increases dependence on advertising revenue for broadcasters. Since, 75% of the cable households are serviced by analog networks, in the current market presence on analog networks is essential for broadcasters to reach out to a majority of their viewers. This creates a vicious cycle where broadcasters pay large amounts to be on analog networks, and MSOs and LCOs continue to see a financial incentive for owning analog networks. MSOs see carriage and placement fee as an important revenue source. The only way to break this vicious cycle is mandatory digitisation which will enhance the bandwidth and increase the capability of cable networks to carry more channels. The incidence of carriage and placement further eats into the revenue of the broadcasters and adds to the woes of the broadcasters.

(v) Incidence of state and region based monopolies

Many states may be controlled by some big MSOs who create a barrier to entry for new players who are precluded from entering these markets. However, It is not possible to detect and control monopolistic market power because the analogue system does not provide a framework for gathering and analyzing information. It is a defect of the analogue system, but not an indicator of market failure. The entry of DTH has considerably changed this scenario, but only digitisation can completely eradicate monopoly in the market and regulating an analogue system is not an answer to this.

(vi) Frequent disputes and lack of collaboration among stakeholders

Yes, as observed in the Paper there are frequent disputes due to lack of business information and the only way to address this is through digitisation along with

addressability and strict licensing conditions to ensure transparency. Without transparency, further growth in this industry would be very hard.

Apart from these above mentioned issues the following issues are also important and require deliberation:

a) Lack of enforcement of regulations against the Multi System Operators (“MSO”) and the Local Cable Operators (“LCO”).

The obligations which are imposed on the MSOs and LCOs under the present regulations are not enforced and no action is taken against erring MSOs or LCOs. On the contrary, the obligations on the broadcasters are enforced and monitored by the Telecom Regulatory Authority of India (“TRAI”). For example, under the amendment to the Tariff Order dated 4th October 2007, apart from the obligation on the MSO and LCO to issue bills and receipts to the subscribers and maintain certain records, it has also been mandated that every cable operator shall keep complete records relating to the names, addresses and charges pertaining to all its subscribers. Till date, there has been no exercise to ensure the compliance of this provision by the Cable Operators.

b) Absence of minimum eligibility criteria for MSOs and LCOs to obtain license to operate.

- Similar to the broadcasters requiring a minimum net worth for obtaining downlinking and uplinking licenses, the MSOs and LCOs should also be required to have a minimum net worth required for them to establish and maintain a digital addressable network in the territory where such license is requested for.
- The following Applicants who have defaulted in payment of subscription fees and has not cleared on the date of application shall not be granted a fresh license or renewal of license.
 - i. An Applicant who is a defaulter.

- ii. If the director or partner of the Applicant is a prior defaulter (i.e. the proprietor, director or partner of an MSO /LCO who has been a defaulter).

For ensuring that the Applicant is not a defaulter, it should be a condition for license to disclose whether the proprietor or any of the directors or partners of the Applicant has been associated with an MSO or an LCO and if so (a) in case of the MSO, the last invoices of the broadcasters where no outstanding amounts are shown should be submitted (b) in case of the LCO, the last invoices of the MSO where no outstanding amounts are shown should be submitted.

- Neither the Applicant or the directors or partners of the Applicant should have been convicted for an offense which attracts imprisonment of 2 years or more.
- For fresh licenses, the territory for which the Applicant has applied for should be granted only after the Applicant demonstrates the technical capability to provide cable services throughout such territory under a digital and addressable system.

c) Lack of accountability on part of the MSOs or LCOs.

It should be mandated that the billing/invoicing of all subscribers should move from the LCO to the MSO. It should be the obligation of the MSO to issue proper bills and invoices to all subscribers. The LCO should act only in the capacity of a last mile operator and a collection agent. The MSO should also be empowered to terminate the agreement with an LCO if it is found that the LCO has not provided proper information regarding billing to the MSO. As it has been observed in the major under declaration happens at the level of LCOs and if the MSO is given an element of control and made accountable for the same, under declaration in the analogue market can be reduced to a great extent.

9. Are these issues adversely impacting efficiency in the market and leading to market failure?

Yes, these issues are adversely impacting efficiency and growth and are leading to market failure. Further it is perpetuating bad debts. It also leads to non declaration of proper income leading to evasion of tax which has been observed in the Paper as around Rs.1300 crores each year. This is not only dangerous to the business of the broadcasters but also the security of the state. Also MSOs/LCOs extend the territory licensed to them without informing the broadcasters. This leads to further under declaration and imbalance in the market. This kind of unauthorized extension of territory is an act of piracy and it is recommended that the must provide protection should not be applicable to MSOs/LCOs who indulge in piracy.

These incidences point to an even greater need for TRAI to work towards facilitating widespread adoption of digital addressable systems and thereafter to evaluate occurrences of such incidences. Only if these incidences persist in the digital addressable environment should it consider them as possible indicators of market failure. Until such time, TRAI should allow forbearance, and simultaneously introduce mandatory digitalization to end the persistence of analogue-based market inefficiencies. Once the digital addressable market begins to mature, the specific regulatory framework for its introduction can be eliminated, and then the market should be examined for indicators of abuse of market power, and only then consider (on a localized, not national, basis) tariff regulation.

10. Which of the following methodology should be followed to regulate the wholesale tariff in the non-CAS areas and why?

- i) Revenue share**
- ii) Retail minus**
- iii) Cost Plus**
- iv) Any other method/approach you would like to suggest**

In the Paper, the Revenue share and Retail minus methodologies have been analyzed and a conclusion has been drawn that these methodologies are unviable due to the lack

of visibility on the subscriber base. However, it can also be seen that some strong observations have been made in favour of cost plus model. We wish to point out that without proper visibility of the subscriber base; this model is also unviable like the revenue share and retail minus models. Further to fix prices on historic financial data of a channel would not be prudent as the cost of content varies from program to program and is never stable. This would further discourage broadcasters from spending more on content and taking up expansion plans. Also the confidentiality of the channel specific data regarding revenues and costs is crucial and any possibility of leakage of such data can have devastating results.

Furthermore, TRAI in its own analysis of 11 international markets presented in the consultation paper, noted that there is not one market where wholesale prices are regulated. There is no international precedent for broad wholesale price regulation.

- 11. If the revenue share model is used to regulate the wholesale tariff, what should be the prescribed share of each stakeholder? Please provide supporting data.**
- 12. If the cost plus model is used to regulate the wholesale tariff, should it be genre wise or channel wise?**
- 13. Can forbearance be an option to regulate wholesale tariff? If yes, how to ensure that (i) broadcasters do not increase the price of popular channels arbitrarily and (ii) the consumers do not have to pay a higher price.**

Looking at the regulations of different countries referred to in the Paper, it is obvious that a regulation on wholesale tariff is not preferred by any regulator. The main cause for this would be that there is fierce competition between broadcasters to catch the eyeballs of the consumer and so with an aim to increase the reach of its channels would reasonably price the channels. The present market dynamics are capable of ensuring that the broadcasters do not charge unreasonable rates.

Since the advertisements are based on the reach of the channel, no broadcaster would hike prices and end up losing the reach to subscribers. The present market dynamics are capable of ensuring that the broadcasters do not charge unreasonable rates. The whole sale tariff is presently subject to the bargaining power of the MSO/LCO and is based on the negotiated number of subscribers. Further The Consumer is in no way impacted by the changes in whole sale pricing as it is only a matter of negotiation between the broadcasters and the MSO/LCO. So to provide a level playing field it is important that the whole sale tariff is also left to forbearance in the absence of proper addressability.

Also, the 'Must Provide' protection under the regulations ensures that the channels are provided to all distributors of TV channels.

Further the intervention of the regulator is always a tool available to ensure that the broadcasters do not charge unreasonable whole sale rates.

All the above mentioned should only be considered as interim solutions till proper digitisation with addressability. In an addressable environment since there would be proper competition, steps to de regulate the industry should be taken by TRAI and forbearance should prevail.

14. What is your view on the proposal that the broadcasters recover the content cost from the advertisement revenue and carriage cost from subscription revenue? If the broadcaster is to receive both, advertisement and subscription revenue, what according to you should be the ratio between the two? Please indicate this ratio at the genre levels.

This is an unviable suggestion and would destroy the broadcasting sector. Under this broadcasters may not even be able to recover its costs and not make any profits under any circumstances if this kind of model is adopted. Some programs may not garner advertisement revenues despite the high cost of creation of such content leading to disproportion between the advertisement revenues and content cost. Further new channels may not get much advertisement revenues despite investing heavily for creation of content. This would adversely affect the growth of television channels. A regulation in these lines would be equal to penalizing the broadcasters for the lacuna in regulations.

Further, none of the countries referred to in the Paper appears to follow this model which itself is proof that this is not a preferred model. Huge investments have been made by the broadcasters expecting digitisation and addressability to be implemented by the government. The investments have been made with a future aim and projections of better subscriber declarations and revenue. Any regulation which defeats this purpose would deter future investments by broadcasters and any foreign investments in this field.

- 15. What is your view on continuing with the existing system of tariff regulation based on freezing of a-la-carte and bouquet rates as on 1.12.2007; and the rate of new channels based on the similarity principle at wholesale level? You may also suggest modifications, if any, including the periodicity and basis of increase in tariff ceilings.**

Capping the rate of new channels based on similarity principle at wholesale level was only a temporary measure envisaged by the TRAI. The present a-la-carte rates of the channels taking into consideration the gross under declaration and the growth of the market is not in line with the industry requirement. Unless proper time lines for digitisation are set out and implemented, there would be stagnation in tariff under the similarity principle. In our opinion, there should be complete forbearance in the whole sale tariff as the market is mature enough to ensure reasonability. Further we strongly recommend allowing broadcasters to provide the channels as bundles/bouquets and scrap the a-la-carte model as the same do not translate into choice for consumers. In an analog environment, the whole sale tariff is best left to forbearance.

- 16. Which of the following methodologies should be followed to regulate the retail tariff in non-CAS areas and why?**

i) Cost Plus

ii) Consultative approach

iii) Affordability linked

As an interim measure, the affordability linked approach may be adopted. However, the MSOs should have the option of applying to TRAI if there is effective competition in the territory of operation of such MSO (eg: two or more similarly based MSOs operating in the same territory). If TRAI is convinced of effective competition, the retail rates in such territory should be left to forbearance.

iv) Any other method/approach you would like to suggest

- 17. In case the affordability linked approach is to be used for retail tariff then should the tariff ceilings be prescribed (i) single at national level or (ii) different ceilings at State level or (iii) A tiered ceiling (3 tiers) as discussed in paragraph 5.3.23 or (iv) Any other**

Form the international examples provided in the Paper; it is clear that the regulations should directly benefit the consumers. We feel the affordability linked approach would be a good approach for fixation of retail tariff in the interim period. Further we believe that a national level ceiling would be the best way to communicate directly to the consumers and hence enforce. A tier or state level approach could create confusion as to

which city/state falls into which tier and therefore may not be effective. We recommend that a national average should be the average of the weighted averages of all tiers as set out in page 160 of the Paper. That is the average of Tier-1-Rs.438, Tier-2-Rs.312 and Tier3- Rs.249. This would establish the national average of Rs.333/-. Though this would be the maximum retain price chargeable to a cable subscriber, the MSOs/LCOs would be free to charge anything lesser.

As per observation in the Paper, the cable services are found only to be an 'Esteem Need' (i.e. linked to self esteem or status) and not a 'Physiological Need' (i.e. a basic need) equated to tobacco and other similar products. Since it is only an Esteem Need, the MRP of Rs.333/- as the ceiling is reasonable. It is also pertinent to note that even the ARPU of mobile phone service in India (where the need is of a higher degree) is around Rs.250/-.

18. In case of retail tariff ceiling, should a ratio between pay and FTA channels or a minimum number of FTA/pay channels be prescribed? If so, what should be the ratio/number?

There should not be any ration between pay and FTA channels or prescribed minimum numbers of either. This should be left to forbearance. Since there is competition from DTH players and multiple MSOs/LCOs in the market along with the competition from broadcasters to reach subscribers, the presence of channels would not pose an issue.

19. Should the broadcasters be mandated to offer their channels on a-la-carte basis to MSOs/LCOs? If yes, should the existing system continue or should there be any modification to the existing condition associated with it?

This question is hypothetical in nature. Though the existing system mandates provision of channels on a-la-carte basis to MSOs/LCOs in non-CAS market, it has no effect and has failed. This is only used as a tool to negotiate with the broadcasters for more carriage fees by the MSOs/LCOs.

20. How can it be ensured that the benefit of a-la-carte provisioning is passed on the subscribers?

The a-la-carte pricing only benefits the MSO who uses it as a tool to negotiate higher carriage fee. However, there is no benefit that filters down to the subscribers.

We believe that a-la-carte provisioning can be considered only in a completely digital and addressable environment and contemplating a-la-carte in the analog environment would be like putting the cart before the horse.

21. Are the MSOs opting for a-la-carte after it was mandated for the broadcasters to offer their channels on a-la-carte basis by the 8th tariff amendment order dated 4.10.2007. If not, why?

As per information from different aggregators, the a-la-carte option has been a failure and not preferred by MSOs.

22. Should the carriage and placement fee be regulated? If yes, how should it be regulated?

23. Should the quantum of carriage and placement fee be linked to some parameters? If so, what are these parameters and how can they be linked?

24. Can a cap be placed on the quantum of carriage and placement fee? If so, how should the cap be fixed?

We believe that we should follow the international example and leave the whole sale pricing, bundling and carriage to forbearance. Regulating any one of these without regulating the other would lead to imbalance in the system.

25. Is there a need for a separate definition of commercial subscriber in the tariff order?

26. If the commercial subscriber is to be defined in the tariff order, then does the existing definition of 'commercial subscriber' need to be revised? If yes, then what should be the new definition for the commercial subscriber?

27. In case the commercial subscriber is defined separately, then does the present categorization of identified commercial subscribers, who are not treated at par with the ordinary subscriber for tariff dispensation need to be revised? If yes, how should it be revised?

28. Should the cable television tariff for these identified commercial subscribers be regulated? If yes, then what is your suggestion for fixing the tariff?

Our opinion is that the categorization of the Commercial Subscriber does not seem to be fair. We recommend that all non residential subscribers should be considered as Commercial Subscribers and have a different tariff. This tariff for non-residential

subscribers should be higher than the tariff for residential subscribers and the same should be left to forbearance.

29. Do you agree that complete digitization with addressability (a box in every household) is the way forward?

We fully agree that complete digitisation with addressability is the only way forward for further development of the television industry. The goals for digitisation should include the following:

- Introduction of digital distribution, with corresponding requirements to put in place addressable systems. (i.e. Conditional Access System in the same model as of DTH).
- Structured growth of the industry through implementation of effective regulation
- A new licensing regime should be a part of digitisation.
- The TRAI recommendations restricting on Cable Television Services dated 15th July 2008 should be implemented forthwith along with minimum eligibility criterion as has been set out earlier in this response for MSOs/LCOs to obtain license.

Further as observed in the Paper, the intend and the proposed mandate for digitisation should include the following:

- A set top box would be installed in every home to allow for the benefits of digitization and conditional access to be realized at the last mile
- A pre-defined analog “switch-off date” to be set – after which no analog signal would be permitted at the last mile (even FTA channels should go be available only through a set-top box). Service providers who are not digital cease to operate after the switch-off date. There may be an interim switch off applicable to all channels other than terrestrial channels and otherwise the switch off should be total.

- To promote uptake of digitization, incentives may be provided to the stakeholders. However, incentives to digitize would be made available only to players who are licensed. This would tie the two preferred outcomes together.

We also

30. What according to you would be an appropriate date for analog switch off? Please also give the key milestones with time lines.

The focus should be to complete the digitisation with complete addressability within the next two years (i.e. before 31st March 2012).

We suggest that the digitisation roadmap including establishing a machinery to oversee the process should be put in place by TRAI within the next two months in consultation with all stake holders. To assist TRAI in this process, IBF can submit a detailed plan on digitisation within the next 30 days.

Also in the meanwhile, the licensing norms should be made stricter and only cable operators with proper digital networks capable of addressability should be granted new licenses or renewals. There should be state level licensing authority that is capable of checking the proper eligibility criterion and technical feasibility of such operators before granting or renewing the licenses. The postal department is not equipped to handle the licensing of MSOs/LCOs. A specialized licensing authority should be established for the same.

31. What is the order of investment required for achieving digitization with addressability, at various stakeholder levels (MSOs, LCOs and Customers)?

As TRAI has observed in its recommendations on Foreign Investment Limits for Broadcasting Sector, conversion from analog to digital and the associated upgradation of the networks across the country may involve a total outlay of not less than Rs.15000-20000 crores. However, if TRAI sets up proper guidelines for digitisation and the enforcement machinery in place, it would attract more investments from domestic and foreign investors since the main issue holding back investments in this field is the high level of fragmentation.

32. Is there a need to prescribe the technology/standards for digitization, if so, what should be the standard and why?

BIS type parameters may be set by TRAI while prescribing the technology/standards for digitisation. However the technology should be neutral and interoperability should be mandated. If standards are set out properly it may even encourage domestic production of set top boxes and other associated products for digitisation.

Further reverse integration of the conditional access system and the subscriber management system should be mandated to avoid leakages in subscriber declaration.

33. What could be the possible incentives that can be offered to various stakeholders to implement digitization with addressability in the shortest possible time or make a sustainable transition?

- Only those MSOs and LCOs who operate a digitized and addressable network should be granted fresh license to operate.
- RBI could bring in a policy directing banks to offer loans at lesser rates to MSOs and cable operators to enable digitisation of existing analogue networks.
- The government should consider incentivizing the production and distribution of set top boxes.

34. What is your view on the structure of license where MSOs are licensed and LCOs are franchises or agents of MSOs?

We completely support this proposal. This is required to structure the industry and for future growth.

Further we recommend that it would be ideal to allow only the MSOs to downlink directly from the broadcasters to avoid further fragmentation of the industry. This would also help in bringing a better pyramid structure to the industry and would enable it to function in a better manner.

35. What would be the best disclosure scheme that can ensure transparency at all levels?

The disclosure schemes for the digital addressable environment can be covered in the digital road map to be set out by TRAI.

In the interim period, we could obtain data of subscribers through spreading awareness amongst the subscribers and inviting them to take part in voluntary disclosure campaigns. This may be conducted by inviting all subscribers to SMS his/her name, pin code and the name of the cable operator who provides service to a toll free number. The data so received could be used to understand the actual subscriber base of each operator.

Further, the details of cable operators servicing each household in the analogue market could be collected as part of the phase-II of the 2011 Census.

36. Should there be a 'basic service' (group of channels) available to all subscribers? What should constitute the 'basic service' that is available to all subscribers?

Ideally in the digital addressable system, there should be two basic service tiers.

1. Basic Tier without Set Top box.

The basic tier where no set top box is required should only consist of terrestrial channels and no satellite channels whether FTA or Pay. It is important for the success of digitisation to ensure that no channels other than terrestrial channels are available to the subscriber. Otherwise there would not be any incentive for the subscriber to shift to television service through a digital set top box. Though it is agreed that FTA channels are free, it would be important for the channels to know the number of subscribers to so as to understand the reach of the channel.

2. Basic Tier with Set Top box.

The basic tier where there is a set top box installed at the premises of the subscriber should contain all FTA channels which should be available at a minimum rate to the subscriber.

37. Do you think there is a need for a communication programme to educate LCOs and customers on digitization and addressability to ensure effective participation? If so, what do you suggest?

Yes there is need for communication to educate the LCOs and customers on the benefits of digitisation and addressability to ensure effective participation.

Advertisements in newspapers should be released setting down the benefits of digitisation.

Broadcasters can also play a part in a joint effort to drive across the message through advertisements and educational snippets.

Awareness camps maybe held in each district to educate the LCOs in that area.

38. Stakeholders are free to raise any other issue that they feel is relevant to the consultation and give their comments thereon.

The definition of Subscriber Base based on negotiations for non-addressable systems should be removed from the Regulations:

The definition of Subscriber Base under the Telecommunication (Broadcasting and Cable Services) Interconnection (Third Amendment) Regulation, 2006 has lead to the recognition of negotiated subscriber base as the Subscriber Base for the non addressable systems. This should be revised and guidelines for declaration of subscriber base for non-addressable systems should be put in place. The recognition of the negotiated subscriber base is equal to lending credibility to the practice of under declaration and thereby supporting theft and piracy.
