

Cable Operators Federation of India

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The Chairman
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
New Delhi-110 002

**Sub: Comments on the Draft Tariff Order (Broadcasting and Cable) Services
(Fourth) (Addressable Systems) Tariff (Amendment) Order, dated 30
September 2015**

Sir,

Please refer to your Consultation on the above draft Tariff Order dated 30 September 2015.

In our point of view, unless TRAI consider the existing 120 million cable TV subscribers as the main beneficiary of their regulations, no amount of amendments in the Tariff Orders will work to help the public accept digitization as something beneficial to them.

Any kind of formula that enables the distribution platforms to charge three times more money for a-la-carte channel than its proportionate price in a bouquet will always prevent consumers go for their choice, which was the main purpose of digitalization of analogue cable. It is only because TRAI has approved all FTA channels being sold as Pay channels, platform owners have even made it difficult for consumers to get their choice of FTA channels, which every cable operator provided to his consumers, making him survive so long.

No amount of increase in ARPUs can be expected unless we make the service consumer friendly and let him pay for only what he likes. What is happening on

ground is that two or three large broadcasters who have easy access to their international funds are increasing their channels in every genre to comply with TRAI regulations of providing different genres of channels in basic package to give variety to the consumer. TRAI has not restricted the number of channels in the basic package that belong to a single broadcaster. In this way all hundred channels of a basic package can be from the same broadcaster and distribution platforms aligned with these groups will sell all other FTA channels at a minimum price of Rs 3/- in a-la-carte mode. We hope TRAI does a check on this and modifies the regulations. This is evident from the fact that most of the 300 channels launched in the last four years, after digitalization was mandated, belong to these two or three groups. They resort to-

- I. Split the same channel in two or sometimes three with different names.
- II. A channel is dubbed to create a regional channel.
- III. News channels are split region-wise and new ones are created.
- IV. Unregistered platform channels are launched.

Although DAS was mandated in consumer interest for implementation by the cable TV industry comprising of Broadcasters, MSOs, LCOs and Consumers, somewhere down the line TRAI's focus changed and it along with the Ministry of Information and Broadcasting started focusing more on framing regulations to enable Pay Broadcasters make more profits from Indian consumers who already numbered 100 million, created with 25 years of hard work of thousands of small cable operators.

This brought in the DTH operators in the cable TV digitization domain, whom the broadcasters encouraged to poach on the cable TV connections, giving them much lower rates than the other MSOs because they did not have to share the profit with cable operators. Also, three out of the six DTH operators are part of these dominating broadcast groups. MIB had a reason to do so because it could inflate the digitization figures adding the DTH connections that existed in digital mode for the last seven years to prove that it has succeeded in achieving the impossible by digitizing a diverse market of India within a short span of two to three years which no other country in the world has been able to do.

Even now TRAI may talk a lot about the consumer interest but in practice, it does the opposite. No serious and sincere survey has been done with the consumers of different regions to find out if benefits of digitization have reached them or not. Even consumer reach programs are a sham because no minutes of these meetings are put on the website in public domain. To be more transparent, list of stake holders attending these meetings should also be made public.

So far, regulations framed for addressable systems have not created an eco-system benefitting the consumers and encouraging the growth of all stakeholders. Almost four years have gone past since the process started in November 2011, consumers have not benefitted in any way except that they are being made to pay high activation fee for STBs and monthly subscriptions to the MSOs and 'Pay' Broadcasters and a huge amount in taxes to the Central government and the State governments. **MSOs, LCOs and consumers are investing a huge amount on the mandate of the government but Broadcasters who have benefitted the most, have not spent a single penny for digitization of cable TV industry. Not even a single MSO has started giving itemized billing to consumers so far. TRAI's frequent directions issued to MSOs fall on deaf ears.** This indicates that there is something drastically wrong in our implementation.

Our suggestions are as follows:

Pay Channel rates should be controlled: It is well known that a-la-carte price of channels are so high that consumers can not exercise their choice. TRAI must fix the MRP of pay channels and formula for relationship between a-la-carte and bouquet price needs a relook. A-la-carte rate should not be more than 1.25 times of the proportionate bouquet rate. **All prices should be available on public domain for the information of consumers. These prices should also be mentioned in Interconnect agreements, reviewed every six months.**

FTA channels should be treated differently: TRAI has tried to bring all 630 odd FTA channels at par with 200 pay channels and make same rules for them. At present large Pay TV groups are creating more and more channels of different genre so that they package their own channels to give variety to the consumers at low cost,

pushing back all other FTA and rival Pay channels who are finding it difficult to survive.

Popular FTA channels are being given a-la-carte at Rs 3 per channel. A-La-carte rate of any FTA channel should not be more than Rs 1.

Basic Package must only comprise of FTA channels of consumer's choice.

Most of the MSOs are not providing an FTA package of 100 channels for Rs 100/- per month as required by the Tariff Order. Even where it is being given, channels are not of the choice of the consumers. Consumers are being forced to accept packages decided by the MSOs. **This can be resolved if MSOs are asked to give a Basic package of FTA channels of an LCO's choice.**

RIO rates must be non-discriminatory

TRAI has allowed the Pay Broadcasters to have different RIO rates based on certain conditions, which is highly unfair to the small MSOs. This means consumers of smaller networks will be forced to pay much more than consumers of large MSO networks and DTH operators. RIO rate should be same for all as is practiced all over the world. To make RIO rates non-discriminatory, the following clause must be a part of every RIO.

“The charges being made available in this RIO will be available to all Interconnecting Operators on a non-discriminatory basis. In the event that agreement is reached with any single Operator on new rates for any service covered by this RIO, then those rates will be made available to all Interconnecting Operators.”

Broadband on Cable Networks should be encouraged with incentives.

Concept of making all cable TV networks capable of giving high speed broadband has been ignored. TRAI has not worked out a minimum investment needed to upgrade a last mile network to broadband enabled digital network and ensured a revenue share to sustain the same.

Yours Faithfully,

Roop Sharma
President
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