

Cable Operators Federation of India

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Without Prejudice
(by Speed Post/E-mail)

Ref/COFI/TRAI/04/2016
Dated: 10 March 2016

The Chairman,
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg
New Delhi-110002

Kind Attn: Mr. S.K. Gupta, Pr. Advisor (B&CS) and Gp Captain Umesh Kumar

**Sub: Counter Comments on Comments of Stakeholders on TRAI Consultation Paper
No 1 of 2016, on Tariff Issues Related to TV Services**

Dear Sir,

This is in reference to comments of stakeholders on your Consultation Paper on Tariff Issues related to TV services dated 29 January 2016.

All Broadcasters want Forbearance

We find that the industry is divided in two groups; one of Broadcasters who want forbearance of tariff and no regulations because they see unlimited opportunities to force millions of subscribers to pay them what they want in the shelter of soft attitude of the Ministry towards them and the second of the MSOs and cable operators who are struggling to implement digitization in the shortest of time, without any support from the government in terms of finance and infrastructure buildup or even indigenous manufacturing, spending millions only to please the government.

MSOs and cable operators want a regulated growth, at least for the next five years so that the business model gets stabilized and market forces have enough time to take over. The process would have been much faster if the government could support the industry the way TRAI recommended in 2008.

In all this process consumers are losing the most. They are paying for an entertainment which they neither want nor can afford but still are being made to pay many times more than the analogue regime. LCOs have to struggle the most in convincing that the government wants them to adopt the digital technology.

We are countering the demand of broadcasters for complete forbearance in tariff because –

- till date, no broadcaster is ready to give a basis for fixing his rate. Their balance sheets are not known so one does not know what are their expense in content production, acquisition, and other expenses. They have refused to divulge how much they earn from various sources for the same content like exploiting in international market, subscriptions, many types of advertisements, dubbed channels, channels created from old content etc.
- When broadcasters themselves do not follow transparent methods, how can they expect MSO and Cable Operators to pay them in a transparent manner.
- Also, broadcasters as well as MSOs want higher ARPUs but will forcing consumers to pay more help in that? Now we have forced the STBs on them, tomorrow they will refuse to accept the service. We must not forget that ARPUs are coming from the consumers, and not from the Pocket of LCO, as already brought out in our comments.
- There are no market forces in the cable television trade because it is only a few powerful stakeholders who are controlling the market using their bargaining power, media power and clout.
- No one is willing to provide a-la-carte choice. Consumers are still being given a choice of two or three fixed bouquets like in the analogue regime.
- There is rampant discrimination in the industry. Since there are area wise monopolies in every city, consumers are left with no choice to select their service provider.
- There is no interoperability in the STBs so that STB bought once can be used with any service provider.
- STBs have to be purchased from the service provider only. There is no simulcrypt so that cheaper India made CAS can be used with existing STBs to make the service cheaper.

Under these circumstances, we strongly feel that TRAI must regulate the Tariff in favour of the consumers and ensure that MSOs and LCOs get the minimum revenue share to run their business respectfully and with reasonable profit. Since the Broadcasters are not spending anything for implementing digitization, they should be asked to lower their rates for the sake of making digitization successful.

Your faithfully,

Roop Sharma
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