

By E-Mail / Speed post



January 18, 2013

Kind Attn.: Mr. Wasi Ahmad, Advisor (B&CS)

The Telecom Regulatory Authority of India
Mahanager DoorSanchar Bhawan,
Jawahar Lal Nehru MArg (Old Minto Road)
New Delhi- 110002

Re: Consultation Paper on Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems & Tariff Order applicable for Addressable Systems

Dear Sir,

With reference to the subject matter, we would at the outset like to thank the TRAI for its Consultation Paper dated December 20, 2012 on the above topic and we are pleased to offer our views to the TRAI.

We have perused the issues that have been discussed in the consultation paper specifically bringing out the issues for consultation. We hereby submit our issue-wise comments enclosed herewith as Annexure A for your kind perusal and reference.

We would request you to please take the same on record and acknowledge.

Yours sincerely,
For IndiaCast Media Distribution Private Limited



Authorized Signatory



Encl.: As above

Annexure A

A. Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems

Carriage Fee

(1) Whether the following proviso should be introduced in the clause 3(2) of the interconnection regulations for DAS and the clause 3(5) of interconnection Regulation for DAS should be deleted.

“provided that the provisions of this sub-regulation shall not apply in the case of a multi-system operator, who seeks signals of a particular TV channel from a broadcaster, while at the same time demanding carriage fee for carrying that channel on its distribution platform.”

IndiaCast recommendation:-

Yes. In view of the fact that the Telecommunication (Broadcasting & Cable Services) Interconnection Regulations 2004, which is applicable for non-addressable as well as addressable platforms such as DTH, IPTV, HITS, etc. (except for Digital Addressable Cable TV Systems {DACs}), already contains a similar provision, we are agreeable to the proposed modification by the TRAI.

However, considering that -

- (a) TRAI itself has observed that carriage fee is intended to off-set costs incurred by the MSOs towards building infrastructure for implementation of DAS; and that, due to transparency in ascertaining the number of subscribers in the addressable systems, the subscription revenue is expected to go up, resultantly, lowering the dependence of MSOs on the carriage fee, as a source of revenue;
- (b) building up of infrastructure by the MSOs is a one-time cost;
- (c) as a general trend, cost of technical equipment gets substantially reduced with advancement of technology and increased capacity; and
- (d) there are several avenues of funding available to MSOs today, including IPO, FDI, etc.

we are of the view that there should not any regulation that permits demand of carriage fee by MSOs for period beyond one (1) year of the sunset date for digitization in India.

(2) If no, the reasons thereof.

IndiaCast recommendation:-

NA

Minimum Channel Carrying Capacity of 500 Channels for MSOs

(3) Whether there is a need to specify certain minimum channel carrying capacity for the MSOs in the interconnection regulations for DAS.

IndiaCast recommendation:-

Yes. As has been rightly pointed out by the TRAI in the Explanatory Memorandum to Interconnection Regulations applicable for Digital Addressable Cable TV Systems, dated 30th



April, 2012, in the digital transmission environment, the capacity to carry the channels is very high. So, one of the main advantages of a digital environment to the subscriber is the availability of large number of channels. However, there is a component of cost to carry channels. If the operator is compensated for the cost of carriage of a channel, there should not be any technological or other infrastructural constraints for the operator to carry a channel.

Not specifying a minimum channel carrying capacity would perpetrate the scarcity of bandwidth for carrying channels, thus, allowing MSOs to charge premium from broadcasters for carrying their channels, claiming scarcity. Moreover, the MSO's may refrain from upgrading their infrastructure/ systems, which shall be extremely detrimental to larger subscriber/consumer interest.

(4) If yes, what should be the different categories (example cities/town/rural area) of areas for which minimum channel carrying capacity should be prescribed and what would the capacity for each category.

IndiaCast recommendation:-

In our view, the minimum channel carrying capacity of MSOs in all DAS notified areas, without any area wise segregation, should be 500 channels since there are well over 800 channels that have been approved by the MIB for downlinking in India and the number of such channels is increasing by the day. More importantly, specifying a lower channel carrying capacity will render the 'must carry' provision mandated by TRAI as meaningless, thereby defeating the intent behind digitization, i.e., offering more choice of channels to the subscribers/consumers. It is also noteworthy that the Pan India implementation of DAS is spread over four phases, of which the last phases is to be completed by 31st December 2014, i.e., in nearly the next 2 years' time. By such time, the number of consumers as well as the number of channels is expected to be more than its current state.

Further, in its judgment dated October 19, 2012, the Hon'ble TDSAT has observed that "In digital addressable cable TV system environment of MSO there is no capacity constraint to carry TV channels while for DTH operators, there is capacity constraint due to limited number of transponder capacity. Presently DTH operators carry capacity of 300 to 350 channels only; due to unavailability of KU band satellite transponders. This cannot be an enhanced till transponders become freely available to DTH service".

Hence, we submit that the minimum channel carrying capacity should be in consonance with DTH operators.

Notwithstanding the above, if is further submitted that in the event TRAI is constrained to categorize the minimum channel carrying capacity, then it is suggested that TRAI may do so basis subscriber base of the MSOs (which would be indicative of parameters such financial strength, infrastructure enhancement potential, etc.).

With a view to give effect to the benefits envisaged under Digital Addressable Cable System, it is further suggested that such minimum channel carrying capacity should be enhanced by the TRAI from time to time in the interest of safeguarding consumer's right to choose and to promote competition that resultantly will enhance quality.

Placement Fee

(5) Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated. The stakeholders are requested to submit their



comments with justifications.

IndiaCast recommendation:-

We are of the view that Placement Fee, as far as it relates to placement of any channels in any packages offered by the Digital Addressable Systems, should be left to forbearance between parties on a Digital Addressable Systems. However, it needs to be clarified that no fee should be charged for listing of any channel along with other channels of the same genre in the EPG of the Digital Addressable Systems.

B. Issues related to amendments to the Tariff Order applicable for Addressable Systems

Twin Conditions at Retail Level

Twin conditions at retail level

(6) The stakeholders are requested offer their comments on the following twin conditions, to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s).

" a. The ceiling on the a-la-carte rates of pay channels forming part of bouquet(s) which shall not exceed three times the ascribed value# of the pay channel in the bouquet;

b. The a-la-carte rates of pay channels forming part of bouquet(s) shall not exceed two times the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable systems.

#ascribed value of a pay channels in a bouquet is calculated in the following manner:

1. Proportionate Bouquet Rate for pay channels [A]= Bouquet Rate x (Sum of a la carte rate of Pay channels)/(Sum of a la carte rate of Pay channels+ Total no of FTA channels x factor*)

2. Ascribed value of a pay channel in a bouquet = [A] x a-la-carte rate of a pay channel/ (sum of a-la-carte rate of all the pay channels) *factor=1 if uniform rate of free-to-air channel is less than or equal to Rupees three. The factor = uniform rate of free-to-air channel/ 3, if the uniform rate of free-to- air channel is greater than Rupees three."

The stakeholders are also welcome to submit any other formulation that can achieve the same objective, along with its justification.

IndiaCast recommendation:-

We are of the opinion that the above conditions for retail level are fair and are acceptable.

Minimum Subscription Period

(7) The stakeholders are requested to offer the comments, if any, on the proposed deletion of the word 'pay' in clause 6 and 6(2) of the principal tariff order dated 21.07.2010.

IndiaCast recommendation:-

We are agreeable with the proposed deletion.

Freedom to choose the channel(s) on a-la-carte and/or bouquet(s)

(8) The stakeholders are requested to offer their comments, if any, on the proposed inclusion of



the following provision after sub-clause 6(4) in the tariff order dated 21.07.2010, as amended.

“It shall be open to the subscriber of the addressable systems to subscribe to any bouquet(s) or any bouquet(s) and any channel(s) (pay or free to air) or only free to air channels or only pay channels or pay channels and free to air channels”.

IndiaCast recommendation:-

Considering that the proposed inclusion is in consumer interest, we agreeable to the same.

Offering of Bouquet(s) of channels which require special Set Top Boxes (STBs) such as High Definition Television (HDTV) or Three Dimensional Television (3D TV) channels, etc.

(9) Whether the channels that require special type of STB be offered only on a-la-carte basis or as part of separate bouquets that consists of only those channels that require a particular type of specialized STB.

IndiaCast recommendation:-

We are of the view that it is appropriate that channels that require special type of STB (HD channels, 3D channels, etc.) should be offered on a la-carte basis and/or as part of separate bouquets that consists of only those channels.

