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Date: Tuesday, November 15, 2016 11:30 pm  
Subject: COMMENTS ON TARIFF ORDER

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

Kind Attn: Shri S.K.Singhal, Advisor (B&CS) and Shri S.M.K.Chandra

Sub: Comments on TRAI Draft Amendmentsto interconnection regulations for DAS dated 03 November 2015.

The following suggestions have been arrived after interaction and having feedback from the field and the practical problems being faced by all LCO's and its subscribers on the ground levels.

1. Agreement between Broadcaster and MSO/LCO should be for longer period as short term deals affects the packaging and increase chances of disputes between the parties.
2. LCO's and subscribers are not in favor of present system as it does not solve the problem of cost effective entertainment for common men.
3. In present system subscriber are forced by MSO/Broadcaster to pay for the channels/Bouquet they have not opted for.
4. Identity of Local Cable Operator being owner of its own network has come down to collection agent of MSOs
5. MSO/Broadcaster are having decision making power related to monthly subscription thus arbitrarily increasing it from time to time
6. In result of above mentioned point, LCO has no choice except to force the subscriber to pay what the Broadcaster and the MSO wish.
7. LCO is completely at the mercy of the MSO for the service. If an MSO wants to create problem for LCO, he only has to disturb his signal level to spoil his service without switching off the signal, surely subscribers will shift to either a DTH operator or find another LCO, if available.
8. LCOs should be allowed to run a local channel for events like religious programs in the neighbourhoodfor its subscribers.

9. We suggest that rates of all pay channels should be same throughout the country.

### **ANALYSIS OF ISSUES:**

In chapter 4 of the consultation paper we agree with the proposed an integrated distribution model for TV services in India i.e. separation of charges for distribution networks(LCOs)and subscription of pay TV channels and the rights of subscribers must be protected.

Authority is of the view that the distributors of television channels should have sources of revenue independent of revenue share from pay channels subscription revenue to ensure reasonable rate of return on investment in the existing distribution networks and to ramp up further investment to ensure better quality of service to the customers.

The Authority should also take note of the other revenue sources of distributors of television channels these sources are advertisement on video channels and other local channels (religious functions coverage) and also from placement and carriage of free to air channels

43. As per data available, the cost of carrying 100 SD channels by a distributor of television channels comes to approximately Rs 80/- per month and cost of other activities like subscriber management, billing, complaint redressal, call center etc comes out to be Rs. 50/- per month. Accordingly, the Authority has proposed that distributors of television channels may charge a maximum fixed amount of upto Rs 130/- per month, excluding

taxes, from its subscribers towards its network cost to carry 100 SD channels including mandatory channels of Prasar Bharti, as notified by the Government from time to time. A subscriber may request for additional network capacity in bundles or lots of 25 SD channels at a rate of Rs 20/- per month for subscribing to more than 100 channels. This accounts for additional bandwidth cost by distributors of television channels.

We totally disagree with Authorities proposal that" that distributors of television channels may charge a maximum fixed amount of upto Rs 130/- per month",this amount should be charged by LCOs as LCOs are the one who are providing last mile connectivity through their network of coaxial cable and optical fibreLCOs have no other source of income apart from subscription revenue,where as Channel distributors have other revenue sources such as Advertisement on local video channels ,placement of FTA channels and carriage fee

48. It may be possible that some customers may not find it convenient to choose channels of their choice. Distributors of television channels interact with customers either directly or through LCOs and are aware about their choices and interests. Therefore distributors of television channels will be able to form bouquet(s) from the channels obtained from different broadcasters which suit the requirement of their customers. In view of this, distributors of television channels are permitted to repackage

the channels from different broadcasters to form a bouquet of channels. However, a distributor of television channels shall not make smaller bouquet(s) of channels for customers by disassembling the bouquets of channels for which MRP for customers have been declared by broadcasters.

A distributor of television channels shall also not form any bouquet containing any bouquet of channels for which MRP for customers have been declared by broadcasters.

*The distributor of channel should form the bouquet after consultation with LCOs as they are the one who interact with subscribers and know their choice*

50. A subscriber will be free to choose any channel on a-la-carte basis out of the a-la-carte pay and FTA channels of different broadcasters available on the network of the distributor of TV channels. In addition to such a-la-carte choice, a subscriber will also be free to choose any bouquet(s) offered by a broadcaster or any bouquet(s) formed by distributor of TV channels from a-la-carte pay channels of different broadcasters or any bouquet(s) formed by distributor of TV channels from a-la-carte FTA channels of different broadcasters. This will ensure increased choice at effective prices. Here it is important to mention that subscribers will not be charged either by the broadcaster or distributors of TV channels for subscribing to any a-la-carte free to air channel or bouquet of free to air channels available on the network of the distributors of TV channels.

*We agree to above proposal and subscribers shall not be charged for a la carte FTA*

51. Though the broadcasters are mandated to declare MRP of their pay channels for customers, the channels will be provided to customers by distributors of television channels only. Distributors of television channels will collect revenue for subscription of pay channels or bouquets of pay channels from its subscribers and remit it to the broadcasters. This will require deployment of manpower and other resources by distributors of television channels. In case a distributor of television channels delegates the responsibility of collection of revenue to LCOs, then it has to share revenue with LCOs. Further, the subscription fee cannot be more than the MRP of pay channels or bouquet of pay channels declared by the broadcasters. Accordingly, in order to compensate this cost of collection and remittance, the Authority has decided that broadcasters will provide twenty percent (20%) distribution fee to distributors of television channels for collection and remittance of pay channel revenue. In addition to distribution fees, a broadcaster may, at its discretion, offer a discount of not more than fifteen percent (15%) on MRP to distributors of television channels based on fair, objective and quantifiable parameters. Parameters for discounts will be disclosed by broadcasters in RIO which will be transparent and uniform for all distributors of television channels.

*We beg to differ with Authority's view that "Distributors of television channels will collect revenue for subscription of pay channels or bouquets of pay channels from its subscribers and remit it to the broadcasters. By doing this you are eliminating LCOs from their business which is highly **unjustified cable tv is LCOs livelihood and they have***

setup this business after years of hardwork LCOs have been a major stake holder in this whole industry but now by this proposal LCO will be made just a collection agent ,distributors of channesl in no way be allowed to collect revenue from cable tv subscribers but it should be collected by LCOs as the subscriber knows LCOs not the distributors of channels .LCOs have to maintain their network for good quality of service and give salaries to its workers and pay electricity bills to give uninterrupted service to its subscribers

Accordingly, in order to compensate this cost of collection and remittance and maintenance of network , the Authority should decide that broadcasters will provide twenty percent (20%) distribution fee to LCOs for collection and remittance of pay channel revenue and not to channel distributors

In view of this the Authority has decided to introduce a new category of channels called 'Premium' channels. Broadcasters are free to notify any channel as premium channel in their RIO. There shall be no price cap on maximum retail price notified by broadcasters for customers.

Our Proposal is only New channels which go live on air after this tariff order should be allowed to be notified as premium channel(s)

#### **E. HD channels pricing**

We suggest that the cost of an HD channel shall not exceed Two times the cost of a corresponding SD channel.

#### **G. Variants or Cloned Channels**

84. In the consultation paper comments of stakeholders were sought on the issue of definition and need for regulation of variant or cloned channels.

In our opinion cloned channels seriously hamper consumer interests as they have to subscribers are forced to subscribe all the cloned channels to watch same content. Authority should have a strict regulation to stop the malpractice

**In Conclusion, we would like to request to authority to kindly keep in mind the interest of subscribers and LCOs,so that their livelihood is not affected by the business stratigies of broadcasters and MSOs.**

**We further request the authority to call an OHD of all stake holders on above matter.**

**Regards**

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