



# CABLE OPERATORS WELFARE FEDERATION (INDIA)

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**Greetings,**

**Dated: 17.09.19**

**Sh. Arvind Kumar Ji,**

**Advisor B&CS TRAI,**

**Respected Sir,**

**Subject Submitted by:**

**COWF INDIA, New Delhi**

**Consultation paper no. 10/2019 issued on 16.08.2019 by the TRAI**

**Comment & Suggestion (Broadcasting & Cable services)**

As it is quite obvious that the authority asks us for suggestions to safeguard the interest of the consumers/subscribers a lot of times but no bold actions are being taken yet for the same.

The previous NTO which was introduced was basically a failure and was damage to the pockets of the consumer. As a result, the NTO – I disrupted the friendly relationship between stakeholders & the consumers.

We hope that this time authority will try to improve and learn from the mistakes and the failure that has been committed during NTO – I

Also we hope that the authority will look into the suggestions presented by us and will make NTO – II a better regime to protect and safeguard the interest of the stakeholder and most importantly the consumers.

We appreciate that TRAI has taken an action to review the NTO – II and has asked us, the MSO & the LMO for our suggestion on the NTO – II for the better agreement with good arrangement between the two parties. It is really a commendable initiative by TRAI. We hope our suggestions will help.

**Status:**

Federation of all the Local Cable Operator of India working for safeguard the business interest of the LCOs core issues.

**Preface:**

COWF INDIA thanks TRAI for undertaking the evaluation within such a short period of time of turn out of the NTO.

***We hope that this Review had also covered the entire dearth related to MSO-LMO arrangements.***

Various Suggestions have been given by us and we hope TRAI will look into them.

Keeping in mind our customer's interest and after consulting member of the fraternity, we have compiled these responses.

Best regards,

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## Comments & Suggestions

**Q 1). Do you agree that flexibility available to broadcasters to give discount on sum of a-la-carte channels forming part of bouquets has been misused to push their channels to consumers. Please suggest remedial measures.**

**Response**



### Comments

As the question is quite elaborative that the broadcaster's situation is very good & full of perks in both the methods either there should be a system of A-la- Carte or Bouquet's. But on the other hand, the consumers are the one who are facing the damage in both in situations.

A-la- Carte -----> Less Channels -----> Huge Amount

Bouquets -----> Unnecessary channels -----> Huge Amount

And due to this, broadcasters being a stakeholder enjoys all the way up in both the situations.

<b>Broadcasters</b>	<b>→</b>	<b>DPO[DTH+MSO]</b>	<b>→</b>	<b>LCO</b>	<b>→</b>	<b>Consumers</b>
☺		☺		☹		☹
<b>60%</b>	<b>→</b>	<b>35%</b>	<b>→</b>	<b>5%</b>	<b>→</b>	<b>100%</b>



### Suggestions

- ❖ LCOs should have the freedom of making the bouquets.
- ❖ The freedom of choosing the channels should be given to the consumers.
- ❖ Ensure that the 50% content of Bouquet should unique

**Q 2). Do you feel that some broadcasters by indulging in heavy discounting of bouquets by taking advantage of non-implementation of 15% cap on discount have created a non-level field vis-a-vis other broadcasters?**

**Response**



### Comments

The Broadcasters having larger Bouquets and those who indulge in heavy discounting have superiority over those who have a fewer Channels as-

No of channels that a subscriber would like to subscribe is unpretentious.

Since the last 25 years, there has been an immense content pushing which has resulted in inertness and has left the subscribers with very less time to hand pick the channels, one large bouquet stops the subscribe from prodding further

**Q 3). Is there a need to reintroduce a cap on discount on sum of a-la- carte channels forming part of bouquets while forming bouquets by broadcasters? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?**

**Response**



**Comments**

The discounts that are provided at the Consumer level are basically a welcome practice and there is nothing unusual in that.



**Suggestions**

- ❖ The maximum discount that a Broadcaster can offer in Bouquet pricing to be climaxed at 25%
- ❖ Rebate will only be provided on Subscriber pricing but the Marketing Fee entitlement is to be calculated on the sum total of MRP for all Channels

**Q 4). Is there a need to review the cap on discount permissible to DPOs while forming the bouquet? If so, what should be appropriate to work out the permissible discount? What should be value of such discount?**

**Response**



**Comments**

Discounts are yet to be offered by the MSOs over & above those offered by Broadcasters.

DTH companies have built Packages providing some discount



**Suggestions**

- ❖ The maximum discount that a DPO can present to be climaxed at 15%
- ❖ Rebate to only be provided to Subscriber pricing but the LMO's Marketing Fee entitlement be deliberated on sum total of MRP for all Channels

**Q 5). What other measures may be taken to ensure that unwanted channels are not pushed to the consumers?**



### **Comments**

Observations have been made that:-

There are many MSOs who do not allow changing of channels enclosed in the basic bouquet.

Subscribers are left with no option because of the 'Best Fit Plan'



### **Suggestions**

- ❖ Best fit Plans should be ceased that was introduced as an interregnum solution.
- ❖ Basic bouquet configuration should be made open to the circumspection of the subscriber.
- ❖ Action should be only on specific confirmation from subscriber rather than considered acceptance.

**Q 6). Do you think the number of bouquets being offered by broadcasters and DPOs to subscribers is too large? If so, should the limit on number of bouquets be prescribed on the basis of state, region, target market?**



### **Comments**

As stated earlier (Response to Q 1), Zonal Bundling and illusory distinction amongst Bouquets is undesirable.

We understand that quite a few MSOs face technological constraints at CAS level in terms of number of Bouquets that can be configured.

Too many options eventually lead to the first on list being ticked

Entertainment is a personal domain where choice is driven by combination of language and genre not by numbers.



### **Suggestions**

- ❖ Bouquet ignore run with more than 3 languages.
- ❖ Number of bouquets that a Broadcaster can offer should not surpass 3 X of the Pay Channels it carry on.

**Q 7). What should be the methodology to limit number of bouquets, which can be offered by broadcasters and DPOs?**

**Response**

Number of bouquet that Broadcaster can offer should not exceed 3 X of the pay channels it operates or 9 whichever is lower.

**Q 8). Do you agree that price of individual channels in a bouquet get hedged while opting for a bouquet by subscribers? If so, what corrective measures do you suggest?**



### Comments

Currently, bouquet pricing restricts ala carte selection as an option.



### Suggestions

- ❖ As suggested earlier discounts on bouquets should be discontinued.

**Q 9). Does the ceiling of Rs. 19/- on MRP of a a-la-carte channel to be part of a bouquet need to be reviewed? If so, what should be the ceiling for the same and why?**



### Comments

We agree that with the Content Owner/Aggregator Rights and we respect it and the ROI's expectations from high investment properties.

There are many pseudo Pay Channels that are managed by the same Broadcasters with recapitulation of Premium Content.



### Suggestions

- ❖ Channel priced above 9.99 Rs. should be kept out of the bouquet as these channels are period the highest.

(Gap between MRP of channels within a bouquet should not be more than 30%)

**Q 10). How well the consumer interests have been served by the provisions in the new regime, which allows the Broadcasters/Distributors to offer bouquets to the subscribers?**



### Comments

Being consumer oriented and by fulfilling basic feasible needs of the distribution chain, it is clear that the new regime is quite praiseworthy.

India is a diverse nation and the linguistic choices depict it properly, linguistic preference of 16 languages is there within original content is available.

800 +licensed channels which is the gross number of channels provided doesn't really matter for viewers who's interest is limited to only 2 3 languages. Keeping the same in mind the viewers should be given advantages of exercising NOTAC (None of the above channels)

**Q 11). How this provision has affected the ability and freedom of the subscribers to choose TV channels of their choice?**

**Response**



**Comments**

Bouquet is an abstract idea of simplifying selection process for the consumers and is not against interests of subscriber.

However, this power to choose select has been stricken to balance through pricing, choice where distinction is insignificant the mechanism is not so user-friendly.

**Q 12). Do you feel the provision permitting the broadcasters/Distributors to offer bouquets to subscribers be reviewed and how will that impact subscriber choice?**

**Response**

No, we do not see any point of exterminating the bouquets provided current unfair trade practice are interdicted.

**Q 13). How whole process of selection of channels by consumers can be simplified to facilitate easy, informed choice?**

**Response**



**Suggestions**

There can be two recourses -

A) User friendly apps can be introduced or sales portal where the subscribers can comfortably steer along the various options.

B) A consumer corner channel can be introduces which will be operated by the MSO/LCOs providing in depth knowledge information about the channels, pricing & order placement mechanism.

**Q 14). Should regulatory provisions enable discount in NCF and DRP for multiple TV in a home?**

**Response**



**Comments**

DTH Players appear to be following different set of Rules as compared to MSOs

MSO has an insignificant incremental cost but for the LMO each STB servicing means costs unique to Cables and Internal devices.



**Suggestions**

- ❖ Second TV's NCF should be left to the discretion of the LMO.

**Q 15). Is there a need to fix the cap on NCF for 2nd and subsequent TV connections in a home in multi-TV scenario? If yes, what should be the cap? Please provide your suggestions with justification**

**Response**

Same as 14<sup>th</sup> response

**Q 16). Whether broadcasters may also be allowed to offer different MRP for a multi-home TV connection? If yes, is it technically feasible for broadcaster to identify multi TV CONNECTION?**



**Comments**

On many terms, Database & Current System wants Customer's Data authenticity & KYC are the weaknesses Likelihood of replicating most of the channels on each supplementary TV is also low.

Evaluation processes are too unwieldy even for regime checks.



**Suggestions**

No suggestions

**Q 17). Whether Distributors should be mandated to provide choice of channels for each TV separately in Multi TV connection home?**

**Response**

Yes, it should be mandatory.



**Q 18). How should a long term subscription be defined?**

**Response**

Subscription period longer than 4 months be termed as Long term plan.

**Q 19). Is there a need to allow DPO to offer discounts on Long-term subscriptions. If yes, should it be limited to NCF only or it could be on DRP also? Should any cap be prescribed while giving discount on long-term subscriptions?**

**Response**

Long term plans to be treated condescendingly provided there a bit of saving to benefactor.

Advance collection result in saving on finance cost to the DPO who may choose the share the perks with the subscriber.

**Q 20). Whether Broadcasters also be allowed to offer discount on MRP for long term Subscriptions?**

**Response**

Operations are done on post-paid by the Broadcaster with the DPO and except for locking in the likely Viewer do not get any financial perk. Not anticipated has been made that broadcaster will sacrifice revenue. If they do they're welcome.

**Q 21). Is the freedom of placement of channels on EPG available to DPOs being misused to ask for placement fees? If so, how this problem can be addressed particularly by regulating placement of channels on EPG?**

**Response**



Till the new regime came into action placement of channels was highly relevant. There are chances for it to lose its significance as -

- ❖ The placement fees are not shared by MSOs with the LCOs.
- ❖ The Best Fit Plans are discontinued.
- ❖ Subscribers exercising their preference and restricting active Channels to 200 or less on their STB.
- ❖ As of now, the Placement Fees appear to be subsumed within the Incentives that Broadcasters pay to the MSOs over and above the Marketing Fee.

No comments

**Q 22). How the channels should be listed in the Electronic Program Guide (EPG)?**

**Response**

- ❖ Sub classification of Genre for languages with more than 10 channels.
- ❖ Channels should be listed language wise.
- ❖ Listing of HD Channels should be done.
- ❖ Also, HD channels should be placed separately since more than 90% cable STBs are SD.

**Q 23). Whether distributors should also be permitted to offer promotional schemes on NCF, DRP of the channels and bouquet of the channels?**

**Response**

The cost of the schemes to be borne by the distributors out of their incentives

**Q 24). In case distributors are to be permitted, what should be the maximum time period of such schemes? How much frequency should be allowed in a calendar year?**

**Response**

The cost of the schemes to be borne by the distributors out of their incentives

As above (Q 23)

**Q 25). What safeguards should be provided so that consumers are not trapped under such schemes and their interests are protected?**

**Response**

Exit options with negligible forestall punishment to be spelt out while propelling the Longer Duration Packs.

**Q 26). Whether DPOs should be allowed to have variable NCF for different regions? How the regions should be categorised for the purpose of NCF?**

**Response**



**Comments**

It is agreeable that not every subscriber have the same amount of obtainable cash.

Such situation is for SEC rather than geographical area related.



## Suggestions

- ❖ NCF should be twitched for Slum areas in our opinion.

**Q 27). In view of the fact that DPOs are offering more FTA channels without any additional NCF, should the limit of one hundred channels in the prescribed NCF of Rs. 130/- to be increased? If so, how many channels should be permitted in the NCF cap of Re 130/-?**

### **Response**



### Comments

The renunciation of no is first a temporary ascent and/or is given as a subsidized (grant) out of carriage placement fee.

**Q 28). Whether 25 DD mandatory channels be over and above the One hundred channels permitted in the NCF of Rs. 130/-?**

### **Response**



### Comments

DD operates services in most of the topographical devices and the subscribers only watches content of 2 3 languages.

It gets really expensive for the subscribers when the 25% capacity in the basic bouquet is blocked.

The subscribers also have to pay the NCF along with the pay channel fees.

MSOs have a limited reach whereas DTH, HITS and IPTV have a single head end catering to PAN India footprint.



## Suggestions

All the DPOs must make all the DD channels accessible on their network.

Basic bouquet should include only services viz a viz\

National

Local

Lok Sabha

Rajyasabha

Sports

Also any DD channels added beside NCF quote would not be chargeable.

**Q 29). In case of Recommendations to be made to the MIB in this regard, what recommendations should be made for mandatory 25 channels so that purpose of the Government to ensure reach ability of these channels to masses is also served without any additional burden on the consumers?**

**Response**

As per (28) above

**Q 30). Stakeholders may also provide their comments on any other issue relevant to the present consultation**

**Response**

The effectual enactment of standardisation of the process is connected with the improved MSO-LCO relationships. Thus it's important the personal agendas should be brought to an end and the consumer's interest should be served first as a priority. There can be some boost. Also, the authorities should make amendments and learn from the faults that were committed earlier promoting & safeguarding the interest of subscriber.

### **A) SHARABLE REVENUES**

Sir, as you are aware, that in the absence of clearly defined Revenues, the SIA /MIA mentioned Subscription Revenues only. In the pre-NTO era, the Carriage and Incentive terms were not disclosed and hence the LMOs did not make an issue out of their exclusion from sharable kitty

Under NTO, these Items are clearly computable and likely to exceed the Marketing Commission from Pay Channels. In case of FTA too, the MSO stands to gain much more than LMO who at best will get share of the 80 paisa per channel from the NCF

### **B) NCF COMPUTING**

NCF weight age allocation needs to be worked upon. We once again enclose the Representation dated Jan 31, 2019 detailing the anomalies and ambiguities

Unless the NCF weight age is rationally reallocated, we are afraid that any reduction in NCF will sound the death-knell of LMO business

### **C) MANDATING MIA**

Another area of non-compliance by MSO is discussing ICA terms with LMO. Some large Players like Hathway forcibly obtain their LMO consent to SIA by blocking Portal access to resisting LMOs

If we are not mistaken, SIA was an interim option created during DAS implementation. Its Objective was to lend legitimacy to the relationship until the MSO and LMO arrived at mutually acceptable MIA terms

We therefore believe that SIA needs to be discarded and MIA be made mandatory with well-defined Sharable Revenues and NCF allocation

### **D) PROCESS STANDARDIZATION**

All LMOs are now on pre-paid B2B terms while most Subscribers continue to be on Post-paid basis

Each MSO defines and implements his set of Business Rules in respect of Grace period, Foreclosure fees, Order cancellation and Refunds

These aspects need to be standardized ASAP

The following Key Aspects need to be reviewed, rectified and need to be implemented