

Digicable's comments on the draft amendment regulation namely the Standards of Quality of Service (Digital Addressable Cable TV Systems) (Amendment) Regulations, 2014.

- 1) In regulation 14 of the Standards of Quality of Service (Digital Addressable Cable TV Systems) Regulations, 2012 (12 of 2012) (herein after referred to as the principal regulations), after sub-regulation (1), the following Explanation shall be inserted, namely,--
“Explanation: The pre-paid payment option offered to the subscriber shall be an electronic pre-paid mechanism wherein the amount paid by the subscriber is adjusted automatically for the services availed by him.”

Digicable's Comments

We wholeheartedly welcome the amendment on *electronic pre-paid* mechanism proposed by the Hon. Regulator and have already started to work on implementing this system.

However, we request more clarity on the following scenarios that we are likely to witness in our day-to-day business operations on account of the provision in the draft amendment of *automatic adjustment of the pre-paid subscription* amount for the services availed. In the Cable TV business the settlement of subscription revenue is done on a monthly basis and hence we believe that any automatic adjustments under pre-paid schemes will result in legal disputes among the stakeholders.

Likely Scenarios

- 1) A subscriber, who has opted for a 3/6/12 month pre-paid scheme, prematurely seeks to exit the scheme and switch over to a post-paid scheme. The problem happens because the payment received is settled immediately with the Local Cable Operator/Last mile operator (LMO) for the services that are to be consumed later and then to reverse such a transaction is a challenge

Example: A pay channel is priced at a monthly a-la-carte rate of Rs.10/- and is priced at Rs.45/- in a six month pre-paid option. Any premature exit from scheme will complicate the reconciliation of the accounts with LMO and the broadcaster.

- 2) The customer having a credit balance seeks premature disconnection of their cable TV service
- 3) LMO migrating to another MSO with a credit balance of his pre-paid customers
- 4) The broadcaster switches off the channel subscribed in pre-paid option or shifts the channel to some other bouquet that is not subscribed by the MSO.
- 5) A subscriber request for a channel whose subscription is under negotiation between MSO and the Broadcaster
- 6) The subscription agreement of a channel offered under pre-paid scheme expires while the pre-paid scheme is on
- 7) The broadcaster increases the price of the channel that is subscribed under a pre-paid option, especially in the long term 180 / 360 days schemes.

The above scenarios call for a detailed regulation to address such situations to avoid inter-stakeholder disputes. Alternately, we urge the Hon. Regulator to allow the MSO to deal with such scenarios through proper documentation of terms and conditions and publication of same to safeguard the interests of both the consumer and the stakeholders.

Moreover, to compensate for additional investments, both Capital Expenditure and Operational Expenditure, to be incurred by the MSO for introducing the ***Electronic Pre-paid mechanism***, we request for the following

- 1) A six months time from the date of amendment of the QoS regulation since commissioning an electronic pre-paid mechanism entails considerable Capital investment, designing of processes and setting of robust back end systems.
 - 2) A fair transaction charge for allowing pre-paid recharge options
 - 3) Allow certain recharge options initially and eventually adding more recharge options to resolve multiple stakeholder issues.
 - 4) Pre-paid option periods for Digital Cable TV subscribers should be minimum monthly and multiple of monthly i.e. 30, 60, 90, 120, 180 & 360 days since the settlement of payments with the other stakeholders viz. LMO and broadcaster is done on a monthly basis. This will bring in transparency and clarity in business transactions and minimize disputes and legal issues.
- 2) Consequences for contravention of the provisions of regulation 15 or regulation 16.

Digicable's Comments

Our only reservation is the levy of financial disincentive on MSO in all cases which we contend is unfair.

As per the interconnection agreement if the MSO and LMO agree on concerned/related deliverables then the party which is contravening the Regulation should be penalized and not both.

Example – If in the interconnection agreement, the MSO and LMO agree that LMO will be responsible for giving bills and receipts to end subscriber and the LMO contravenes the regulation then the LMO should be penalized and not the MSO.

Therefore, we propose that the ***financial disincentives at the prescribed rate should be levied either on MSO or on the Linked Cable Operator/Last Mile Operator (LMO) or on both as the case may be.***

However, we earnestly request the Hon. Regulator to impose such financial disincentives after one year from the date of implementation of the amendment since there will be some teething problems after the implementation of the systems which might take some time to resolve. Also, apart from MSO, there multiple people involved in the value chain who have been instrumental in implementing digitalization and they will require adequate time for training and fine tuning the processes. Hence, considering the gaps that may remain after the implementation of the amendments we request a time period of at least one year before imposing any financial disincentives.