

## Consultation Paper on Tariff related issues for Broadcasting and Cable Services

### COUNTER COMMENTS

#### SUBMITTED BY: FEDERATION OF CABLE TV ASSOCIATIONS OF TAMILNADU

We consist of all the Cable TV Associations in Tamil Nadu and wish to submit the counter comments on the consultation paper.

First of all we thank TRAI for taking initiative to rectify the errors happened in the NTO implementation process. Our industry was well regulated other than tariff until TRAI intervene in this matter.

Here we lay down our views for your kind consideration.

Unlike other states we in Tamil Nadu facing too many problems in subscription related matter. The then Chief Minister of Tamil Nadu brought all cable operators under one Government owned MSO called **TACTV and cut down the subscription amount as low as INR 70 per month** which was too low compare to other states and the operators revenue drastically come down and the impact was the operators not even in the position to upgrade their network capable of running digitalization but also to lead their live hood.

After implementation of digitalization so many MSOs registered with MIB and commence operation successfully in Tamil Nadu. The data with TRAI indicates that top 10 MSOs list in the country having more than one million subscribers contains 4 players in Tamil Nadu.

In their comments to the consultation paper TACTV mentioned- *TACTV has in fact initiated new Subscription Package for an amount of Rs.130, for which there has been huge welcome from the Subscribers. , In fact our initiative has helped in achieving the very objective of TRAI.*

We feel that TACTV misunderstand Regulator's objective. By giving package to Rs.130, TACTV not giving freedom to the subscribers to choose the channels they wanted. Say for e.g. if one other language people residing in Tamil Nadu wants to

subscribe for his mother tongue channels ,then he has no option as there is no NCF upon which he can add his own channel choice.

According to NTO, MSO cannot bundle FTA and pay channels in one bouquet. Here this condition was overlooked and also reduced LCOs revenue by taking decision on his own.

Further the Government officials were miss guided by some people that TACTV only has the permission to run Cable TV in Tamil Nadu. Believing that the official intervenes in the business too often and the level playing ground is not available to other MSOs /LCOs.

Every government undertaking business in Tamil Nadu making loss every year. To reduce the debt the government increases the price periodically. But in Cable TV business they reduce the price every time as they have no investment for the infra and no operational cost incur to them.

### **Broadcasters**

According to broadcasters statement they have dual income, one from subscription and the other from advertisement. The point they raised to spent more money on content creation is valid one, but the content they created is earning more money in the form of repeated telecast and sell other platforms. To compare with the movie production the revenue sharing with the distributors are 50:50, but in cable TV 20% is given as distribution commission. The broadcasters not even consider the LCOs role that is whole responsible for collecting the subscription amount in the ground level. No monetary benefit is given directly to the LCOs, in spite of LCOs hard work to educate the subscribers about broadcaster's bouquet and 24\*7 services to avail the channels.

In India the cable TV business started well before the satellite channels commenced its operation. Till the DTH is introduced the LCOs are the only source for broadcasters to distribute their channels. Both the broadcasters and LCOs B2B relationship is not affected till the introduction of pay channels. After the

introduction of pay channels small LCOs not able to run the business and MSOs are created to cater the business. The subscription is not increased in the ground level even though more and more pay channels were added. At this juncture to regulate this industry TRAI intervene and play important role to organize this industry in proper manner.

The broadcasters are making confusion by making too many bouquets. Also the price fixed by them is too high compare to pre NTO time. To protect the consumer interest and reduce the cable bill, broadcaster channel price should be the same as in the pre NTO time.

Now once again TRAI intervene is necessary to protect LCOs income and to sustain in the business.

### **DPOs**

DPOs play significant role in digitalization. Like Broadcasters, DPOs also have dual income, one from subscription portions the other from broadcasters and private channels, they provide to run on their network. Keeping these things in mind we suggest that whole NCF should be given to the LCOs. The NCF should not be reduced from Rs.130. Any reduction in the NCF is directly affecting LCOs income, without which LCOs cannot maintain QoS in the ground level.

### **LCOs**

Enough reason are given by various LCOs munch from all over the country about the NCF and the percentage sharing with the DPOs. We are also agree with the comments given by them that NCF should not be less than Rs.130.and the whole NCF is given to LCOs only. If any DPO wish to share their other revenue that should be mentioned in the interconnect agreement.

### **DTH**

In the NTO region we feel DTH is hedge over Cable TV as they directly distribute the channels, No distribution margin is given like cable TV. To provide level

playing ground both of them Cable TV as well as DTH not permit to reduce their NCF below Rs.130. In Tamil Nadu we face different problem from the DTH operators. In their website everything is defined according to NTO but in the ground level they offer one year package for price ranging from Rs1800 to Rs2300 including STB and installation, six month package for Rs900 to Rs1100. There is no transference system available to verify the exact price.

So TRAI's monitoring is needed in this matter.

### **CONSUMER**

The whole business is running for the welfare of the consumers. As last mile operators we have direct contact with the customers, in fact we are the only person who have direct relation with the customers. Any feelings they have whether it is good or bad they have no hesitation to react on us.

After implementation of NTO they very much confused in spite of our repeated explanation and help to select the channels of their choice. They want full freedom to select the channels; the broadcaster's bouquet confused them a lot.

In view of the consumers' mood we suggest any bouquet, if provided, should be made by the consumers only. Neither broadcasters nor the DPOs permit to make channels bouquets.

### **PRASAR BHARTI**

In their comment, the Prasar Bharati suggests the mandatory DD channels should be given even if the subscriber terminates his subscription. We strongly object this process as it makes high maintenance cost to LCOs whose revenue is already reduced.

### **GST**

If the government really wishes to cut down the consumer cable bill then it has to reduce the GST from 18% to 5%. Cable TV is consumed by various sectors, from very rich to poorer. Uniform GST is not fair according to us. We suggest that if the

cable bill is below Rs.250 then the GST may be 5%. If it is more than Rs250 to Rs500 then the GST may be 12%.More than Rs500 it may be 18%.

To summarize

1. TRAI's intervention is needed in Tamil Nadu to establish a level playing field.
2. Broadcaster should reduce their price to that of pre NTO time.
3. NCF should be Rs130.
4. NCF Rs130 should not be reduced in Cable TV and DTH.
5. Whole NCF Rs130 should be given to LCOs.
6. Only consumer should allow to make bouquet of channels of their choice.
7. PB should not compel to carry their service to De Active STB.
8. GST slab may be as under: bill up to Rs250=5%,bill Rs251 to Rs500 =12%,bill Rs501 above =18%

Please consider our points while making policy decision.

**For FEDERATION OF CABLE TV ASSOCIATIONS OF TAMILNADU**

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