

RAJASTHAN CABLE OPERATORS ASSOCIATION

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DATE:09/09/19

Q1. 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.

Ans 1. Yes, Because this move of Broadcasters enables MSO to make their own bouquets and force LCO to sell those bouquets to consumers. We suggest that broadcasters should price the a-la-carte and bouquets within limits.

Q2. 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?

Ans 2. From the point of view of consumers it is not the issue, but MSOs are minting money. They offer tailor made bouquets to consumers / LCOs and get heavy discounts on those bouquets from broadcasters and do not share those discounts with LCOs/consumers, MSOs dont include those broadcasters pack who do not offer discounts.

Q3. 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?

Ans 3. Yes, the cap should be reintroduced and it should be 15% at the highest. If cap will be there the a-la-carte channel rate will be lower so that subscriber will get choice to choose channels a-la-carte instead bouquets.

Q4. Is there a need to review the cap on discount permissible to DPOs while forming the bouquet? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?

Ans 4. Yes. Any move regarding discount and whatsoever must be reviewed by all the stake holders got together. Here it is broadcasters MSOs and LCOs. The meager 20% discount which the broadcasters allow to the MSOs are heavily insufficient and urgently needs to be reviewed upwardly. Particularly, the discount percentage / proportion allowed by MSOs which is

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receivable by LCOs must be worked out and announced immediately by TRAI itself without leaving the issue on the mercy of the mighty MSOs.

LCOs are the entity to carry the signal of MSOs and serve the consumers at the end. After NTO net income of LCOs decreased heavily and now LCOs are compelled by too insufficient net income to reduce their strength of employees to cope up with the reduced income which is affecting the service to the consumers adversely.

The Broadcasters earn both from networks selling their channels / bouquets and from advertisements using the MSO network. But they do not share any portion of their advertisement revenue with MSOs. So, they should allow 70% discount to the MSOs straight way without any rider on the MRP of the channels / bouquets. Further, LCOs must be allowed to enjoy 50% of the above mentioned 70% discount on MRP of channels / bouquets as the almighty MSOs now arbitrarily throw away to LCOs anything between 60% to 65% of Rs.130/- for 100 FTA channels and only half of the 20% discount on the MRP of channels which the Broadcasters allow to the MSOs after NTO. The other 15% discount which the MSOs receive from the Broadcasters remains intact with the MSOs which they do not share with the LCOs leaving the LCOs insufficiently fed, adversely affecting their ability to serve the consumers. Moreover, after NTO the capital expenses as well as recurring office expenses of LCOs increased considerably to provide satisfying service to the consumers.

So, the LCOs must be empowered by TRAI to get at 90% of Rs.130/- earmarked for 100 FTA channels and 50% of the 70% discount from Broadcasters proposed in the earlier para. The Broadcasters must allow 70% discount on MRP of channels / bouquets to the MSOs. So now 90% of Rs.130/- and net 35% of MRP of channels / bouquets must be of LCOs and TRAI should clearly mention this.

Q5. What other measures may be taken to ensure that unwanted channels are not pushed to the consumers?

Ans 5. No channels is unwanted in this world according to our long long experience from the very beginning of cable TV industry in 1990's with the channel CNN showing the Gulf war. Consumers are exercising their choice in large numbers, change their previously selected channels whenever necessary without being hindered at all. Most of the consumers are not being forced to enjoy

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the channels as per the choice of the LCOs and/or MSOs as in many cases after the initiation of NTO, LCOs were outnumbered by the consumers and several such unwanted incidents occurred

at the office of the LCOs for which the LCOs were not liable at all. Most of the consumers are happy with the system and so it is TRAI itself is appropriate to set the parameters and to witch-hunt the unwanted channels and fix those accordingly.

Q6. 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?

Ans 6. No, the number of bouquets being offered by Broadcasters as well as MSOs are very large now. The scope of consumers to select the channels/bouquets increases according to their purchase power and need with the increment of number of bouquets/ channels. Yes, the bouquets/ channels to be offered should satisfy the linguistic and target market necessity. Those must not be offered according to state, region etc., and if done may lead to instigate provincialism.

Q7. What should be the methodology to limit number of bouquets which can be offered by broadcasters and DPOs?

Ans 7. No need to limit the number of bouquets which if done can limit the consumers ability to choice.

Q8. 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?

Ans 8. Yes, it has got hedged already.

Reintroduction of cap to at least 10% to 15% on A-la-carte price while inserting into a bouquet will make the picture clearer.

Q9. 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?

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Ans 9. Yes, review should be done and it should be categorized according to the power of contents that delivers.

Q10. 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?

Ans 10. After NTO Consumers now have the liberty to enjoy, surf and select more Channels, which many of them could not afford to enjoy in A-la-carte basis. Cap should be there for the benefit of consumers. Consumers are forced to take bouquets as a-la-carte rates are more and after 50% to 70% discounts bouquets rates are low so consumer take bouquets and consumer had to pay for those channel which he dont need.

Q11. How this provision has affected the ability and freedom of the subscribers to choose TV channels of their choice?

Ans 11. Subscribers' ability and freedom to choice have been affected on the contrary it is increased. We have many examples to show that large number of subscribers at first made their choice on A-la-carte basis in the months of Feb and March'19 and converted to Broadcasters' bouquets or MSO package by themselves later in the month of April, May'19 after those were available for choice with pressure or provocation by MSOs. Consumers are offered single channel @ Rs.19/- and in bouquets there are 9 to 16 channels for Rs.22/- to 31/-to Rs.49/- then subscriber is forced to take bouquets only.

Q12. Do you feel the provision permitting the broadcasters/Distributors to offer bouquets to subscribers be reviewed and how will that impact subscriber choice?

Ans 12. Yes review is needed. MSOs are compelling LCOs to offer consumers their own bouquets as they get maximum discounts from broadcasters. MSOs even change bouquets on their own now and then and LCOs have to face problems on ground. Consumers fight with LCOs when any channel goes off air from bouquets. There should be no bouquets from MSOs side, only broadcasters bouquets should be there with cap of 10% to 15% on a-la-carte price while inserting into a bouquets. MSOs should provide only free to air packs.

Q13. How whole process of selection of channels by consumers can be simplified to facilitate easy, informed choice?

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Ans 13. Process of selection can be made simplified by the following ways:

a) A-la-carte rates of every pay channels must be shown on TV screen.

b) FTA channels must be shown on TV screen.

c) Broadcasters' bouquet rates with the names of every individual channel in bouquet must be shown on TV screen.

d) DPO package rates with every individual channel name comprising a particular package must be shown on TV screen.

e) The (first slab) price of Rs.130/-(excluding GST) for 150 FTA channels must be shown on TV screen.

f) The next Rs.20/- for every bunch of 25 channels (up to) must be clearly explained on TV screen.

g) If any change in bouquets should be intimated to consumers and LCOs in advance on TV screen

Actually, in the busy life of consumers, he or she may be illiterate or literate, well informed, misinformed or least informed TV broadcasting helps them much to make themselves well informed, which they rely and quickly grasp and it helps to take quick informed decision by them in any case other than cable TV. Similarly, in the case of cable TV also if the recommendations as per the above 13(a), 13(b), 13(c), 13(d), 13(e) and 13(f) 13(g) are implemented no consumer will have the scope to complain about misinformation or least information and that will lead to informed, quick and generous selection by consumers.

There should be choice in the hands of consumers to select free to air channels (excluding 25 DD mandatory channels)

Q14. Should regulatory provisions enable discount in NCF and DRP for multiple TV in a home?

Ans 14. Any discount if TRAI wants to make available for multiple TV in a home must keep the following points (bone of contention) while deciding that :

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a) Now in the era of 5th generation technological advancement every TV set in a home needs equal and separate attention and investment unlike analog era which now involves everything separate for each TV set such as Set Top Box, separate coaxial/fibre, separate accessories outside/inside the home, necessary proper optical power. So, the cost involved to connect a TV set has been increased many fold over the years along with inflation and this last mile connection is done only by the LCOs and bear the cost described above single handedly which is not shared by the other two stakeholders i.e. MSOs and Broadcasters. The

cost of service after installation such as complain attendance, replacing Set Top Boxes if necessary, even educate the consumers how to change the mode from TV to Av by using TV remote and each and every service related with cable TV rendered only by the LCOs.

b) On the contrary as the Broadcasters and/or MSOs do not incur any expense related with the last mile connectivity, their expense and investment do not increase to connect any extra TV set in a multi TV home or anywhere. The Broadcasters only invest in making contents and make revenue and MSOs only invest in providing signal at a single point and maintain that only to the office of the LCOs and earn. Thus they only enjoy gradually inflated net income. So, any discount involving multi TV sets in a home must not be made from LCOs net income. If done it will adversely effect the direct service to the end consumers. Presently all LCOs provide discounts on Multi TV connections to compete with DTH operators.

Q15. 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.

Ans 15. The answer is same as question No.14.

Q16. 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 home?

Ans 16. Broadcasters must be made compelled to offer discount only from their share of pie in case of multi TV connections as well as single TV connection in a home unit as there is no additional expense burden to incur by them.

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Moreover, MSOs also should be mandated to provide discount for multi TV connections in a home as because like Broadcasters they do not have to incur any additional cost involved to connect any extra TV set in any way whatsoever as described earlier.

"If there is a will there is a way". So the technique about the feasibility for the Broadcasters to identify multi TV connection homes can be made if the three stakeholders here sit together and try to find out ways to precisely implement it.

Q17. Whether Distributors should be mandated to provide choice of channels for each TV separately in Multi TV connection home?

Ans 17. Actually, the scope of choice of channels/bouquets for each TV set separately in a multi TV connection home already prevails there for consumers now in this system after NTO is implemented.

Q18. How should a long term subscription be defined?

Ans 18. The long term subscription should be defined as follows:

- a) Starting only for the period of minimum 6 months (Six months) subscription charges paid.
- b) Subscription charges paid for one year and beyond.

Q19. 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?

Ans 19. DPOs should always be allowed to offer discount on long term subscription. NCF should be saved and unharmed and it is to be made available only from DRP. Yes, there should be cap in rendering long term subscription discount.

Q20. Whether Broadcasters also be allowed to offer discount on MRP for long term subscriptions?

Ans 20. Yes, it must be made mandatory for Broadcasters to offer discount on long term subscription, but with a cap and it should be uniform for all platforms such as cable TV, DTH, OTT, IPTV etc.

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Q21. 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?

Ans 21. No, the freedom of placement of channels on EPG available to DPOs and asking for placement fees is correct as it provides scope for every channel to be placed according to the effective demand to place itself by Broadcasters. Otherwise once a channel gets a position at the most desired position on EPG or vice versa can lose its chance to change that position leaving them compelled to accept as per the whims of MSOs.

Placement fees must be announced by MSOs to all the Broadcasters for each and every position on EPG and thus fair, uniformity for a prefixed position of placement on EPG must be defined and announced by MSOs.

There may be a variation of placement fees, it may be high for an easily tunable position and vice versa.

Every MSO must be mandated to prefix their fees for each and every position of placement on EPG and to announce that to every Broadcaster and thus only this problem can be effectively addressed.

Q22. How the channels should be listed in the Electronic Program Guide (EPG)?

Ans 22. To be listed alphabetically.

Q23. Whether distributors should also be permitted to offer promotional schemes on NCF, DRP of the channels and bouquet of the channels?

Ans 23. Any scheme involving NCF or net revenue will harm the LCOs. It can be allowed provided the MSOs take the LCOs in fold, make them informed, acknowledged and take the consent of LCOs beforehand.

Q24. 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?

Ans 24. Maximum time period for such schemes should be for three months period. It

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should be allowed only once in a year if really necessary after consultation with the LCOs

Q25. What safeguards should be provided so that consumers are not trapped under such schemes and their interests are protected?

Ans 25. Consumers must be informed thoroughly by the MSOs and LCOs beforehand.

There should be clear and well defined provisions, rules and exit laws, terms so that consumers can effectively opt out of such scheme without being unharmed financially.

MSOs should provide Key of Set Top Box to LCOs or Consumers so that if consumer / LCOs are not satisfied with the services can change the signal input.

Q26. Whether DPOs should be allowed to have variable NCF for different regions? How the regions should be categorized for the purpose of NCF?

Ans 26. No, DPOs should not be allowed to charge variable NCF for different region as the investment pattern and volume, cost and expenses are equal throughout India. No platform, medium whether it is through wire or wireless such as DTH, OTT or IPTV should be allowed to do so affecting the competitiveness among the contenders. OTT or IPTV must be charged as LCOS are charged for pay channels otherwise LCOs will face problem in continuing their business which they have established for last 25 years.

Q27. 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 Rs 130/-?

Ans 27. Existing Rs.130/- for 100 FTA channels is not ok, it should be 125 to 150 channels. No pay channel should be included in that bouquet of 150 channels.

Q28. Whether 25 DD mandatory channels be over and above the One hundred channels permitted in the NCF of Rs. 130/-?

Ans 28. No assorted 25 DD channels should be included within the limit of the 150 FTA channels. But DD channels included in FTA should be available to all LCOs when aired .While telecasting Indian matches live on DD Sports or DD National why not available to LCOs which is not correct.

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When LCOs show 24 x 7 365 days DD channels then these live telecast must be made available to LCOs.

Q29. In case of Recommendation 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 reachability of these channels to masses is also served without any additional burden on the consumers?

Ans 29. DD channels are already within the limit of 100 FTA channels. In fact all DD channels except 8 to 10 channels for Govt. Of India broadcasting necessary information, announcement and content should be treated at par as private free to air channels. All the DD channels must not compulsorily be fed with every nook and corner of India. As of now say for example Tamil people are being fed with Bengali channels and vice versa should not be done anyway.

And in the end we want to know why TRAI is not showing interest in applying the same orders for LCOs and OTT / IPTV platform. Why these OTT / IPTV providers showing TV channels without payment of pay channels to broadcasters. If OTT/IPTV platform is not charged for pay channels then LCOs must also get channels FREE so that there should be a healthy competition in the market. OTT / IPTV providers are doing piracy of pay channels. There should be some rate difference in Tier I Tier II and Tier III cities. Income of big cities subscriber are higher in comparison to small cities and villages. There was rate difference in pay channels before NTO for every TIER. TRAI should think that subscribers are of each income group and all subscribers cannot pay equal amount in big cities and small town and village. TRAI should initiate matter of GST which is on higher side, it should come down to 5% to 8% .

TV is the only entertainment system these days in every house, so please rethink on this matter and help LCOs to run their fortune.