



SEEMAANDHRA CABLE TV OPERATORS WELFARE ASSOCIATION

Office : 58-3-7/1, Ramunaidu Colony, Marripalem
Visakhapatnam, Adhra Pradesh - 530018

Regd. No. 183/2014 email: seemandhracableoperators@gmail.com



President
V.S.DIVAKAR PAKKI
09396976699
Email: divapakki@yahoo.com

Working President
B.N PATHRUDU
9246631199

General Secretary
B. POTHANNA REDDY
0988524547

Hon'ble advisors:

R.S.RAJU
09246627027

N.JANARDHAN
09908729889

Vice Presidents:
S.KESAVA REDDY
C.A.K. VARMA

Joint Secretary:
B.SRINIVAS

Treasurer:
VENKATESH YEGI

Org Secretaries:
K.SRINIVAS VITAL
M.V. SOMA SEK HAR

To
CHAIRMAN
TRAI
NEW DELHI

Dt.06.09.2019.

Submitted by:
SCOWA, Andhra Pradesh
(Visakhapatnam)

Status:

President, Seemandhra Cable TV Operators Welfare Association representing 20,000 LCOs in Andhra Pradesh.

Preamble:

We thank TRAI for undertaking the Review within such a short time of roll out of the NTO. The numerous acts of omission and commission by the Broadcasters and DPOs have necessitated this Review

We wish that the Review had also covered the deficiencies related to MSO-LMO arrangements. We have made numerous representations and do hope that TRAI will soon look into these as well

The Customer interests being paramount to us as well, we have compiled these submissions through consultation amongst our Members. This Document also reflects views of many Subscribers gathered during our interactions with them

Best regards


Pakki Divakar

President
SCOWA
09396976699

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. No. Because this move of Broadcasters enables consumers to enjoy more channels, increases consumers' ability to surf and select to watch more channels / programmes.

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 as well as DPOs / LMOs creating level playing field among Broadcasters is a non-issue.

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 not be 15%, which should be nearer to 25% or may be 30% while keeping an eye that Broadcasters' interest to form , to offer and to sale their bouquets are not adversely affected.

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 LMOs. The meagre 20% discount which the Broadcasters allow to the DPOs are heavily insufficient and urgently needs to be reviewed upwardly. Particularly, the discount percentage / proportion allowed by MSOs which is receivable by LMOs must be worked out and announced immediately by TRAI itself without leaving the issue on the mercy of the mighty MSOs. LMOs are the entity to carry the signal of MSOs and serve the consumers at the end. After NTO net income of LMOs decreased heavily and now LMOs 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 DPO network. But they do not share any portion of their advertisement revenue with DPOs. So, they should allow 80% discount to the DPOs straight way without any rider on the MRP of the channels / bouquets.

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

Ans 5. No channels is unwanted is 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 the channels as per the choice of the LMOs and/or DPOs as in many cases after the initiation of NTO, LMOs were outnumbered by the consumers and several such unwanted incidents occurred at the office of the LMOs for which the LMOs 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 DPOs are not 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. Yes, the bouquets 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 25% 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?

Ans 9. We recognize and respect the Content Owner/Aggregator Rights as well as ROI expectations from high investment properties

At the same time numerous pseudo Pay Channels are operated by the same Broadcasters with Rerun of Premium Content

One or two flagship Channels bundled with multiple pseudo pay services result in mockery of the System

The highest priced Channel be kept out of the bouquet if it is priced above Re.9.99

Or

Gap between MRP of Channels within a Bouquet should not be more than 30%

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 in relatively less price which many of them could not afford to enjoy in A-la-carte basis if bouquets were not introduced by the Broadcasters and the MSOs.

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 not 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 without any pressure or provocation.

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. No review is needed. If permission to offer bouquet by Broadcasters/DPOs is withdrawn the liberty to select as per their choice of consumers will be affected. Moreover, the MSOs who do not offer any package of their own or provide minimum logically sufficient number of bouquets for its subscribers must be mandated to offer such to increase the scope to select the appropriate bouquet/package by the consumers.

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

Ans 13. Process of selection can be made simplified Via Channel No. 999 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 every 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 260 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.

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) 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.

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 :

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 LMOs 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 LMOs.

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 LMOs 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 LMOs net income. If done it will adversely effect the direct service to the end consumers.

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. Current Systems and Database is wanting on many respects. Customer KYC and Data authenticity is one of the weaknesses

Audit processes are too cumbersome even for routine checks

Probability of replicating majority of Channels on each additional TV is also low

Review of this aspect may please be deferred until the Systems attain sophistication needed to eliminate likely conflicts

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. Yes, It should be mandatory.

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.

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. The placement / carriage fees should be shared by MSOs with the LCOs.

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

Ans 22.

- We suggest that the Channels be listed Language-wise with sub-classification per genre for languages with more than ten Channels
- HD Channels be listed and placed separately since more than 90% Cable STBs are SD

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

Ans 23.

They may be allowed provided it does not affect the Income of the LMO i.e. the cost of the schemes be borne by the Distributors out of their Incentives

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. As above (Q . 23)

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

Ans 25.

Exit options with minimal foreclosure penalty be spelt out while pushing the Longer Duration Packs

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.

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 260 FTA channels is ok. No pay channel should be included in that bouquet of 260 channels except FTA 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 260 FTA channels.

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 3 to 4 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.

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

Ans 30: As stated in the covering Note, the effective implementation hinges on improved MSO-LCO relationships and so would the Standardization of processes would be essential

At present NTO is not serving the interests of Subscribers to the envisaged extent. It has also weakened the well-established, efficient Last Mile Networks under combined effect of MSO&BROADCASTERS pushing own Agenda. We anticipate some relief if suggestions in foregoing paragraphs are accepted and A La Carte gets the boost. However, this would not suffice since MSO-LCO sharing arrangements continue to be controlled by MSOs

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.

B) LCO should be 100% NCF.

Platform charges of Rs.20/- should be payable by LCO to individual MSOs.

C) MANDATING MIA

Another area of non-compliance by MSO is discussing ICA terms with LMO. Some large Players 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) **TRAI** should change pay channel revenue sharing ratios as follows:

- ❖ **LCO should get 60% on pay channel MRP**
- ❖ **MSO should get 20% on pay channel MRP**
- ❖ **Pay broadcaster should get 20% on MRP**

E) **OUT OF 903 permitted channels by MIB at least 500+ channels should be transmitted by each and every DPO in India. Then only NTOs's main objective ie., Freedom of choice to Individual customers will be fulfilled.**