



TELANGANA DIGITAL CABLE OPERATORS FEDERATION

(Regd)

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Fight For Our Right

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Ref:

Date: 23-09-2019

To

Shri. Aravind Kumar Ji,
Advisor, B&CS, TRAI.

Sir,

Sub:- Submission of comments, response and suggestions
by TDCOF, Hyderabad – For consideration –
Regarding.

Ref:- Consultation Paper No. 10/2019, dated 16-08-2019

With reference to the captioned subject and reference,
I, S. Jagadishwar Rao, being President of TDCOF, Hyderabad
having member LCOs of more than 10000 in the state of
Telangana, hereby submitting our comments, response and
suggestions in respect of the consultation paper with a request to
take into consideration in making the new tariff order for which we
shall be highly obliged.

With Regards,

Yours sincerely

TELANGANA DIGITAL CABLE OPERATORS FEDERATION,

(S. JAGADISHWAR RAO)
PRESIDENT

COMMENTS AND 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.

★ Comment: The broadcasters are enjoying a lot either in A-la-Carte or in Bouquet's since in the event of choosing A-la-Carte, though the channels are less, the price is too high and in Bouquet though the channels are high, the price is also too high. The subscriber forced to take the unnecessary channels also in the Bouquet's system, but if the subscriber goes for A-la-Carte, is forced to pay huge amounts since high charges per each channel.

Suggestions:

- ☛ The subscribers should have their liberty to choose a bouquet of channels at their own in consultation with the LCO.
- ☛ The LCO have the freedom of making bouquets in consultation of the subscribes.
- ☛ Ensure that no advertisements in the Pay channels and permit advertisements in Free to Air Channels.

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?

★ Comment: No doubt the broadcasters are indulging in heavy discounting since they are having huge bouquets to create ill-health competition against the broadcasters who are having fewer channels. There is no transparency in the discounts as to how much are giving by the broadcasters to the DPO/MSO.

Suggestion:

- ☛ The discount/ promotional offer offered by the broadcaster should be distributed amongst the DPO/MSO and LCO and the LCO should be given liberty to offer the discount to the subscriber.
- ☛ The LCO should be given liberty to offer the discount/promotional offer given by the DPO/MSO at his discretion.
- ☛ When the discount is given to the bouquets, the same shall be given to the A-la-Carte also in the proportional ratio.

Q3. Is there a need to reintroduce a cap on discount on sum of a-lacarte 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?

★ Comment: The discounts are to be offered at the customer level are welcome since the customer also benefitted.

- Suggestion:** ☛ The maximum discount should be of 20 to 25 % by the broadcaster in the bouquet channels.
- ☛ Discount will only be provided on subscriber pricing and the marketing fee entitlement is to be calculated on the sum total of MRP for all channels.
- ☛ The discount should be shared from DPO/MSO to LCO to Subscriber.

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?

- ★ **Comment:** Yes. The discounts are to yet to be offered by the MSO to LCO which were offered by the broadcasters. DTH companies also built packages providing some discount.

- Suggestions:** ☛ The maximum discount shall be permitted at 15 to 25%
- ☛ Rebate to be provided to the subscriber pricing but LMO's marketing fee entitlement to be fixed on sum total of MRP for all channels.
- ☛ The broadcaster shall offer the maximum discount at to the MSOs who are having lesser subscription and minimum discount who are having the higher subscription.

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

- ★ **Comment:** There are many MSOs who are not allowing changing of channels enclosed in the basic bouquet and the 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.
- ☛ The subscriber shall be opted the bouquet of channels as per his choice. All the channels are to be provided enabling the subscriber to select of his choice.
- ☛ The action should be taken only on the specific confirmation from the subscriber but not on considered acceptance.

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?

- ★ **Comment:** The number of bouquets is not a question and the language and genre is important. It seems that few MSOs facing technological constraints of CAS level in terms of number of Bouquets that can be configured.

- Suggestions:-**
- ☛ Bouquet ignore run with more than 3 languages
 - ☛ Number of bouquets that a Broadcaster can offer should not exceed 3 regional languages the Pay Channels it carry on.

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

- ★ **Comment:** No need to limit the number of bouquets and it leave to LCO and subscriber to their choice and province.

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?

- ★ **Comment:** The selection of A-la-carte is only an option to restrict bouquet pricing.

Suggestion: * Discounts on the 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?

- ★ **Comment:** We accept that with the Content Owner/Aggregator Rights and we honour it and the ROI's expectations from high investment properties and at the same time, pseudo Pay Channels are running by the same broadcasters with return of Premium content.

Suggestion: ☛ The Channel price more than Rs.10/- should be kept out of the bouquet since the same are the highest priced. (There should not be more than 25% within a bouquet between MRP of channels)

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?

- ★ **Comment:** As a consumer oriented and by fulfilling necessity and reasonable needs of the distribution chain, it is clear that the new regime is quite well. India is a secular nation and the linguistic choices illustrate it properly, language preference of 16 languages is there within original content is available.

Suggestion: ☛ The customer should change the language as per his choice with a simple command if the broadcaster provide the same and to the broadcaster also it is easy to provide all the regional languages.

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

- ★ **Comment:** Bouquet is a selection with simple way for the consumers and not against the interests of the consumer. However this selection is stiff and to choose by balancing the price, choice where distinction is irrelevant the mechanism is not so useful.

Suggestion: If the consumer should be provided with all A-la-Carte channels, then the interest of the consumer shall be protected vice versa broadcasters may reduce their channel price and the channel may convert from pay channel to FTA channel.

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?

- ★ **Comment:** It is not necessary to review and to permit the broadcasters /Distributors in providing the bouquets since the consumers could not be able to select bouquets by themselves and the broadcaster may be benefitted and again to continue the present unfair business.

Suggestion: In the event of permitting the broadcasters/ Distributors to offer bouquets to subscribers, the same shall be done through the LCOs since the LCOs are well interacted with the consumers and well known about the local areas and the needs of the consumers.

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

- ★ **Comment:** The broadcaster should be furnish the list of channels to the subscribers through MSO/DPO and LCOs periodically enabling the consumers to choose the same as per their choice.

Suggestion: The MSO/DPO shall display the channel programming through 999 channel and arrange a command to select the channel in that only as per the choice of the consumer through the LCO portal.

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

- ★ **COMMENT:** It seems that the DTH operators are following different set of Rules in comparison to the MSO. It is not necessary to provide any discounts to the multiple TV in home, hostels and hotels.

Suggestion: As the consumers who are well worth only obtain multiple connections in homes, as such no need of discounts,

however if the authority feels to provide discounts, the GST may be reduced to 5% from 18%.

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.

The comment and suggestions are one and same furnished in Q.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?

★ Comment: It is not possible since there is no sufficient technology for that proposal such as Data authenticity & KYC etc.

Suggestion: If the technology develops to that extent, no problem, else the LCOs' may face severe threats from the consumers in the local areas.

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

★ Comment: Yes. It is mandatory and cannot cease the right of the customer

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

★ Comment: The subscription is more than 4 months, shall be treated as 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?

★ Comment: It is not possible in the present system to provide long term subscription in our country, though it is beneficial to the consumer and DPO, but it is difficult to the LCO in the event of withdrawn in the middle of the term agreed.

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

★ Comment: The answer as mentioned in Q.19

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 65 channels on EPG?

- ★ **Comment:** As the freedom of placement of channels to the DPO only and collecting the fee by themselves and not sharing to the LCOs and the Best Fit Plan should be discontinued.

Suggestion:- The MSO/DPO should create generic slots and fix the placement charges as per the LCN and to be intimated to the LCO by sharing the placement fee.

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

Response: The channels are to be listed in Language-wise with sub-classification per genre for languages with more than 10 channels. There should be 90% of HD Channels to be listed and placed separately in the STB.

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 distributors are to bear the cost of the schemes from 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 distributors are to bear the cost of the schemes from their incentives.

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 ot 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: The NCF is to be common throughout the nation and the same to pay to the LCO and the DPO is permitted for platform charge for providing their service in accordance with the regions.

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 Rs.130/-?

Response: ♦ Should be provide 150 Channels for Rs.130/-, 200 above channels for Rs.170/- with the consultant of the LCO who takes feedback from the customers.

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

Response: ♦ Only Regional channels plus each national channel from each genre including Lok Sabha and Rajya Sabha shall be provided.

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 reachability of these channels to masses is also served without any additional burden on the consumers?

Response: ♦ The response is as mentioned in Q.28 above.

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

A) SHARABLE REVENUES:

A quick glance through the public statements and financial of the publicly listed MSOs reveals that their revenues and profits have spurted very significantly post the new tariff order. Most listed MSO's even have publicly stated that this in their financial statements to the bourses projecting optimistic earnings in future. However in sharp variance post NTO, LCO's/LMO's are protesting for their revenue share is below substance level. The lack of funds to adequately service to their customers to the level required by TRAI's QoS norms, as a result LCO's have no earning to plough back into upgrading the extended their networks. LCO's provide the extensive the last mile connectivity essential for wide distribution, the combination cost of the LCOs distribution plans the daily operational efforts for exceeding the distribution cost incurred by the MSO's.

As its name suggest the Network Carriage Fees (NCF) is a fee for utilization of the distribution network. Most of the distribution network is owned and operated by the LCO's/LMO's.

As the authority is aware, that in the absence of clearly defined Revenues, the SIA/MIA mentioned Subscription revenues only. In the pre-NTO era, MSOs collected fixed price from LCOs/LMOs, the Carriage and Incentive terms were not disclosed and hence the LMOs/LCOs did not make an issue out of their exclusion from sharable kitty.

✓ 100% NCF to LCOs/LMOs only. Unless the NCF weight age is not allocated to the LMOs/LCOs, the LMOs/LCOs will be put to great irreparable loss and extreme hardship.

Platform charges shall be paid by the LMOs/LCOs to the MSOs and other revenue shares should be decided upon mutual negotiation as per the circumstances of the regions.

MANDATING MIA :

Another area of non-compliance by MSO is discussing ICA terms with LMOs/LCOs. Pan India Players forcibly obtain their LMOs/LCOs consent to SIA by blocking Portal access to resisting LMOs/LCOs.

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 MSOs and LMOs arrived at mutually acceptable MIA terms.

Therefore, we believe that SIA needs to be discarded and MIA be made mandatory with well-defined sharable Revenues and NCF allocation.

PROCESS STANDARDIZATION

All LMOs are now on pre-paid B2B terms while most Subscribers continue to be on Post-paid basis. With the prepaid system, 50% of the customers were lost by the LCOs. The loss is unbearable to the LCOs, therefore, the LCOs should be given liberty to change the prepaid to postpaid.

Therefore, under the circumstances, we sincerely request your authority may be pleased to consider the comments, response and suggestions keeping in the welfare of the LMOs/LCOs and in making new tariff orders for which we shall be highly obliged.



With Regards,

Yours sincerely

**TELANGANA DIGITAL CABLE OPERATORS FEDERATION,
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