

Response to Consultation Paper on Draft Telecommunication (Broadcasting and Cable Services) (Eighth) (Addressable System) Tariff Order 2016

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(ACT GROUP COMPANIES)

Introduction:

We thank the Authority for giving us chance to submit our comments to the **draft Telecommunication (Broadcasting and Cable Services) (Eighth) (Addressable System) Tariff Order 2016**.

We, the ACT Group Companies are Independent distributors in the field of Cable TV Services, unlike some of the other major players in the industry who are vertically integrated i.e. both broadcaster and distributor. We are always supported the initiative of TRAI for a separation between Broadcaster and Distributor in order to ensure a level playing field.

We are of the opinion that the proposed draft Tariff order will go a long way in ensuring a level playing field for all types of Digital addressable systems. The proposed uniform tariff order would not only help in increasing the trust and ease in doing business by the various service providers/Distribution Operators but also increase the transparency and curb the discrimination that prevails in the Cable industry.

TRAI has shepherded in the next stage of reforms needed in the Broadcasting and Cable Industry and we acknowledge TRAI for the thought leadership it has provided to the Industry. It is our submission that any changes being proposed henceforth will have to keep in mind the following principles:

- The MRP of pay channels specified in the draft regulations work out to a steep increase in the cost to subscribers and hence may need a relook. Though the regulations allow broadcasters to charge lower prices, the content monopoly for some of the popular channels may increase the subscription cost to the subscribers with no recourse.
- Premium channel pricing is out of purview of “standard rate declaration” thus leading to restrictive trade practices and the broadcasters will be allowed to declare any channel as Premium channel and charge as they want.
- Genre declaration is completely at the discretion of Broadcasters.
- One important source of revenue i.e. Advertisement Revenue is completely allocated to Broadcasters.
- The regulation presumes that there is already an eco-system available in the industry between the MSO, LCO and customers to handle such a large number of bouquets/ choices of customers to be offered from the CAS & SMS system available in India. This is not the actual fact and the industry has not evolved into such a technology system as on date. (eg. If the one lakh customer base of an MSO choose around 25000 different bouquets then the system of MSO has to handle the offering the said number of different bouquets and bill those customers).

The regulation needs to cover the following aspects in order to bring clarity among the stakeholders

<u>Regulation - Draft</u> <u>Tariff order</u>	<u>Clarification required.</u>
Clause 3 (1) (a)	Factors considered for prescribing the ceiling on MRP price of genre wise pay channels to be explained.
Clause 3 (1) (b)	Guidelines to be prescribed and should be followed by broadcasters while declaring the Premium channel and transparency in such declaration to be mandated.
Clause 4	The criteria/guidelines for declaring the genres of channels by the Broadcasters to be prescribed by Authority. This should not be left at the hands of Broadcasters – Eg Set Max can be classified under GEC and also Sports while IPL matches are displayed.
Clause 6 (1)	<p>One HD channel is being treated as two SD channels for channel carrying capacity whereas the MRP declaration by broadcaster for one HD channel is equated with to 3 SD channels.</p> <p>We would request the Authority to consider for channel carrying capacity of one HD channel to be equal to 3 SD Channels.</p> <p>The regulation should have a scope of the incremental in the rental cost based on the price inflation and appropriate index may be indicated.</p>
Clause 6 (4)	<p>Number of bouquets the CAS can accommodate is limited in different kind of CAS. High capex cost to be incurred by Distributors while increasing the number of bouquets through CAS as and when the different Broadcasters declare and increase the number of bouquets. The Capex and operational expenses requirement of Distributor needs to be considered and total cost needs to be adjusted upwards atleast by another Rs. 10/-.</p> <p>BECIL can study and recommend the feasible number of bouquets that can be offered through existing CAS & SMS systems, available in India, used by various distributors.</p>
Clause 6 (6)	If the customer chooses only 30 or 40 pay channel (and does not opt for BST) and not the Doordarshan mandatory channels, whether the Distributor should have to retransmit those Doordarshan mandatory channels along with the said 30 or 40 channels chosen by the customer.
Clause 6 (8)	There is a need for more clarity on whether the distributor has to give channels in slabs of 25 channels each as the term “shall” is used in the regulation (“Subject to availability of capacity on its network, each distributor of television channels shall offer additional capacity to a subscriber in the slabs of twenty five SD channels each, beyond initial one hundred channels.....”).
Clause 7 (4)	<p>The time period provided to existing Distributor and new Distributor should be same.</p> <ul style="list-style-type: none"> ○ For Existing Distributor - changes are to be reported 90 days prior to the change; and

- New Distributor (who commences after the Tariff order comes into force) - changes are to be reported **30 days** prior to the change.

Suggestions from our end:

1. In order to ensure healthy and practical competition and protect the industry from total collapse like financial markets at the time of subprime crisis, we recommend that maximum discount cap be placed for retail price with respect to MRP.
2. If most of the broadcaster channels adopt the genre wise MRP's as specified in schedule 2, end customer will end up paying significantly higher costs for the same channels he is watching at present. Hence MRP price of the channels prescribed by the Authority may be reviewed and reduced.
3. There should be cap on number of bouquets declared by Broadcaster at a given period/time.
4. BECIL may be nominated to survey, study and research and publish the capability of MSO's / CAS Systems used in the country to provide number of bouquets.
5. Genre declaration – Guidelines may be prescribed by the Authority for declaration of channels such as Broadcaster has to declare the genre of channels based on majority portion of contents and not based on periodic contents.
6. We request the Authority to consider our submissions at the time of passing the final regulations.
7. **We request the Authority to organise meeting with different stakeholders to discuss the issues related to draft regulations.**