**Q1. Do you agree that there is a need to address the issue of monopoly/market dominance in cable TV distribution? In case the answer is in the negative, please elaborate with justification as to how the ill effects of monopoly/market dominance can be addressed?**

**Ans.** At the outset, we feel there is no need to address the issue of monopoly/market dominance in cable TV distribution for the simple reason that cable TV is not having monopoly/market dominance in the present market conditions.

When we talk of monopoly rationally it refers to a market where there is only a single service provider, the service provided by the sole service provider has not got alternatives or substitutes and the service provider being the sole service provider constitutes industry.

In the present day situation prevailing in the market, there are multiple mediums for delivering TV channels to consumers. While Cable TV is one such medium, there are many other mediums including DTH which provides the same service to the consumers. The other upcoming mediums are IPTV, HITS etc. It is fundamentally wrong to isolate one particular medium (Cable TV in this case) while the other mediums like DTH do not have any market share restrictions. The Authority is aware that almost all cities have multiple MSOs competing with each other. Some exceptions where one single MSO is operating cannot under any circumstances be said that they are creating monopoly because of the fact that there are other competing substitutes in the form of DTH, IPTV and HITS which are giving stiff competition to MSO. Furthermore, the provision of TRAI Act gives freedom to any MSO to come and start its business in any part of the country.

Also, TRAI is keeping a check on the pricing charged by any MSO, therefore making it impossible for any MSO to create a so called monopolistic situation where in the interest of consumer will hamper and consumer will have no other choice/substitute to opt for and will be forced to take services only of one MSO. Consumers have open choice to shift to DTH if they are affected by the services provided by the Cable TV Service Providers. The LCOs also have choice to shift to another MSO in almost all markets. The Broadcasters also have much wider choice to place their channels on competing MSOs and / or DTH platforms.

It is pertinent to note that DTH has emerged as an alternate to Cable TV and its subscriber base is growing at a faster rate compared to cable TV. During last 5 Years, DTH Subscriber base in India has grown from a meagre 11.1 Million to 54.52 Million while during the same period Cable TV Subscriber base has achieved a very minimal growth from 80 Million to 94 Million. This itself is a strong indication that Consumers are under no compulsion to stick to their Cable TV service providers and are freely changing to DTH. We believe that the Regulators prime objective is to protect the interest of consumers, not other Business Verticals. Hence in view of the growth of DTH subscribers, it is very clear that consumers are NOT facing difficulties in migrating from Cable to DTH. Hence it does not warrant the Authority to forcibly restrict one distribution platform there by indirectly helping another distribution platform.

We think the following measures (some of which are already in place) can address the ill effects of monopoly/market dominance;

1. Price Regulation
2. QoS Regulation
3. Allow / Facilitate multiple MSOs / LCOs in each market
4. Must provide for Broadcasters
5. Must Carry for MSOs
6. Effective unbundling of Channel bouquets

**Q2. Do you agree that the State should be the relevant market for measuring market power in the cable TV sector? If the answer is in the negative, please suggest what should be the relevant market for measuring market power? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, we disagree that the State should be the relevant market for measuring market power in the cable TV sector. The same will be against the basic tenets of constitution which provides for Right of doing business in any part of the country. Also, the example given of FM radio station is highly misplaced and cannot be in any manner correlated to present scenario in cable TV industry.

In case of FM radio, since the Operators use national resources (Spectrum) for providing their services, there may be a restriction on the number of Operators presumably because the spectrum is a scarce resource. However, at the Consumer end, there is no restriction in market share.

Investment in FM radios viz-a-viz MSO is very minuscule. MSOs being wireline networks involve huge investments in laying cables in a very serial manner. So market share in a limited area where the Cable is laid is very fundamental to the success of Cable business. If market share is restricted, the cable business will become unviable. Market share is a function of efficient business operation and good consumer service. It cannot be restricted artificially through regulation.

In every Km of Cable laid in the street, there is no restriction on consumers residing there to subscribe to DTH, therefore there shouldn't be any restriction in subscribing to cable TV services; for example: If a KM of cable laid gives services to X no of subscribers and in the same area Y no of DTH subscribers are also there, the return on CAPEX invested in that KM of cable etc remains dependent on X and so any impractical/theoretical means to regulate will make the business unviable. MSO/LCO normally will take due care of its customers in terms of price, service etc so that its market share is maintained to make its business viable.

Further, with the spread of optical fiber network across the country and its further strengthening through the optical fiber network being rolled out through various schemes/projects, it will be easier to distribute content across India through a centralized head end(s) leading to reduced CAPEX and OPEX. Therefore, we strongly object to the initiative that state should be the relevant market for measuring market power in the cable TV sector. The entire market i.e. the whole country should be the relevant market for measuring market power.

**Q3. To curb market dominance and monopolistic trends, should restrictions in the relevant cable TV market be:**
**(i) Based on area of operation?**
**(ii) Based on market share?**
**(iii) Any other?**
**Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, we feel Instead of restricting monopoly trends by area of operation or on the basis of market share it is wise to take active steps to control ills of monopolistic trends.

In the present market scenario, both MSOs and LCOs need to invest and transition to new business model to survive and prosper in a post digital era. Cable operators will also need to invest in an end-to-end digital ecosystem, billing and subscriber management and value-added services (VAS), including video-on-demand (VOD) and digital video recorders (DVRs), as cable operators look to match and surpass DTH operators in service offering. Apart, mandatory cable digitization is also a catalyst for DTH growth, with some users churning away from cable. Therefore there is no need to address the issue of market dominance and monopoly trend in cable TV distribution for the simple reason that cable TV is not having monopoly nor can dominate the DTV market with availability of DTH, IPTV etc. as an alternative to the subscribers.

**Q4. In case your response to Q3 is (i), please comment as to how the area of a relevant market ought to be divided amongst MSOs for providing cable TV service. Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, we feel Instead of restricting monopoly trends by area of operation or on the basis of market share it is wise to take active steps on monopolistic practices.

In the present market scenario, both MSOs and LCOs need to invest and transition to new business model to survive and prosper in a post digital era. Cable operators will also need to invest in an end-to-end digital ecosystem, billing and subscriber management and value-added services (VAS), including video-on-demand (VOD) and digital video recorders (DVRs), as cable operators look to match and surpass DTH operators in service offering. Apart, mandatory cable digitization is also a catalyst for DTH growth, with some users churning away from cable. Therefore there is no need to address the issue of market dominance and monopoly trend in cable TV distribution for the simple reason that cable TV is not having monopoly nor can dominate the DTV market with availability of DTH, IPTV etc. as an alternative to the subscribers.

**Q5. In case your response to Q3 is (ii), please comment as to what should be the threshold value of market share beyond which an MSO is not allowed to build market share on its own? How could this be achieved in markets where an MSO already possesses market share beyond the threshold value? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, we feel Instead of restricting monopoly trends by area of operation or on the basis of market share it is wise to take active steps on monopolistic practices.

India is undergoing a massive digitization process that will drive value across the industry ecosystem, but it is a process that will require strong execution and high levels of funding. Multiple new operations are entering market, while incumbents are also consolidating and accessing capital markets to fund future growth. Digitization should be an opportunity rather than a threat for Cable TV operators, especially those who continue to invest in network and for product innovation. Before DTV market could consolidate with such restrictions the market will look significantly risky for any investor as well as to the cable operators. Therefore, there should not be any kind of restriction on Operators those are constantly working to give quality DTV services in a more affordable price to their subscribers.

**Q6. In case your response to Q3 is (ii), please comment on the suitability of the rules defined in para 2.26 for imposing restrictions on M&A. Do you agree with the threshold values of HHI and increase in HHI (X,Y and Delta) indicated in this para. If the answer is in the negative, what threshold values for HHI and delta could be prescribed for defining restrictions? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, M&A could be permitted without any restrictions. We are seeing financial and strategic investors placing long-term bets in the industry. Merger talks are on between MSOs. However, we believe that M&A between MSOs are more justified over the next two to three years once a large part of the market is digitized, unless the deal offers an attractive value. Global majors have also shown interest, but have so far preferred to take a wait-and-see approach. Therefore feel there should not be any kind of restrictions. Any restrictions on the Industry will send negative messages to Global Investors.

**Q7. Should 'control' of an entity over other MSOs/LCOs be decided as per the conditions mentioned in para 2.29? In case the answer is in the negative, what measures should be used to define control? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, Yes 'control' of an entity over other MSOs / LCOs be decided as per the conditions mentioned in para 2.29, which is also in line with Section 5 of the Competition Act, 2002.

**Q8. Please comment on the suitability of the rules defined in para 2.31 for imposing restrictions on control. Do you agree with the threshold values of HHI and increase in HHI (X, Y and Delta) indicated in this para. If the answer is in the negative, what threshold values for HHI and delta could be prescribed for defining restrictions? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, rrestrictions on control could be imposed, if the acquisition of control results in HHI going beyond 5000. We feel while calculating HHI, DTH & Cable should be combined together to measure DTV market control, it will be unfair if only cable TV operators are taken into consideration.

**Q9. In case your response to Q3 is (iii), you may support your view with a fully developed methodology indicating a measure arrived at to determine market power and proposed restrictions to prevent monopoly/ market dominance in the relevant market.**

**Ans.** While we firmly believe in our views given against Point No 1 above, we feel Instead of restricting monopoly trends by area of operation or on the basis of market share it is wise to take active steps on monopolistic practices. It is not required to address the issue of market dominance and monopoly trend in cable TV distribution for the simple reason that cable TV is not having monopoly nor can dominate the DTV market with availability of DTH, IPTV etc. as an alternative to the subscribers. There should not be any kind of restriction on Operators those are constantly working to give quality DTV services in a more affordable price to their subscribers.

**Q10. In case rules defined in para 2.31 are laid down, how much time should be given to existing entities in the cable TV sector (which are in breach of these rules as on date), for complying with the prescribed rules by diluting their control? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, there should not be any kind of dilution of control on the existing market players (MSO) on other words dilution of control should not be applicable retrospectively. If at all there will be any restriction on market control which requires dilution of control it should be implemented prospectively.

**Q11. Whether the parameters listed in Para 2.33 are adequate with respect to mandatory disclosures for effective monitoring and compliance of restrictions on market dominance in Cable TV sector? What additional variables could be relevant? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, for effective monitoring, there will be a need to collect information from MSOs on a periodic basis. The parameters as mentioned in Para 2.33 are likely to be handy for monitoring and enforcing compliance of the restrictions with respect to market dominance, if any, as well as for determining the control/concentration of different entities/companies in cable TV.

**Q12. What should be the periodicity of such disclosures?**

**Ans.** While we firmly believe in our views given against Point No 1 above, for effective monitoring the periodicity of such disclosures can on half yearly basis.

**Q13. Which of the disclosures made by the Cable TV entities should be made available in the public domain? Please elaborate your response with justifications.**

**Ans.** While we firmly believe in our views given against Point No 1 above, in order to ensure transparency, it would be necessary to put some/all of the information provided under the mandatory disclosure in public domain.

**Q14. What according to you are the amendments, if any, to be made in the statutory rules/ executive orders for implementing the restrictions suggested by you to curb market dominance in Cable TV sector?**

**Ans.** In current situation we think, while digitization is the result of policy progress, this has not been the case for investment and taxation policies, while the cable Industry has yet to be awarded infrastructure status.

**Q15. Stakeholders may also provide their comments on any other issue relevant to the present consultation.**

**Ans.** The Key to future growth of cable DTV is heavily dependent on the next five years development in India and south-east Asia. DTV is growing at a rapid pace in particular with ongoing digitization, with competition intensifying and structural dynamics changing, while DTH platforms are emerging as key gatekeepers to future distribution value. The focus is increasingly on value, ground execution and product innovation. This is critical because capital costs in growth markets are increasingly high and risky and competitive dynamics are intensifying, new technologies are rolled out. Risk and reward ratios are therefore getting higher, and the emphasis on execution is increasing. With this backdrop, at this stage when the digitization is on and with stiff competition there is no need to have any kind of control on market share of DTV operators, let it be left to market forces and only regulation to regulate Price, quality and technology be adopted.

---