

30-4-2010

From ,

Vijesh Shetty B.E (E&E)
STAR CABLE NETWORK
A-7 S.S.Complex
A.S.Road
Karkala- 574104
Ph: 09448357911

To

The Chairman
TRAI
New Delhi

Sub: Comments on the Consultations paper on HITS

Sir

Please do find my comments on the Consultation papers on HITS. There are numerous other points to discuss but the Scope of your Questionnaire does not include all of them. But in regarding Inter connections issues I have tried to Highlight a Different Scenario not covered by your consultation paper and would like to hear how will TRAI treat such a system. of delivery of content.

HITS was a nice idea when conceived in 2003 . With the advent of IP based Optical networks , Convergence of Telecom , Internet and TV services in IP based system , and the availability of EDGE-QAM to convert IP to ASI and to RF Form makes it very convenient for large MSOs to opt for a IP based Digital System and get their content delivered through IP Networks.

Honestly I would prefer a liberal approach by the Govt when a MSO or a HITS operator wants to use the Satellite mode of content delivery. because in the Present day Scenario Content delivery by Optical Delivery methods are more economical and with MPEG-4 Compression and by using IP based networks the Content can be delivered across the Country through Telecom / Railway / private Optical Fiber back bones. As this doesn't involve all the Licensing,

Uplink / Downlink / transponder Charges Most MSOs presently consider the optical IP based delivery more attractive. And the recent HITS policy has even scared an Existing HITS operator to close shop after 3 years of being in this market.

The only plus for a HITS system is the ability to access the remotest places not covered by optical Back bones Fiber systems ,common rates across the country , with the added benif of addition of Local content by LCOs (unlike DTH) And also a Small LCOs can still function as a independent Entity without becoming a pawn in the hands of MSOs.

Thanking you

Vijesh B Shetty

Comments for the Consultation Questions:

1) Are the proposed amendments to the interconnect Regulations to implement HITS policy in order ?

Ans : Yes . but I would like to point out this Hypothetical scenario

As such there are 10~15 big broadcasters namely :

ZEE , STAR INDIA , SET DISCOVERY , ESPN STAR , ETV , SUN , NDTV , Sahara , UTV , ASIANET

Most of these big broadcasters Rely their content in a single multiplexed form meaning the use of a digital TRANSMODULATOR or a QSPK- ASI-MUX-QAM setup it is possible to convert to Cable RF QAM form .If they choose to downlink from a single satellite all the best and if they also choose to share Transponder space too it will be a Perfect scenario with added savings for all of them.

What if these broadcasters agree upon on some kind of Multi CAS mode of encrypting their content , and using the **same Transponders being currently used by them for content delivery** , and authorize the MSO /Cable operator who in turn uses a TRANSMODULATORS /or Suitable Hardware to deliver the **Digital encrypted content Directly to the Subscribers end** , where as the Subscriber uses a Multi CAS compatible STB with CAM Slot to insert Multiple Smart Cards to decrypts the content , The billing of the Subscribers (SMS) can be online based with an independent Billing agency approved by concerned Broadcasters and the Multi CAS STBs are procured as a Standard Accessories in open market , the Smart Cards being Supplied by the broadcaster / or MSO / Cable operators who are authorized to so.

Now my question is.

- 1) This above set up resembles the Conventional HITS scenario but
 - a) There is no HITS operator as such
 - b) The broadcasters are grouping resources to achieve the Digitalization of content

- c) No broadcaster pays license fees, as he not acting as a HITS operator as such he is only delivering the content to the MSO /Cable operator. as in a regular way.
- d) All content in C band meaning perfect reception during rain storms
- e) Nothing illegal about the setup as such but it does the same job as a HITS without under declaration , No loss to Govt revenue ,

How will TRAI will classify such a System ,? Interconnection agreement ?

2. Can the Tariff Model for HITS Services be based on CAS model. ?

Ans : Yes , preferably CAS pricing should be uniform through out the country and STBs used should be compulsorily perfectly CAS inter-compatible wherever they are installed . I would prefer some kind of govt regulation regarding the inter compatibility issue. (CAS issue)

3.1 What should be the revenue share of broadcaster, HITS operator, Cable operator?

Ans: I would suggest a basic Share of Rs 100 for the Cable Operator to maintain the Network , as this is the area where the real action takes place like Daily maintenance of a Cable network / Staff Salary / Entertainment taxes etc etc . Please note that All these expenditure will occur irrespective of the fact whether a Subscriber opts for a FTA pack , or a Full Pacakage in a CAS system. The additional revenue should be Shared as per 45:25:30 which is quite reasonable .

3.2 ***What Should be the Retail tariff of a pay Channel ?***

Ans : Retail Tariif may be decided on the market forces. With a clear minimum and maximum pricing for a Variety of Pay Content like say SPORTS genre where pricing can a bit higher, News where the pricing is bit Low . For Example Consider this:

a) GEC channels where pricing can be Average

b) News Channels where pricing can be minimum

The minimum being from Rs 2 , the maximum being Rs 10 which is quite realistic when considered practically as

SPORTS Channel 5 x10 =Rs 50

GEC = 15x 5 =Rs 75

NEWS= 2 x 25 = Rs 50

FTA pack = Rs 100

Total maximum = Rs 275+ taxes which is nearly to what the TRAI Limit set for a Metro City Subscriber.

I propose this because the content costs are a factor for the SPORTS genre and some allowance should be given to this factor.

But again I would also propose the abolishment of Bouquets systems, which is nothing but a tool used by Broadcasters to by-pass the CAS regime in CAS notified areas and the NON-CAS area price rate Freezing by TRAI in 2006. By introducing new Bouquets, Juggling the Channels and make the Cable operators / MSOs pay more. Clones of Channels like having 3 Sports channels with one Channel relaying one match and the 2nd match shown on the other channel whereas all the events could be shown on one channel and such tricks forces a MSO to opt for all three channels without any immediate benefit to him or his customers whereas the broadcaster is very happy for triple revenue with single content.

3.3 Should there be minimum tariff for the Subscriber ? if so How much should it be and what should be the basic service Provided under this

Ans: Of course a minimum tariff should be there in place for any Service so it applies for the Cable TV services too. We should Fix this rate from the prevailing rates in INDIA without comparing with existing rates in other Countries. Prescribed rates should also consider the fact that the given geographical area is a Village /Town /City /metro with the least rates for a Village and Higher for a Metros. I say this so as to offset the higher cost of maintenance in Metros

4. Can Tariff Model for HITS be based on DTH / Non CAS model?

Certainly not , the DTH model is like a Free market System with DTH Operator with Deep Pockets Offering Freebies to attract Customers and hoping to annihilate other DTH operators (and Cable operators too) , whereas a HITS operator is the local Cable Operator without Deep pockets. Surely Applying DTH format to HITS system will kill the Small operators in one blow.

6 . Should placement and Carraige fees be regulated?

Ans : My Sincere opinion is when a person launches a new Channel he would have already thought of means to get it on Cable / DTH networks by negotiating with the concerned. So when a new Channel want Carriage it pays the MSO and when it becomes popular the MSO pays back in Pay Channel Fees. . So Strictly it is a negotiable between the MSO and broadcasters

But as the Govt is regulating the Tariffs for Pay Content it should also Regulate the Fees For a Carriage assigned for specific Slots as Prime Band ,etc with each Slot earning reported to the Concerned authorities and there will be Transparency (As Most MSOs hide the Carriage Fees Earnings) how much a MSO earns from carriage fees too. And how much a Broadcaster Pays will also be in White too.

END