Digicable's views on
Monopoly/Market dominance in Cable TV services

Preface

Cable TV, especially in India, is a very unique and differentiated business with multiple stakeholders in its value chain viz. Broadcasters, Content Aggregators, MSO and LCO. Most of the relationships that exist in the value chain are Business-to-Business (B2B) and therefore the uniqueness and its challenges. For e.g. Broadcasters – Content Aggregators; Content Aggregators – MSO; MSO – LCO are all B2B relationships and only the LCO – Consumer is a B2C relationship.

Cable TV is a fixed-line service where the LCO has built, invested and is the owner of the last mile infrastructure and there is no way other than wireless platforms to reach out to the consumers. It is therefore a very difficult and challenging task to address the issue of Monopoly using conventional models.

What we suggest therefore is to address the issue of monopolies using following ways and methods:

1) Encourage competition by mandating provision of content by the broadcasters and their aggregators to MSOs with certain qualifying criteria
2) Encourage and incentivize the introduction of new wireless and off-air platforms which can help reach out to stakeholders and consumers e.g. Headend-in-the-Sky (HITS), Digital Terrestrial Transmission (DTT), Multichannel Multipoint Distribution System (MMDS) etc. Minimize the restriction and the qualifying criteria for providing HITS license and services
3) Address Vertical integration in Broadcasting and Cable TV with zero tolerance
4) Restrict Mergers and Acquisitions within MSOs and between MSOs and broadcasters/Content Aggregators

Q 1. 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?

Yes. Monopolies create following

1) Higher price to the consumer
2) Lack/restricted choice to the consumer
3) Sub-standard service and poor maintenance
4) Lack of incentive for innovation
5) Can create cartelization among entities and denial of services of other entities

Q 2. 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.

Cable TV business predominantly involves re-transmission of broadcaster's content and since most of the broadcaster's subscription deals are city specific, a city should be the relevant market for measuring market power in the Cable TV sector.

Q 3. 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.

In our view, to curb dominance and monopolistic trends both the above criteria doesn't seem to be adequate in addressing the concerns of the consumer.

We believe that using only one of the above mentioned criteria to restrict operation of the MSO is not advisable as it does not allow a discerning consumer to avail Cable TV services from the best and the most competitive CATV service provider. Instead, the consumer will be compelled to take services from the local service provider with poor service quality and higher cost.

At the same time the above criteria will prevent/desist the MSO with good service from expanding into new territories where his service will be in demand and consumer in that territory will be forced to avail services of the local player irrespective of service quality.

Therefore, we suggest the Regulator should introduce regulations to facilitate introduction of more players (Competition) and newer technologies rather than using restrictive practices which are not conducive in providing good service.

Q 4. 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.

N.A

Q 5. 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.

N.A

Q 6. 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.

N.A

Q 7. 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.

No comments

Q 8. 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.

No comments

Q 9. 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.

No comments

Q 10. 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.

No comments

Q 11. 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.

No comments

Q 12. What should be the periodicity of such disclosures?

No comments

Q 13. Which of the disclosures made by the Cable TV entities should be made available in the public domain? Please elaborate your response with justifications.

No comments

Q 14. 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?

We suggest the Regulator should introduce regulations to facilitate introduction of more players (Competition) and newer technologies rather than using restrictive practices which are not conducive in providing good service.

Content should be mandatorily provided to MSOs based on following criteria

1) Net worth of the company
2) Technical compliance

Q 15. Stakeholders may also provide their comments on any other issue relevant to the present consultation.