Digicablecomm Services Pvt Ltd

CHAPTER 7: ISSUES FOR CONSULTATION

The following issues have been posed for consultation.

Note:

i. Please support all your answers with detailed reasoning

ii. It may kindly be noted that the comments may be received in TRAI on or before 25th April 2010. No extension of time will be granted

1. Are the figures in Annexure B3 representative for the different genres of broadcasters? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the genre, and not of your company.

   Ans : Not in a position to comment on the authenticity.

2. Are the figures in Annexure B5 representative for aggregators? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company

   Ans : Not in a position to comment . However on apparent observation the figure seems to be not representative

3. Are the figures in Annexure B7 representative for the national MSOs? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company

   Ans : In the current business model subscription cvollection from LCO in our opinion is around 30% carriage 60% and others 10% for National MSOs.

4. Are the figures in Annexure B7 representative for the regional MSOs? If not, what according to you are the correct representative figures? When providing

6. Are the figures in Annexure B9 representative for the LCOs with =< 500 subscribers? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company

Ans : LCO with less than 500 subscribers could not ascertain validity of the data.

7. What according to you is the average analog monthly cable bill in your state or at an all India level

Ans : We fully endorse that Average analogue monthly cable bill is Rs 165/- In West Bengal it is Rs 170/-

8. Is the market for cable services in non-CAS characterized by the following issues:

   (i) Under-reporting of the analog cable subscriber base
   (ii) Lack of transparency in business and transaction models
   (iii) Differential pricing at the retail level
   (iv) Incidence of carriage and placement fee
   (v) Incidence of state and region based monopolies
   (vi) Frequent disputes and lack of collaboration among stakeholder

   Ans : Agree to all above points

9. Are these issues adversely impacting efficiency in the market and leading to market failure

Ans : YES

10. Which of the following methodology should be followed to regulate the wholesale tariff in the non-CAS areas and why?

    i) Revenue share √
    ii) Retail minus
    iii) Cost Plus
    iv) Any other method/approach you would like to suggest

12. If the cost plus model is used to regulate the wholesale tariff, should it be genre wise or channel wise ? NA

13. Can forbearance be an option to regulate wholesale tariff? If yes, how to ensure that (i) broadcasters do not increase the price of popular channels arbitrarily and (ii) the consumers do not have to pay a higher price

Ans . NA

14. What is your view on the proposal that the broadcasters recover the content cost from the advertisement revenue and carriage cost from subscription revenue? If the broadcaster is to receive both, advertisement and subscription revenue, what according to you should be the ratio between the two? Please indicate this ratio at the genre levels.

Ans : It is difficult to establish the ration asked for. In our opinion pay channel should not be allowed to collect advertis

practiced in most of the countries. Also we should consider other options such as local insertion of advertisement etc tow

compensating the carriage cost by the broadcasters

15. What is your view on continuing with the existing system of tariff regulation based on freezing of a-la-carte and bouquet rates as on 1.12.2007; and the rate of new channels based on the similarity principle at wholesale level? You may also suggest modifications, if any, including the periodicity and basis of increase in tariff ceilings

Ans : Existing system of tariff regulation is not workable for bouquet rates as it is often misused by the aggregators. All cl

build by broadcasters on alacarte basis at an applicable rate.

16. Which of the following methodologies should be followed to regulate the retail tariff in non-CAS areas and why?

i) Cost Plus
ii) Consultative approach
iii) Affordability linked √
iv) Any other method/approach you would like to suggest

17. In case the affordability linked approach is to be used for retail tariff then should the tariff ceilings be prescribed (i) single at national level √ or (ii) different

19. Should the broadcasters be mandated to offer their channels on a-la-carte basis to MSOs/LCOs? If yes, should the existing system continue or should there be any modification to the existing condition associated with it ?

Ans :Existing system of tariff regulation is not workable for bouquet rates as it is often misused by the aggregators. All cha

should be build by broadcasters on alacarte basis at an applicable rate.

20. How can it be ensured that the benefit of a-la-carte provisioning is passed on the subscribers ?

Ans : Already passed on in retail price.

21. Are the MSOs opting for a-la-carte after it was mandated for the broadcasters to offer their channels on a-la-carte basis by the 8th tariff amendment order dated 4.10.2007. If not, why ?

Ans : Aggregators are not allowing the alacarte price to be implemented

22. Should the carriage and placement fee be regulated? If yes, how should it be regulated ?

Ans : Since there is only 70 space in analogue delivery and there are 500 channels trying to reach out to viewers carriage fee is an ine

factor and should be allowed to continue . The carriage fee amount should be determined by market forces on the basis of demand

supply and need not be regulated.

23. Should the quantum of carriage and placement fee be linked to some parameters? If so, what are these parameters and how can they be linked?

Ans : Same as 22

24. Can a cap be placed on the quantum of carriage and placement fee? If so, how should the cap be fixed?

Ans : Same as 22

25. Is there a need for a separate definition of commercial subscriber in the tariff order?

Ans : Yes

26. If the commercial subscriber is to be defined in the tariff order, then does the existing definition of 'commercial subscriber' need to be revised? If yes, then what should be the new definition for the commercial subscriber?

28. Should the cable television tariff for these identified commercial subscribers be regulated? If yes, then what is your suggestion for fixing the tariff?

Ans : Yes

29. Do you agree that complete digitization with addressability (a box in every household) is the way forward?

Ans : Yes

30. What according to you would be an appropriate date for analog switch off? Please also give the key milestones with time lines.

Ans : 2014

31. What is the order of investment required for achieving digitization with addressability, at various stakeholder levels (MSOs, LCOs and Customers)?

Ans : Rs 30000 Crores to be invested by MSOs to achieve 100% digitalization with addressability.LCO s and customers are likely to get free STB or the cost of digitalization is captured in the end price of the customer.

32. Is there a need to prescribe the technology/standards for digitization, if so, what should be the standard and why?

Ans : BIS Standard

33. What could be the possible incentives that can be offered to various stakeholders to implement digitization with addressability in the shortest possible time or make a sustainable transition?

Ans : (i) Income tax holiday for 10 years

II) VAT & Amusement Tax holiday for 10 years

(iii) write off way available to MSOs free of cost.

34. What is your view on the structure of license where MSOs are licensed and LCOs are franchises or agents of MSOs?

Ans : (i) To get serious players into this sector licensing term should be very stringent.

(ii) Suggest no more new licenses to MSOs

(ii) LCO being the collection/service agent license may not be applicable.

35. What would be the best disclosure scheme that can ensure transparency at all levels?

Ans : Similar to ROCs/stock exchange where any change in the company notified including financial data on a quarterly basis.

38. Stakeholders are free to raise any other issue that they feel is relevant to the consultation and give their comments thereon.