



# DIGITAL CABLE OPERATOR ASSOCIATION MUMBAI

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13, Akbar House, 1st Floor, N. F. Road, Colaba, Mumbai - 400 001. Tel. : 2282 8594

E-mail : dcoamcable@gmail.com

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Shri Anil Kumar Bhardwaj  
Advisor (B&CS)  
Telecom Regulatory Authority of India  
New Delhi.

Dear Sir,

With reference to the Consultation Paper on "market structure/competition in cable TV services" we are submitting our response.

At the very outset we state that most of the issues stated in the Consultation Paper are outdated with the efflux of changing times that we live in and the New Tariff Order that was introduced by you.

To summarise from your own CP, there are 155303 LCOs and 1709 MSOs in 2021 in the country. As your data itself shows the MSOs 97.64 % of MSOs reach to end customers is through the LCO fraternity and not directly by any MSO. Only Asianet in Kerala reaches out to 45.55% customers directly. Now let us talk about the real issues that need to be spoken about and discussed.

1. The NTO was supposed to bring a level playing field amongst all distribution platforms which distributed Broadcast channels. We would like the Authority to please check if it is indeed a level playing field when OTT platforms show the same Broadcast channels without following any of the NTO pricing regulations. As per Downlinking regulations issued by MIB, a Broadcaster cannot provide TV channels directly to customers. Any Broadcaster seeking downlinking permission from MIB, must provided Satellite TV channel signal decoders to MSOs or a DTH operator or IPTV service provider or to a HITS provider. (Para 3.7 of the CP on page23). How is the signal provided to the OTT platforms then ? As LCOs we are not asking for OTT to stop

*showing their content they have created but the same cannot be provided as a LIVE linear TV channel without the same NTO regulations in place.*

We already have seen the case of Broadcasters making their channel Pay to Distribution platforms but being Free on Doordarshan FreeDish DTH services.

2. If you were to do a study of the way cable TV is distributed and compare it with the way Broadband is distributed you will realise that both these services are provided by the same LCOs but on 2 *completely different and independent networks* using Different technologies. Pl study how many MSOs offer DOCSIS Broadband which is when the cable into the home matters. Pl check this with the 1709 registered MSOs. So when different WLAN/FTTx technologies are used by LCOs, we would like to ask where does MSO feature in this. In some cases there may be a business arrangement between MSO LCO for Broadband but by and large that is not the case. Internet Business has its own costs and revenues which have zero bearing on MSO financials.

Let us acknowledge that with changing technologies even India's leading DTH Operator has launched a Broadband service and others may use upcoming Satellite internet services.

3. After NTO, there is hardly any competition between LCOs as the Authority has set the limits on what the LCO can earn whilst giving MSOs and Broadcasters a free hand. Financial Results of the listed MSOs speak of themselves. Now let us highlight the real issues face by LCOs vis a vis MSOs.
  - a] MSOs like Hathway & DEN use SMS systems to reduce the LCO to a collection agent. First there is no meeting held with any Association/groups of LCOs on revenue sharing of NCF or Broadcaster Distribution Fee or Carriage fees collected in whatsoever name. *Today LCOs are also charged the Gateway fees for digital transactions into their wallets.* Nowadays the MSO management of Hathway/DEN passes the buck of all decisions to a 'Phantom' new owner.
  - b] No meeting to discuss MIA terms is ever held and MIA is thrust on the portal which has to be accepted or then the LCO cannot access his STBs defeating the purpose of MIA. *The Authority may rename it as Mandatory Interconnect Agreement instead of Mutual Interconnect Agreement.*
  - c] MRP defined by MSO on website does not take into account the fact that **Billing role is that of LCO** as per TRAIs MIA and the LCO has the right to levy NCF or Addn NCF as the case may be. We have pointed in our detailed Presentation to you, how Hathway/DEN has reduced the price of the package

by reducing the NCF amounts which impact LCOs but not their revenues. MSOs can afford a lower NCF as they also get revenues from Carriage/placement/incentives fm Broadcasters besides advertising on their inhouse channels and middleware or home pages. *Hence all LCO Associations have been demanding a relook at the sharing formulae between the MSO and LCO.*

If MRP is to be set by MSOs it must take into account the full value of NCF/addn NCF and then leave it to LCOs what they wish to charge their customers. MSO executives then advise LCO to levy additional charges as deemed fit.

- d] We have evidence that Hathway/Den charges the LCOs in North/East a different rate vis a vis what they charge Maharashtra LCOs for very similar packages. We can provide the screenshots if you so wish to substantiate this.
- e] In Mumbai we have witnessed Hathway reducing customer rates to Rs.100 with free STB whenever a LCO has tied up with another MSO for better business terms.
- f] Prices of MSO packages have never been reduced when channels like AXN, ESPN, HBO/WB, Romyed HD and others have discontinued services.
- g] LCO is prepaying each and every connection to the MSO who gets to use the funds for almost two months before paying the Broadcasters. Customer default is entirely on LCO account. Not even one STB is given free for LCO to use in his office or as a standby. Even when we had approached the Authority for some leeway in prepaying during the first Lockdown, we received zero support from MSOs as well as the Authority.

*So in a nutshell, if rates charged by MSO 1 and MSO 2 are miles apart(nearing double) and the customer is getting the same channels or even better from MSO 2 why would any LCO not look at changing the MSO ? Is it not the right of every businessman to take his business where he gets better terms? LCO also passes on the lower rates to customers as well and customers benefit too.*

We leave it to you on how you wish to address the REAL issues rather than floating a CP that goes nowhere. Our struggle for a rightful earning will continue in the pending matter on NCF at Mumbai High Court but we still hope that wiser counsel prevails that looks at interests of all stakeholders especially when the industry is at crossroads due to changing technologies.

Thanking you.



DCOAM