

Dated : 22nd May 2019

To
TRAI

Sub: Counter comments on CP on Network Norms for MSO

Dear Sirs,

Two out of the 15 commenting parties are not in favour of such stipulation and hence we refrain from counter commenting on their Views though not identical to MCOF views

We cannot but mention that the Consumer Body has echoed our views on the need for encouraging Small Business, Entrepreneurship and Localized Service Network that are the Key strengths on which the entire Cable Business has been built. In our humble view, the views reflect the disenchantment that build up when basic Services move from Individuals to Corporates Consumers in India and rest of the World have begun to see the dangers of overt Corporatisation, Consolidation of business controls passing from enterprising Individuals to the impersonal Capital driven Entities

Of the remaining 12 out of 15 Respondents have endorsed the need to stipulate entry-level Net Worth requirements

These 12 include

Seven from MSO side comprising of five AIDCF Members and AIDCF itself

Five from Broadcasting Space including a Body representing Broadcasters

We take this opportunity to publish our Counter Comments on their Comments

At the outset, we wish to make it abundantly clear that we respect their stature and the Freedom of Expression each Participant in Consultation Process has. However, we consider it our Duty to protect the interests of LCOs, Consumers and Aspirants from amongst these who seek to upgrade themselves, hence submitting our counter views

1) The above MSOs do not include even a single Regional or Local Network out of 1200 Operational Networks

2) Similarly FTA and Stand-alone Broadcasters appear to be silent

3) Within the MSOs and the Apex Body of the handful Market Leaders, we notice considerable differences so far as estimates on CAPEX and OPEX are concerned. This is surprising to say the least and reflects non-standardization on all counts. While each Company spends as per availability of Debt and Equity, the extremely high costs indicated by them do not seem to be in sync with current Prices and cost structure. It may be that since none of them has set up any Head-end in past few years, they have been denied the benefits of Market moving Southwards in past few years. We stand by the figures indicated by us in our Comments published by TRAI

4) The concern for SLA and honouring TRAI Norms is in stark contrast to the ground realities. As we understand from Press Releases by TRAI, the Show Cause Notices issued till date in respect of non-compliance with New Tariff Order have been addressed to the Bigwigs including those who have

expressed their concerns on this count. Not a single notice has been issued to any comparatively smaller Network

5) PayBroadcasters concerns are misplaced since-

- The IRDs are under their controls at all points of time
- Well defined eligibility Norms are in place for CAS, SMS and STBs, the three areas that have a bearing on the revenue assurance and IP Protection

As regards FTA Channels that some of the commenting parties run, they are required to pay Carriage Fees and are Creditors who are paradoxically attempting to propose norms for their Debtors

6) We notice that quite a few Respondents have proposed higher License Fees and many fold increase in Network

It is common knowledge that Capital comes in at a cost and needs to be serviced at costs higher than Mobilization costs. It follows that these costs, if made applicable, would be passed on to Subscribers and thereby defeat the basic purpose of TRAI Regulations

7) All Participants without exception have remained silent on-

- If Norms for MSOs attached to HITS Platform since these are Mini-MSOs with Local Sub-Headend attached to HITS
- Infrastructure sharing proposition put forth by TRAI that would eliminate wasteful duplication of costs and at the same time bring in standardization at Service Origination Point

7) We assume and expect that these Norms, if stipulated will be applicable to New MSOs being Entry Level Norms. Such a situation could create a major distortion in the eco-system where the handful new MSOs have differing Norms and License fee costs

8) Hypothetically speaking since Norms cannot be applied retrospectively, if promulgated, the existing Networks will be provided a couple of years to rise to applicable level. Such stipulations would lead to immense chaos, shut downs, losses to Subscribers and Job losses apart from unsettling decades old MSO-LCO relationship that exists with all inherent flaws

9) Any Norm that prevents entry by new Players, has the potential to create jobs, bring in new Technology, benefit from lowered costs simply because some of the Incumbents have paid heavier price would be undesirable and unjustifiable

10) The concerns that seem to be at the heart of CP and Respondents for Subscriber and SLA is much appreciated but not the prescription since the medicine will be worse than disease. Instead, one should draw comfort from TRAI initiatives such as-

- STB Interoperability
- Infrastructure sharing
- Implementation of the NTO that has created Level Playing Field in Letters and Spirits of each proposition therein

11) It would not be out of place to mention that none of the Services and Retailing Businesses including Healthcare, Education, and Transport have such Norms and singling out Cable TV will be grave injustice

In closing, we reiterate our previously stated Views that echo the opinions of LCOs aspiring to be MSOs and those seeking softer, gentler new MSO tie-ups to replace the detached, impersonal Monoliths

Thanking you,

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