Subject : Response to Monopoly/Market dominance in Cable TV services

To,
Mr. Rajkumar Upadhyay,
Advisor (B & CS),
Telecom Regulatory Authority of India

Sir,
Please find my inputs below on consultation paper

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, Cable industry in India has witnessed high unregulated growth since 1990s and has reached to a maturity and size today wherein there is definitely a need to address issue of monopoly/market dominance.

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.

No, Relevant market for measuring market power in cable TV sector cannot be merely based on State. Indian cable TV market can be better mapped based on subscriber base rather than area/state. Example, Maharashtra as a state also has city of Mumbai which is a metro. So, assuming 5 players are allowed for state may sound reasonable for Maharashtra as a state but will not be sufficient for Mumbai a city due to size of growing potential subscriber numbers.
Even DAS was rolled out in India for Metro first followed by Tier 2 and 3 cities on similar lines and not on state based logic.
Therefore, relevant market for measuring market power should be based on potential subscriber/population of area which can be represented as:

- 4 Metros: Delhi/NCR, Mumbai, Kolkatta, Chennai
- Tier 2 cities: As per TRAI definition, example can be Bangalore, Hyderabad, Pune, Kanpur, Ahmedabad, etc
- Tier 3 Cities: As per TRAI definition, example can be Jabalpur, Kota, Salem, Nagpur, etc
- Rest of India

Area can also be based on Circle as defined for telecom operations

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.

It should be based on area of operation.
In order to make market from Monopolistic towards Perfect Competition, new entrants should be allowed and let market forces and customers decide on market share of players based on customer service and product offers. Therefore, restriction based on market share should not be imposed. For example, Player A with good market share of say 60% maybe enjoying the position due to better customer service. By putting limit on market share, there can be Player B whose services may be bad but any new customer wanting to opt Player A will not be able to do so due to market share restriction and will have to opt for Player B and will be unwillingly devoid of better services by Player A.
Since India has diverse language and local preferences, it will be more logical from both market and content perspective to have players based on area of operations. A national player in DTH may not show interest in Language A but there can be local DTH player who can offer more content in Language A, thud benefiting customer of that area with options.

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.

MSOs can be divided by area of operations wherein there can be restrictions imposed on number of players in each area on similar lines as telecom circles in India. This will help in maintaining healthy competition and ensuring companies innovate and offer better content to customers. There will be multiple MSOs in existing scenario which continue but no new license should be given to MSOs now, DTH and IPTV players should be promoted per area.

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.

Not applicable

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.

Not applicable

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.

Yes, Suggested conditions in para 2.29 will help to determine true market control by companies in given market

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.

Not applicable

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.

There should be maximum 1 year given for existing entities in cable TV sector to comply with prescribed rule as per Govt of India.

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?

Quarterly disclosures will suffice for such details

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.

Following disclosures should be made available in public domain:

- Equity structure of the entity/company
- Share holding pattern of the entity/company
- FDI pattern of the entity/company
- Interests of the entity /company in other entities/companies engaged in Cable TV distribution
- Interests of other entities/companies, having shareholding beyond a threshold in the Cable TV entity/company under consideration

Above disclosures are important to ensure transparency in market control by key players and put a check on monopolistic trend by any operator

- Details of key executives and Board of Directors of the entity/Company

This information will ensure that operators are not creating new entities with same ownership pattern to create monopolistic trend

- Details of Subscribers served

Subscriber base data will provide market share information to keep check on any growing monopoly by any operator

- Details of areas of cable TV operation

This can be optional information and can be educative for customers

- Details of revenue earned from services provided through cable TV network

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?

No comments

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

With DAS rolling out, TRAI should look for possibility of offering Set-top Box inter-operatability. This will help in controlling monopolistic trends in cable TV since customer will not lock-in with one player due to payment of set-top box fees. Let market forces and customer service define which players are able to keep customers happy.

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