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The Chairman
TRAI
New Delhi

Sub : Comments on the Consultation Paper for restructuring of Cable TV services in NON-CAS areas

Sir,

We are engaged in the business of cable TV sector since last 15 years in network operation, maintenance, hardware supply and other related areas. We are pleased to submit our comments on the issues raised by you in the Consultation Paper on Restructuring of Cable TV Services dated 4th March 2008 :

Issues for Consultation

4.1 The technological advancements, convergence, and increasing popularity of value added services and applications require more vibrant and effective regulation for cable TV industry. Present eligibility criteria do not clearly define a person and also do not take into account financial strength, technical strength and experience of the applicant to provide cable TV services. Do you feel that present regulatory framework requires change? Please give suggestions with justifications.

4.1 The technological advancement leading to convergence of IT, Telecom & Cable TV sector is a capital intensive future. So far the cable TV sector was a stand alone one being more of labour intensive than capital. Hence in the present scenario, it is a necessity to have eligibility criteria so that the applicant has adequate net worth and wherewithal to set up and operate a network which will provide the desired level of service. Hence the present regulatory framework must reflect the trend and the QoS desired.

4.2 The registering authority may refuse the grant of registration

in case of non submission of any document required by him as the application form does not clearly list out the documents to be submitted. In view of this should a comprehensive list of documents required to be submitted alongwith the application of registration be mentioned in the application form itself? Similarly is there a need to make provisions for the appellate authority in case of refusal of registration by the registering authority?

4.2 Yes. The list of desired documents must be specified. Also the renewal process must also be specified and should be rather initiated by the registering authority by way of sending a renewal reminder and a challan/demand for the fee to be deposited. There must be timebound process for all parties to respond.

4.3 The present cable TV industry is subjected to minimum supervisory guidance and control. Do you feel that there is a need to streamline registration process, data collection and monitoring to ensure better cable TV services to customers? Is there a need to have a centralized/ decentralized authority where all the information relating to cable TV sector and also monitoring is managed? If yes, then what should be the structure and scope of work of such an agency? Please, give suggestions with justification.

4.3 We agree that there is the need for streamlining the reporting and monitoring of this sector.

- The registering authority must have monitoring powers also.
- They must have the responsibility of identifying the operators running without any licence/registration and take appropriate action.
- State level decentralized agencies on the lines of Registrar of Companies can be set up to record all the data of subscriber base (like shares in a company), movement/transfer of operators from one MSO to another (which must be by way of say a document like share demat transfer form)
- All these information must be open to all in a transparent manner by way of a website access.

4.4 Present cable TV registration, the Cable Act and the Cable Rules do not cast any specific responsibility for effective customer grievance redressal. What changes do you suggest to bring in effective consumer grievance redressal mechanism?

4.4 The present laws of consumer rights protection are adequate to safeguard the interests of the consumer. Only he has to become more active in making use of such rights for his benefit. Moreover, now the consumer is spoilt for the choice of quality of service he demands. He can easily switch over to the service provider like cable operator, DTH, IPTV, HITS, mobile TV, etc. to receive his choice of quality. This will on its own spur the cable operator to improve the QoS.

4.5 At present by and large only one cable TV operator is providing service in a locality. Is there a need to introduce competition with more than one operator? Please give your suggestions with justifications.

4.5 There is at present no restriction on any other operator or multiple operators simultaneously providing service in any area/condominium. We must understand that sectors like cable TV are infrastructure projects which become natural monopoly. No building societies/complexes allow multiple operators to access and operate simultaneously because the in-house cable network, mostly concealed/ducted, is designed to carry only one operator' signals. Moreover, the division of connections between the multiple operators in a defined area may not be cost competitive to encourage multiplicity of operators. Hence the present trend of one cable operator per locality is more because of necessity and choice than regulation. The emphasis should be rather on whosoever be the operator, he has to maintain proper QoS or else his registration/licence will be at stake. This monitoring along with emerging competitive services coupled with consumer awareness will only suffice.

4.6 Any other regulatory reform.

4.6 The present regulation is lacking following focus :

- Definition of piracy/unauthorized use of signals by cable TV operators
- The evidence which will be enough for the courts to accept occurrence of piracy/unauthorized use
- Specific enabling powers to courts/police, like in Electricity Acts, to take immediate cognizance of such violations
- Strict monitoring of provisions of the Act.

4.7 In view of deliberation in para 3.2, is there a need to modify provisions of the Cable Act/ Cable Rules? Please give your suggestions with justifications.

4.8 In particular, suggestions may be given for a proper regulatory framework on the following issues, among others:

(iv) Correct determination of subscriber base :

just as the returns filed by any assessee is scrutinized/assessed, the returns of subscriber base filed by the operators may be similarly verified periodically/randomly and any intentional omissions or mis-reporting should be penalized.

(v) Laying a good quality network –

All vendors must be registered with the monitoring authority and they must manufacture and import only BIS approved materials as well as operators must purchase materials which comply with BIS standards. Any violations will be severely punished.

(vi) Permission and monitoring of ground-based channels offered by MSOs and LCOs. –

They must also comply with downlinking policy or equivalent.

4.9 Presently MSOs are also registered as Cable TV operators. Do you feel the need for a different regulatory framework for MSOs in view of discussions in section 3.3 ? Give your suggestions with justification. The suggestions may specifically cover, among others, the issues relating to registration of multi-city MSOs, monitoring mechanism, number of MSOs in a city/state etc.

4.9 The MSOs are actually acting as C&F agents of Broadcasters and they are mostly feeding on the networks who are already enjoying the signals from various broadcasters.

- Hence there must be a separate registration and regulation process for MSOs.
- The affiliates of the MSOs must be legally obliged to broadcasters/statutory authorities so that their activities can be monitored effectively.
- The accounts of the MSOs must be transparent and separate for affiliate sales and carriage fee in order to detect/prevent cross subsidization and to stop passing on such subsidy to broadcasters.
- All collections of the MSOs must be put in a NOSTRO bank account with a lien of broadcasters, where MSO can have access to it only after payment to the broadcasters.
- Now that Interconnect Regulations require last invoice of the current MSO to be produced to the new MSO for seeking signals, the rules must specify that the MSOs issue correct invoices to all the operators clearly mentioning - the number of subscribers and the subscription rate and the total fee for each and every channels/bouquet they are charging; the discount or special rebate, if any, allowed to have a transparent invoice.

We hope this will help you in finalizing your restructuring efforts to the CABLE TV SECTOR which is so dear to us. Please feel free to contact us for any clarification.

Thanking you.

Yours truly,
For Binani Consultants Pvt. Ltd.

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