

Cable Operators Federation of India

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Without Prejudice

(by Speed Post/E-mail)

Ref/COFI/TRAI/07/2016

Dated: 23 June 2016

The Chairman,
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg
New Delhi-110002

Kind Attn: Mr. Sunil Kumar Singhal, Advisor (B&CS) and Mr G S Kesarwani

**Sub: Comments on TRAI Pre-consultation Paper on Infrastructure sharing
in Broadcasting TV distribution sector dated 23rd May 2016**

Dear Sir,

Reference your Pre-consultation Paper on Infrastructure sharing in Broadcasting TV distribution sector dated 23rd May, 2016

We welcome the TRAI Pre consultation paper on Infrastructure sharing in Broadcasting TV Distribution sector at a time when it is needed the most. This paper brings an opportunity for the industry to think together and cooperate at all levels to the welfare of all the stake holders and provide the best service, choice at an economical manner to the consumer. With digitisation, great amount of expenses are being incurred by every stake holder in the distribution networks. Sharing of infrastructure can really help to ease the situation reducing the Capex to a great extent.

The industry needs to think together that how all the stake holders can survive together and provide the consumer the choice which has been missing in the industry in the last five years of Digitisation. Moreover, consumer is forced to pay higher subscription every month.

Recognise cable TV network as a telecom Infrastructure.

One important aspect for the growth of the industry is its recognition as a telecom infrastructure, completely distanced from its role of providing TV channels. Benefits of sharing the infrastructure can only be achieved if both broadcasting and telecom networks share each other's infrastructure. At present this is not so. We have failed to create a convergence infrastructure in the country.

Let us not forget that cable TV provides the largest last mile network for converged services but it is not being used as one. Telecom networks do not have a robust wireline infrastructure so our broadband penetration remains very low. Wireline Telecom networks in Rural areas are nonexistent. To increase connectivity, telecom companies are resorting to mobile networks which are bogged down with bandwidth issues apart from the shortage of spectrum. Even voice communications do not meet quality standards.

One of the reasons of delay in implementing digitisation is framing of policies that do not allow infrastructure sharing. Every cable TV network, big or small is expected to create same infrastructure of more than 250 TV channels irrespective of the need, forced to invest to the extent the network becomes unviable discouraging small and medium networks to continue with the business.

We submit our responses as under.

Issues for consultation

4.1 In addition to infrastructure sharing possibilities discussed in pre-consultation paper what more can be shared by the DPOs (MSOs, HITS, DTH) for better utilization of infrastructure?

Response :

In addition to the infrastructure sharing the DPO can share the backend services like their SMS operations, call center operations, service set up and repair facilities. As rightly mentioned that by sharing infrastructure a lot more can be achieved.

Sharing infrastructure on Cable : By Sharing the infrastructure in cable networks which are now mostly on fibre, the duplicacy of the network can be avoided. Currently to cable one area multiple MSO /LCO try to wire up the area and thus the benefit of the economies of scale is lost. Currently all MSO /LCO/HITS operators carry same set of channels in a region. Thus the same set of channels is being processed at multiple places by multiple operators. This is resulting in duplicacy of infrastructure which if saved can be deployed in further expanding the offerings beyond the traditional videos in internet delivery as cable offers excellent bandwidth

capabilities. The digital India drive can be easily accomplished doing this as cable has access to all the households.

As rightly mentioned that there can be **simulcrypting** of the content at the Headend (HE) which is distributed to the LCO and who further distributes to the houses. If the same pipe carries the content of different MSOs, the choice will be at the LCO end and as well as the consumer end. Consumer will be aware of which all MSOs' signals are being distributed by the LCO and will be able to choose the desired service. This will not only bring the competition among the service providers to provide the service at the best possible rate, will also bring in the much desired **interoperability** automatically. The consumer will gain on the delivery of the service and price, the LCO will gain as he will not be monopolized by one MSO and can thus offer Consumer the product of the service provider consumer wishes.

On the backend by sharing infrastructure the capital investments will be spread over a large base thus the capital cost and operating cost, both will be very low, which will again help in giving consumer a service at an economical cost and also return of investment for the operator will be faster and higher.

We have seen a similar model in Telecom industry which started with each operator having its own towers and base stations and gradually migrated to sharing the passive infrastructure like towers etc which has resulted in huge cost saving for the telco operators.

Pay Channel Distribution Network. Just like a HITS platform, we can also have independent pay channel distribution network for the whole country that will distribute only the pay channels to cable operators. Liberty Global has a similar network in Europe where it aggregates only Pay channels and distributes them to MSOs in different countries on fibre optic cables after encryption, depending upon their choice of language and content. If this concept is given the go in the country, many cable operators will be able to sustain their business having digital FTA headend and buying pay channels from the Distributor depending on their requirement.

Sharing of CAS, SMS and Billing system can also be done by a group of LCOs in a City and run the network as a co-operative. Each LCO can generate his own billing and control the connections himself.

For DTH and HITS it will be huge savings for the operators and also for the country as today for same set of channels there are six or seven times uplinking happening and precious foreign exchange is being spent on hiring of the transponders from the foreign satellite operators, the part of the saving happening on the cost by sharing transponders can be utilized to work with ISRO to create more satellite capacity on Indian Satellites. The consumer will be benefitted most as then the same antenna

and LNB which is once installed can be used for multiple players and they can just change the box if required of the operator whose service he wishes to take. The operators can make use of different middleware, which they can continue to provide and can pay for that much bandwidth extra to the satellite operator.

We have read in the Economic Times dated 26th May 2016 that ISRO wants DTH companies to share the Transponders on one satellite which is a welcome step

Their backend operations like SMS, Call Centre, Service franchisee, service centres, installation teams all can be common, in fact today also operators share many of the services like common retailers, some installation agencies work for more than one service provider etc.

There should be HITS platform operated by agencies like DD, BECIL or even ISRO, this will form a neutral platform, a MSO can go to these agencies and request for use of the infrastructure using his own CAS to operate. This will be very cost effective solution to the operators and HITS operator can also get a fair share of cost provision of services. To encourage further, MIB should stop giving permission for the individual channels to uplink from different teleports, let them uplink from the HITS operator and the same C band feed can be used by the DTH operators and MSOs to downlink, this will again save the transponder rentals going to various foreign satellites and also ensure that maximum channels are on HITS. Thus if the agencies like DD, BECIL, or ISRO operate a HITS platform there will be more trust in them and they will become self sufficient.

4.2 What could be the operational, commercial, technical and regulatory issues which require to be addressed at the time of developing policy and regulatory framework for enabling infrastructure sharing in the broadcasting TV distribution space?

Response

Regulatory and Licensing : On the regulatory side the DAS License, HITS License and DTH permissions will have to incorporate the provisions to allow the infrastructure sharing and the applicant will have to produce an agreement with the service provider whose infrastructure the applicant wishes to use.

Commercial : since the interconnect allows for a non discriminatory treatment to all the platforms that should be implemented and the interconnection agreements of all parties should be put in public domain so that it clearly shows there is no indiscrimination between the platforms and between the service providers. Then only the trust will come for the sharing.

Sharing of the carriage revenue : A clear formula for sharing of the carriage revenue amongst the players will have to be formed, currently the carriage revenue

is solely kept by the single HE operator, now since from the same HE the channel will be available to the multiple players the revenue share formula for the carriage will also come in place, this can be based on the per sub basis or proportionate base to the number of subs and this will thus bring in more transparency in the carriage fee being paid. Even LCOs can share the carriage fee.

Standards : All operators will have to follow standards as set by BIS and DVB from time to time. So that there is no issue on the transmit side and receive side.

4.3 Do you envisage any requirement for change in the existing licensing / registration framework laid for DTH, DAS and HITS broadcasting services? If yes, please specify those changes clearly for each platform?

Response ;

There will be requirements to change the licensing / registration frame work in force currently. The current framework mandates all the operators to have their own infrastructure on the HE side, this will have to be amended and in case the applicant wishes to tie up with another service provider then he can mention the same in the license and will have to put up agreement with the service provider with whom he has tied up and in case he wishes to serve many service providers he may be allowed to add the same in his registration / license at a later stage

For HITS and DTH : Similar provisions will have to be made in the case of these two categories of the operations where in the license holder can collaborate with another license holder to share the infrastructure passive or active.

4.4 What could be the implications of allowing separation of network and service provider functions at distribution level? How the responsibilities can be divided between the network and service providers?

Response

The network providers will be the distributors for the last mile, they can be conduit provider only or can be the last mile consumer facing organisations.

The separation will bring in more transparency and competition and thus the MSO monopoly over an area will end, the network provider can distribute the services of the multiple players and thus regulatory provisions will have to be made that network provider will provide non discriminatory access to all service providers. This will also encourage the last mile service providers to upgrade networks for broadband services to earn more revenue. Also they will be saved the trouble from the Pay TV broadcasters.

4.5 Any other issue which you feel will be relevant for enabling the infrastructures sharing and separation of network and service provider functions in TV distribution sector?

Response

The infrastructure sharing and the separation of the network and service providers needs very clear interconnect regime which is transparent and non discriminatory. The ratio of the sharing will need to be clearly defined and the clarity be brought who does the billing and pays the taxes. The handoff point of the services will have to be very clearly defined

General-

DTT

We understand that TRAI is contemplating to come out with the consultation paper on the privatization of the DTT services in India, which are in the domain of DD till now. There needs to be clear thoughts on the same, it should be done on the lines of the FM radio that one agency installs the infrastructure in the city and all the other licensees will have to ride on that infrastructure, this will ensure that there is common technology used and it is easier for the consumer to receive all the service providers from one DTT receiver which is then again another Set Top Box , else again we will have different players in the same city and multiple cities and the boxes for one service provider will not be used for another service provider. You are requested to please ensure that pricing to the consumers be made transparent in this case.

Yours Faithfully,

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