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CONSUMER CARE SOCIETY®

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(Regd.under Karnataka Societies Regn. Act. 1960)

Regn. No: 388/94-95

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CCS/012/13-14

29/06/13

Bangalor

To

Mr. Rajkumar Upadhyay, Advisor (B & CS),
Telecom Regulatory Authority of India,
New Delhi-110001

Subj.: Consultation Paper on Monopoly/Market dominance in Cable
TV services

Dear Sir,

Our comments on the subj matter is as follows

Q1. Yes there is urgent need to address the issue of monopoly/ market dominance in cable TV distribution both at MSO level as well as cable operators' level.

Q2. We can agree that state should be the relevant market for measuring market power in the cable TV sector.

Q3. The curb market dominance and monopolistic trends, restrictions in the cable TV market. We do not recommend either option (i) or (ii) we recommend a third option viz like in the case of mobile telephone business where state wise tenders are called and the first, second and third successful tenders whatever criteria may be decided at the tendering stage to determine the successful tenders and successful renderers are given jurisdiction to operate in entire state. Likewise after tendering, 3 MOS can be selected who will have jurisdiction to operate in the entire state with the stipulation that none of the 3 can have more than 40% share where any existing MSO has already more than 40% market share, the tender stipulation should be that they should reduce their market share to 40% over a period of certain number of years, say 3 to 5 years.

Then any cable operator in that state can take signals from any one of three MSOs. In no case the MSOs should divide the state geographically and carve out jurisdictions if service given by one MSO is not satisfactory the cable operator is free to switch over to another MSO.

Now upcoming to cable to cable activities in cities and towns as well as in rural districts, based on market forces cable operators can open shop but the operators are prohibited from carving out exclusive territories for their operation and not allow any adjacent or other operator to give cable connection to any consumer in their territory (This practice is now in France by deploying muscle power). Any consumer should be able to choose any one operator of his choice.

Q7. Should control of an entity.....

We recommend that control be decided in terms of Para 2.29 which in turn take the definition of 'control' given in explanation to section 5 of the competition Act, 2002.

Q8. Please comment on the suitability of the rules.....

We can recommend that the suitability of rules defined in 2.31 for imposing restrictions on control be followed as they are reasonable.

Q9. In case your response to Q3 is option (iii)

In our answer to Q3 we have given reasoning for the alternative suggested by us.

Q10. In case rules defined in para2.31.....

We HHI after merger does not meet the restriction which comes into force, and if the 2 merging groups had more or less equal market share then a maximum of 3 years may be allowed to dilute the control for HHI to meet the restrictions. In case the share is in the region of 1/3, 2/3, then 2 years and in case it is in the region of 1/4, 3/4, then it could be one year. If the share of one MSO was less than 1/4, then dilution should take place within 1 year.

Q11. Whether the parameters listed in Para 2.33 are adequate.....

We are of the view that information all the parameters listed in Para 2.33 are adequate for mandatory disclosures with the following additions

- i) Disclosure of conflict of interest of key executives and board of directors.
- ii) Statement of various services provided by the entity.
- iii) Statement on grievance redressal mechanism in force.

Q12. What should be the periodicity of such disclosures?

All data are to be updated once a year in the prescribed month preferably in April after closure of annual accounts. Thereafter, the disclosure follows.

Q13. Which of the disclosures should be made available in public domain?

We are of the view that in the interest of transparency and accountability all the data on the above mentioned parameters should be disclosed.

Q14. What amendments if any are to be made.....

Q15. Any other issues:

At present The Cable TV service providers are monopolizing the geographical areas of the locality and are dictating terms for the service which should be curbed . Also with regard to Set top boxes being provided by the service providers are of different brands and are of not conforming to any set standards and quality certification which may please be looked in to . *n this* connection we are enclosing the letter written by senior member of our society for your consideration

With Kind Regards

(Ravindra Nath Guru)
Secretary , CCS