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FEDERATION OF CONSUMER AND SERVICE ORGANIZATIONS

Promoted exclusively to deal with the pressing issues..

(Regd. No.CAG/01/2016 as a Consumer advocacy group with TRAI)

No.5, 4th Street, Lakshmipuram,
Tiruchirappalli – 620 010. T.N. State .

The Secretary,
Telecom Regulatory Authority of India,
New Delhi – 110 002

05.05.2019

Kind attention to: **Shri Anil Kumar Bhardwaj, Advisor (B&CS),**

Dear Sir,

Sub: Forward our view on consultation paper on Entry Level Net worth requirement of Multi-system Operators in Cable TV services - reg.

We most respectfully forward the following as our comments in the above consultation paper for your kind perusal and necessary consideration:

- a) Do the present rules and provisions as regards eligibility and net worth for MSO require a review or modification? Give your answer with justification?

Ans: Yes. It should be simplified to participate more numbers of the MSO to create stiff compilation among them in serving subscribers.

- b) If yes, should there be provisions specifying eligibility only for registered proprietorship / partnership firms or it should continue to include individuals or group of individuals as at present? Please elaborate your comments with reasons and facts.

Ans: All will give due priority subject to their eligibility, as well aware that the limited companies are having only limited liability and responsibility. We have to see their ability; source of fund to invest, sustainability, knowledge and track records from their bankers, their area Police.

- c) Is there a need for prescribing an entry level minimum net worth for the MSOs? Please justify your comments.

Ans: No, Minimum net worth entry level for the MSOs is not require, this will help only to big people, we have to encourage the talented, service minded, honest new generation to enter within this business.

- d) Do the present rules and provisions as regards eligibility and net worth for MSO require a review or modification? Give your answer with justification?

No, the present seems as fair and it will pave way to the new comers and right persons with ability could participate.

- e) What are the components of the variable costs incurred by an entrant MSO?

Ans. The viable number of subscribers expected to be served.

- f) How do the fixed costs and the variable costs depend upon the scale of the operation that is for the small, medium and large operators?

Ans. Maintenance costs, overhead costs, wear and tear, etc., vary for the small, medium and large operators. Larger the operator, more the profit margin, due to the higher volume of turnover.

- g) Should the minimum net worth required be based upon the average fixed cost incurred by an entrant? If yes, what should be the appropriate criterion? Please explain

Ans. Instead of Net worth, they would have insisted to show the source of fund enable to funding the business.

- h) Discuss if there could be some other criteria in context of costs incurred such as a combination of average fixed and variable costs

Ans. No.

- i) What is the average cost incurred in establishing a minimum capacity of 100/200/300/500 channels? Should the minimum net worth depend upon the proposed channel carrying capacity of the entrant? Please justify

Ans. Other than present system, the entrant should bring details of the sources of funding. The Net Worth will not help to run the business to the stratification of subscribers. .

- j) Should the minimum net worth depend upon the proposed number of subscribers that an applicant MSO would cater to?

Please justify

Ans. As per our view, the Net Worth system will help only the big people to enter the business and it deprived the eligible new comers.

- k) If the answer to question (h) is in affirmative, what should be the proposed number of subscribers and the relevant net worth for the same?

Ans. We are not in favour with the Net worth, which is paving way to big people to enter the business and deprive the interest of small and upcoming talented.

- l) Discuss if any other criterion could be used to determine the entry level net worth of the MSOs?

Ans. The background of the entry level should be studied about his talent and experience for sustainable of the service.

- m) Should necessary modifications be made in Cable TV rules in case of individual applicants so as to ascertain his/her net worth more prudently compared to the existing regime?

Ans. No, existing is sufficient, but should be studied about their sustainability and source of investment and also some refundable (affordable) deposit.

n) Should the individual be permitted to seek MSO registration? If he/she is permitted, what should be the method for calculating and verifying his/her net worth?

Ans. Yes, provided to show the source of require investment and sustainability with some refundable deposit.

o) Which documents need to be furnished at the time of registration in order to justify the given net worth requirements for all other 3 cases, i.e., body of individual, partnership firms, companies?

Ans. We are not in favouring Net Worth, instead seek to produce the source of require investment, sustainability and refundable deposit, which may affordable.

p) Comments on the contents of proforma on the basis of which net worth for the new entities is to be calculated?

Ans. Customers' evaluation report to be provided.

Thanking You, Sir,

Yours faithfully,

M. Sekaran,

President,

CAG Register with TRAI

