

Q & A ASHOK MANSUKHANI

# “Broadcasters have had it easy”

Ashok Mansukhani, president of the Multi-System Operators (MSO) Alliance and director with Hinduja-owned IndusInd Media & Communications (which owns cable distribution firm InCable), is pleased with the recent Supreme Court order on cable pricing. While the Telecom Regulatory Authority of India (Trai), had put a cap on cable pricing (different for various categories of cities) and said broadcasters would have to allow MSO/cable operators to buy their channels on an à la carte basis, this was struck down by the appellate tribunal, TDSAT. The issue was challenged in the Supreme Court which stayed the TDSAT judgement. Mansukhani spoke to Shuchi Bansal on India's digital challenge and regulatory requirements for the broadcasting industry. Excerpts:



**Why are you celebrating the Supreme Court order? It has asked Trai to come up with a fresh regulation within four months.**

The Court could have dismissed Trai's and IndusInd Media's appeal, but didn't. Trai's October 2007 non-CAS-area tariff order had three objectives (there are a few cities where Conditional Access Service, or CAS, is mandatory; the rest of the country is non-CAS). One, to have uniform cable pricing, based on city-classification, to ensure all 80 million customers get protection. Two, to make its price-cap on cable pricing viable, it had to ensure broadcasters did not bundle their offers to MSO/cable operators and insist cable firms had to buy all their channels or none — so Trai mandated that channels had to be sold on an à la carte basis. Last, it brought complete transparency in cable billing by insisting this had to be itemised. In the highly-fragmented non-CAS environment, this is and remains a revolutionary attempt by Trai to bring sanity to the Indian cable environment.

Yes, Trai will come up with a fresh regulation after consulting all service-providers and customers. To keep the customer-end price regulated/fixed, the entire chain has to undergo regulation.

**Why does broadcasting and cable need to be regulated anyway? Newspaper pricing is free.**

Private TV was launched 18 years ago without addressability at the last mile. There were only free-to-air channels initially so it didn't matter. But as television channels began to turn pay, the customer

was not given a choice in selecting and paying for only the channels s/he wanted (in the case of newspapers, however, a consumer has full freedom of choice). The broadcasters hard-bundled their bouquets, giving no choice to either cable distributors or customers — this is what led to the CAS law of 2002 which put a ceiling on cable-pricing and mandated à la carte selling by broadcasters.

**Haven't Trai's regulations been piecemeal? For instance, what cable industry pays broadcasters is regulated but what you charge them as carriage or placement fee is not regulated.**

No, Trai's record in broadcast and cable regulation is impressive. It has mainly focused on interconnection and tariff issues but each and every regulation has been challenged by broadcasters right up to the Supreme Court.

On carriage, Trai has just amended the Interconnect Regulations — this prevents cable or other distributors from getting benefit of 'must provide' if they demand carriage fees. That is, they cannot insist on getting all the content that is mandatory for broadcasters to provide today. Car-

riage fee is a very legitimate part of the MSO/DTH business model. In fact, if Trai can at all be faulted, it's because it treats broadcasters with kid gloves. For instance, it allows them to have a hybrid advertisement/subscriber model; it does not monitor the ad-to-programme ratio notified by the government and it does not always invoke its powers of tariff-fixation, leaving broadcasters to fix prices without interference except in CAS areas.

**Isn't the fixed rate that broadcasters can charge too low and why can't they charge a premium for premium content?**

Each and every broadcaster has been able to increase subscription revenue by over 300 per cent and ad revenue by 500 per cent in the past five years of regulation. Broadcasters should allow addressability and make money for the content chosen by subscribers, not for bundled content. Good content makes good money.

**Trai often complains that broadcasters don't share business details with the regulator, making it tough to determine pricing on a scientific basis as is done, say, in**

**the case of telecom.**

Broadcasters don't share any information, but the MSOs do. If broadcaster don't agree, Trai should just examine balance sheets of listed broadcasters and Registrar of Companies' declarations of unlisted ones.

**What is the biggest issue that the government still needs to address?**

Digital addressability in cable. Trai's recommendation for a 55-city roll out of CAS is on the back-burner. Mandatory CAS in Mumbai, Kolkata and Delhi has been pending for the last two years.

**What happened to the Planning Commission's plans to make the entire country opt for digital TV before the Commonwealth Games?**

This is very much possible but it was hurting some stakeholders. Also, the political will was lacking. If public transport in Delhi can be fully-converted to CNG in such a short time, why does cable digitalisation/addressability have to wait for so long? But sooner or later, it has to happen.

**Does DTH pose a major challenge to cable?**

The MSO Alliance has always welcomed DTH as it increases competition and gives the customer an element of choice. Traditionally, wherever cable is strong, DTH makes inroads but it never overtakes cable. This is the pattern worldwide.

One of the reasons why DTH took off faster than digital cable is because there has been an artificial restraint on cable television's growth that has been imposed by the government. When Parliament enacted the CAS legislation in 2002, it was not envisaged just for south Delhi, south Kolkata and south Mumbai. It was a national legislation. But mainly due to political reasons, CAS has not been allowed to spread. All we are asking is for a level-playing field.

However, IPTV is a bigger threat to cable than DTH. IPTV is a sleeping tiger that will bite very hard in 2010. IPTV allows you to watch content at a time of your choice. You can summon up stored content, watch live content and you can watch it postponed.

**Are the cross-media restrictions being contemplated a good idea?**

They will be a non-starter. Technology will always beat regulation. It's better to spend more time on creating a level-playing field. The media industry should not allow the government to dictate who should own what form of media.

**Don't other countries have such restrictions?**

Yes, there are restrictions but they are in terms of share of voice. If you own the Boston Globe, then you should not own the Boston TV station. But you can own a New York TV station. Across the world, there are a growing number of less large players. I would rather prefer equitable regulation to promote healthy competition in all sectors.