

*A Report*

# **A Market Survey of Consumers of Cable Television Services in India**

*Submitted to*

**Telecom Regulatory Authority of India (TRAI)**

New Delhi



**CMS**

**Centre for Media Studies (CMS)**

RESEARCH HOUSE, Community Centre, Saket, New Delhi –110017

Ph: 26864020, 26851660 Fax: 26968282

Email: [nbraocms@vsnl.com](mailto:nbraocms@vsnl.com), Website: [www.cmsindia.org](http://www.cmsindia.org)

***June 2007***

## CONTENT

	<i>Page No</i>
<b>Executive Summary</b>	<b>i-v</b>
<b>Chapter I: INTRODUCTION</b>	<b>01-04</b>
1.1 Respondent Profile	
1.2 Limitations of the Study	
<b>Chapter II: SUBSCRIBER RESPONSE TO PRICING RELATED ISSUES</b>	<b>05-15</b>
2.0 PRICING RELATED ISSUES	
2.1 Monthly Bills on specified dates	
2.2 Satisfaction with the present monthly bill	
2.3 Distribution of monthly bills across the various genres of television channels	
2.4 Willingness to pay more for better services	
2.5 Willingness to subscribe to Value Added Services (VAS)	
2.6 Set-top box	
2.6.1 Mode of CAS installation	
2.6.2 Rental arrangements for STB	
2.7 Pricing of set-top box	
2.8 Preference to pay	
<b>Chapter III: SUBSCRIBER RESPONSE TO COMPETITION RELATED ISSUES</b>	<b>16-24</b>
3.1 Television Set's Capacity Vs Channels Actually Received	
3.2 Perception of competitiveness amongst channels within same genre	
3.3 Issues Concerning CAS	
3.3.1 Awareness of Conditional Access System (CAS)	
3.3.2 Reactions to CAS: features liked	
3.3.3 'Most liked' features in CAS	
3.3.4 Reactions to CAS: Reservations against CAS	
3.3.5 Most keenly felt reservations about certain features in CAS	
3.4 Awareness about Direct To Home (DTH) Services	
3.5 Service preference among non-CAS and non-STB respondents	
3.6 Reasons for CAS preference over DTH among non-CAS respondents	
3.7 Reason for Not Preferring Set-Top Box or DTH: Among non-STB users in CAS areas	
<b>Chapter IV: SUBSCRIBER RESPONSES TO QUALITY OF C&amp;S TELEVISION SERVICES</b>	<b>25-28</b>
4.1 Quality of C&S television services	
4.2 Choice of service providers	
4.3 Satisfaction with service providers	
4.4 Complaint redressal process	
4.5 Break in transmissions due to power failure	

**Chapter V: TRAI & Its Regulatory Framework** **29-30**

- 5.1 Awareness
- 5.2 Awareness about the regulatory framework of TRAI

**Chapter VI: Responses from Service providers** **31-36**

- 6.1 Profile
- 6.2 Coverage
- 6.3 Subscriber
- 6.4 CAS Likeability
- 6.5 Reactions to CAS: features liked
- 6.6 Reactions to CAS: reservations against CAS
- 6.7 Financing of set top box

**Chapter VII: Summing up and Suggestions** **37-42**

***Annexure***

- 1. Methodology
- 2. City wise Tables

## List of Tables

	<i>Page No</i>
Table 1.1: Socio Economic Class of the Subscriber	3
Table 1.2: Monthly Household Income	3
Table 2.1: Monthly cable television subscription rates	6
Table 2.2: Monthly bills across the four metropolitan cities on specified dates: STB	7
Table 2.3: Reasons for showing willingness to pay more	11
Table 2.4: Monthly rental for STB: CAS	13
Table 2.5: Pricing of set-top box	14
Table 3.1: Households reporting Television Set Capacity Vs Channels Received (in %)	16
Table 3.2: Television Set Capacity Vs number of channels received: STB Households	17
Table 3.3: Television receipt capacity Vs number of channels received: non-CAS Households	17
Table 3.4: Television receipt capacity Vs number of channels received: DTH	18
Table 3.5: Perceived competition amongst channels of similar genres	18
Table 3.6: Features liked in CAS	19
Table 3.7: Most Liked Feature in CAS	20
Table 3.8: Reservations about certain features in CAS	21
Table 3.9: Most keenly felt reservations about certain features in CAS	22
Table 4.1: Satisfaction with quality of C&S television	25
Table 4.2: Average number of local cable operator in a locality	26
Table 4.3: Incidence of change of service providers in the last three years	27
Table 4.4: Made complains to service providers	27
Table 4.5: Complaint made to LCO: CAS	27
Table 4.6: Satisfaction with complaint redressal process	28
Table 5.1: Awareness about TRAI: CAS cities	29
Table 5.2: Awareness about provisions and recommendations of TRAI	30
Table 5.3: Awareness about provisions and recommendations of TRAI: CAS	30
Table 5.4: Extent of awareness of disputes between service providers and redressal forums	30
Table 5.5: Extent of awareness of disputes between service providers and redressal forums: CAS	30
Table 6.1: Experience in Cable services Business	32
Table 6.2: Average monthly bill charged per subscriber: As per LCO	33
Table 6.3: Features Liked	34
Table 6.4: Reservations against CAS	35

## List of Graphs

	<i>Page No</i>
Graph 1: Average Monthly Bill: CAS Area	6
Graph 2: Satisfaction with the present monthly bill	8
Graph 3: Appropriate monthly bill	9
Graph 4: Proportion of monthly bill willing to spend on the various genres	10
Graph 5: Willing to pay more for better services	11
Graph 6: Willing to subscribe to Value Added Services (VAS)	12
Graph 7: Mode of STB Installation: CAS	12
Graph 8: Preference to pay Total	15
Graph 9: CAS awareness among non-CAS and DTH respondents	19
Graph 10: Extent of Likeability of CAS	22
Graph 11: DTH awareness in non-CAS and CAS Area (in %)	23
Graph 12: Preference between CAS and DTH	23
Graph 13: Satisfaction with Service Provider (in%)	26
Graph 14: Awareness about TRAI	29
Graph 15: Profile: Cable service providers	31
Graph 16: Likeability of CAS: Service Provider (in %)	34
Graph 17: Financing of set top box	36
Graph 18: Willingness to continue in the cable TV Services business	36

## Executive Summary

Indian cable and satellite industry is one of the fastest growing industries in the world. From merely 410,000 Cable & Satellite households in January 1992, the number of C&S households has increased to 68 million (NRS 2006).

The Telecom Regulatory Authority of India (TRAI) was constituted with a mission to create and nurture for the growth of telecommunications in the country. The regulation of broadcasting and cable services came within the purview of TRAI since January 2004.

Cable Television Network (Regulation) Act 1995 was amended in the year 2002 and section 4A was inserted in the original Act, which envisages transmission of programmes through addressable system (popularly referred to as Conditional Access System (CAS)). The Conditional Access system is currently applicable in Chennai (since September 2003) and certain areas of Calcutta, Mumbai and NCT of Delhi (since December 31, 2006).

Entrusted with the basic task of regulation of cable and broadcasting services in the country, TRAI wanted to capture subscribers' Perception and Experience with C&S service. More specifically, the study objectives were to evaluate impact among the end consumers of issues related to pricing, competition related and quality of services among the end consumers. The study also measured the awareness about TRAI and its initiatives.

The present report is based on a market research survey carried out in twenty-two cities by CMS. The subscribers were categorized into three categories namely, CAS subscribers (in 4 cities), non-CAS subscribers (22 cities) and Direct-To-Home subscribers (22 cities).

To capture the views and opinion from the supply side, the study interacted with service providers in each of the selected cities for the survey. The survey interacted with a sample of 5959 households and 965 service providers (LCOs/MSOs) in these selected cities.

The fieldwork process started from January 15, 2007 with briefing and orientation of field teams and ended in mid-February, 2007. In CAS designated areas of Delhi, Kolkata, and Mumbai and in Chennai, the data collection began from first week of February. This was done to ensure that CAS households could share their experience related to pricing and quality of services, since CAS was implemented in the three cities except Chennai from midnight of December 30, 2007.

One of the main limitations of the study was that the households in CAS designated areas of Delhi, Kolkata and Mumbai were still having access to those pay channels, which they have not opted for. The reason for this open access of pay channels in encrypted format, as informed by service providers, was that the channels opted by subscribers in majority of the cases is yet to be entered in the system. Moreover, the subscribers informed that they are yet to make their first payment of monthly subscription fee. Therefore, **the amount quoted by households as subscription fee under CAS is based on perceived amount (as has been informed by LCOs to them). Majority of the households were not sure whether it is inclusive of taxes.**

## **Major Findings**

### *Pricing related Issues*

Except Chennai in other three CAS cities, households are yet to pay their first bill under CAS regime. Comparing the average bill amount paid by CAS households in Chennai in January 2006 and January 2007, there is almost no increase (from Rs 179 to Rs 180). In Delhi, subscribers in CAS areas expect to pay Rs 219 against Rs 203 paid in January 2006. In Kolkata and Mumbai, households in CAS areas expect to pay less than what they were paying a year back. In Kolkata, the figure is Rs 167 (2007) against Rs 179 in 2006 while in Mumbai it is Rs 221 against Rs 250 paid during January 2006. However, it is important to remember that subscribers are not sure whether it is inclusive of tax.

Average monthly bill being currently paid by **non-CAS** subscribers in twenty-one cities (except Chennai) is Rs. 200 as against Rs. 187, which was the average subscription fee during January 2006. Two-third of the non-CAS households are paying Rs 200 or less per month

In **DTH** households, average monthly bill for December 2006 showed an increase of Rs 12 over the bill paid for January 2006 (Rs. 262 as against Rs. 250).

With introduction of CAS regime in the selected areas of the three cities namely, Chennai, Delhi and Kolkata, subscribers had to make a choice between CAS, DTH or neither CAS nor DTH. Service providers of both CAS and DTH are offering special schemes to register more and more households. To counter DTH's free subscription schemes, CAS service providers in order to attract more and more subscribers under CAS were offering special schemes like Set Top Box at lower price, waiving off monthly subscription fee for one or two months, or package of channels (Pay and FTA). However, the number of Free To Air channels offered to these subscribers also varies.

More than sixty percent of sample households under CAS category have gone for outright purchase of STB. Among those who opted for STB on rent, around 82 percent were not willing to buy it. Of the rest, around 14 percent want it to be priced below Rs 1000 and a little more than 4 percent felt that a STB should not cost more than Rs 1000. The preferred price for a STB by non-CAS households in 22 cities was Rs 1000 or less (74%).

While around two-third of CAS households prefer to pay on the basis of individual channel i.e. ala Carte, the percentage of subscribers willing to pay for bouquet of channels or individual channels among non-CAS category was (41% and 50 % respectively). Among DTH subscribers, a little more than 55 percent want to pay for individual channels and 36 percent's payment preference is for bouquet of channels.

The percentage of households in CAS area satisfied with their present monthly bill was around 80 percent while a little more than three-fourth among DTH households. Around 60 percent of non-CAS households were satisfied with their monthly bill.

Majority of the households across three subscriber categories want to pay more for better services. However, willingness to subscribe for value added services like pay per view movies and video-on-demand was shown by less than one-third of households.

### **Competition Related Issues**

On an average, households in CAS areas recalled receiving 56 channels. This includes both free to air channels and pay channels. On an average the number of pay channels received by CAS households was 33. Average number of pay channels received by CAS households in four cities was Chennai (24), Delhi (22), Kolkata (29) and Mumbai (48). The high number of channels received by households, except Chennai does not indicate that they have subscribed to all of these pay channels but were receiving at the time the field work was carried out for the study. Though CAS was introduced but at the time of survey, the households had open access in encrypted format. In other words, households were receiving even those channels, which they had not opted for. The study also found cases where STB had been installed but the subscriber had not made any choices concerning which channels to be opted and were reported to follow the same system as in the pre-CAS period. On a related aspect, i.e. number of channels households will definitely subscribe to; the figure was much lower than what they were currently receiving. For Delhi, it was 18 and in Kolkata and Mumbai, the average number was 16 and 24 respectively.

The average number of channels received by non-CAS households was 55 while DTH households reported receiving around 85 channels. However, it is pertinent to mention that number of channels mentioned was based on respondents' recall of channels they receive on their television sets.

Majority of the subscribers felt that competitiveness amongst channels of the same genre exists. Willingness to pay across the genre shows that subscribers in all three categories want to pay around one-fourth of their monthly bill on channels of entertainment genre while for religious and channels for children, the households want to spend around 9 percent.

Awareness of CAS was very low among Non-CAS households (13%) and a little higher among DTH households (22%). As against this, the level of awareness about DTH is found to be higher among the non-CAS as well as the CAS households (32% and 37% respectively). This could be due to DTH services being available in all cities while CAS has been implemented in select locations of the three cities.

Among the liked features of CAS across three subscriber categories were better quality of transmission under CAS, follows the government/TRAI regulated norms and option to subscribe channels as per preference.

Certain reservations cited against CAS were high cost of Set Top Box and high monthly subscription costs if one prefers to watch a large number of pay channels. Among CAS subscribers, disturbance in signals/no-signals were reported by high percentage (62%).

More than two-third of Non-CAS households would like to opt for CAS rather than DTH, if they have to choose between the two. The reasons mainly cited were choice to select channels and payment according to subscribed channels along with reduction in cost and regulated by a government body (TRAI).

### **Quality of Cable Television Services**

Majority of the subscribers across three subscriber categories were satisfied with their respective services.

Non-CAS Households compared to other two categories were less satisfied with the overall price paid for cable television service.

More than half of non-CAS households and half of CAS and DTH households informed that the only one local cable operator is available in their locality. High percentage of subscribers opined satisfaction with their respective service providers.

The percentage of households registering their complaint with service providers regarding the services was more among non-CAS households (33%) compared to CAS (15%) and DTH (8%) households.

### **Awareness about TRAI**

A little more than one-third of DTH subscribers have heard of TRAI, followed by one-fourth of CAS households and less than 14 percent of non-CAS households.

Awareness about provisions of the tariff order and its amendments was found among one-third of those CAS subscribers, who are aware of TRAI. While it was further low among DTH (less than 25%) and non-CAS (19%) households.

## **Summing Up and Suggestions**

This study brings out that CAS subscribers by and large perceive benefits / advantages of CAS and are happy for rationalization of tariff, for bringing some order in the billing, relatively better quality in the reception, ease in choosing channels, certain competitiveness and for the “Government backup” that CAS implied where otherwise it was ‘at will (marji) service”. This finding deserves to be widely communicated to larger public across the country.

Need and urgency is for service standards and regulations and transparency for which TRAI is already in the process of taking initiative

TRAI should advise Cable operators and service centres to print tariff order and service standards prescribed by them on the – back side of monthly bills as often

Need to keep track of these various promotional packages/schemes and analyze their implications in various respects and contexts.

Subscribers should be encouraged to complain and operators should give out online number for registering complaints. They should be made to maintain a record of complaints.

This sector needs service standards as to transmission quality and interruptions, billing options (a-la-carta vs. bouquet), channel choices offered, service support and reliability, etc.

Backing of the Regulator is an important factor for adoption of CAS, as is evident from this study, it is important that some definite efforts are made to improve awareness about TRAI as well as about its Orders – today it is about tariff and tomorrow it could be about service standards.

TRAI should strategize its future plans to extend CAS to other cities and also in the rest of the country. All this will lead towards subscriber’s satisfaction and choices and at the same time ensure expansion and growth of television in the country and rationalizing the process of revenue sharing.

## *Chapter I* **INTRODUCTION**

Indian cable and satellite industry is one of the fastest growing industries in the world. From mere 410,000 Cable & Satellite households in January 1992, the number of cable homes went up to 1.2 million by November 1992.<sup>1</sup> Since then the number of homes taking up cable and satellite connections is on the rise. The number of C&S households has increased to 68 million.<sup>2</sup>

The Telecom Regulatory Authority of India (TRAI) was constituted with a mission to create and nurture the growth of telecommunications in the country. The regulation of broadcasting and cable services came within the preview of TRAI since January 2004. Along with other key objectives, one of its objectives is to increase consumer choice in reception of television channels and choosing the operator who would provide television related services.<sup>3</sup>

On the provider front too, the cable and satellite broadcast business has been undergoing continuous transformation. In beginning, it was driven by small cable operators. It is estimated that in 1995 there were about 60,000 cable operators in India.<sup>4</sup> Increasing costs of operations and need of fresh investments to upgrade cable plants to accommodate more number of channels has led to consolidation amongst smaller operators. The consolidation has resulted in reduction in the number of operators on the one hand while on the other hand several of them joined hands to set up head ends of 40-50 channels. Cable industry witnessed the entry of organized sector MSOs such as Siti Cable, InCable, and Hathway. These organized sector MSOs have established about 200 headends in metros and major towns to cater services to cable operators. Independent operators have consolidated their networks and are providing services in mostly semi-urban and rural areas.

Cable Television Network (Regulation) Act, 1995 was amended in the year 2002 and section 4A was inserted in the original Act which envisages transmission of programmes through addressable system, popularly referred to as Conditional Access System (CAS), with effect from such date as may be specified in the Notification. Following various Notifications and Court interventions, the Conditional Access system is currently applicable in Chennai (since September 2003) and certain areas of Calcutta, Mumbai and NCT of Delhi (December 31, 2006). However, lack of clarity prevails among the subscribers concerning different aspects of the CAS regime.

Entrusted with the basic task of regulation of cable and broadcasting services in the country, TRAI wanted to capture subscribers' Perception and Experience with C&S service.

---

<sup>1</sup> White Paper, source <http://www.zeetelevision.com/pdf/contact/WhitePaper> -

<sup>2</sup> National Readership Survey, 2006

<sup>3</sup> Annual Report, TRAI, 2006

<sup>4</sup> White Paper, source <http://www.zeetelevision.com/pdf/contact/WhitePaper> -

More specifically, the study objectives were

- To evaluate impact of pricing related issues among the end consumers
- To determine the impact of competition related issues among the end consumers
- To gauge impact of quality of services among the end consumers
- To measure awareness on regulatory initiatives taken by TRAI among the end consumers and local cable operators

With CAS system being made mandatory in select areas of the four metropolitan cities – Delhi, Mumbai, Kolkata and Chennai, the Telecom Regulation Authority of India is examining various pertinent issues in context of the above stated objectives, in CAS and non-CAS areas. The study interacted with subscribers of Cable services in CAS and non-CAS areas. In addition to these two categories of subscribers, another category of subscribers, which were interviewed were those who have opted for Direct-To-Home (or DTH, in short) service.

The present report is based on a market research survey carried out in twenty-two cities by CMS. (See Annexure for list of cities). The subscribers were categorized in to three categories namely, CAS subscribers (in 4 cities), non-CAS subscribers (22 cities) and Direct-To-Home subscribers (22 cities). To capture the views and opinion from the supply side, the study interacted with service providers in each of the selected cities for the survey.

For the purpose of the study, CAS subscribers have been identified as those who are using STB. The category of non-CAS subscribers subsumes the category of non-CAS cable users in CAS as well as non-CAS designated areas unless identified as a separate respondent group otherwise.

The survey interacted with a sample of 5964 households and 965 service providers (LCOs/MSOs) in the twenty-two selected cities.

## **Reporting format**

The findings of the study on various parameters could be broadly categorized in to two.

- By end users i.e. non-CAS subscribers, CAS subscribers and DTH subscribers.
- By service providers

The report has six chapters besides the present chapter. Chapter 2 details out subscribers' views and opinion on Pricing related issues; Chapter 3 focuses on Competition Related Issues; Chapter 4 discusses Subscribers' response to Quality of C&S television services while Chapter 5 assess the Awareness amongst subscribers about TRAI and its Regulatory Framework. The last but one chapter, Chapter 6, focuses on issues in context to service providers. The concluding Chapter summarizes the findings and come up with suggestions to further improve the cable and television service scenario in the country and make it more subscriber-friendly.

## 1.1 Respondent Profile

To have a representative sample, the study selected households from a cross section of the population in the twenty-two cities. A detailed note on the methodology with focus on selection process and number of respondents covered from each city is given in the *Annexure*. Briefly, the section discusses the socio-economic group of the respondents and the monthly income of the selected households. See *Annexure for SEC Grid*.

**Table 1.1: Socio Economic Class of the Subscriber** (in %)

Socio-economic Class	Category of Subscriber		
	CAS	Non-CAS	DTH
<i>N</i>	600	4266	1093
SEC A1	17.0	9.1	18.5
SEC A2	21.3	17.5	30.8
SEC B1	16.3	10.9	14.6
SEC B2	24.8	23.2	16.7
SEC C	11.2	22.8	12.2
SEC D	9.3	16.6	7.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- Amongst CAS and DTH households, more than four-fifth is from middle and higher income groups. On the other hand, the proportion of non-CAS households falling in this category was less (around 60 percent).
- Around half of the respondents contacted belong to SEC A1 or A2.
- Monthly household income too indicate that percentage of households opting for DTH come from comparatively better off economic group.

**Table 1.2: Monthly Household Income** (in %)

Monthly income	Category of Subscriber		
	CAS	Non-CAS	DTH
<i>N</i>	600	4266	1093
Up to Rs.1000	0.3	0.8	0.4
RS 1001 - Rs 2000	1.8	1.9	0.4
RS 2001 - Rs 4000	6.0	12.0	3.7
Rs 4001 - RS 6000	13.2	21.8	11.0
RS 6001 - Rs 8000	11.7	18.6	13.5
RS 8001 - RS 10000	27.2	22.2	26.5
RS 10001 - RS 25000	31.2	18.4	34.0
RS.25000 and more	6.7	3.8	8.9
Not disclosed	2.0	0.6	1.6

## 1.2 Limitations of the Study

Before throwing light on the findings of the present study, it is pertinent to understand the existing scenario, particularly in cities where CAS has been introduced recently.

- The study team found that since CAS was made mandatory from December 31, 2006. At the time of the fieldwork in the first fortnight of February 2007, the households who have opted for CAS continue to have access to pay channels in encrypted format. In other words, though the service providers have installed Set Top Box (STB) in the households which under ideal situation restricts access to channels other than those they have subscribed to, but currently subscribers are able to watch other pay channels as well i.e. those channels which they have not opted for, except in Chennai.
- In many cases, consumers had not yet filled in their choice of channels and where such lists had been submitted, it was yet to be entered. As such, consumers have not yet started receiving channels as per their subscription preference.
- The views and opinion of CAS subscribers concerning such features of CAS as monthly bill, transparency in monthly bill, and service to be provided by cable operators such as better and quicker response to complaints amongst the CAS households is based more on perception rather than experience. The reason being that with the exception of Chennai where it has completed two years, CAS is still in implementation/initial phase in the CAS designated areas of the three cities.

## Chapter II

# SUBSCRIBER RESPONSE TO PRICING RELATED ISSUES

## 2.0 PRICING RELATED ISSUES

For a household, one of the most pertinent concerns is the pricing of a service or product they are availing or opting for.

### 2.1 Monthly Bills on specified dates

#### Reference period

To measure the change, if any in the monthly bill of cable television subscription over a period of twelve months, subscription rate of January 2006 and December 2006 were gathered from respondents. However, in case of CAS households the reference period was January 2006 (i.e. twelve months back) and January 2007 (currently).

#### Exogenous factors affecting the price

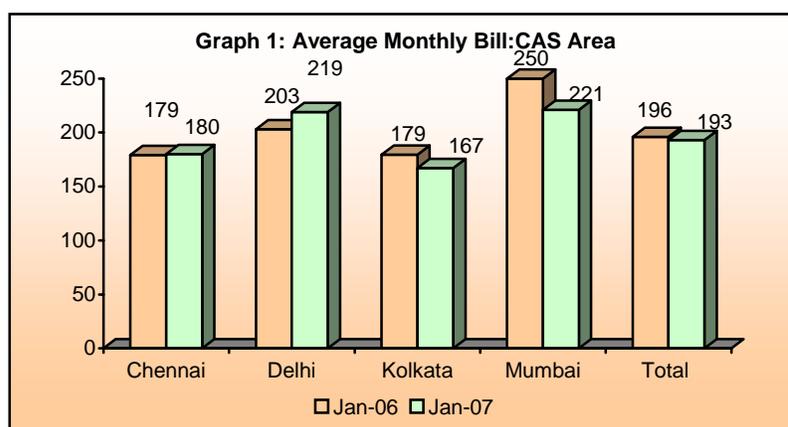
- During January 2006, except in Chennai, the CAS households were paying subscription fee for non-CAS connection.
- As mentioned earlier, the bill mentioned by CAS households in the CAS cities except Chennai is based on the information shared by service providers with them regarding the expected bill and were unsure whether it is inclusive or exclusive of taxes. The figure thus quoted by the households with Set Top Box in CAS designated area of Delhi, Kolkata and Mumbai could be treated as 'perception' and not 'experience' based, as they are yet to pay their first bill under CAS regime. Moreover, some households were also not clear whether the monthly bill amount include the STB rent or is exclusive of it.
- Interestingly, the study team found that in the CAS designated areas of the three cities, due to competition from DTH service, CAS service providers to attract their subscriber households are giving offers like free subscription for one month or different packages like Rs 50 for 30 Free to Air (FTA) channels in Kolkata or Rs 77 for 33 FTA channels in Delhi.
- More than one-third (36.8%) of the DTH respondents had taken DTH connection under special offer or had opted for DTH only after January 2006 and hence were not paying any monthly bill during that time.

**Table 2.1 monthly cable television subscription rates**

Monthly subscription Rate	Subscriber category					
	CAS area		Non-CAS area		DTH	
Amount (in Rs.)	Jan-06	Jan-07	Jan-06	Dec-06	Jan-06	Dec-06
N	794	794	4072	4072	1093	1093
Not applicable*	-	7.9	-	-	36.8	18.7
n	794	731	4072	4072	691	889
100 or less	22.8	24.8	8.4	5.5	2.7	2.1
101 – 150	13.6	16.0	39.4	30.1	4.6	2.2
151 – 200	25.6	20.2	25.4	31.5	20.1	16.6
201 – 250	22.3	28.0	16.2	16.7	30.4	25.7
251 – 300	11.3	8.8	6.9	11.5	33.7	42.3
301 – 350	2.3	2.1	3.6	4.5	2.8	6.6
Above 350	2.1	0.1	0	0.3	5.7	4.5
Total	100	100	100	100	100	100

\* Households, who were not paying any subscription fee i.e., were given subscription under free scheme or special offer during the reference period.

- Comparing the bill amounts of the two reference periods show a decline in percentage of households in CAS areas paying between Rs. 100-200. The figure has come down from 39% to 32%. Similarly, a decline in households paying Rs 301 or more was noticed (from 4.8% to 2.2.%). However, percentage of households paying between Rs 200-300 per month has increased from 33.6% to 36.8%.



- It is important to mention that in CAS areas of three cities except Chennai, the billing has not yet been received and still paying non-CAS rate.
- Average monthly bill being paid in January 2007, as reported in CAS areas of four **CAS** cities, is Rs193, which indicate a decline in the average amount (Rs. 196) being paid in January 2006. However, it is important to note that except Chennai, households in other three cities are yet to pay their first monthly bill of post-CAS period. In Chennai, almost all households are paying bills since more than twelve months in CAS regime. The average bill amount in Chennai was found to be Rs180.

- As per industry estimates on CAS installed households in Chennai, a majority of households have not opted for STB. It has emerged that many households in Chennai have not opted for CAS due to availability of most of the popular regional channels as free-to-air.
- Average monthly bill being currently paid by **non-CAS** subscribers in twenty-one cities is Rs. 200 as against Rs. 187, which was the average subscription fee during January 2006. The high was reported in Shillong (Rs 322) and low in Kochi (Rs 149).
- In **DTH** households, average monthly bill for December 2006 showed an increase of Rs 11.45 over the bill paid for January 2006 (Rs. 261.95 as against Rs. 250.50). The figure does not include those households, which are currently availing free schemes. More than two-third of DTH households are presently paying between Rs 200-300 per month.

**Table 2.2: Monthly bills across the four metropolitan cities on specified dates: STB** (in %)

	Chennai		Delhi		Kolkata		Mumbai	
N	148		152		151		149	
Amount (in Rs.)	January 2006	January 2007						
Scheme period	-	1.4	-	11.2	-	2.0	-	27.5
n	148	146	152	135	151	148	149	108
100 or less	11.5	-	15.8	0.7	2.6	31.1	-	-
101 – 150	7.4	12.3	15.8	9.6	33.8	33.1	2.7	14.8
151 – 200	23.0	15.8	28.9	11.9	50.3	28.4	17.4	35.2
201 – 250	19.6	37.0	23.0	57.8	12.6	5.4	52.3	41.7
251 – 300	20.9	22.6	11.8	20.0	-	1.4	26.8	6.5
301 – 350	7.4	12.3	3.9	-	-	0.7	0.7	0.9
Above 350	10.1	-	0.7	-	0.7	-	-	0.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*N* – Total sample size

*n* – Total number of people who expect to pay monthly bill and are not availing free schemes

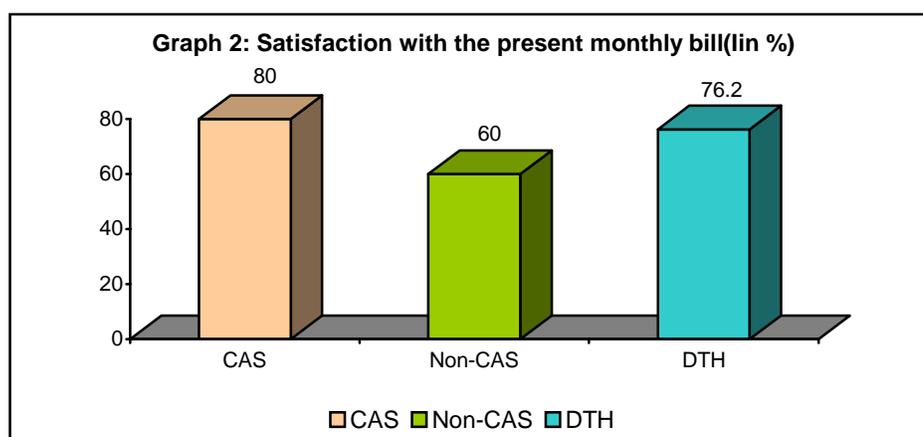
A look at the city wise findings brought out some interesting finding.

- In Delhi, households with STB informed that they expect paying more under CAS than what they were paying about a year back under non-CAS (Rs. 219 as against Rs. 203). However, households in Delhi, Kolkata and Mumbai are yet to receive their first bill under CAS services.
- Service Providers in localities of the CAS designated areas too informed that the billing as per CAS norm is yet to start.
- It also emerged during the study that households, who have not opted for STB in some CAS designated areas of the three cities were able to watch pay channels, though no data on number of such households could be ascertained.

- The average figure for Kolkata was reported to be 179 about a year back and Rs167 presently. In Kolkata, conversations with the subscribers revealed that the LCOs are offering free channels @ Rs. 50 plus Rs. 5 + tax per pay channel against the TRAI order of Rs 77 plus taxes for FTA channel bouquet. Another interesting observation made by service providers was that due to some technical constraint, the service providers are presently not in a position to give more than 45-50 channels including free-to-air and pay channels. However, this capacity would increase along with time
- Another important category of households in CAS designated areas of four cities, where those who have neither opted for CAS or DTH, referred in this report as non-STB households. Particularly in Chennai, availability of Tamil channels as FTA has led to non-opting of CAS in more than 96 percent households. This is despite the fact that Chennai was the first among the four cities to implement CAS. The two reasons cited by households for not going either for CAS or DTH were high cost and availability of favourite channels under free-to-air.

## 2.2 Satisfaction with the present monthly bill

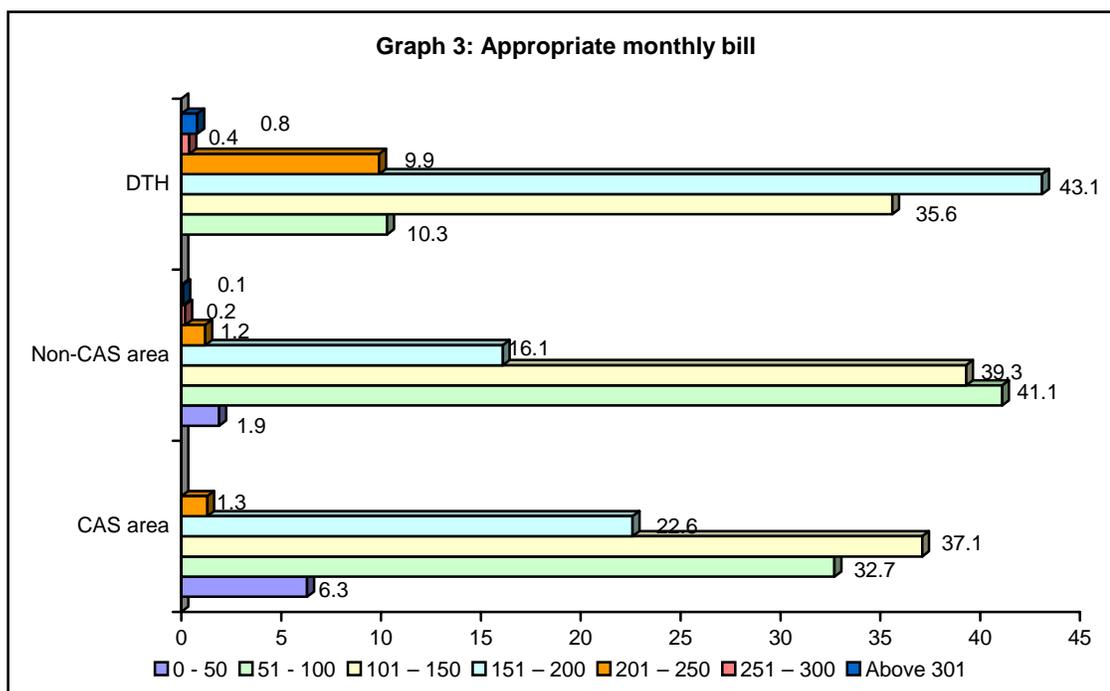
The level of satisfaction with the present monthly bill is high across the three subscriber categories.



- The satisfaction with the present bill was found to be more among CAS households and less among Non-CAS households.
- However, it is worth notice that the monthly bill in CAS designated areas as per CAS norm is yet to be implemented, hence their satisfaction level is influenced more by perception and less by experience. Percentage of households in CAS area, satisfied with their monthly bill was very high in Chennai (96.6%) and low in Delhi (48.7%).
- Among CAS households, who felt that present bill is not appropriate, almost nine out of ten among them want the monthly subscription to be below Rs 200.

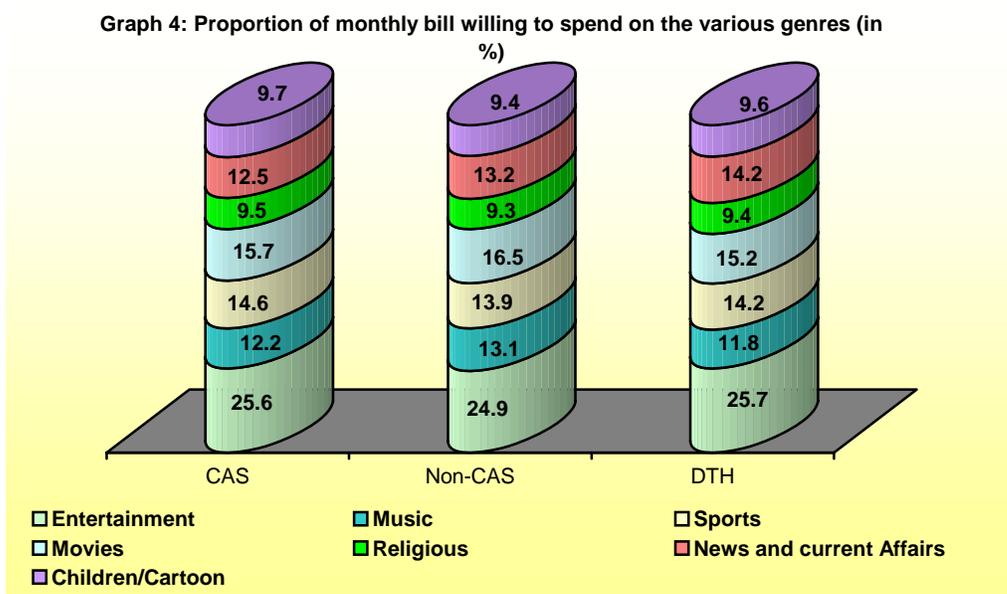
### “Appropriate monthly bill”

- Among those, who had indicated their dissatisfaction with the present bill amount, around half of CAS households’ preferred monthly bill amount to be between Rs. 100-150.
- Among non-CAS households, while 42% want their bill amount to range between Rs 50-100, another 39% showed their preference for a range of Rs 101-150.
- A little more than one-third DTH households felt that the monthly subscription bill should range between Rs 101-150 while more than 43 percent were willing to pay between Rs 151-200 per month. Around 11 percent of DTH households would not mind paying between Rs200-300.
- Around 40 percent of non-CAS households were not satisfied with their monthly bill against less than one-fifth in CAS households and around one-fourth among DTH households.



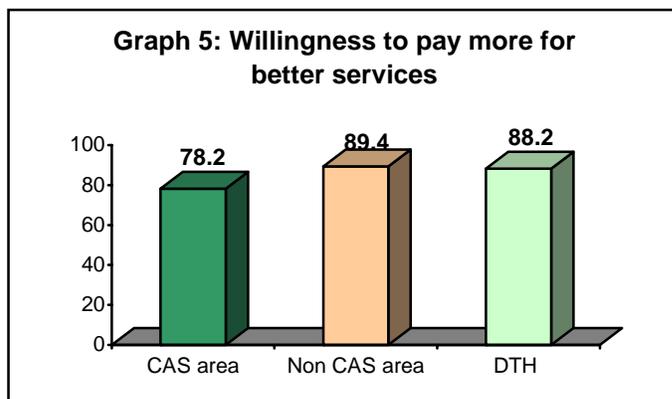
### 2.3 Distribution of monthly bills across the various genres of television channels

Subscribers' preference for a particular genre was also assessed. To understand this, respondents were requested to distribute their monthly bill according to the percentage they would like to spend for different category of channels.



- The trend was found to be similar across the subscriber category.
- Inter-genre distribution of monthly bill ranged between 9—27 percent, with maximum for entertainment and least for religious and children/ cartoon channels.
- Irrespective of subscriber category, entertainment emerged as the favourite genre. On an average, households want to spend 25 percent of their monthly bill on channels belonging to entertainment genre. The next favourite genre was found to be movies, where households want to spend around 15-17 percent.

## Willingness to pay more for better services



Besides other aspects, CAS and DTH services are expected to provide better quality of transmission and make available a range of channels as per one's choice. To assess whether subscribers are willing to pay more provided they get better services, subscribers willingness was enquired into.

The study also looked into the importance different aspects of cable services hold in a subscriber's view as far the willingness to pay more for better services against various criteria.

- Three out of every four subscribers were willing to pay more for better cable services. Interestingly, the relevant percentage is higher at 89% for Non CAS. For DTH subscribers, the trend was similar to what was observed for Non CAS.

**Table 2.3: Reasons for showing willingness to pay more** (in %)

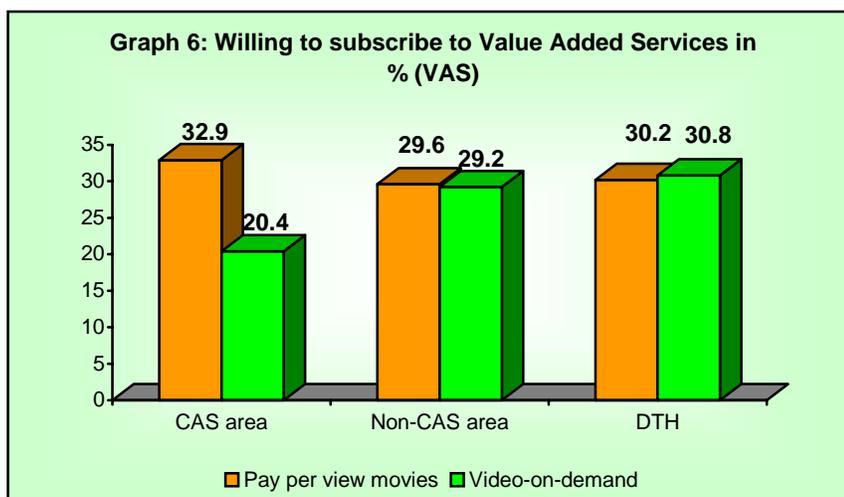
Reasons	CAS	Non-CAS	DTH
<b>N</b>	<b>600</b>	<b>4266</b>	<b>1093</b>
<b>n</b>	<b>444</b>	<b>3817</b>	<b>972</b>
Better quality of transmission	93.9	96.2	93.5
Large variety of genre	82.9	85.1	79.7
Availability of more number of channels in a given genre	82.7	80.0	79.4
Better and quick response to complaints	85.8	86.8	88.0
Facility of Choice of bouquets of channels	88.5	88.2	85.3
Facility for a wider range of availability of content in terms of a larger variety of genre	81.1	78.8	56.7

*N – Total respondent*

*n – Total willing to pay more for better services*

Although a high percentage have indicated their willingness to pay more for different parameters of services, majority are willing to spend only up to 20 percent more of the present bills for such service. The trend is similar across the three types of subscriber category.

## 2.5 Willingness to subscribe to Value Added Services (VAS)



- The advent of CAS and DTH services has also provided subscribers to opt for value added services like pay per view movies or video-on-demand. The willingness to subscribe was found to be less than one-third in CAS and DTH connected households.

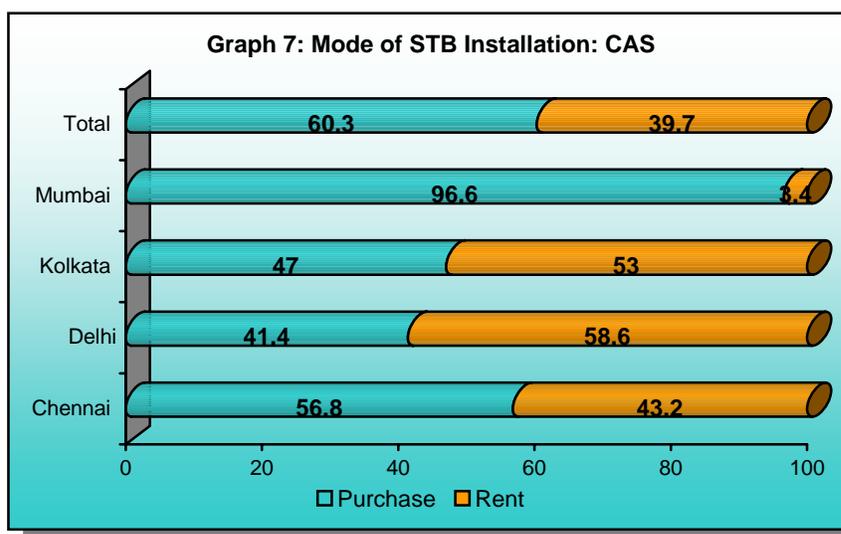
*Pay per view movies:* With this set of channels a subscriber would receive the option to select, purchase and view any given movie that is being offered. The selection of movies would change on a monthly basis. Typically these movies would have been in the theatres a few months before being offered on these stations

*Video-on-demand:* This allows the subscriber to select any movie from a predetermined list of movies similar to going to a store and renting a movie.

## 2.6 Set-top box

### 2.6.1 Mode of CAS installation

The study identifies CAS respondents as those who already have access to CAS services through the installation of a set-top box (STB). This could be either through outright purchase of STB or taken on rent.



The table below shows the mode of going for STB installation.

- Among the CAS households, nearly 97% in Mumbai (n=149) have gone for outright purchase while in Delhi (n=152) the percentage of such households was least (41%). In Chennai too, among those who have opted for CAS (n=148), more than half have purchased STB.
- However, the price appears to have changed as per the information furnished by the MSOs to TRAI for the period ending with 31<sup>st</sup> March 2007. According to this information, 97% in Mumbai, 41% in Delhi and 47% in Kolkata have gone in for outright purchase. Since the latter figure indicates a greater availability of STB on rental basis, it is possible that this could be due to the fact that in the initial stages of CAS implementation (which was the period covered under the market survey), the demand for STB had suddenly shot up because of last minute applications given by the subscribers. This could have led to preferential allotment of STB in the initial phases to those subscribers who were willing to buy the STB on outright purchase basis. However, as time passed and STB supply improved, the availability of STB on rental basis also improved as indicated by MSOs in their report filed with TRAI.
- The high percentage of outright purchase of STB in Mumbai could be due to availability of STB at lower price. As could be seen from the price at which household purchased the STB, around two-third in Mumbai bought it for Rs 1500 or less while in other three cities, the percentage getting STB at this price range was much lower,

## 2.6.2 Rental arrangements for STB

On taking a set-top box on rent, besides making some initial payment the households have to pay monthly rent for the STB.

- Nearly 82% of the households who have opted to take STB on rent paid less than Rs. 500 as initial deposit.

**Table 2.4: Monthly rental for STB: CAS**

(in %)

Monthly rent (in Rs)	Chennai	Delhi	Kolkata	Mumbai	Total
n	64	89	80	5	238
35 and less	98.4	-	7.5	-	29.0
36 – 45	-	33.7	65.0	20.0	34.9
46 – 56	1.6	66.3	22.5	-	32.8
57 & above	-	-	5.0	80.0	3.4

- Monthly rental for STB varied from city to city depending upon the rental plan they opted for.
- While in Chennai, almost all are paying Rs. 35 or less, in Mumbai four out of five subscribers reported that they would be paying Rs 57 & above.
- In Delhi, around two-third reported the rental to be between Rs 46-56 while in Kolkata a similar percentage informed that the monthly rental would range between Rs. 36-45.

## 2.7 Pricing of set-top box

Installation of Set Top Box is a must in case a household wants to opt for CAS services. Service providers in order to encourage households to subscribe to CAS has given them the freedom to go for either outright purchase of STB or get it installed on rental basis.

To understand the extent of willingness to buy a set top box and at what price, CAS households as well as non-CAS and DTH subscribers' preference was measured.

**Table 2.5: Pricing of set-top box**

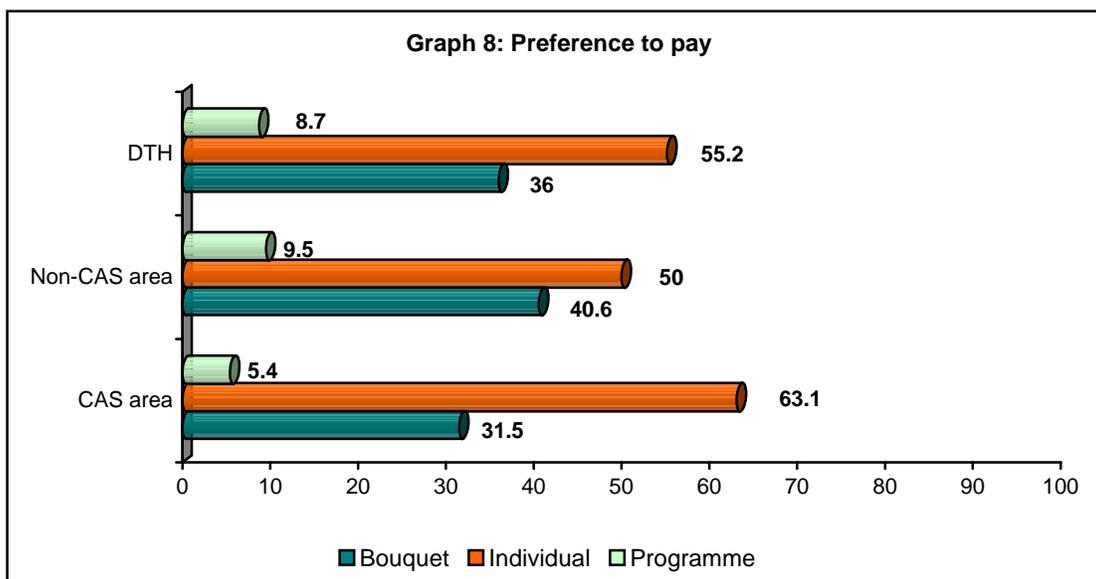
*(in %)*

Price range	CAS	Non-CAS	DTH
n	238	4266	1093
4000	-	1.7	4.7
3000	-	4.5	11.5
2000	-	16.3	28.5
1000	4.2	59.0	44.1
Below 1000	13.9	15.2	3.1
Not willing to buy	81.9	3.2	8.0
Total	100.0	100.0	100.0

- Around 60 percent of CAS households have already purchased STB. The households reporting so were found to be highest in Mumbai (97%) and lowest in Delhi (41%) among the four CAS cities.
- Of the remaining 39.7%, who have presently opted for STB on rental basis, a high proportion has shown unwillingness to purchase STB at all. A factor that needs to be taken into consideration in this context is the mobility factor whereby people feel that it might be a loss or a cumbersome exercise in case of change of residence.
- Among non-CAS households, around three-fourth of the subscribers opined that in case CAS is implemented in their area too, they will purchase it at a price range of Rs. 1000 or less.
- Among DTH households, the willingness to purchase STB at Rs 1000 or less was around 47 percent and around 29 percent showed their willingness to purchase provided it is priced at Rs 2000. Around 12 percent are ready to purchase if it is available at Rs 3000. This again reflects that households opting for DTH are comparatively better-off households economically.

## 2.8 Preference to pay

One of the key features of CAS is to give option to subscribers to prefer paying for individual channels. The table indicates the preferred mode of payment between bouquets, per individual channels or per programme among the three subscribers categories.



- Across the three types of respondent category, payment for individual channels has been identified as the preferred mode. Though a high percentage of Non-CAS and DTH subscribers want to pay on bouquet-basis.

Chapter III

## SUBSCRIBER RESPONSE TO COMPETITION RELATED ISSUES

The present Chapter focuses on the issues related to inter-service i.e. CAS, non-CAS and DTH; inter-channel and inter-service provider. It is expected that competitive market leads to better services and gives the consumer upper hand and options to choose from.

### 3.1 Television Set’s Capacity Vs Channels Actually Received

To assess the number of channels available to a subscriber, the study gathered the number of channels received by a household vis-à-vis the channel reception capacity of the television sets in a household. This will also help to look in to the scope to introduce more channels and thereby give more choices to a subscriber. **It is important to mention that the figures quoted by respondents are based on their recall of channels. It is therefore possible that the respondents were not able to recall those channels, which they do not watch regularly. Hence the number of channels actually received might vary.**

- The study indicates that the average capacity of TV sets to carry channels in CAS area is 137 while on an average the channels received by a household is 56.
- In non-CAS cities, households reported receiving on an average 55 channels.
- Compared to households in CAS and non-CAS areas, DTH households reported receiving more number of channels. On an average, 85 channels are available to a DTH subscriber.

**Table 3.1: Households reporting Television Set Capacity Vs Channels Received (in %)**

Number of Channels	Capacity of TV Set			Number of Channels Received		
	CAS area	Non-CAS area	DTH	CAS area	Non-CAS area	DTH
<i>n</i>	794	4072	1093	794	4072	1093
< 20	-	1.6	0.7	3.0	2.5	1.9
21-50	1.9	2.5	2.5	44.8	46.1	26.1
51-100	47.7	55.1	33.1	51.5	50.4	38.9
101-150	18.0	15.1	23.1	0.6	0.8	33.2
151-200	30.1	20.9	32	-	0.1	-
Above 200	2.3	4.8	8.6	-	-	-
Total	100	100	100	100	100	100

- While, Mumbai leads among other CAS cities with around three-fourth of the households reportedly received channels in the range of 51-100, in Delhi subscribers reported receiving

channels between 51-100 was only 46 percent; a little less than half of the STB households in Delhi receive between 21-50 channels.

**Table 3.2: Television Set Capacity Vs number of channels received: STB Households (Recall based) (in %)**

Number of Channels	Capacity of TV Set				Number of Channels Received			
	Chennai	Delhi	Kolkata	Mumbai	Chennai	Delhi	Kolkata	Mumbai
N	148	152	151	149	148	152	151	149
< 20	-	-	-	-	0.7	3.9	2.0	2.0
21-50	1.4	3.3	1.3	-	37.8	48.7	42.4	22.8
51-100	43.2	28.9	38.4	43.0	61.5	46.1	55.0	75.2
101-150	7.4	26.3	32.5	16.8	-	1.3	0.7	-
151-200	47.3	34.9	26.5	37.6	-	-	-	-
Above 200	0.7	6.6	1.3	2.7	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

- In non-CAS households, the average number of channels received by households is around 55. While majority of households in half of the cities receive channels in the range of 51-100 channels in all, in the remaining half of the cities, subscribers reported receiving in the range of 21-50 channels.
- In Chennai, which is the only city to have CAS throughout the city, majority of the non-STB households informed getting 21-50 channels on their TV set.

**Table 3.3: Television receipt capacity Vs number of channels received: non-CAS Households (Recall based) (in %)**

Number of Channels	Capacity of TV Set						Number of Channels Received					
	< 20	21-50	51-100	101-150	151-200	Above 200	< 20	21-50	51-100	101-150	151-200	Above 200
Delhi	0.7	0.7	53.7	12.8	24.2	8.1	0.7	25.5	73.8	-	-	-
Kolkata	2.0	0.7	56.7	18.0	22.7	-	3.3	30.0	63.3	3.3	-	-
Mumbai	-	-	61.8	19.7	18.5	-	-	37.6	60.5	1.9	-	-
Bangalore	-	0.9	77.7	10.5	10.0	0.9	0.5	27.7	71.8	-	-	-
Hyderabad	6.7	0.9	79.1	2.7	10.7	-	8.0	37.8	54.2	-	-	-
Ahmedabad	0.5	5.0	60.2	16.4	14.4	3.5	1.5	52.7	45.3	0.5	-	-
Bhopal	-	2.0	54.0	11.0	29.5	3.5	0.5	29.5	69.0	1.0	-	-
Chandigarh	-	-	44.1	11.9	44.1	-	0.5	59.9	39.1	0.5	-	-
Cuttack	0.5	3.5	67.3	8.5	18.6	1.5	2.5	63.3	34.2	-	-	-
Guwahati	1.5	1.0	67.7	8.5	20.4	1.0	2.5	20.4	75.1	1.5	0.5	-
Jaipur	-	2.4	45.2	20.7	23.6	8.2	1.0	52.9	46.2	-	-	-
Jamshedpur	-	4.0	60.7	22.4	12.4	0.5	0.5	48.3	51.2	-	-	-
Raipur	0.5	1.0	33.5	26.6	33.0	5.4	0.5	35.0	58.6	5.4	0.5	-
Kochi	-	14.1	68.3	9.0	8.0	0.5	-	42.7	55.3	2.0	-	-
Lucknow	1.5	3.4	39.2	12.3	27.0	16.7	4.4	61.8	33.3	-	0.5	-
Shimla	2.0	4.0	59.3	15.6	12.6	6.5	2.5	52.8	44.2	0.5	-	-
Patna	6.0	2.5	50.3	21.1	15.1	5.0	6.5	56.3	36.2	1.0	-	-
Dehradun	1.5	-	30.3	17.4	41.8	9.0	2.0	58.2	39.8	-	-	-
Varanasi	6.4	3.0	40.4	9.9	23.2	17.2	7.9	52.2	39.4	0.5	-	-
Jammu	3.0	2.0	46.8	11.4	25.9	10.9	4.5	46.8	48.8	-	-	-
Shillong	-	-	59.3	34.2	6.0	0.5	-	69.3	30.7	-	-	-

**Table 3.4: Television receipt capacity Vs number of channels received: DTH (Recall based) (in %)**

Number of Channels	Capacity of TV Set						Number of Channels Received					
	< 20	21-50	51-100	101-150	151-200	Above 200	< 20	21-50	51-100	101-150	151-200	Above 200
Chennai	-	3.9	49.0	15.7	29.4	-	2.0	66.7	25.5	3.9	-	-
Delhi	-	4.3	6.4	36.2	40.4	6.4	-	8.5	31.9	59.5	-	-
Kolkata	-	4.0	20.0	46.0	24.0	6.0	-	6.0	54.0	40.0	-	-
Mumbai	-	2.1	21.3	17.0	48.9	10.6	2.1	25.5	48.9	23.4	-	-
Bangalore	-	-	84.2	5.3	10.5	-	5.3	52.6	42.1	-	-	-
Hyderabad	2.0	-	20.0	16.0	62.0	-	-	10.0	22.0	68.0	-	-
Ahmedabad	-	2.0	35.3	21.6	25.5	15.7	-	25.5	49.0	25.5	-	-
Bhopal	-	-	32.0	4.0	60.0	4.0	4.0	32.0	38.0	26.0	-	-
Chandigarh	-	2.0	10.0	40.0	40.0	8.0	-	14.0	72.0	14.0	-	-
Cuttack	-	-	38.8	20.4	28.6	2.0	-	14.3	59.2	26.5	-	-
Guwahati	-	2.0	48.0	12.0	38.0	-	-	4.0	52.0	44.0	-	-
Jaipur	-	5.8	34.6	21.2	21.2	17.3	3.8	23.1	42.3	30.8	-	-
Jamshedpur	-	-	24.0	48.0	24.0	2.0	-	10.0	32.0	58.0	-	-
Raipur	-	-	30.6	10.2	57.1	-	-	32.7	26.5	40.8	-	-
Kochi	-	26.0	74.0	-	-	-	-	70.0	30.0	-	-	-
Lucknow	-	-	52.9	3.9	25.5	5.9	-	11.8	33.3	54.9	-	-
Shimla	6.3	2.1	50.0	27.1	6.3	8.3	16.7	66.7	6.3	10.4	-	-
Patna	-	-	32.1	45.3	15.1	7.5	-	24.5	35.8	39.6	-	-
Dehradun	-	-	28.0	30.0	32.0	4.0	2.0	46.0	50.0	2.0	-	-
Varanasi	4.0	-	40.0	-	32.0	14.0	-	-	46.0	54.0	-	-
Jammu	2.0	-	16.3	18.4	42.9	18.4	6.1	42.9	32.7	18.4	-	-
Shillong	-	-	8.7	60.9	30.4	-	2.2	2.2	26.1	69.6	-	-

### 3.2 Perception of competitiveness amongst channels within same genre

Subscribers' perception about competitiveness amongst channels of the same genre with respect to quality of programme in content of channels offered by broadcasters operating in the cable platform was gathered.

**Table 3.5: Perceived competition amongst channels of similar genres (in %)**

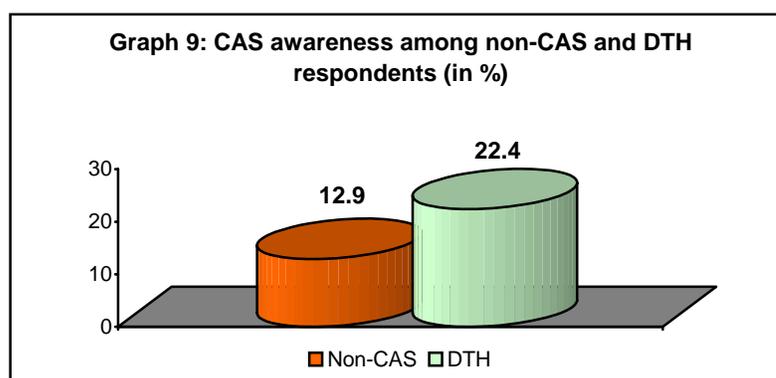
Category	CAS	Non-CAS	DTH
<b>N</b>	<b>600</b>	<b>4266</b>	<b>1093</b>
Entertainment.	83.0	77.4	81.5
Music	65.3	60.5	63.5
Sports	68.2	52.8	60.9
Movies	66.5	60.8	62.3
Religious	38.5	34.6	37.6
News and Current Affairs	68.7	59.4	66.5
Children /Cartoon	54.2	47.2	48.0

- Majority of the respondents across subscriber category opined that competition exists amongst channels of same genre. For example, the options in entertainment category were mentioned by 80 percent.
- Respondents felt that currently the least competition exists in religious genre.

### 3.3 ISSUES CONCERNING CAS

#### 3.3.1 Awareness of Conditional Access System (CAS)

- The study finds that DTH households were more aware about CAS and its features compared to cable subscribers in non-CAS cities.
- This could be due to the fact that the socio-educational profile of around half of DTH was of higher strata while proportion of non-CAS subscribers belonging to this class was comparatively much less.



#### 3.3.2 Reactions to CAS: features liked

The study assessed the subscribers experience and perception about various features of CAS. Those who are unaware about the CAS features in Non-CAS and DTH households were told about its features by the study team before taking their opinion. The table indicates the percentage of subscribers liking a particular feature of CAS.

**Table 3.6: Features liked in CAS**

(in %)

Features	CAS	Non-STB	Non-CAS	DTH
<i>N</i>	<b>600</b>	<b>194</b>	<b>4072</b>	<b>1093</b>
Follows the Government/TRAI regulated norms	76.5	84.5	65.1	72.3
Better quality of transmission	78.3	91.2	88.0	79.6
Option to subscribe to channels as per my preference	76.0	82.0	78.6	74.1
Control over the content which I will receive i.e. vulgar, obscene etc	72.0	81.3	74.5	66.5
Availability of options for easy payment of initial amount at the time of installation of set top box	68.7	72.7	60.5	55.4
Option to sort the channels by language, by genre, etc	58.5	52.6	60.5	57.4
Decrease in the overall monthly bill as I have the option to pay less if I select just a few channels	65.5	45.9	64.3	64.9
Direct dealing with the cable operator for customer care	53.5	61.3	48.9	35.9
Availability of cable operator for fast redressal of complaints	29.5	1.0	7.7	38.6
A feeling that channels are accountable to subscribers in terms of better service (transmission)	33.7	54.1	34.2	24.2

- It is important to note here that most of the CAS households were in the initial phase of the implementation of CAS and thus their liking for features of CAS is more based on their perception once CAS services become fully operational. As mentioned earlier too, though households interviewed for the present study in CAS designated areas of three cities have been provided with the Set Top Box but the services provided to them could be identified as open access to encrypted format. In other words, subscribers are presently able to watch even those pay channels which they have not subscribed to.
- One of the important subscriber category identified during the study was Non-STB / Non-DTH households in CAS designated areas. These households though fall in CAS area but have not opted either for CAS or DTH service.
- Among various categories of subscribers, some of the features, which were liked by majority, include CAS follows the government/TRAI norms, better quality of transmission, option to choose channels and control over the content. However, dealing with cable operator or dependence on them for fast redressal of complaints were reported by lesser percentage of respondents

### 3.3.3 'Most liked' features in CAS

Subscribers were asked to rate the most liked one among various features discussed in the previous section.

**Table 3.7: Most Liked Feature in CAS** *(in %)*

Features	CAS	Non-STB	Non-CAS	DTH
<i>N</i>	600	194	4072	1093
Follows the Government/TRAI regulated norms	9.3	3.1	10.9	15.5
Better quality of transmission	25.2	42.3	21.0	17.8
Option to subscribe to channels as per my preference	17.8	29.4	22.6	23.4
Control over the content which I will receive i.e. vulgar, obscene etc	14.3	8.8	20.5	12.4
Availability of options for easy payment of initial amount at the time of installation of set top box	8.5	4.1	5.2	4.3
Option to sort the channels by language, by genre, etc	2.8	0.5	2.8	4.0
Decrease in the overall monthly bill as I have the option to pay less if I select just a few channels	10.0	4.6	8.6	12.4
Direct dealing with the cable operator for customer care	0.7	2.6	0.9	1.0
Availability of cable operator for fast redressal of complaints	0.7	-	1.1	-
A feeling that channels are accountable to subscribers in terms of better service (transmission)	2.2	1.0	1.6	1.7

Subscriber category wise responses are discussed below.

**CAS Households:** Better quality of transmission (25.2) is the most liked feature of CAS among the CAS subscribers followed by other features such as Option to subscribe to channels as per my preference (17.8) and control over the content received (14.3).

**Non-CAS Households:** Non-CAS subscribers' rank the option to subscribe to 'channels as per preference' (22.6) along with 'Better quality of transmission' (21.0) as the most liked feature closely followed by 'control over the content received' (20.5).

**Non-STB/Non-DTH Households:** Subscribers residing in CAS designated areas but having not opted for CAS rated "better quality of transmission" (42.3) as one of the features most liked.

**DTH Households:** Option to 'subscribe to channels as per the subscriber's preference' has been found to be the most liked feature of CAS among the DTH respondents.

### 3.3.4 Reactions to CAS: Reservations about certain features

Though subscribers have liked certain features of CAS but at the same time, majority of the subscribers mentioned certain features of CAS, which they disliked.

- Among these, high cost of set-top box was mentioned by majority of CAS households. Even those subscribers, who have not gone for CAS in CAS-designated areas pointed out the cost of STB, as one of the reasons for disliking.

**Table 3.8 Reservations about certain features in CAS**

(in %)

Indicator	CAS	Non-STB	Non-CAS	DTH
<i>N</i>	600	194	4072	1093
High Cost of set-top box	82.7	80.9	65.0	59.4
High Monthly Subscription costs as I prefer to view a large number of channels	71.0	68.0	63.3	58.8
Direct dealing with the cable operator/MSO	42.8	30.9	28.8	37.0
No freedom to browse through other paid channels	61.7	43.3	53.7	50.4
Breaks in transmission due to cable operator's power failure	54.0	58.8	43.2	45.5
Disturbance in signals/ no-signal	61.7	25.8	38.2	37.9
Separate Set Top Box for each TV set – non-availability of discount on 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> TV set	53.7	22.7	55.7	52.0
Absence of other facilities such as movies-on-demand, interactive games, etc	42.3	29.9	32.7	31.4
No such features disliked – feel no requirement of changing	6.0	15.5	12.6	13.5

- While better quality of transmission has been cited as one of the most liked features of CAS, disturbance of signals is a strong negative factor against it. The point has been reiterated that the transmission is very good when there is no problem with signals.
- In an era when subscribers were free to view a large number of channels, another disliked feature for more than two-third respondents is high monthly subscription fee, if subscribed to all channels

under CAS regime. It also indicates their indecisiveness regarding channels to be subscribed. This perhaps is to do with bunching of channels by broadcaster making it essential to subscribe to some channels in the process and pay for them.

### 3.3.5 Most keenly felt reservations about certain features in CAS

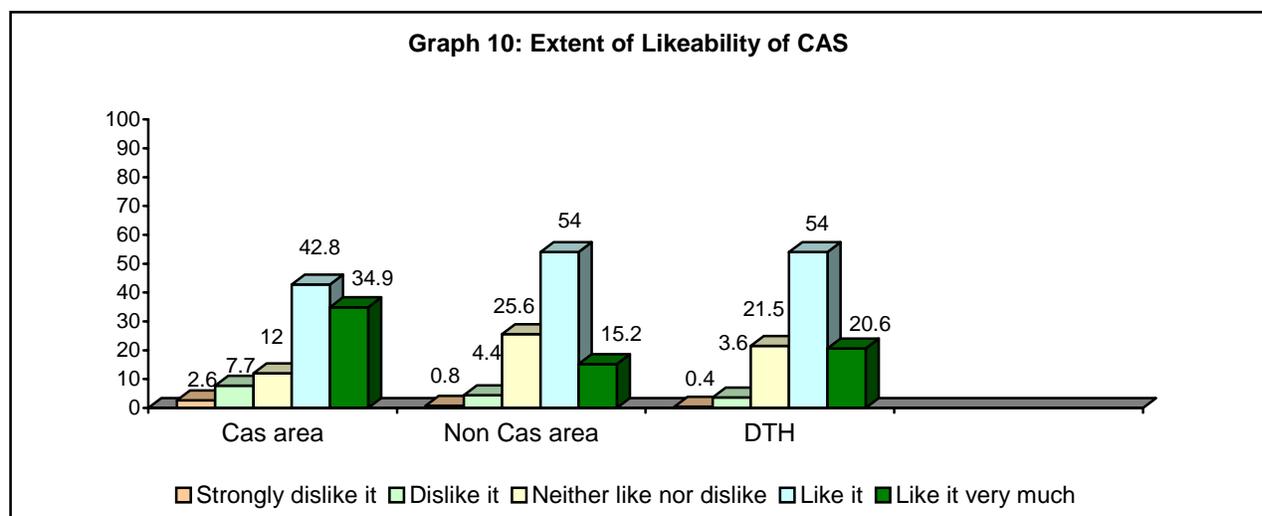
**Table 3.9 Most keenly felt reservations about certain features in CAS** (in %)

Indicator	CAS	Non-STB	Non-CAS	DTH
<i>n</i>	564	164	4266	919
High Cost of set-top box	24.5	41.5	24.6	18.8
High Monthly Subscription costs as I prefer to view a large number of channels	20.7	28.7	21.0	19.4
Direct dealing with the cable operator/MSO	5.0	3.0	4.0	10.4
No freedom to browse through other paid channels	12.4	10.4	12.2	10.1
Breaks in transmission due to cable operator's power failure	5.0	7.3	6.7	7.9
Disturbance in signals/ no-signal	11.9	3.7	3.7	3.9
Poor quality of Transmission	6.4	1.8	6.4	11.0
Separate Set Top Box for each TV set – non-availability of discount on 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> TV set	12.4	2.4	20.0	17.0
Absence of other facilities such as movies-on-demand, interactive games, etc	1.8	1.2	1.3	1.5

**CAS:** CAS subscribers have cited the high cost of set-top box (24.5 %), 'high monthly subscription for large number of channels (20.7%), as the most disliked features.

**DTH and NON-CAS** respondents across DTH and non-CAS subscribers also point out to High Cost of set-top box, High Monthly Subscription costs for higher number of channels and the need to have separate Set Top Box for each TV set in the same house with no discount have been cited as the features most disliked under CAS.

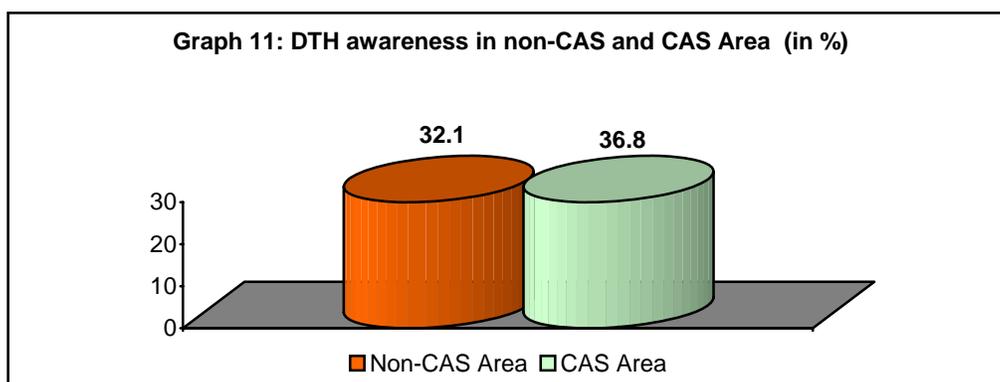
**Non-STB:** For the non-STB users in CAS designated areas, the high cost of the set-top box (41.5) and the high monthly subscription cost (28.7%) were two features of CAS, which refrain them from going for CAS.



- It may be kept in mind that this likeability reflects perception more and less of experience among the CAS households. The extent of likeability of non-CAS and DTH households about CAS brings out their perception about the concept of CAS, as a whole.
- Though the non-STB users like the features of CAS, high cost of STB and subscription fee is a deterrent in their opting for it.

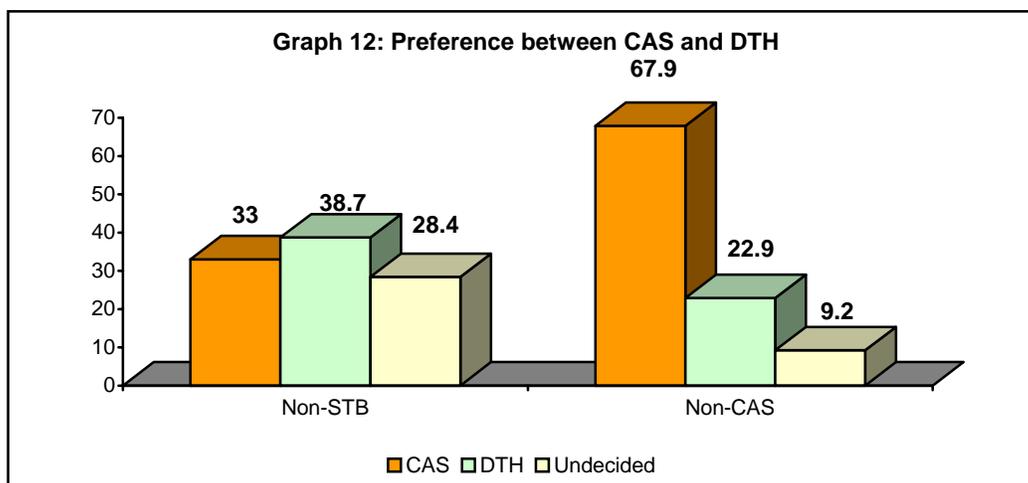
### 3.4 Awareness about Direct To Home (DTH) Services

Compared to CAS awareness about DTH was found to be relatively high. While in CAS area it was around 37 percent, in non-CAS area/cities, awareness level was just above 32 percent.



### 3.5 Service preference among non-CAS and non-STB respondents

Subscribers in non-CAS cities and non-STB households in CAS areas were asked to indicate their preference between CAS and DTH.



- Among the non-STB households in CAS cities, preference for CAS or DTH was found to be similar. More than a quarter (28%) was found to be undecided on this aspect.
- Cities that have shown an overwhelming preference for CAS over DTH were Cuttack (93.5), Shimla (92%), Chandigarh (89%), Ahmedabad (88%), Raipur (86%), Jammu (85%), Dehradun (84%), Jamshedpur (82%), Kolkata (81%).
- While majority of subscribers (87%) in Guwahati showed a preference for DTH because they opined that quality of transmission would be better through satellite.

### **3.6 Reasons for CAS preference over DTH among non-CAS respondents**

Among the various reasons cited for CAS preference over DTH, the major ones include

- Choice to select channels as per individual preference
- Low cost and no need for investment
- Payment according to subscribed channels
- Authorized by the government

In Shimla, it was pointed out that monkeys have been a menace in the area causing destruction of properties. As such there are problems in the safety of keeping the satellite antennae, which would be kept in the open. That is a prime reason for preferring CAS.

### **3.7 Reason for Not Preferring Set-Top Box or DTH: Among non-STB users in CAS areas**

The study came across a new sub set of respondents in the four CAS cities/areas who have neither opted for set-top box nor for DTH services though they are residing in CAS designated areas. Two reasons for not opting to either of the services brought out to two reasons- high cost and availability of favourite channels under FTA. Among those who mentioned high cost as a reason for not opting for STB or DTH, majority belongs to SEC C & D.

Chapter IV

**SUBSCRIBER RESPONSES TO QUALITY OF C&S TELEVISION SERVICES**

The chapter focuses on consumer satisfaction level with the quality of C&S television services. It is pertinent to mention that when the field study was conducted, the introduction of CAS, except in Chennai, was still in process or afresh.

**4.1 Quality of C&S television services**

The quality of service is an important aspect and reflects on the satisfaction level of the subscribers. Each subscriber category was asked to rate their satisfaction level with respect to some of the key parameters of service.

**Table 4.1: Satisfaction with quality of C&S television** (in %)

Indicator	CAS			Non-CAS	DTH
	STB	Non-STB	STB+ Non-STB		
<b>N</b>	<b>600</b>	<b>194</b>	<b>794</b>	<b>4072</b>	<b>1093</b>
Overall quality of CAS/Non-CAS/DTH -based cable TV services	86.7	86.1	86.2	87.7	95.6
Ease of subscribing to a CAS/Non-CAS/DTH	92.8	88.7	88.9	93.7	96.5
Overall price paid for the CAS/Non-CAS/DTH service	80.5	78.3	78.4	60.0	76.2
Extent of satisfaction with the number and variety of channels available	86.3	72.7	73.5	85.1	87.7
Clarity of transmission of all channels	85.9	76.8	77.3	86.1	90.8

- Majority of the subscribers were found to be satisfied with their respective services.
- Among the non-CAS households, satisfaction with the price for the cable service was found to be comparatively less than other subscribers' category.
- With regard to the overall price paid for the CAS services, it is pertinent to mention that except in Chennai, CAS subscribers in the three other cities are yet to get their bills based on CAS rate and the opinion they have formed is more on the basis of monthly bill amount that they expect to get once the billing starts. It was observed that many households were not sure whether the bill amount is inclusive of taxes or not. In Chennai, the satisfaction among CAS subscribers was very high (96.6%).
- On the other hand, clarity of transmission was found to be satisfactorily. CAS subscribers informed that quality of transmission has improved with installation of STB though initially disturbance in signals or getting 'no-signal' was frequent.

## 4.2 Choice of service providers

Another important aspect with respect to competitiveness issue is the option to choose.

- The study finds that about half of the sampled households across the three subscriber categories reported the presence of only one service provider in their locality.
- In CAS designated areas of four cities, subscribers in Chennai reported availability of more than 3 service providers. In the remaining cities, more than one-third households informed availability of two subscribers. In Kolkata (87%) and Mumbai (68%), the scenario looks to be more monopolistic in CAS designated areas.

**Table 4.2: Average number of local cable operator in a locality**

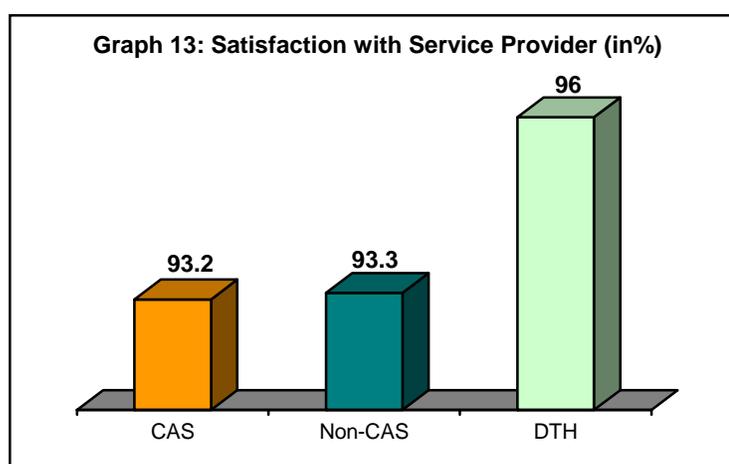
Category	CAS	Non-CAS	DTH
<b>N</b>	<b>600</b>	<b>4266</b>	<b>1093</b>
One	50.0	56.0	49.6
Two	18.7	27.1	16.4
Three	4.2	4.4	4.3
More than 3	14.2	2.1	-
Not aware	13.0	10.4	29.7
Total	100.0	100.0	100.0

## 4.3 Satisfaction with service providers

Satisfaction with their service provider was found to be very high. The feeling of satisfaction or content with the services given by LCOs could be due to non-availability of alternative.

As was noticed during the study that on the liked features of CAS, the households liking the feature 'direct dealing with cable operators for customer care' was around 54 percent

in CAS and less than 50 percent among non-CAS households. With around 36 percent of DTH subscribers only liking the idea of dealing with cable operators in case they opt for CAS, shows that around two-third do not want to interact with cable operators.



- Only 6.8% of the CAS respondents have felt the necessity to change their cable operator, while a still smaller proportion of 3.0% of the sample have actually changed their operator. Since CAS has been recently introduced and in most of the CAS designated areas, subscribers do not have any choice, they are continuing with their existing service providers. Hence, it is important to add that present satisfaction with CAS service providers is based more on service provided during non-CAS period and less on CAS based service.
- Among non-CAS households, 6.4% respondents have felt the need to change their service provider, 96% of DTH respondents have not felt the need to change their service providers.

**Table 4.3: Incidence of change of service providers in the last three years** (in %)

	CAS	Non-CAS	DTH
<b>N</b>	<b>600</b>	<b>4266</b>	<b>1093</b>
Felt need for change	6.8	6.4	4.0
<b>n</b>	<b>41</b>	<b>271</b>	<b>43</b>
Never	56.1	39.5	65.1
Once	39.0	51.3	32.6
Twice		7.7	2.5
Thrice and more	4.9	1.5	-

*N – Total sample*

*n – Total not satisfied and felt need for change*

- The percentage of subscribers in each of the three categories was found to be less than 7 percent. However, as one could see from the table above, among them too, majority in CAS and DTH households could not change their respective service providers. As mentioned earlier, the availability of more than one service provider was reported by less than half of the households.

**Table 4.4: Made complains to service providers** (in %)

	CAS	Non-CAS	DTH
<b>N</b>	<b>600</b>	<b>4266</b>	<b>1093</b>
Made complaint	14.7	33.0	7.5

- It is expected that introduction of CAS will increase the accountability of service providers towards their subscribers. As could be seen from the table above, every third subscriber in a non-CAS locality has registered complaints with their respective service provider.
- In CAS cities, subscribers making complaint with regard to the service to their respective LCOs was found to be least in Chennai. In the other three cities, the percentage of households registering complaint was more. This could be due to the fact that CAS has been recently introduced and is yet to become functional in real sense.

**Table 4.5: Complaint made to LCO: CAS** (in %)

	Chennai	Delhi	Kolkata	Mumbai
<b>N</b>	<b>148</b>	<b>152</b>	<b>151</b>	<b>149</b>
Made complaint	4.1	33.6	9.9	10.7

#### 4.4 Complaint redressal process

On a related aspect, subscribers in non-CAS areas were found to be more satisfied than the subscribers from the other two services (CAS and DTH). Though percentage of households registering complaint was least under DTH, the dissatisfaction among subscribers with complaint registration process and speed of complaint redressal was very high (47% & 42% respectively).

**Table 4.6: Satisfaction with complaint redressal process** (in %)

Indicator	CAS	Non-CAS	DTH
<i>n</i>	88	1408	79
Complaint registration process when you experience some problem with respect to cable TV connection	64.8	71.2	52.6
Effectiveness / speed of the complaint resolution / repair offered by local cable operator	65.9	78.8	57.9

- On time taken for attending the complaint, 59 percent of the CAS respondents reported that resolution of complaint takes place within six hours of registration of complaint. The trend has been found to be similar amongst the non-CAS households (55%) and DTH households (55%).
- Another aspect, which was probed during the study, was bill payment system and timeliness of the bill collection process. The bill payment system followed in almost all the cities was that LCOs maintain a register or subscriber wise payment cards, where they make entry of each payment made and get it signed by the subscriber.
- In CAS designated areas except Chennai, the payment as per CAS norm is yet to start. Hence, respondents were unaware about how payments will be recorded by the service providers. In Chennai, the payment record is maintained in either in a register or on a Card.
- DTH subscribers informed that they do not receive any bill at the end of the payment but they have to purchase a recharge coupon from a DTH franchisee and update their payment record with the help of customer care centre. Some of the households, who were covered under some scheme, informed that they had made the payment at the time of installation of DTH for a certain period and hence they do not have to currently purchase recharge coupons to access pay channels. The study team also came across some households, who have not recharged their access and were thus able to watch only free to air channels.
- Nine out of ten subscribers reported satisfaction with the promptness of the bill collection.

#### 4.5 Break in transmissions due to power failure

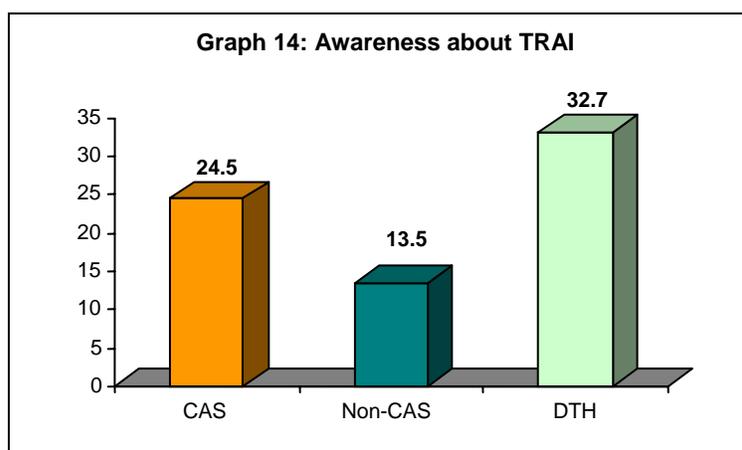
An important aspect related with CAS and non-CAS households is transmission failure due to power breakdown at service providers' end. On an average, subscribers reported power failure of around 20 minutes per day. While Kochi reported least (5 minutes), it was around one and half hour per day in Shillong. It is important to add here that it does not include power cuts or load shedding at consumer's end.

Chapter V

## TRAI & Its Regulatory Framework

The present chapter focuses on subscriber awareness about TRAI and its regulatory framework in context to the cable and broadcasting services. TRAI's mission is to create and nurture conditions for the growth of telecommunications including broadcasting and cable services in the country in a manner and at a pace which will enable India to play a leading role in the emerging global information society.<sup>5</sup>

### 5.1 Awareness



- The study revealed that awareness about TRAI was most among DTH subscribers (33%) and least among non-CAS subscribers (14%). Reason for higher percentage of DTH subscribers' awareness could be their socio-economic profile.
- Among DTH subscribers, around three-fourth in Delhi (76%) and Kochi (74%) were aware of TRAI. The low was in Guwahati (6%) and Dehradun (8%).
- Among non-CAS households in twenty-one cities, the percentage of subscribers aware of TRAI was found to be more in Kochi (59%) while in Mumbai (2.5%) and Guwahati (3.5%) the percentage of those aware of TRAI was less.
- Around one-fourth of STB subscribers were aware with TRAI. City wise findings show that among the STB households, in Delhi around 44% were aware about TRAI while in Mumbai, the percentage of STB households aware about TRAI was only 10%.

**Table 5.1: Awareness about TRAI: CAS cities**

(in %)

	Chennai	Delhi	Kolkata	Mumbai
N	148	152	151	149
Aware about TRAI	18.9	44.1	24.5	10.1

<sup>5</sup> [www.trai.gov.in](http://www.trai.gov.in)

## 5.2 Awareness about the regulatory framework of TRAI

Those who are aware about TRAI were further probed about their awareness about regulatory framework. The analysis shows that around one-third of CAS subscribers have kept themselves updated with TRAI's tariff order of October 1,2004 and its amendment of December 1,2004. The percentages that were aware of these orders amongst DTH and Non-CAS subscribers were 21% and 19% respectively. The percentage aware about TRAI's recommendations on safeguarding consumers' interest by making available choice and alternative platforms of delivery was found to be slightly higher.

**Table 5.2 Awareness about provisions and recommendations of TRAI** (in %)

Provisions and recommendations	CAS	Non-CAS	DTH
<i>n</i>	147	577	362
Provisions of the Tariff Order of 1.10.2004 and its amendments of 1.12.2004	34.0	18.7	21.0
Recommendations of TRAI on consumer choice, promotion of competition through alternative platforms of delivery, mandatory sharing of content on a non-discriminatory basis.	38.8	18.2	24.1

*n* = Total aware of TRAI

**Table 5.3: Awareness about provisions and recommendations of TRAI: CAS** (in %)

Provisions and recommendations	Chennai	Delhi	Kolkata	Mumbai
<i>n</i>	28	67	37	15
Provisions of the Tariff Order of 1.10.2004 and its amendments of 1.12.2004	10.7	49.3	24.3	33.3
Recommendations of TRAI on consumer choice, promotion of competition through alternative platforms of delivery, mandatory sharing of content on a non-discriminatory basis.	10.7	50.7	37.8	40.0

*n* = Households aware of TRAI

- On a related aspect, the extent of awareness among respondents about disputes between service providers and the knowledge about redressal forums for remedial measures due to disconnection was low. While around three-fourth of CAS and non-CAS subscribers were not aware at all of such disputes, around two-third of DTH subscribers had very little idea of the issue.

**Table 5.4: Extent of awareness of disputes between service providers and redressal forums** (in %)

	CAS	Non-CAS	DTH
<i>N</i>	600	4266	1093
Aware	12.8	9.4	6.2
Heard a little but not much idea	13.7	10.9	63.1
Not aware	73.5	79.7	30.7

- Similar to the trend related to awareness about TRAI, percentage of subscribers is more in Delhi compared to those in other CAS cities, found to be aware of dispute redressal forum.

**Table 5.5: Extent of awareness of disputes between service providers and redressal forums: CAS** (in %)

	Chennai	Delhi	Kolkata	Mumbai
<i>N</i>	148	152	151	149
Aware	4.1	34.9	7.9	4.0
Heard a little but not much idea	35.1	3.9	5.3	10.7
Not aware	60.8	61.2	86.8	85.3

Chapter VI

## Responses from Service providers

Local Cable Operators constitute an important channel for satisfactorily delivering of cable services up to the household level. Besides interacting with subscribers in twenty-two cities, the study team also interviewed Local Cable Operators and Multi Service Operators across the country. Though the study aimed at interviewing 50 LCOs in each city, it was found that number of LCOs operating in some cities was much less than the required sample. A total of 965 cable television service providers were interviewed across these 22 cities.

Besides the number, the operational set up was also found to be different in some cities. As in Orissa, one company was operating cable services in different districts/cities with its branch offices in various towns of the state. On the other hand, in Chandigarh, there were fifteen LCOs with their offices spread all over the city. Similarly in Shimla, it was found that cable and satellite business is being operated directly by MSOs.

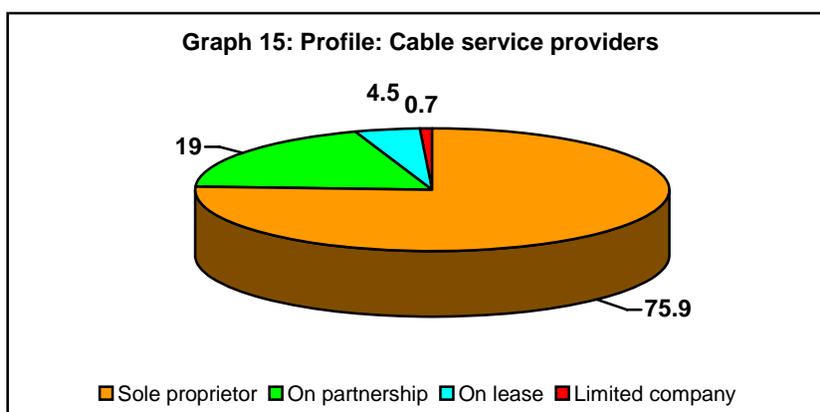
With regard to the DTH services, presently there are two major private DTH service providers – Tata Sky and Dish TV, with their headquarters in Mumbai and Delhi, respectively. The digicom (DTH equipment) are sold through dealers/retailers, while to attend to customers’ complaint they have a customer care centre, which routes the complaints through headquarters to their respective regional offices. Regional offices in turn have local offices/service technicians to attend to subscribers’ complaint. However, subscribers do not have direct access to these offices. The complaints are routed only through customer care centre.

It was also reported that all cities or towns do not have local offices of DTH service providers. Depending upon the number of subscribers in a city, local offices are set up. Some local offices serve more than one city/town.

The present chapter focuses on the issues from the perspective of service providers.

### 6.1 Profile

Of the cable service providers interviewed, around 76 percent are sole proprietor of their cable service business while less than one-fifth were running their cable service business in partnership.



Majority of the service providers have rich experience in this business as emerged from their years of operation in this sector. Among the service providers interviewed about 80 percent have been in this business for more than five years. 93 percent of the LCOs interviewed were affiliated with one or the other MSO. However, 95 percent reported that no investments have been made by the MSOs. For their business operations, on an average a MSO has around 80 employees while the average number of employees under a LCO is three.

**Table 6.1: Experience in Cable services Business** (in %)

Experience (in years)	N	Service Providers
Up to 3		9.9
3.1 - 5		9.3
5.1 - 7		11.6
More than 7		69.1
Total		100.0

The average total capital investment made at the time of starting the business among the LCOs interviewed across the twenty-two cities is reported to be around Rs. 159,560. Hyderabad records the highest amount (Rs. 11,38,462) while Chennai records the lowest (Rs.40, 196). It is important to mention here that many service providers did not disclose their financial records.

Approximate annual investment on cable television head end equipment amounts to Rs. 108381.32 while the approximate operational expenditure amounts to Rs. 118788.55 on an average. Cities with the highest and the lowest annual investment are Bangalore (Rs. 390400) and Ahmedabad (Rs. 19500) respectively. Chandigarh records the highest operational expenditure (Rs. 359357) as against Chennai which has the lowest (Rs. 21360)

The average net billing for the LCOs from providing television services during the financial year 2005-06 is Rs. 555376.24 while the average net profit for the same year is Rs. 130126.32 across the twenty-two cities. Chennai reports the lowest net billing with an average of around Rs. 75238 as against Shillong, which reports the highest net billing (Rs. 1628269.23). Chandigarh however reports the highest net profit (Rs. 267285.71). Chennai emerged as the city with the lowest net profit (Rs. 27333.33) for the year 2005-06.

## 6.2 Coverage

On an average radial coverage of a LCO was reported to be 2.1 kilometres while that of a MSO is 36.7 kilometres. LCOs in Guwahati have the highest radial coverage spreading to about 3.94 km while the lowest was in Delhi (1.29 km).

### 6.3 Subscriber

The average number of subscriber households under an MSO, as of December 2006, was reported to be 1,21228. During the same period, under a LCO, the subscriber households were around 300.

Service providers were enquired about the average monthly bill charged per subscriber. According to around two-third LCOs, the bill ranges between Rs. 101-200. This figure is in consonant with the figures quoted by similar percentage of subscribers earlier (*See Chapter II*).

As could be seen from table below, the highest monthly subscription fee was found in Shillong (Rs 347) and least in Chennai (Rs 100).

**Table 6.2: Average monthly bill charged per subscriber: As per LCO**

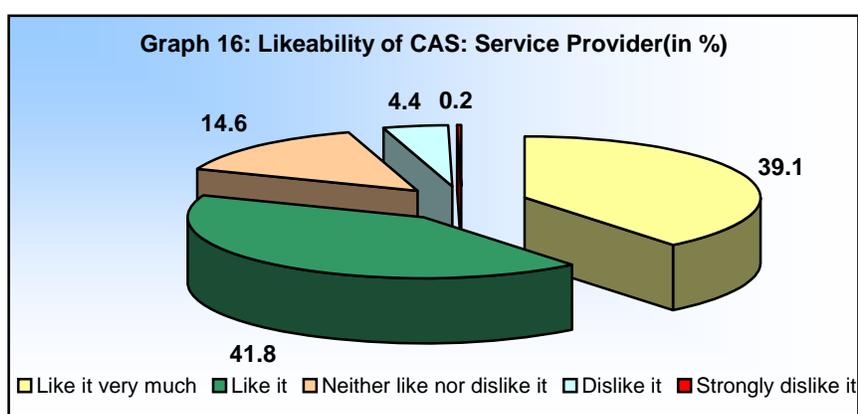
City	Average monthly Bill December 2006	Average monthly Bill January 2006
Chennai	100	100
Delhi	155	154
Kolkata	154	154
Mumbai	206	198
Bangalore	176	175
Hyderabad	155	141
Ahmedabad	214	210
Bhopal	162	129
Chandigarh	200	197
Guwahati	272	260
Jaipur	221	218
Jamshedpur	145	130
Raipur	219	201
Kochi	135	135
Lucknow	138	135
Patna	139	132
Dehradun	188	171
Varanasi	146	143
Jammu	189	188
Shillong	347	325
All	178	170

## 6.4 CAS Likeability

With implementation of CAS in selected areas of three cities and across Chennai, the study tried to gauge the service providers' reaction to it.

In many cities, LCOs welcomed the concept of CAS as they felt that this would put an end to MSO's monopoly and their being at the mercy of the MSOs. While on the other hand, MSOs feel that currently there is no way to have a check over the exact number of subscribers, which is the basis of generating revenue from the LCOs. They feel that introduction of the CAS system will put all subscribers on record and hence it will reduce the manipulation in number of subscribers at the LCO end.

For different reasons, local service providers expressed their liking for CAS.



## 6.5 Reactions to CAS: features liked

More than half of the service providers liked most of the features of CAS. Like subscribers, LCOs too believe that introduction of CAS will improve the quality of transmission. Yet another feature of CAS liked is option for a subscriber to choose channels of their choice. Interestingly while on one hand, they feel that subscription fee would reduce on the other hand, more than half opined that their profit would increase.

**Table 6.3: Features Liked**

Features	(in %) % of LCO
Quality of transmission will improve	79.5
Option to subscribe to channels as per ones' preference	66.3
Follows the Government/TRAI regulated norms	64.4
Price to subscriber would reduce	55.4
My Profits will increase	52.8
Number of subscribers would increase	51.1
Can offer premium/ super premium channels	48.8
Availability of options for easy payment of initial amount at the time of installation of set top box.	50.7
Subscriber control over the content received i.e. vulgar, obscene etc	56.3
Subscriber control over monthly bill as they have the option to pay less if they select just a few channels	35.4

## 6.6 Reactions to CAS: Reservations against CAS

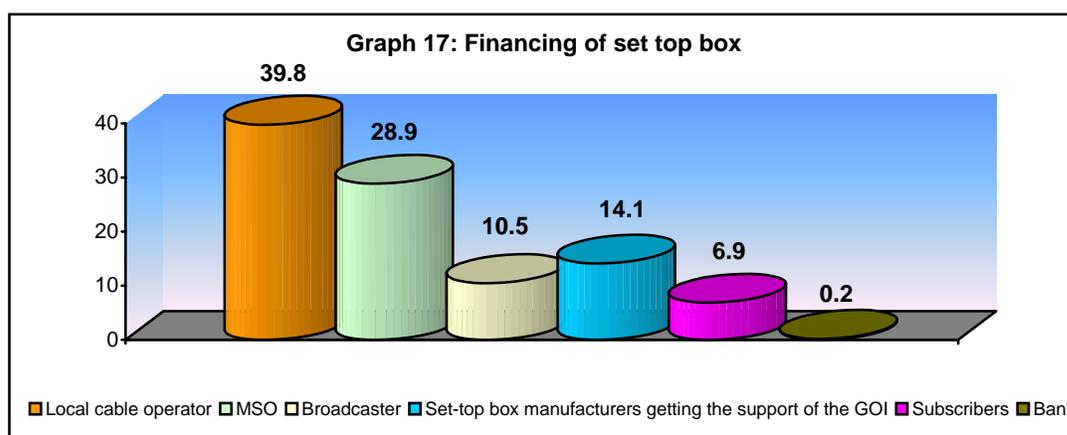
Among the features disliked about CAS by service providers, about three-fourth feel that it require high initial investment while a little over half of the service providers feel that Set Top Boxes (STB) are unaffordable for subscribers. On a related aspect, the service providers expressed their disliking to the fact that those subscribers who have more than one television set will have to have separate STB. Around 49 percent also feared that introduction of CAS might affect their business revenues. Among the single most disliked feature is high initial investment. One-third of the service providers think so.

**Table 6.4: Reservations against CAS**

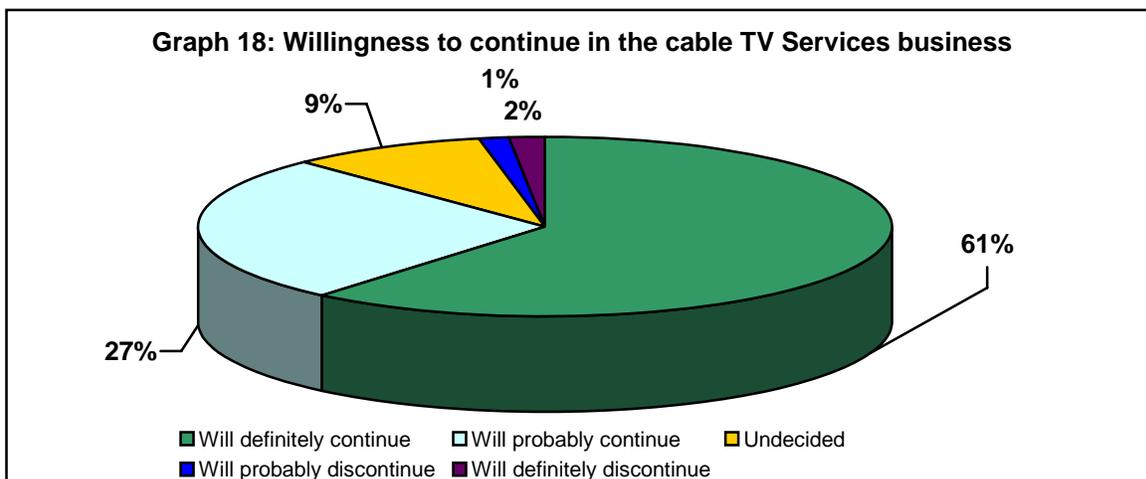
	<i>N</i>	<i>(in %)</i>
	965	
My profits will reduce		48.6
High initial investment		76.9
Set-top boxes are unaffordable for subscribers		54.4
Number of subscribers will reduce		44.4
Overall bill of subscribers will increase		38.1
Loss of control over channels that can be viewed by subscribers		35.3
No freedom for subscribers to browse through other paid channels		45.8
Disturbance in signals/ no-signal		24.5
Separate Set Top Box for each TV set – non-availability of discount on 2nd, 3rd, 4th TV set		49.6
Absence of other facilities such as movies-on-demand, interactive games, etc		22.5

## 6.7 Financing of set top box

Since half of the service providers feel that STBs are unaffordable for subscribers and also indicated their disliking to the fact that they would have to make high initial investment, their opinion on who should be responsible for financing the set top boxes was enquired into. While almost 29% feel that MSOs ought to finance the set top boxes, about 40% of LCOs showed their willingness to finance it. Another 18 percent feel that broadcasters should finance, while a similar percentage think that manufacturers of STB with the support of government, should be responsible.



LCOs willingness to continue with the cable services business in the face of a statutory notice from the Government making it mandatory for all LCOs to offer CAS based services, was assessed.



A little less than two-third of LCOs opined that they would definitely continue with their present business, around 27% percent informed that in all probability they would stick to their cable service business. Thus indicating a large acceptance of CAS. Service providers overwhelmingly realize that CAS has come to stay and that it has certain advantages and hence accept and welcome it.

## *Chapter VII*

# Summing Up and Suggestions

Regulation of cable and broadcasting services in the country came under the preview of TRAI since January 2004. TRAI through the present market research study wanted to capture subscribers' perception and experience with C&S service.

The present report is based on a market research survey carried out in twenty-two cities by CMS in January-February 2007. The subscribers were categorized in to three categories namely, subscribers in CAS areas (in 4 cities), non-CAS subscribers (21 cities) and Direct-To-Home subscribers (22 cities). To capture the views and opinion from the supply side, the study covered service providers in each of these selected cities.

### **CAS Acceptability**

At the time of the field study, CAS regime, outside Chennai, is yet to be experienced with regard to the process of selecting the channels and payment of bills under the new system. This is because the arrangements (of linking STB) are yet to be complete (at the time of the study). This process needs to be expedited and consolidated by impressing upon Cable Operators/service providers before CAS regime is extended to other cities. The STBs need to be fully activated for their main functions in many pockets of Delhi, Mumbai and Kolkata.

Overall, liking for the CAS was found to be positive and encouraging. But not to that extent among non-CAS TV subscribers (69%) compared to CAS (78%) and DTH (75%) subscribers. The advantages perceived and the experiences of those who are under CAS, as in Chennai, should be made known among TV households even in the non-CAS areas of CAS cities – Delhi, Mumbai and Kolkata. This study brings out that CAS subscribers by and large perceive benefits / advantages of CAS and are happy for rationalization of tariff, for bringing some order in the billing, relatively better quality in the reception, ease in choosing channels, certain competitiveness and for the "Government backup" that CAS implied where otherwise it was 'at will (*marji*) service'. This finding deserves to be widely communicated to larger public across the country.

### **Pricing Related Issues**

The monthly subscription fee including rent and taxes would mean that households would be paying more than what they were paying before. However, price is not a serious factor in most parts of the cities/pockets that had gone for CAS, as more than 80 percent of households' opined satisfaction with the monthly bill they (expect to) receive under CAS. Quality in terms of reception, reliability in service and transmission is what most subscribers want. Hence the need and urgency is for service standards and regulations and transparency for which TRAI is already in the process of taking initiative.

In January 2006, around 12 percent of present CAS subscribers in Chennai had not gone for STB and were paying Rs.100 as the monthly bill. The figure on subscription rate for January 2007 shows that none of these households were paying less than Rs.100. Those paying Rs.200 or less had gone down to 28 percent (from 42 percent). Among the cities, where CAS was recently introduced, like in Delhi, the percent of CAS subscribers who pay Rs.200 or less had declined from 60 percent in January 2006 to 22 percent in January 2007. In other words percentage of subscribers paying more than what they were paying earlier has increased. Where as in the case of Mumbai, this percentage had gone up from 20 to 50 percent in January 2007. To add to it, the percentage of households paying Rs. 200 or more, a year back has come down by 30 percent.

Among non-CAS as well as DTH households across 22 cities, the monthly bill has gone up during the period by around 7 percent. TRAI should advise Cable operators and service centres to print tariff order and service standards prescribed by them on the – back side of monthly bills as often. This would help improve service standards, subscriber's confidence and operator's credibility.

More than half of non-CAS subscribers in Delhi, Jamshedpur, Kochi, Lucknow, Shimla, Patna and Varanasi pay less than Rs.150 as their monthly bill. On the other hand, in rest of the cities non-CAS households are paying between Rs. 150-250, except in Shillong and Cuttack where majority are paying more than Rs 250 per month as cable television subscription fee.

Though STB subscribers expect to pay marginally more than what non-CAS subscribers are paying across the cities but at the same time STB households can avail channels as per their preference rather than at the pleasure of local operator is realized by a majority of CAS households.

### **Pricing of Set Top Box**

More than 60 percent of households in CAS area had gone for outright purchase of STB. But most (82 percent) of those who had currently taken STB on rent do not plan to buy the box. They cited two reasons for this decision- high cost of STB and availability of desired channels in FTA. On the preferred option for STB- outright purchase or on rent, around three-fourth of non-CAS households in 22 cities opined that they would buy STB if it cost Rs.1000 or less.

Although a high percentage of households are satisfied with billing, the expectation and standard should be much higher. Nevertheless, given the kind of uncertainty under which CAS was introduced, 80 percent of CAS subscribers are satisfied against 75 percent in the case of DTH and 60 percent in the case of non-CAS subscribers, is impressive. There is not much difference across 22 cities as to their preferences, perceptions and experience with Cable, DTH and CAS service, billing aspects, etc.

There is need for certain promotional efforts by industry bodies, TRAI together and individually towards sensitizing the public about expectations, standards and transparency.

### **Competition Related Issues**

The fact that in most pockets there is only one Cable operator, over 50 percent of subscribers reported so; perhaps it is not possible to bring in the element of competitiveness among service providers. This issue needs to be looked into. But since one-third or more CAS subscribers reported having more than one operator, in this area the competitiveness should be evident. “Schemes”, “package” and “special offers”, etc are some indication of competitive outlook. As long as such offers do not vitiate TRAI’s Order, they should be encouraged if they could attract more subscribers. But we need to be concerned about what happens once such offers are withdrawn – presumably by then customers become familiar or experience advantage of CAS and do not mind paying rationally. There is need to keep track of these various promotional packages/schemes and analyze their implications in various respects and contexts.

### **Triggering the Process**

Both in the case of DTH and CAS, two-thirds or more of subscribers have monthly household income of Rs 8000 and more. The households falling in this income group among non-CAS households are around 45 percent. They are likely to be the first migrants to CAS or DTH depending upon the general perceptions and experiences of their friends / neighbours about CAS and DTH.

### **Direct To Home**

That only one-third of DTH subscribers has heard of TRAI need to be taken note. In fact, among those who heard of TRAI, only a quarter have heard of TRAI’s tariff order. Considering the competitive nature of DTH service – the number of private players is likely to go to five by January 2008 from two today – TRAI should find an appropriate communication strategy to reach out DTH subscribers. Particularly because it has been taking certain initiative with regard to access to signals for each other’s channels. And it is likely to come up with more orders pertaining to bouquet strategies of DTH operators for maximizing revenue. Subscribers should not be compelled to go for more than one DTH-service because certain channels are not making available their signals.

DTH subscribers on an average receive 85 channels, both FTA and pay channels, against 56 channels received by subscribers in CAS and non-CAS areas/cities. That is in this regard there is clear advantage of DTH over CAS.

The bouquet being prescribed by DTH operators should not firstly, constrain channel options, secondly add to costs, and, thirdly, certain channels should not be discouraged. More than 55 percent of DTH subscribers want to pay for individual channels on a-la-carta basis rather than on the basis of bouquet of channels.

Only 15 percent of DTH subscribers have ever registered complaints about DTH service. Among them, who have registered complaint, the dissatisfaction level with its registration process and redressal was also found to be high (47% and 42% respectively). More than three-fourth of DTH subscribers are satisfied with their present monthly bill. Subscribers should be encouraged to complain and operators should give out online number for registering complaints. They should be made to maintain a record of complaints.

Value added services like pay per view movies and video on demand, etc are yet to be appreciated. Perhaps because subscribers are not sure as yet of how to go about or about payment for these various services. As this study brings out the percentage of DTH subscribers who are paying Rs.200 or less as monthly bill, has come down to 21 percent in December 2006 from 27 percent in January 2006.

### **Quality of Service**

It is clear from this study that this sector needs service standards as to transmission quality and interruptions, billing options (a-la-carta vs. bouquet), channel choices offered, service support and reliability, etc. As and when such standards are prescribed and mandated, they should be made known to “more than half of subscribers” in a year time. At the moment the expectations about service quality are low. Some one has to take on the responsibility of sensitizing subscribers to expect much higher standards.

### **Awareness about TRAI**

TRAI should consider certain promotional activities, directly or indirectly. So that the process of adopting or adjusting to a new regime becomes smooth, quicker and advantages could be demonstrated. For this, it could prompt some national and regional networks of professional bodies, industry associations, educational and research agencies. This process in fact could be before and after the Regulator comes out with their various notifications. Only then TRAI's efficiency and effectiveness in this sector becomes more evident.

Only 8 percent of those, who had gone for STB and heard about TRAI, know about TRAI's tariff orders. Even among DTH subscribers, awareness about TRAI is not more than one-third. And among non-CAS subscribers the awareness is hardly 15 percent.

Since backing of the Regulator is an important factor for adoption of CAS, as is evident from this study, it is important that some definite efforts are made to improve awareness about TRAI as well as about its Orders – today it is about tariff and tomorrow it could be about service standards.

Equally important, such efforts to sensitize subscribers would also work as deterrent with operators in the field. The best bet for implementation and effectiveness of a regulatory mechanism is consumer awareness and activism. TRAI should on its own and in collaboration with local civil society groups and independent bodies hold workshops and sensitivity meets. TRAI could also rope in local chapter of national industry bodies like CII, FICCI, etc. Cable TV operators, service centres, and such other local players should also be involved in these meets/deliberations. In this regard TRAI besides newspaper advertisements should hold consultations across the country.

Such efforts in the field would improve confidence and clarity about whatever the Regulator proposes, concerned with the television households. Today despite all that (prolonged) controversy (in the news media) about CAS, clarity about *pros* and *cons* of CAS is not much. Since the enormity of this task increases as CAS goes to other cities, TRAI should initiate confidence-building measures before the next decision of extending CAS to other cities.

TRAI should take a long-term perspective as to CAS and DTH technologies and their adoption pattern and emerging newer technologies. A first step in that direction perhaps is to explore with manufacturers on the possibilities of incorporating the features of set-top-box in the very architecture of television sets. The second step is to examine the lessons relevant from telecom sectors as a result of regulatory regime, for example uniformity in tariff, pay as per use (rather than by bunching or bundling of channels or dividing them into categories), service obligations, service standards, and concern for rural subscribers.

Obviously, TRAI should not limit its concern with regard to broadcasting to the metro-cities or to the big urban centres. The process of diffusion or adoption of CAS, or whichever, should be expedited. Only then the ultimate objective of bringing rationality in tariff pattern and billing as per use, ensuring choice or options in channels and their availability, sustainability of the sector with good business practices, quality of service and rationality in the measures or yardsticks for the growth of industry keeping the interests of all stakeholder, particularly consumers/subscribers or viewers.

This CMS study across 22 cities, first such study after CAS implementation in three cities of Delhi, Kolkata and Mumbai, brings out in no uncertain terms subscribers realization of benefits of TRAI's intervention - its orders on tariff, channel groupings, quality of transmission, etc. That being the case TRAI should strategize its future plans to extend CAS to other cities and also in the rest of the country. All this will lead towards subscriber's satisfaction and choices and at the same time ensure expansion and growth of television in the country and rationalizing the process of revenue sharing.

## Pointers for future

1. The policy must aim to promote quality in terms of supply side and demand growth as well as increasing the consumer surplus for all stakeholders.
2. The dilemma whether the policy should lead to consolidation in the cable industry or promote the cause of small LCOs for spawning innovations in the industry is yet to be resolved. Perhaps the policy is one of watch and wait, allow the market forces to resolve the dilemma. Can it also set in motion some broad directions in the interest of all stakeholders- Consumers, broadcasters, LCOs, MSOs?
3. The simultaneous availability of option – FTA, CAS, DTH, terrestrial transmission has broaden (complicated) the consumer's choice. So also the governments initial ambivalence over the implementation of CAS. The new TRAI plan unveiled recently for phased extension of CAS to more and more cities and towns needs to be finalized so that the LCOs and consumers know the cut off date, to avoid any confusion and have sufficient time to prepare for it.
4. In many sectors, supply has driven the market (Telecom, FM Radio, colour TV). Are there need for a more aggressive promotion of CAS and incentives to manufacturers of STB and its peripherals and other developments for creating a favourable environment?
5. Profiling CAS and making it the preferred choice, who is to take the gauntlet? So far the onus has been on the government. Can there be a collaborative arrangement between broadcasters, cable industry and the government for promoting an aggressive campaign on behalf of CAS?
6. In the proposed CAS coverage territories should there be a consultative body consisting of representative of LCOs, broadcasters and consumers for debating and resolving issues of conflict and complaints? What role the state government representative should have in such arrangements?
7. STB technology obsolescence issues. Have they been addressed?
8. Creating champions. Asking broadcasters to lower their charges during pre and post launch period, recognition for LCOs who succeed in championing up CAS implementation, room for community based organizations (CBOs) initiatives on behalf of CAS would also be helpful.