

**IBF'S REPLY ON TRAI'S CONSULTATION PAPER ON "ISSUES  
RELATED TO IMPLEMENTATION OF DIGITAL ADDRESSABLE CABLE  
TV SYSTEMS"**

**Basic Service Tier for the Digital Addressable Cable TV Systems**

**1. What should be the minimum number of free-to-air (FTA) channels that a cable operator should offer in the basic-service-tier (BST)? Should this number be different for different states, cities, towns or areas of the country? If so, what should be the number and criteria for determination of the same?**

*It may be noted that in light of consumer choice being an inherent feature of a DAS regime, the CAS era compulsion that necessitated a basic service tier to provide the consumer with choice is no longer relevant. Therefore, there appears to be no reason or benefit to end consumers to retain a 'basic service tier' model. The Rs 150/- ceiling has worked well in DTH and should do so in Digital Addressable Systems (DAS) as well.*

**2. In the composition of BST, what should be the genre-wise (entertainment, information, education etc.) mix of channels? Should the mix of channels and/or the composition of BST be different for different states, cities, towns? If so, how should it be?**

*Not relevant in light of response to query 1*

**3. What should be the price of BST? Should this price be different for different states, cities, towns or areas of the country? If so, what should be the price and criteria for determination of the same?**

*Not relevant in light of response to query 1*

**4. What should be a-la-carte rate of channels that form part of BST? Should there be a linkage between a-la-carte rate of channels in the BST to the BST price or average price of a channel in the BST? If so, what should be the linkage and why? Retail Tariff for the Digital Addressable Cable TV Systems**

*Forbearance*

**5. Should the retail tariff be determined by TRAI or left to the market forces? If it is to be determined by TRAI, how should it be determined?**

*We suggest complete forbearance at all levels.*

**(a) Should the a-la-carte channel price at the retail be linked to its wholesale price? If yes, what should be the relation between the two prices and the rationale for the same?**

*Same should be left to market forces completely as it has worked well in DTH. In case of any individual channel discrimination where the channel is exorbitantly priced, the matter can be taken up with the Regulator as they have the powers to intervene.*

**(b) Should there be a common ceiling across all genres for the pay channels or different ceilings for different genres? What should be the ceilings in each case and the reasons thereof?**

*We believe that there is no rationale for regulation on wholesale and retail tariff in DAS and hence do not recommend any genre wise ceiling. .*

**(c) Should there be a common ceiling across all genres for the FTA channels or different ceilings for different genres? What should be the ceilings in each case and the reasons thereof?**

*Forbearance*

**(d) Any other method you may like to suggest?**

*None*

### **Interconnection in the Digital Addressable Cable TV Systems**

**6. Does any of the existing clauses of the Interconnection Regulations require modifications? If so, please mention the same with appropriate reasoning?**

*We suggest that the authority should revisit/ incorporate the following provisos  
Disconnection of Signals:*

*The Clause 4.3 of the Regulation provides for the public notice for disconnection of TV channel signals in the newspapers. The whole clause requires re-phrasing and should be simplified to do away ambiguity, especially the words "in two national newspapers" which require change. Whilst, the clause requires that one of the public notice should be taken out in a local newspaper in local language, when generally the local language newspapers are confined to a region and are seldom national newspapers.*

*In this regard TRAI should mandate publishing of notices, one in a local news paper in local language and the other in a national news paper in national language.*

*Since there will be addressability and the kind of disputes, which resulted in deactivation will decrease rapidly and especially since disputes may be of the such nature that may challenge addressability we recommend that 7 days notice is sufficient to be given.*

*In the event of piracy / breach of addressable system by the MSO/ LCO the broadcaster should be free to switch off without notice.*

#### *Audit:*

*Effective and comprehensive auditing rights should be given to the broadcaster.*

*Minimum of 2 audits by the broadcasters independently should be recommended in a year along with one surprise audit with minimal notice.*

*Separate audit of LCOs by the broadcaster should be mandated. In case MSO has passed any of its obligations to the LCO in any form then broadcaster shall have the right to audit the system and infrastructure of the LCO*

#### *SMS & CAS:*

*SMS and CAS should be integrated to avoid any difference in active subscriber numbers.*

*Channels activation/ deactivation should be updated on SMS, besides the CAS.*

*Mandatory submission of monthly SMS report to the broadcaster within 15 days of the end of each month.*

*A detailed subscriber report containing, name, address, telephone no., e-mail address and the channels opted for by the subscriber should be submitted to the broadcaster along with the monthly SMS report.*

#### *Anti Piracy Obligation & Fingerprinting:*

*Original finger printing of the channel, both overt and covert should be passed through to the end subscriber by the MSO's system.*

*MSOs should have separate facility of frequent finger printing system & OSD messaging in their CAS system to combat piracy.*

*Definitions: Aligning definitions in Interconnect Regulations like "addressable systems", "cable operator", "free to air channel" with that of the CTN amendments,*

*Qualified Must Provide: Insert appropriate provisos to Clause 3.2 (Must Provide) of the Interconnect Regulations to exclude operators (i) who have failed to switch over to digital addressable systems within the stipulated timelines, or (ii) who have not obtained registration in terms of the rules laid down in this regard or (iii) who have engaged in unauthorized retransmission or area transgressions or (iv) who have not disclosed their subscriber base or (vii) who seek signals for retransmission through non addressable digital set top boxes (v) who have not entered into agreements or (vi) who have not otherwise complied with Regulations*

*Denotify Tariff Order dated 31st August 2006 and repeal amendments to the Interconnect Regulation dated 24th August 2006*

*Register of Interconnect: The regulations for Register of Interconnect Agreements should equally apply to agreements entered between MSOs and LCOs reflecting the commercial arrangement between them. The rates charged by MSOs/LCOs in their respective area of operations should also be reported to the Authority on a periodic basis which should be published by TRAI in its website.*

**7. Should the subscription revenue share between the MSO and LCO be determined by TRAI or should it be left to the negotiations between the two?**

**8. If it is to be prescribed by TRAI what should be the revenue share? Should it be same for BST and rest of the offerings?**

At the outset, we submit that the revenue share arrangements between MSOs and LCOs must be left to market forces.

In this context it is important to understand the role of a LCO which is that of an agent/dealer of the MSO, primarily responsible for seeding STBs at consumer homes and collecting subscription charges. This is akin to the role of any dealer as is prevalent in other service sectors like DTH/telecommunication etc. In fact, LCOs are globally recognized as dealers/franchisees of the MSOs (principal to agent relationship).

On the other hand, the MSOs will be making huge capital investments to implement digitization (currently estimated at Rs. 22,000 to 25,000 crores) and assume the risks associated with such capital outlays/ investments. The MSOs will own and control each subscriber connection.

Given the construct of the distribution structure, the MSOs are best placed to negotiate the commission payable to the LCOs depending on several factors like responsibilities entrusted with the LCO, area of operation, no of homes serviced by LCOs etc, which in our view should be in the range of 15 to 20% (for FTA and Pay Channels combined).

**9. Should the ‘must carry’ provision be mandated for the MSOs, operating in the DAS areas?**

*There are some different views amongst the member broadcasters. We are giving both the views.*

*Views of Viacom 18, ESPN and MSM Discovery*

*Since there is 'must provide', therefore we recommend 'must carry' in order to be fair to broadcaster in digital environment. Must carry should be made mandatory to the MSO's during the contract period with the broadcaster as per the terms of the contract.*

*Views of Media Pro*

At the outset we submit that the distributor of TV Channels being the best judge in respect of the choice and preferences of the consumers in their respective operational areas would definitely carry all such channels which are in demand. In this regard, it is pertinent to mention that given the intense competition amongst alternate delivery platforms, it would be in the interests of the MSOs to ensure visibility and carriage of all popular channels to effectively compete with other MSOs and distributor of TV channels of alternate delivery platforms. In other words market dynamics will eliminate the need for “must carry” and hence not required to be mandated.

Moreover, the provisions of the Interconnection Regulations which stipulate that any distributor of TV channels who demands carriage/placement fee from Broadcasters in respect of some channels cannot demand such channels under “must provide” is adequate safeguard for the Broadcasters.

*We also submit that "Must Carry" will be difficult to implement on ground, since the carriage capacity of a cable network even in digital regime depends upon the kind of infrastructure established by the MSO. Once we suggest “Must Carry”, then the basis thereof must also be suggested as otherwise the stipulation even if it is there, may not be practically implementable. Even in case of Regional channels, how a network would accord priority to various available channels, what kind of criteria is required to be laid down in this behalf are issues which may be difficult to address.*

**10. In case the ‘must carry’ is mandated, what qualifying conditions should be attached when a broadcaster seeks access to the MSO network under the provision of ‘must carry’?**

*There are some different views amongst the member broadcasters. We are giving both the views.*

Views of Viacom 18, MSM Discovery and ESPN

We agree with the qualifying condition as follows:

*“MSO should be given an option to not carry regional channels which are not material for that region. For Example in West Bengal, MSO need not carry Gujarati channel. In this manner there will be sufficient capacity for an MSO to carry all relevant channels for that region.”*

*Adding to the above, we suggest another qualifying condition: If a MSO takes a bouquet then he must carry all channels of that bouquet. Rationale being, if a MSO wants to take advantage of the discount that comes with a bouquet, then he should not be allowed to drop and disadvantage any channel that forms of such bouquet.*

Views of Media Pro

*"Must Carry" will be difficult to implement on ground, since the carriage capacity of a cable network even in digital regime depends upon the kind of infrastructure established by the MSO.*

**11. In case the ‘must carry’ is mandated, what should be the manner in which an MSO should offer access of its network, for the carriage of TV channel, on nondiscriminatory terms to the broadcasters?**

*There are some different views amongst the member broadcasters. We are giving both the views.*

Views of Viacom 18, MSM Discovery and ESPN

*Same as mentioned in 9 & 10 above.*

Views of Media Pro

*Same as mentioned in 9 & 10 above.*

**12. Should the carriage fee be regulated for the digital addressable cable TV systems in India? If yes, how should it be regulated?**

*Forbearance. There does not appear to be a need for regulation of carriage fee which will any way be guided by market forces.*

**13. Should the quantum of carriage fee be linked to some parameters? If so what are these parameters and how can they be linked to the carriage fee?**

*Not relevant in light of our response to query no. 11.*

**14. Can a cap be placed on the quantum of carriage fee? If so, how should the cap be fixed?**

*As suggested in 11 and 12 above .*

**15. Should TRAI prescribe a standard interconnection agreement between service providers on similar lines as that for notified CAS areas with conditions as applicable for DAS areas? If yes, why?**

*Forbearance. We propose that there is no need for a prescription similar to that mandated for CAS areas and it may be dealt with appropriately by individual entities and mutual negotiations along with the RIO based system currently provided for in the Interconnection Regulations.*

**Quality of Service Standards for the Digital Addressable Cable TV System**

**16. Do you agree with the norms proposed for the Quality of Service and redressal of consumer grievances for the digital addressable cable TV systems? In case of disagreement, please give your proposed norms alongwith detailed justifications.**

*Align the DTH QOS with CAS QOS and bring one Addressable System QOS. Recognition to independent survey agencies on subscriber base, billing and QOS and would like to add to it a requirement as follows: MSO to file an annual compliance report, with TRAI, confirming its compliance with QOS norms. This should help increase the effectiveness of QOS norms.*

**17. Please specify any other norms/parameters you may like to add with the requisite justifications and proposed benchmarks.**

*i) After the sunset date, there is a possibility that signals will be available in analog mode (as was seen during CAS implementation). The regulations must have severe penalties to prevent this situation. If this is allowed to continue, it will derail the digitization process.*

*ii) Illegal / unauthorised streaming of content on websites is assuming alarming proportions and broadcasters stand to lose subscription revenue. The regulations must have provision to direct Indian ISPs / telcos to block access to such websites from Indian territory.*

**18. Who should (MSO/LCO) be responsible for ensuring the standards of quality of service provided to the consumers with respect to connection, disconnection, transfer, shifting, handling of complaints relating to no signal, set top box, billing etc. and redressal of consumer grievances?**

*i) The MSO alone should be responsible for ensuring QoS to subscribers. One window responsibility will ensure superior quality service and prompt complaint redressal.*

ii) *Subscribers, in their contract with MSOs, should be clearly made liable for legal action for any unauthorised use of their designated CPE or signals emanating from such CPE.*

**19. Whether Billing to the subscribers should be done by LCO or should it be done by MSO? In either case, please elaborate how system would work.**

*The billing to the subscribers should be controlled and done by the MSO alone. LCO should act as franchisee of MSO. The LCO should explicitly be barred from interfering with SMS system and the billing system. LCO should be responsible for ensuring redressal of consumer grievances and maintenance of the network in co-ordination with the MSO.*

**20. Should pre-paid billing option be introduced in Digital Addressable Cable TV systems?**

*Pre paid billing has been successful across many sectors and such an option should certainly be introduced.*

#### **Miscellaneous Issues**

#### **Broadcasting of Advertisement free (ad-free) channels**

**21. Whether an ad-free channel is viable in the context of Indian television market?**

*TRAI should not look at regulating ad-free channels as such channels are driven by demand and market forces.*

**22. Should there be a separate prescription in respect of tariff for ad-free channels at both the wholesale and retail level?**

*No, there should be forbearance on pricing of ad-free channels. The model with which these channels operate are unique as they are dependent only upon subscription revenues to recover their cost of operations.*

**23. What should be the provisions in the interconnection regulations in respect of adfree channels?**

*IBF members are unanimously of the view that Regulator should not in any way interfere in the pricing of ad-free channels. It should be left completely to the market forces.*

*However, there are different views about “Must Provide”*

*Viacom 18 and MSM Discovery are of the view that the interconnection regulation can apply for ad-free channels so that consumers are not deprived of such channels.*

*ESPN and Media Pro are of the view that “Must Provide” should not apply to Ad Free channels and there should be forbearance.*

**24. What should be the revenue sharing arrangement between the broadcasters and distributors in respect of ad-free channels?**

*This should be left to mutual negotiations and understanding reached for distribution of these channels.*

**Non addressable digital Set top boxes**

**25. In case you have any view or comment on the non-addressable STBs, you may please provide the same with details.**

*Use of non-addressable STBs should be prohibited not only for areas demarcated for phase I of digitisation but across country since replacement of these boxes later can delay overall digitisation timelines.. Not only that, usage of non-addressable STBs, which are not BIS compliant is illegal and BIS does not approve of non-addressable STB's and therefore there is no rationale for usage of such STB's.*

**Reference point for wholesale price post DAS implementation**

**26. Would there be an impact on the wholesale channel rates after the sunset date i.e. 31st Dec 2014, when the non-addressable systems would cease to exist? If so, what would be the impact?**

*We don't foresee any adverse impact. The industry should move towards forbearance at all levels and digitization shall pave the way for the same.*

**27. Any other relevant issue that you may like to raise or comment**

*There are two very important issues which lie at the heart of the digitalization drive, and are very important for Broadcasters' perspective. These two issues are (i) Piracy and (ii) Enforcement of Digitalization law:*

*(i) Piracy: In order to make TV viewing an even better experience, Broadcasters incur huge costs and expense to put together the best of content for viewers. Be it sports or news or general entertainment, acquiring and producing any sort of content now attracts exorbitant costs. One of the major source of revenue which helps broadcasters recover this cost is, subscription, but by indulging in theft/piracy of the channel signals, pirating MSOs not only violate the intellectual property rights of the broadcasters but also steal from the broadcasters their rightful revenue. In is matter of gravest concern, and as the regulator of this broadcasting industry, TRAI needs to play a pro-active role in curbing piracy, vide stringent regulation and effective enforcement of the same.*

*In terms of regulation TRAI can make suitable amendments in the existing regime providing for regulations enabling TRAI to take action against pirating operators suo motto or upon receipt of complaint from a broadcaster. W.r.t. enforcement, Regulator needs to set up the requisite infrastructure across the country i.e. be personnel, offices etc., so as to take cognizance of acts of piracy and take necessary action against pirating MSOs. It is also suggested that MSO's license to operate in DAS area include a stipulation regarding piracy, providing that proven indulgence in piracy should make a MSO's license liable to cancellation.*

*(ii) Implementation of Digitalization: Central Government by enacting the law providing for addressable digitalization of existing analogue services has taken a big step towards technological advancement of the broadcast industry. This law if enforced in letter and spirit and in time, will revolutionize the whole industry. Given the quantum of development this law will bring about, it is important that the Regulator undertakes necessary measures to implement digitalization and take it to its desired effect.*