DCOAM

# DIGITAL CABLE OPERATOR ASSOCIATION MUMBAI

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31st May 2016

Sh. Sunil Kumar Singhal,
Advisor (B&CS)
Telecom Regulatory Authority of India
New Delhi

Dear Sir,

We thank the Authority for initiating the Consultation which is absolutely necessary considering that the whole of India will become digitalized in the months to come.

We enclose herewith our responses to the Consultation Paper on Interconnect framework for Broadcasting Services date 4th May 2016.

Thanking you.

For DCOAM,

Authorised Signatory

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**Summary of issues for consultation on Interconnection framework for Broadcasting TV Services distributed through Addressable Systems dated 4th May 2016**

**Introduction:**

In a fast changing world, which is led by technology, we first need to understand the Business models of the Content Providers and that of the Distribution Platforms. A Broadcaster has 2 sources of revenues. A FTA channels gets income only from advertising whilst a PAY channel gets a Subscription revenue as well as advertising revenue. A Distribution Platform gets revenue from Subscription and placement/marketing fees whereas the LCO gets only subscription revenue.

Key issues faced today by the industry are:

1. Lack of trust amongst stakeholders and hence no partnership approach in spite of each stakeholder depending on the other
2. Dominance of Legal teams in running distribution business/dictating ways to conduct business
3. Need for an overhaul of existing regulations

Since this is a free enterprise business, it is better for stakeholders to sit and discuss the business roles and economics rather than looking for the Authority to force regulations and then oppose what does not suit that stakeholder.

Since all Digital platforms are equal save and except their mode of transmission, there should be a level playing field irrespective of the mode of delivery. Secondly, in a digital world even if a subscriber moves from one platform to another or within platforms, there will be no revenue leakages for any Broadcaster.

In our view we should not look at this like a pyramid from the top with Broadcasters sitting at the top, but rather from the bottom of the pyramid where subscribers of every platform lie. Since in all Digital platforms it is possible to know how many subscribers are active at any given time and an audited trail of subscriptions can be made available, all stakeholders should work on sensible ARPU growth through joint efforts so that all benefit and EARN their revenues.

Since this method is dependent on subscriber ARPU, the need to define a wholesale rate is also not a pre requisite. Only requirement is for a Broadcaster to declare whether it is FTA or PAY. Any platform is free to create different packages of FTA & PAY channels as they wish as long as they comply with the TRAI regulation on a la carte pricing which the DPO should now set on the following basis :

*Provided further that in case a multi-system operator or DTH operator or IPTV operator or HITS operator providing broadcasting services or cable services to its subscribers, using a digital*

*addressable system, offers channels as a part of a bouquet, the rate of such channels forming part of that bouquet shall be subject to the following conditions, namely:-*

*(a) the sum of the a-la-carte rates of the channels forming part of such a bouquet shall in no case exceed one and half times of the rate of that bouquet of which such channels are a part; and*

*(b) the a-la-carte rate of each channel forming part of such a bouquet shall in no case exceed three times the average rate of Pay channel of that bouquet of which such channel is a part;*

There is no need for carriage or marketing fees to be paid as Pay Broadcasters and Platforms work together to create packages. Visibility versus subscription revenue will be the trade-off for Broadcasters to decide upon. If Broadcasters feel that their subscriptions revenue is low due to many channels packed together, they can opt to be part of a different package and stand up on their own legs with some of their own channels and get higher subscription revenue per user.

If the package is priced too high and consumers don't bite, corrections will be required. Price elasticity will also be discovered whenever price hikes happen and offtake drops. This paves the way for actual subscriber choice and true price discovery of content at the hands of consumers.

New channels will get a chance to be showcased on all platforms subject to the condition that if the channels garners less than 5% of total active subscriber base after six months/1 year, the platform is at liberty to drop the channel from its platform. Creating a scientific method of revenue share is possible. Same methodology can be followed for HD channels or 4K channels whenever they are launched. To clarify, card rates to be taken into account for revenue sharing only. Discounts if any given, will be borne by respective stakeholder.

If ARPU becomes the default currency for the industry instead of no of STBs, the entire industry benefits.

The costs for a consumer can be divided into 3 parts – distribution cost, content cost and taxes. We all agree that there is a cost of distribution irrespective of the platform. Distribution is a capital intensive business and it too needs to get a fair share of return for its shareholders. Today even after 10 years of DTH being in business and some MSOs for a longer period, net profit eludes all. And in a fast changing world, distribution needs constant upgrading or else it faces the risk of obsolescence more than any stakeholder.

In DAS TRAI has mandated that a minimum 100 FTA channels including mandatory DD channels have to be provided as part of the Basic Service Tier. This is priced at Rs.100/- plus taxes. Telecom (mobile and wireline) too levies a Basic Charge so consumers do understand this concept over the years. Even in a CAS regime there was no issue or complaint on this. It is unfair for Broadcasters to compute revenue share on this component also when their contribution is nil.

Since this is a distribution cost only and no pay content is included in this, this cost will be retained by the Distribution Platform and its stakeholders in a ratio that can be mutually decided or set by the Regulator based on a scientific study.

Hereafter we let the subscriber decide on what package/s they wish to choose from. Packaging and Retail Pricing is totally decided by the Distribution Platform. No carriage placement fees will be paid by any Pay Broadcaster. Packaging can include Pay as well as FTA channels in any combination.

Future rate hikes are transparent – increase in distribution cost/which content or packages/taxes.

Q1. **a) Is there any need to allow agreements based on mutually agreed terms, which do not form part of RIO, in digital addressable systems where calculation of fee can be based on subscription numbers? If yes, then kindly justify with probable scenarios for such a requirement.**

Mutually negotiated commercial terms in an agreement should not be permitted due to some vertically integrated players.

**b) How to ensure that the interconnection agreements entered on mutually agreed terms meet the requirement of providing a level playing field amongst service providers?**

No mutually agreed agreements to be permitted.

**c) What are the ways for effectively implementing non-discrimination on ground? Why confidentiality of interconnection agreements a necessity? Kindly justify the comments with detailed reasons.**

Making mandatory to sign uniform RIO agreement for all stakeholders containing all commercial terms & conditions will ensure parity and non-discrimination. Financial disincentive and penal clauses should be inserted for false representation or non-disclosure in RIO agreement. Currently confidentiality is being used to protect mainly interests of vertically integrated players. Hence it is not necessary or required to have confidentiality in the agreement.

**d) Should the terms and conditions (including rates) of mutual agreement be disclosed to other service providers to ensure the non-discrimination?**

As TRAI has come up with Model Interconnect Agreement between MSO & LCO, there should also be a TRAI Model Interconnect Agreement between a Broadcaster and a DPO, where only commercial terms are open for a Broadcaster to publish.

**e) Whether the principles of non-exclusivity, must-provide, and must-carry are necessary for orderly growth of the sector? What else needs to be done to ensure that subscribers get their choice of channels at competitive prices?**

Yes the current principles of non-exclusivity, must provide and must carry should be continued for orderly growth of the sector.

In a digital era, under declaration will be a thing of the past and it provides choice to consumers. One of the reason for pushing digitalisation by the Regulatory was also to ensure consumers have choice of subscribing channels. Whereas even the revised RIOs filed by all the broadcasters provide discounts to DPOs on the conditions of Channel & Pack parity, Penetration incentive, LCN incentives (*all of which are unrealistic to achieve for any DPO's*). Rates have been retained at the earlier 42% of analog rates even when analog era is seeing its sunset. To achieve economically viable content cost vis-à-vis current Average Rate Per User (ARPU) a DPO is left with no choice but to fulfil and ensure that all channels are carried and placed as per RIO terms to achieve maximum incentives. In short if DPO gets no choice to package as per their needs, the

consumer will also get little choice. In a digital era, having rates basis analog era is irrelevant and despite having transparency in subscriber's declaration rates remain arbitrary which would need to be corrected.

The Authority has already mandated how DPOs have to set a la carte prices. However this has not been implemented by any DPO. True consumer choice will only emanate from this.

**f) Should the RIO contain all the terms and conditions including rates and discounts, if any, offered by provider, for each and every alternative? If no, then how to ensure non-discrimination and level playing field? Kindly provide details and justify.**

Yes

**g) Should RIO be the only basis for signing of agreement? If no, then how to make agreements comparable and ensure non-discrimination?**

Yes RIO should be the only basis for signing of the agreement. From the various schemes that are mentioned in RIO, the DPO chooses the most appropriate one for themselves.

**h) Whether SIA is required to be published by provider so that in cases where service providers are unable to decide on mutually agreed terms, a SIA may be signed?**

Not required in light of above.

**i) Should a format be prescribed for applications seeking signals of TV channels and seeking access to platform for re-transmission of TV channels along with list of documents required to be enclosed prior to signing of SIA be prescribed? If yes, what are the minimum fields required for such application formats in each case? What could be the list of documents in each case?**

Not applicable in view of above

**j) Should 'must carry' provision be made applicable for DTH, IPTV and HITS platforms also?**

Yes

**k) If yes, should there be a provision to discontinue a channel by DPO if the subscription falls below certain percentage of overall subscription of that DPO. What should be the percentage?**

Current 5% subscription demand being set in DAS is reasonable. It should be common and applied across DPOs.

**l) Should there be reasonable restrictions on 'must carry' provision for DTH and HITS platforms in view of limited satellite bandwidth? If yes, whether it should be similar to that provided in existing regulations for DAS or different. If different, then kindly provide the details along with justification.**

As per judgement passed by TDSAT in Jain Hits matter, Hits is comparable to MSO in DAS hence all provisions should apply to all DPO's irrespective of Technological challenges.

**m) In order to provide more transparency to the framework, should there be a mandate that all commercial dealings should be reflected in an interconnection agreement prohibiting**

**separate agreements on key commercial dealing viz. subscription, carriage, placement, marketing and all its cognate expressions?**

Yes

2. **a) How can it be ensured that published RIO by the providers fully complies with the regulatory framework applicable at that time? What deterrents do you suggest to reduce non-compliance?**

Since TRAI admits that RIO filed by Broadcaster may not be scrutinized by it and its mere submission makes Broadcasters presume it is compliant.

As TRAI has come up with Model Interconnect Agreement between MSO & LCO, there should also be a TRAI Model Interconnect Agreement between a Broadcaster and a DPO, where only commercial terms are open for a Broadcaster to publish. This will makes its implementation easier and will not permit vertically integrated Broadcasters to stall proceedings if it so desires.

Cable/HITS & DTH are all following DVB Standards, whereas IPTV follows Internet Protocol. The Authority has given guidelines for technical systems in the Interconnect Regulations. Every Broadcaster comes up with different compliance standards and formats for audits and reports. If standard terms are created by TRAI in a Model Interconnect, it would become applicable for all platforms and easier to implement.

**b) Should the regulatory framework prescribe a time period during which any stakeholders may be permitted to raise objections on the terms and conditions of the draft RIO published by the provider?**

If Model Interconnect is adopted, this requirement will be left only to commercial terms to challenge. Here our suggestion is that there be no time limit assigned for raising objections.

**c) If yes, what period should be considered as appropriate for raising objections?**

3. **a) Should the period of 60 days already prescribed to provide the signals may be further sub divided into sub-periods as discussed in consultation paper? Kindly provide your comments with details.**

Yes it should be sub-divided into various sub-periods as suggested in the consultation paper. Any new player seeking to get signals will be making his plans well in advance and hence 60 days is sufficient notice to seek signals. In what we have proposed earlier, reasons to stall availability of signals does not arise, other than an audit of the systems installed.

**b) What measures need to be prescribed in the regulations to ensure that each service provider honour the time limits prescribed for signing of mutual agreement? Whether imposition of financial disincentives could be an effective deterrent? If yes, then what should be the basis and amount for such financial disincentive?**

As per Chapter 7 of the DAS QoS, a penalty is levied on MSO/LCO – "In case the installation and activation of Set Top Box is delayed beyond two working days after the completion of all formalities by the subscriber, the multi-system operator or its linked local cable operator, as the

case may be, shall give rebate of rupees fifteen per day for the first five days of delay and rupees ten per day for the delay beyond five days to the subscriber."

Hence there should be a similar financial disincentive to a Broadcaster for using delaying tactics to protect its favoured entities. It should be at least 100,000/- per day to be deposited into the TRAI consumer fund.

**c) Should the SIA be mandated as fall back option?**

As stated above if a TRAI mandated Interconnect agreement is available, that will get signed with whatever option the platform selects as best suited for them.

**d) Should onus of completing technical audit within the prescribed time limit lie with broadcaster? If no, then kindly suggest alternative ways to ensure timely completion of the audit so that interconnection does not get delayed.**

If the platform has been duly inspected and audited and certified by BECIL or any other authorised body by TRAI, no Broadcaster should raise any objection to giving signals. However, if they still persist in doing so, the punitive penalties levied should be so high that it acts as a strict deterrent.

If the platform has not yet been audited and certified by BECIL or any other authorised body by TRAI, the Broadcaster should complete its audit within 30 days from the date of the demand for signals. Audit report should be filed within 45 days of date of demand for signals clearly stating the lacuna found in audit. The Platform and Broadcaster can then accept the lacuna and commit to resolve the same within a pre decided period. In such a case, the Broadcaster will provide signals upon signing of the Interconnect with an Addendum to rectify the lacuna within stipulated period. If the Platform, finds that the audit lacuna is incorrect or exceeds the scope of Regulations, the matter should be brought up before the Authority to decide based upon merits.

**e) Whether onus of fixing the responsibility for delay in individual cases may be left to an appropriate dispute resolution forum?**

The Authority may form a body of technical experts, who may be called upon from time to time, to look into the merits of the technical disputes raised by the Broadcaster/s. The fees for the same should be borne equally by both parties.

4. **a) What are the parameters that could be treated as the basis for denial of the signals/ platform?**

1. Technical non-compliance of the CAS & SMS where each transaction is not being captured correctly.
2. Default in payment of legitimate and reconciled dues

**b) Should it be made mandatory for service providers to provide an exhaustive list in the RIO which will be the basis for denial of signals of TV channels/ access of the platform to the seeker.**

Reasons mentioned above in 4 (a) are adequate reasons for denial of signals and no additional list in the RIO is required to be stated.

5. **a) Should an IMS be developed and put in place for improving efficiencies and ease of doing business?**

Yes

**b) If yes, should signing of interconnection agreements through IMS be made mandatory for all service providers?**

Yes

**c) If yes, who should develop, operate and maintain the IMS? How that agency may be finalised and what should be the business model?**

Any reputed software company can develop IMS. All stakeholders can access their agreement and other parties agreement (subject to point 3.24), here owner ship should be with authority and parties have access as per agreement.

**d) What functions can be performed by IMS in your view? How would it improve the functioning of the industry?**

- Warehousing all agreements
- Providing access with controls security
- Communication tracking & availability of history
- All other regulatory requirements

**e) What should be the business model for the agency providing IMS services for being self-supporting?**

Fee basis to independent agency (fixed or percentage of contract value)

6. **a) Whether only one interconnection agreement is adequate for the complete territory of operations permitted in the registration of MSO/ IPTV operator?**
**b) Should MSOs be allowed to expand the territory within the area of operations as permitted in its registration issued by MIB without any advance intimation to the broadcasters?**
**c) If no, then should it be made mandatory for MSO to notify the broadcaster about the details of new territories where it wants to start distribution of signal a fresh in advance? What could be the period for such advance notification?**

**a,b & c:** DTH is a pan India operation. IPTV too will follow similar lines. Only MSO have licences granted for a territory by the MIB. But in a digital environment a STB is accounted for irrespective of where it is physical location exists. Hence there is no loss to a Broadcaster. However, today consumer prices are not uniform in the cable sector, with ARPUs varying in the same cities and a huge difference in ARPUs of DAS 1/2 versus DAS 3 & 4. MSOs hence should be restricted to the regions licenced and this should be revisited once maturity sets in the market. However licences granted to National MSOs permits them to do business anywhere, but restricts a small MSO from expanding. TRAI needs to lay down a standard procedure which should not deter a smaller MSO from expanding by putting restrictions merely due to the Licence limitations. Such an expansion should not be considered as an act of piracy, as every STB is accounted for in a digital regime.

7. **Whether a minimum term for an interconnection agreement be prescribed in the regulations? If so, what it should be and why?**

Since both platform and Broadcaster are not short term players, both need long term contracts for their benefit. Long term deals of at least 3 years will benefit all including consumers who do not have to suffer some channel/s being switched off at regular interval. Renewal each year only helps the Broadcaster who gets a chance to renegotiate commercial terms and barely gets a platform to market and increase ARPUs. New RIOs filed have retained the old a la carte rates and added discounting terms to get to a derived CPS rate which is still higher than the current market rates.

8. **a) Whether it should be made mandatory for all the broadcasters to provide prior notice to the DPOs before converting an FTA channel to pay channel?**

**b) If so, what should be the period for prior notice?**

Conversion of a channel from FTA to Pay should be done compulsorily by scrolls on the channel itself by the Broadcaster at least 90 days in advance. A FTA channel strictly means a channel which does not encrypt its signals in any form. A Pay channel is one that is encrypted. Hence any channel converting itself from FTA to Pay will have to start seeing IRDs well in advance.

Running scrolls on its own channel/s, the Broadcaster can effectively keep the consumer informed. DPOs need time to plan and decide which packages the channel will fit into and decide on revision of package prices as well as set a la carte rates and then communicate the same to consumers via their Bmail/OSDs. On same grounds, whenever a new Pay channel is launched, all marketing messages by the respective Broadcaster should clearly mention that this is a Pay channel wef _____ and may be available for free preview for 'X" days or not at all.

There is another distinction that needs to be brought in. A channel may be encrypted for some reason, but classifies itself as FTA. The IRD's for such a channel should be provided to DPOs at no cost whenever demanded.

9. **a) Should the number of subscribers availing a channel be the only parameter for calculation of subscription fee?**
**b) If no, what could be the other parameter for calculating subscription fee?**
**c) What kind of checks should be introduced in the regulations so that discounts and other variables cannot be used indirectly for minimum subscribers guarantee?**

**a,b, & c :** IPTV is the only medium that can offer an actual count of not only the actual subscribers who have viewed the channel but also which programmes that the viewer has seen and for what duration. All other platforms authorise the STB permission to view the channel or not. Hence calculation of subscription fee should only be done on the basis of the authorisation given to the STB to view the channel. The universe of STBs installed cannot be made for pay for content that they have never consumed.

10. **a) Whether the technical specifications indicated in the existing regulations of 2012 are adequate?**
**b) If no, then what updates/ changes should be made in the existing technical specifications mentioned in the schedule I of the Interconnection Regulations, 2012?**

Section 1 guidelines are more than adequate, except for clause 10 of the Section – CAS & SMS.

*"Both CA & SMS systems should be of reputed organization and should have been **currently in use** by other pay television services that have an **aggregate of at least one million subscribers in the global pay TV market.**"*

Under these conditions the iCASTM CAS developed in India will not be approved by Broadcasters and hence become a non-starter. Similarly for any home grown SMS.

Audits go to depths on piracy, but today with much of the content being available on the internet also, it looses its significance. Best would be to collate data from Broadcasters as to in how many instances have they actually used such provisions.

As stated earlier TRAI should draft a standard technical schedule that is incorporated in the Model RIO, so that different interpretations do not arise

**c) Should SMS and CAS also be type approved before deployment in the network? If yes, then which agency may be mandated to issue test certificates for SMS and CAS?**

BECIL or any authorised body mandated by TRAI.

**d) Whether, in case of any wrong doing by CAS or SMS vendor, action for blacklisting may be initiated by specified agency against the concerned SMS or CAS vendor.**

In the first instance, a heavy financial penalty of Rs.1 crore or limits as per size of DPO should be levied followed by blacklisting of that vendor for any repeated offence.

11. **a) Whether the type approved CAS and SMS be exempted from the requirement of audit before provisioning of signal?**
**b) Whether the systems having the same make, model, and version, that have already been audited in some other network and found to be compliant with the laid down specifications, need not be audited again before providing the signal?**

Each system is independent and though they may have been tested earlier, they need to be tested together as there are hardly any platforms that use the same versions of both systems. Validating such systems will not take much time.

**c) If no, then what should be the methodology to ensure that the distribution network of a DPO satisfies the minimum specified conditions for addressable systems while ensuring provisioning of signals does not get delayed?**

Stated earlier

**d) Whether the technical audit methodology prescribed in the regulations needs a review? If yes, kindly suggest alternate methodology.**

That both systems used record each and every transaction cannot be compromised upon. This can be examined thoroughly and closed. Where each audit gets lengthy and often misused is that reporting requirements remain different for different Broadcasters. Some had fixed deals, CPS deals, other CPS with kickers. CPS deals need a different reporting format which should show STB wise which channels of the Broadcaster have been carried on each STB. Whereas computing

the no of STBs from the regular count of STBs per package and a la carte will throw up different nos. If this format is standardised and pay-out methodology frozen, much of the reasons for disputes will disappear.

Some Technical audits also demand that the revenues per package and subscriber payments be disclosed. If a Broadcaster were to work on revenue share this would be justified, but not when there are Fixed Fee Deals and CPS deals which have never been negotiated based on anticipated ARPU that MSO will derive.

Some DPOs report only Household no's and not per STB basis. This too needs to be standardised for all DPOs.

12. **a) Should a common format for subscription report be specified in the regulations? If yes, what should be the parameters? Kindly suggest the format also.**

There is an absolute need for standardisation of formats. Each Broadcaster demands reports in different formats whereas the system is not geared up for that. Some Broadcasters have asked for daily average nos from the earlier monthly average nos.

The format suggested by us is as follows:

| Total Viewership Channel wise for Broadcaster A | A la carte count | Pack A | Pack B | Pack C | Total | less duplications | Final Total | Total STBs catering to channels of Broadcaster A | % penetration |
|---|---|---|---|---|---|---|---|---|---|
| Ch 1 | 3 | 6 | | 7 | 16 | | 16 | 20 | 80% |
| Ch 2 | 2 | | 6 | 7 | 15 | 1 | 14 | 20 | 70% |
| Ch 3 | 3 | 6 | | 7 | 16 | | 16 | 20 | 80% |
| Ch 4 | 0 | 6 | | 7 | 13 | | 13 | 20 | 65% |
| Ch 5 | 2 | | 6 | 7 | 15 | 2 | 13 | 20 | 65% |
| Ch 6 | 2 | 6 | 6 | 7 | 21 | 1 | 20 | 20 | 100% |

This report is generated by the SMS from its database as shown below:

| | Broadcaster A | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Ch 1 | Ch 2 | Ch 3 | Ch 4 | Ch 5 | Ch 6 | Pack 1 Ch 1, 3,4,6 | Pack 2 Ch 2,5, 6 | Pack 3 1,2,3,4,5,6 | Duplications due to lack of validification |
| VC No 1 | | | | | | | | | Y | |
| VC No 2 | Y | | Y | | | | | Y | | |
| VC No 3 | | | | | | | Y | | | |
| VC No 4 | | | | | | | Y | | | |
| VC No 5 | | Y | | | Y | Y | | | | |
| VC No 6 | | | | | | | | Y | | |
| VC No 7 | | | | | | | | | Y | |
| VC No 8 | | | | | | | | | Y | |
| VC No 9 | | | | | | | | | Y | |
| VC No 10 | | | | | | | | Y | | |
| VC No 11 | | | | | | | Y | | | |
| VC No 12 | | | | | | | | Y | Y | Ch 2,5,6 counted twice due to common chnls in both |
| VC No 13 | | | | | | | | | Y | |
| VC No 14 | | | | | | | | | Y | |
| VC No 15 | | | | | | | | Y | | |
| VC No 16 | | | | | | | Y | | | |
| VC No 17 | | | | | | | Y | | | |
| VC No 18 | Y | | Y | | Y | | | Y | | Ch 5 counted twice |
| VC No 19 | Y | Y | Y | | | Y | | | | |
| VC No 20 | | | | | | | Y | | | |
| TOTAL | 3 | 2 | 3 | 0 | 2 | 2 | 6 | 6 | 7 | |

**b) What should be the method of calculation of subscription numbers for each channel/ bouquet? Should subscription numbers for the day be captured at a given time on daily basis?**

Subscription happens on the choice of channels/packs that the subscriber makes, which is on a per STB basis. As shown above if rates for a la carte and packages have been agreed between Broadcasters and DPOs, the rates need to be plugged in to derive the amounts payable for that month. With prepaid systems, subscription can start from any date in a month. The standard monthly report averaging the opening and closing count with additions and disconnections is sufficient to set off the few odd cases where disconnections can happen before period of 30 days has elapsed.

**c) Whether the subscription audit methodology prescribed in the regulations needs a review?**

Audit twice a year by a Broadcaster is mandated currently. Considering the no. of Broadcasters doing audits, this burdens the DPO all year round. It would be better to do it once a year, with a rider that should there be a reason to believe some mischief, the respective Broadcaster can ask for an audit after a week's notice.

**d) Whether a common auditor on behalf of all broadcasters be mandated or enabled? What could be the mechanism?**

A common auditor would make life easier for DPOs. But would DPOs be comfortable sharing their entire database for all channels with that Auditor? If TRAI conducts that audit, then all

would be comfortable as TRAI has access to much of the data in any case. Unlike telecom where few players exist, here the no of DPOs are many and this task would require a separate team to be developed for this task. However if this audit is conducted at a fee, TRAI would be able to recover its costs and though DPOs do not share the cost of audit, they should be willing to chip in. Lastly it would give TRAI a correct perspective of which DPOs have proper systems and procedures in place and which don't.

**e) What could be the compensation mechanism for delay in making available subscription figures?**

Monthly reports should be sent within 15 days at max. Penalty of Rs.100,000/- should be levied for delays. This penalty is doubled for each month of delay.

**f) What could the penal mechanism for difference be in audited and reported subscription figures?**

Before we talk of penalty, lets us decide how the difference has been arrived at and whether both parties have agreed to the difference. Reports generated need to be compared with the back-up database when the reports were generated and not with live database. Currently systems report the total counts of all active channels/packages. However when MSOs have yet to correctly implement packages, errors occur due to duplications (eg : 2 different packs are active on same STB or channel is active as a la carte and also present in the package) and incorrect transactions being entered in SMS.

Hence if the subscriber reports suggested by us are implemented, disputes like those mentioned above will not arise a penalties can be levied.

**g) Should a neutral third party system be evolved for generating subscription reports? Who should manage such system?**

Unless mandated, no DPO will permit a third party to access its systems.

**h) Should the responsibility for payment of audit fee be made dependent upon the outcome of audit results?**

It is the Broadcaster need that requires an audit. Currently they pay for it. Their RIO's mention that cost of audit will be borne by the DPO should wrong doing be found. Some of these disputes are difficult to conclude and remain hanging. Some go to TDSAT or some get settled commercially. Dispute resolution mechanism has to be set up between Top Managements of both companies and if that fails the issue can be raised before a technical audit team under TRAI (TDSAT also refers the matter to BECIL)

13. **a) Whether there should be only one notice period for the notice to be given to a service provider prior to disconnection of signals?**
**b) If yes, what should be the notice period?**
**c) If not, what should be the time frame for disconnection of channels on account of different reasons?**

Current regulations with respect to notice period for disconnection and procedures stated are adequate. As long as notice period prior to disconnection notice remains the same for every DPO, it should be OK.

14. **a) Whether the regulation should specifically prohibit, the broadcasters and DPOs from displaying the notice of disconnection, through OSD, in full or on a partial part of the screen?**

Disconnection notice issued by a Broadcaster and the DPO are different in nature. An OSD message of disconnection sent by a Broadcaster goes to each and every subscriber who has availed of that Broadcaster's channel. Whilst this notice can be served as an OSD there needs to be restrictions brought in to prevent its misuse.

- It should run as a scroll and not occupy the centre of the screen
- Message should clearly state who is sending the message and to whom eg : Attn, viewers of XYZ MSO/DTH, channels of ABC Broadcaster will be disconnected for <reason> by the <due date> - Broadcaster
- It should be limited to max 3 repeats and its frequency cannot be more than 4 times in an hour.

OSD by the DPO to a STB are individualistic and can appear in the centre of the screen with same frequency as above.

**b) Whether the methodology for issuing notice for disconnection prescribed in the regulations needs a review? If yes, then should notice for disconnection to consumers be issued by distributor only?**

Consumers too need to be made aware if certain channels may go off due to disputes between DPOs and Broadcasters.

**c) Whether requirement for publication of notices for disconnection in the news-papers may be dropped?**

Such notices are usually printed in newspapers that are not well read. But since the proof of delivery of notice vis a vis OSD is easily verifable, they need to be continued.

15. **a) Whether the Regulations should specifically prohibit appointment of a MSO, directly or indirectly, as an agent of a broadcaster for distribution of signal? b) Whether the Regulations make it mandatory for broadcasters to report their distributor agreements, through which agents are appointed, to the Authority for necessary examination of issue of conflict of interest?**

The role of Distributor has been diluted by recent regulations. In analog this was prone to misuse, but in a digital world the scope for the same is negligible, so Broadcasters may continue to use MSOs as agents if it suits them in distant locations.

16. **a) Whether the framework of MIA and SIA as applicable for cable TV services provided through DAS is made applicable for HITS/IPTV services also.**
**b) If yes, what are the changes, if any, that should be incorporated in the existing framework of MIA and SIA.**

All digital platforms are the same except for their distribution technology, hence similar regulations should apply for all.

17. **a) Whether the time periods prescribed for interconnection between MSO and LCO should be made applicable to interconnection between HITS/IPTV operator and LCO also? If no, then suggest alternate with justification.**
**b) Should the time period of 30 days for entering into interconnection agreement and 30 days for providing signals of TV channels is appropriate for HITS also? If no, what should be the maximum time period for provisioning of signal to LCOs by HITS service provider? Please provide justification for the same.**

All digital platforms are the same except for their distribution technology, hence similar regulations should apply for all.

18. **a) Whether the Authority should prescribe a fall back arrangement between HITS/IPTV operator and LCO similar to the framework prescribed in DAS?**
**b) Is there any alternate method to decide a revenue share between MSOs/ HITS/IPTV operators and LCOs to provide them a level playing field?**

Different capital investments due to technology difference have different business models. Having similar revenue share model may not be feasible in all service providers. They should be done after a proper and detailed cost study. Like transponder costs used to be huge at one time but with digitalisation, the transportation costs now range from 6-9% of revenues for a DPO.

19. **Whether a service provider should provide on demand a no due certificate or details of dues within a definite time period to another service provider? If yes, then what should be the time period?**

Yes, there has to be a definite period by which a No Dues certificate is issued. If one is not issued within 21 days of demand, it should be deemed that there are No Dues pending. Also SOAs should be provided to substantiate how the claims have been made. If cable TV also adopts pre paid mechanisms, the questions of further outstandings arising will never arise. Which brings up an important question – If DTH which runs 100% pre-paid is not mandated with bill printing and itemised billing, why should cable be forced by regulation to do so?

20. **a) Whether it should be made mandatory for the new MSO to provide the copy of current invoice and payment receipt as a proof of having clear outstanding amount with the last affiliated MSO?**

It has been observed that there is a big gap between the MSO's books of accounts and the rates prevailing on the ground. It has been observed that in different areas different methods of billing have also been adopted. Since bills are never been sent at all/regularly, the outstandings can tend to be blown out of proportion as the situation so demands. This misuse should not be permitted and curtailed. ***If cable too deploys prepaid systems, then outstandings will cease to exist and this becomes a non-issue in future.***

**b) Whether the broadcaster should be allowed to deny the request of new MSO on the grounds of outstanding payments of the last affiliated MSO?**

A Broadcaster does not know the billing of an MSO to LCO nor the outstanding of an LCO, so why should it be allowed to deny the request of new MSO. A new MSO can set up shop where it deems fit and can conduct its business at its peril if it ties up with LCOs who have poor track records. Though a perfect credit rating of LCOs may not be freely available, the market does have

a fair idea of which LCOs have loyalties of one MSO or have track records of shifting MSOs for gains. Does a Broadcaster step in when swaps happen within the DTH players or when subscribers migrate to DTH from LCOs without clearing dues ?

21. **a) Whether, it should be made mandatory for the MSOs to demand a no-dues certificate from the LCOs in respect of their past affiliated MSOs?**
**b) Whether it should be made mandatory for the LCOs to provide copy of last invoice/ receipts from the last affiliated MSOs?**

In a free market there should be no binding on anyone. As mentioned above, the solution is to adopt pre-paid systems in cable too rather than looking at past issues. Now that interconnect agreements will also be signed, the reasons for disputes will perish.

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