

By E-Mail

January 18, 2013

Kind Attn.: Mr. Wasi Ahmad, Advisor (B&CS)

**The Telecom Regulatory Authority of India**  
Mahanager DoorSanchar Bhawan,  
Jawahar Lal Nehru MArg (Old Minto Road)  
New Delhi- 110002

**Re: Consultation Paper on Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems & Tariff Order applicable for Addressable Systems**

Dear Sir,

With reference to the subject matter, we would, at the outset, thank the TRAI for its Consultation Paper dated December 20, 2012 on the above topic.

We have perused the issues that have been discussed in the consultation paper specifically bringing out the issues for consultation. We hereby submit our issue-wise comments attached as Annexure A.

Should you require any further clarification or assistance, please do not hesitate to contact us.

Thank you.

Yours sincerely,  
For **Viacom18 Media Private Limited**



**Authorized Signatory**

**Viacom18 Media Pvt. Ltd.** (A Viacom and Network18 Joint Venture)

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**A. Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems**

**Carriage Fee**

- (1) *Whether the following proviso should be introduced in the clause 3(2) of the interconnection regulations for DAS and the clause 3(5) of interconnection Regulation for DAS should be deleted.*

*“provided that the provisions of this sub-regulation shall not apply in the case of a multi-system operator, who seeks signals of a particular TV channel from a broadcaster, while at the same time demanding carriage fee for carrying that channel on its distribution platform.”*

***Recommendation:***

- We agree with TRAI’s reasoning for introduction of the proviso to Clause 3.2 of the Telecommunication (Broadcasting and Cable Services) Interconnection Regulation, 2004 (as amended) (“Principal Interconnection Regulations”). The rationale being that the broadcasters should not be forced to supply their channel whilst being forced to pay carriage fee for the same channel.
- The fair and equitable position would be that where an MSO demands a television signal/channel feed from a broadcaster, no carriage fee should be payable by the broadcasters. Whereas if a broadcaster demands carriage of its channel on an MSO’s cable network, a rational, non-discriminatory and regulated carriage fee may be payable for a limited period until complete digitization is rolled out.
- Thus to ensure that a level playing field is maintained with respect to carriage fees amongst all addressable and non-addressable operators, TRAI must incorporate the suggested proviso to Clause 3.2 of the Principal Interconnection Regulations.

- (2) *If no, the reasons thereof. - NA*

**Minimum Channel Carrying Capacity of 500 Channels for MSOs**

- (1) *Whether there is a need to specify certain minimum channel carrying capacity for the MSOs in the interconnection regulations for DAS.*

***Recommendation:***

- To ensure the digitisation is effectively rolled out, there is a need to specify certain minimum channel carrying capacity for the MSO in the interconnection regulations for DAS.
- Increase in carrying capacity can be easily implemented since the cost incurred by a MSO towards upgrading its head end to carry more channels and can be recouped in a short period of time.

- To make digitization effective whilst ensuring that carriage is done away with and consumer is provided choice, TRAI should specify certain minimum channel carrying capacity for MSOs.
- If the minimum channel carrying capacity is not provided, it would have a twofold effect viz., (a) the MSO's will not upgrade systems and the number of channels available to the consumer will remain limited; and (b) the broadcasters will continue paying unreasonable carriage fee.
- Thus, if the minimum carriage capacity for the MSO is not specified, it would derail the entire process of digitisation to the detriment of both the broadcasters and consumers.

(2) *If yes, what should be the different categories (example cities/town/rural area) of areas for which minimum channel carrying capacity should be prescribed and what would the capacity for each category.*

**Recommendation:**

- TRAI had prescribed 500 channels as the minimum capacity of the MSO. Considering over 800 channels have already received approval from MIB and in our view 500 should be the minimum channel carrying capacity of MSO without any area wise segregation.
- In case a lower capacity is prescribed, the 'must carry' provisions mandated by TRAI will be defeated and hence impacting the process of digitisation.
- We submit that the choice of channels for subscribers whether in rural areas or metros would be from those channels which are carried by the MSO and prescribing a lesser minimum channel carrying capacity of MSO for rural areas would lead to decrease in choice of channels for the people in rural areas. Further the implementation of Digital Addressable Cable System is spanned over four phases and rural areas would come under the fourth phase which is in 31<sup>st</sup> December 2014 and in the span of 2 years, the range of choice and the customers as well number of channels as will also be more than what it is today.
- As per Explanation proviso to clause 3.6 of the Telecommunication (Broadcasting and Cable Services) Interconnection Regulation 2004 as amended to date, similarly based distributor of TV Channels means distributors of TV Channels operating under similar conditions. The analysis of whether distributors of TV channels are similarly based includes consideration of, but is not limited to such factors as whether distributors of TV channels operate within a geographical region and neighbourhood, have roughly the same number of subscribers, purchase a similar service, use the same distribution technology. TDSAT had in its judgement dated 19<sup>th</sup> October 2012, analysed the differences between Digital Cable Addressable Systems and DTH operators. Further TDSAT

had observed that "In digital addressable cable TV system environment of MSO there is no capacity constraint to carry TV channels while for DTH operators, there is capacity constraint due to limited number of transponder capacity. Presently DTH operators carry capacity of 300 to 350 channels only; due to unavailability of KU band satellite transponders. This cannot be an enhanced till transponders become freely available to DTH service". However, since DTH is constrained by technology and the digital addressable cable TV systems are not, a comparison between DTH and digital addressable cable TV systems which use different distribution technology would be a comparison between unequals.

- Without prejudice to our submissions above, if at all TRAI decides that there should be some demarcation between MSO who operate digital cable TV systems in rural areas and other areas, then it should be based on the number of subscribers to which such MSO caters. So we suggest that any operator operating in rural areas that have subscriber base of less than 5,000 subscribers shall be required to have the capacity to carry a minimum of 250 to 300 channels.
- In our view the regulation should be facilitative till such point in time that the consumer should have the ability to make a choice and once the market forces are able to take over the carrying capacity, it may be deregulated.

#### Placement Fee

- (1) *Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated.*

#### *Recommendation:*

- Since in a DAS environment the placement of channel on a particular frequency does not exist as it exists in analogue cable, we are of the view that Placement Fee, as far as it relates to placement of any channels in any packages offered by the Digital Addressable Systems, should be subject to negotiation between parties on a Digital Addressable Systems.
- However, it needs to be clarified that no fee should be charged for listing of any channel along with other channels of the same genre in the EPG of the Digital Addressable Systems.

#### **B. Issues related to amendments to the Tariff Order applicable for Addressable Systems**

##### Twin Conditions at retail level

- (1) *The stakeholders are requested offer their comments on the following twin conditions, to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s):*

*"a. The ceiling on the a-la-carte rates of pay channels forming part of bouquet(s) which shall not exceed three times the ascribed value# of the pay channel in the bouquet;*

*b. The a-la-carte rates of pay channels forming part of bouquet(s) shall not exceed two times the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable systems.*

*# ascribed value of a pay channels in a bouquet is calculated in the following manner:*

*1. Proportionate Bouquet Rate for pay channels [A]= Bouquet Rate x (Sum of a la carte rate of Pay channels)/(Sum of a la carte rate of Pay channels+ Total no of FTA channels x factor\*)*

*2. Ascribed value of a pay channel in a bouquet = [A] x a-la-carte rate of a pay channel/ (sum of a-la-carte rate of all the pay channels)*

*\*factor=1 if uniform rate of free-to-air channel is less than or equal to Rupees three. The factor = uniform rate of free-to-air channel/ 3, if the uniform rate of free-to- air channel is greater than Rupees three."*

*The stakeholders are also welcome to submit any other formulation that can achieve the same objective, along with its justification.*

**Recommendation:**

We are agreeable with the above proposal.

**Minimum Subscription Period**

- (1) The stakeholders are requested to offer the comments, if any, on the proposed deletion of the word 'pay' in clause 6 and 6(2) of the principal tariff order dated 21.07.2010.

**Recommendation:**

We are agreeable with the proposed deletion.

**Freedom to choose the channel(s) on a-la-carte and/ or bouquet(s)**

- (1) The stakeholders are requested to offer their comments, if any, on the proposed inclusion of the following provision after sub-clause 6(4) in the tariff order dated 21.07.2010, as amended:

*"It shall be open to the subscriber of the addressable systems to subscribe to any bouquet(s) or any bouquet(s) and any channel(s) (pay or free to air) or only free to air channels or only pay channels or pay channels and free to air channels".*

**Recommendation:**

Considering that the proposed inclusion is in consumer's interest, we are agreeable to the same.

*Offering of Bouquet(s) of channels which require special Set Top Boxes (STBs) such as High Definition Television (HDTV) or Three Dimensional Television (3D TV) channels, etc.*

- (1) *Whether the channels that require special type of STB be offered only on a-la-carte basis or as part of separate bouquets that consists of only those channels that require a particular type of specialized STB.*

*Recommendation:*

- Even today the broadcasters are offering the channels which require special type of STBs (for HDTV and 3D TV channels) on a-la-carte basis or part of a separate bouquet.
  - In view thereof, any amendment to the Tariff Order may not be required.
  - TRAI may, however, consider amending the Standards Quality of Services (Digital Addressable Cable TV Systems) Regulations, 2012, inter alia, to incorporate such provision.
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