

# **TDSAT SEMINAR**

## **“DISPUTE RESOLUTION SCENARIO IN BROADCASTING SECTORS”**

**30/08/2008**



**Presented by :**

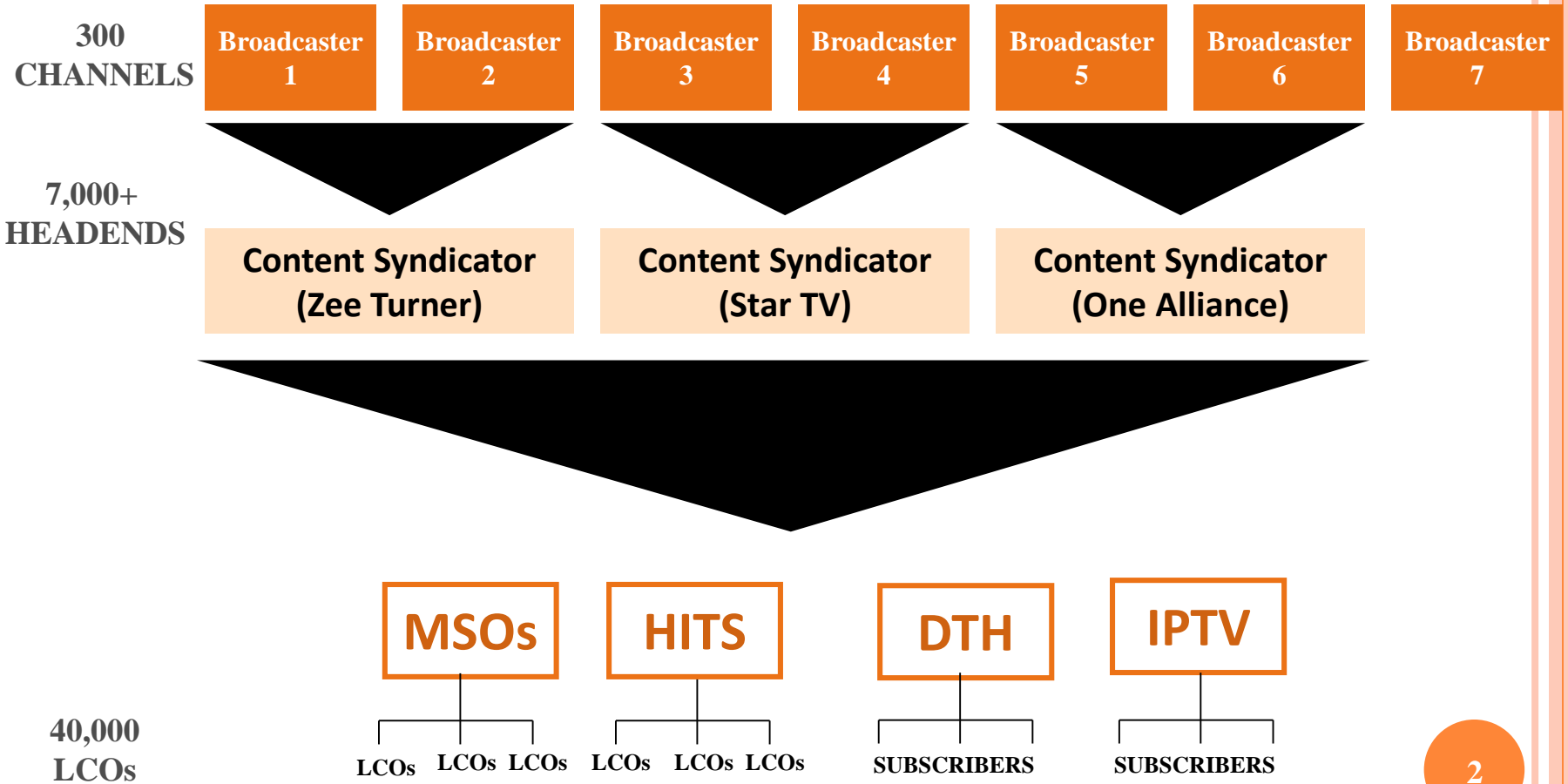
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***This presentation depicts the personal views of the speaker and should not be treated as the views of the Company.***

# INDIAN TELEVISION DISTRIBUTION CHAIN

Up linking from India

Up linking from Abroad



# PRESENT SCENARIO

| Million                    | 2004         | 2005         | 2006         | 2007e        | CAGR<br>2004-07 |
|----------------------------|--------------|--------------|--------------|--------------|-----------------|
| <b>TV households</b>       | <b>102.0</b> | <b>109.0</b> | <b>112.0</b> | <b>115.0</b> |                 |
| <b>% Change</b>            |              | <b>7%</b>    | <b>3%</b>    | <b>3%</b>    | <b>4%</b>       |
| <b>Pay TV households</b>   | <b>50.0</b>  | <b>62.0</b>  | <b>70.0</b>  | <b>74.0</b>  |                 |
| <b>% Change</b>            |              | <b>24%</b>   | <b>13%</b>   | <b>5%</b>    | <b>14%</b>      |
| <b>Cable TV households</b> | <b>50.0</b>  | <b>61.0</b>  | <b>68.0</b>  | <b>70.0</b>  |                 |
| <b>% Change</b>            |              | <b>22%</b>   | <b>11%</b>   | <b>3%</b>    | <b>12%</b>      |
| <b>DTH households</b>      | <b>0.1</b>   | <b>1.0</b>   | <b>2.0</b>   | <b>3.5</b>   |                 |
| <b>% Change</b>            |              | <b>900%</b>  | <b>100%</b>  | <b>75%</b>   | <b>227%</b>     |

Source: FICCI – PWC report 2008

# FUTURE PROJECTIONS

- The Broadcasting Sector in India is undergoing a process of sweeping changes driven by advent of new distribution technologies such as DTH, Broadband, CAS, HITS, IPTV, etc.
- A recent report by Price Water Cooper (PWC) has projected.
  - ❖ Indian entertainment & media industry is expected to grow at 18% compound annual growth rate (CAGR).
  - ❖ Reach a projected size of Rs.1 lac Crore by 2011 from its present size of Rs.43,700 Crores.
  - ❖ The Television industry is projected to grow 22% CAGR from Rs.19,100 Crores to Rs.51,900 Crores by 2011.
  - ❖ Television homes are projected to increase from 115 million in 2007 to 132 million by 2012.
  - ❖ The pay TV homes are projected to increase from 74 million in 2007 to 115 million in 2012.
  - ❖ Cable homes are projected to increase from 70 million in 2007 to 90 million by 2012 taking their penetration up from 61% of the television homes in 2007 to 68% in 2012.

# CABLE SERVICES – CATEGORISED AS ESSENTIAL SERVICES

- Hon'ble TDSAT in its judgment dt. 27/02/2007 in Case of Set Discovery Vs. TRAI & others has observed as under:

*“Cable broadcasting may not be an essential commodity in the sense that it is not an item of food without which one cannot survive, yet looking to the figures of TV viewership in this country its importance cannot be underestimated. Available figures suggest a TV viewership of 68 million for the whole country. **This shows that television viewing has almost attained the status of an essential service in this country.**”*

# DISPUTES

**LCO**

- **Service Quality**
- **Price discrimination**
- **Limited choice of channels**
- **Interruption in cable services**
- **Change in channel placements**
- **No effective consumer redressal system**
- **No value for money**
- **Non availability of channel guides**

**Subscriber**

# DISPUTES

**MSO**

- Non disclosure of complete subscriber base by LCO.
- Piracy of signals/Inserting advertisements.
- Non payment of subscription fees.
- Non renewal of service agreements.
- Frequent change in loyalty of the LCOs i.e. migration from one MSO to another leaving subscription dues/arrears.
- Resistance to adapt themselves to changing technology.

**LCO**



# DISPUTES

## Broadcaster

- **Subscriber base.**
- **Territory issue – transmission in unauthorised areas.**
- **Non payment of subscription fees.**
- **Non renewal of service agreements.**
- **Alleged unreasonable clauses in service agreements.**
- **Piracy of signals/copyrights.**
- **Resistance to adapt to changing technology.**
- **Limited bandwidth capacity.**
- **Change in channel placements.**
- **Interruption of cable services at their own.**
- **Undue advantage of regulations.**
- **Compliance cost.**



**MSO**

# DISPUTE RESOLUTION

- Main cause of disputes:

## INTERCONNECTION ISSUES

- Resolution:

## DIGITALISATION AND ADDRESSABILITY

- i. Transparency
- ii. Capacity augmentation
- iii. Piracy checks
- iv. Capability to provide various value added services

# DISPUTE RESOLUTION

- Keeping consumers' interest paramount, TDSAT in a case *Kartic Chundar v Principal General Manager (2004) 2 CompLJ 86* treated six applications from individual petitioners each challenging increase in their telephone circuit rentals, as the petition from the group of consumers. TDSAT has held that since each of their cases raised the similar questions, they could be treated as group of consumers. Ultimately TDSAT ordered DOT to refund a certain portion of the increase not only to the petitioners but also to all other consumers who were similarly situated.
- Section 14A of TRAI Act provides as under:
  - 1) The Central Government or a State Government or a local authority or any person may make an application to the Appellate Tribunal for adjudication of any dispute referred to in clause (a) of Section 14.
  - 2) The Central Government or a State Government or a local authority or any person aggrieved by any direction, decision or order made by the Authority may prefer an appeal to the Appellate Tribunal.

# HEAVY TAXATION BURDEN

- Cost of provision of services increase because of various fiscal levies which need to be rationalised.
  - ❖ Cable and DTH services are subject to both entertainment tax & service tax unlike multiplexes and cinema halls, where no service tax is levied.
  - ❖ VAT on STB rentals
- DTH services are subject to :
  - ❖ License fee - 10% of gross revenue;
  - ❖ Service tax - 12.36 %
  - ❖ Entertainment tax - ranging from 20% - 30%
  - ❖ VAT on rentals / hire purchase of CPE
- These taxes are ultimately borne by consumers, thus increasing the cost. TRAI need to take up these issues with the Govt. through its recommendations so as to enable the consumers to receive the services at an affordable price.

# CONSUMER EMPOWERMENT

## Issue of receipt and bill.

- Every LCO or MSO or broadcaster, as the case may be, are mandatorily required in terms of Tariff Order dated 04/10/2007 to: –
  - Issue Bill to the Subscriber
  - Acknowledge the payment made by the subscriber.
  - Follow quality of service benchmarks laid down for DTH and CAS areas

# DISPUTES RESOLUTION

- ❖ MSO /Cable Operators : maintaining a record of number of franchisees served & their individual HH connections through a transparent system.  
(Interconnection Regulations – SLR).
- ❖ Timely payment & renewal of agreement.  
(Interconnection Regulations – SLR).
- ❖ Appointing independent piracy check agencies.
- ❖ Appointing independent subscriber survey agencies.
- ❖ Roll out of digital addressable systems.





*Thank You*

