New Regulatory Framework:

Engendering Fairplay – Dissuading Disputes

TDSAT Seminar, Goa
9th February 2019

Broadcast & Cable TV

- Satellite TV channels
- Teleport
- Cable TV
- DTH
- HITS
- IPTV
- Terrestrial TV

- FM Radio
- AM (MW/SW) Radio
- Digital Radio
- Community Radio

Broadcaster

- Charges for content
- Offers channels or bouquets of channels
- Has ad revenue too

Distribution platform

- Charges for carriage and distribution
- Can create own bouquets

Consumer Needs

- Relevant and quality programmes
- At a fair and transparent price

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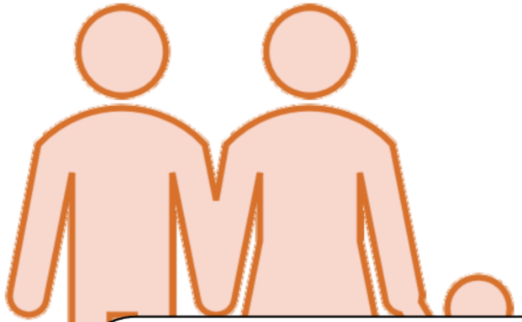

Consumer Needs

- Relevant and quality programmes
- At a fair and transparent price

Broadcaster tries to saturate the pipes with fat bouquets to crowd out competition

Broadcaster

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Distribution platform

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Consumer Needs

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Distribution platform: charges arbitrarily, even for FTA channels

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Distribution platform

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Consumer Needs

- Relevant and quality programmes
- At a fair and transparent price

Distribution platform: seeks carriage fees

Poor outcomes for consumers and others due to

Problematic relationships

Broadcaster

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Distribution platform

- Charges for carriage and distribution
- Can create own bouquets

Consumer Needs

- Relevant and quality programmes
- At a fair and transparent price

Challenges in the sector

- Lack of transparency
- Discriminatory practices.
- Large number of disputes
- No choice to Consumers
- No focus on quality content at affordable prices

Necessitated a thorough review of the Regulatory Framework. Hon’ble TDSAT also observed in NSTPL Case

Aberrations in the Sector

Broadcasters

- Focus on Advertisement, not content
- Try to push bouquets, with few driver channels
- Lure DPOs with fixed fee/CPS deals
- Block competition
  - by exhausting capacity of distributor with fat bouquets!

Consumer:
Limited Choice or no-control; bouquets being pushed

Practices by Broadcasters

Offer	Pay channels at exorbitant à la carte price
Negotiate	Fixed or cost per subscriber deals to push all their channels, with no consideration of consumer choice
Be opaque	Force non-popular channels into the most popular package

Customers buy bouquets, paying for channels they don’t view

> 95% discount?

59 Channels

- à la Carte prices: **Rs. 971.67/-**
- CPS Price for Distributors: **Rs 30.85/-**

45 Channels

- à la Carte prices: **Rs 536.35/-**
- CPS price for Distributors: **Rs 21.75/-**

Practices by distributors

Push Bouquets

to meet penetration targets, chocking available platform Capacity

Misuse forbearance

by charging exorbitant à la carte prices at retail

Charge for free

FTA Channels are also priced, sometimes higher than pay channels

80-90% discount

195 (72 Pay) Ch.

TATA Sky Dhamaal Mix

- À la Carte: Rs. 1860
- Package: Rs 320

322 (98 pay) Ch.

Value Prime Kids + Prime MAGIC HD

- À la Carte: Rs 3695
- Package: Rs 408

FACT:

50% households view
< 30 channels

90% households view
< 50 channels

including free to air

Why did TRAI come up with the new framework?

There was a pressing need to address these problems

New Regulation and Tariff Order

" .. We are, therefore, clearly of the view that the Regulation and the Tariff Order have **been made keeping the interests of the stakeholders and the consumers** in mind and are *intra vires* the regulation power contained in Section 36 of the TRAI Act."

the Supreme Court of India
30th of October 2018

AFTER CONSULTATION WITH STAKEHOLDERS IN 2016

JUDICIAL SCRUTINY UP TO THE HIGHEST LEVEL

TRAI

Implementation plan by TRAI

Conducted comprehensive outreach to allay fears

Answered the questions of each stakeholder

- In public meetings
- In one-on-one interactions
- In writing, through the media and on our website

Explained the benefits to the consumers and the stakeholders

- There is widespread support

Provided sufficient time for implementation and discussed it with the broadcasters and distribution platforms

Benefits

Benefits

Transparent Tariff

Consumer Choice and Market Discovery of price

Economic Growth

Transparent and symmetric Regulation for better Growth of the sector

Higher TAX

Proper Bill generation – for better compliance of GST

Estimated GST loss from 25 - 30% Consumers (~10 crores): ~ Rs 900 to 1080 Crores

Dissuading Disputes

A balanced, Transparent and Market based regulation aimed to address the root-causes that instigate conflicts

Broadcaster and Distributor

Dispute areas in Interconnection in old framework	Provisions in new framework
Negotiations	Standard non-discriminatory RIO
Discriminatory discounts	Quantifiable Parameters based Discounts
Non level playing field	Transparent level playing field
Fixed Fee deals	Conditions based on fair practices

Distributor and Broadcaster

Dispute areas in Interconnection in old framework

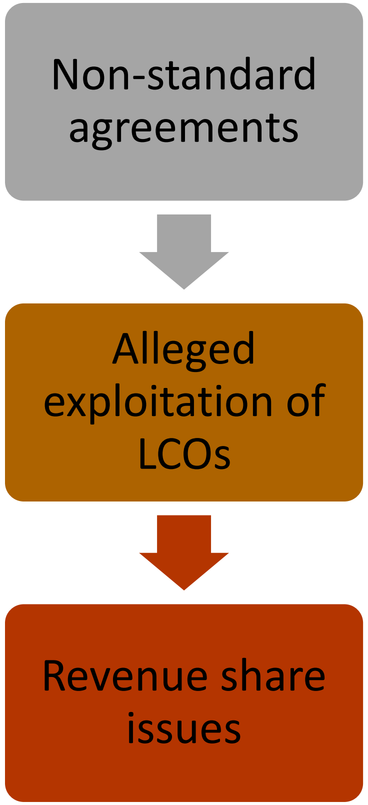
- No uniformity
- Marketing fees/ Placement fee
- No target market defined

Provisions in new framework

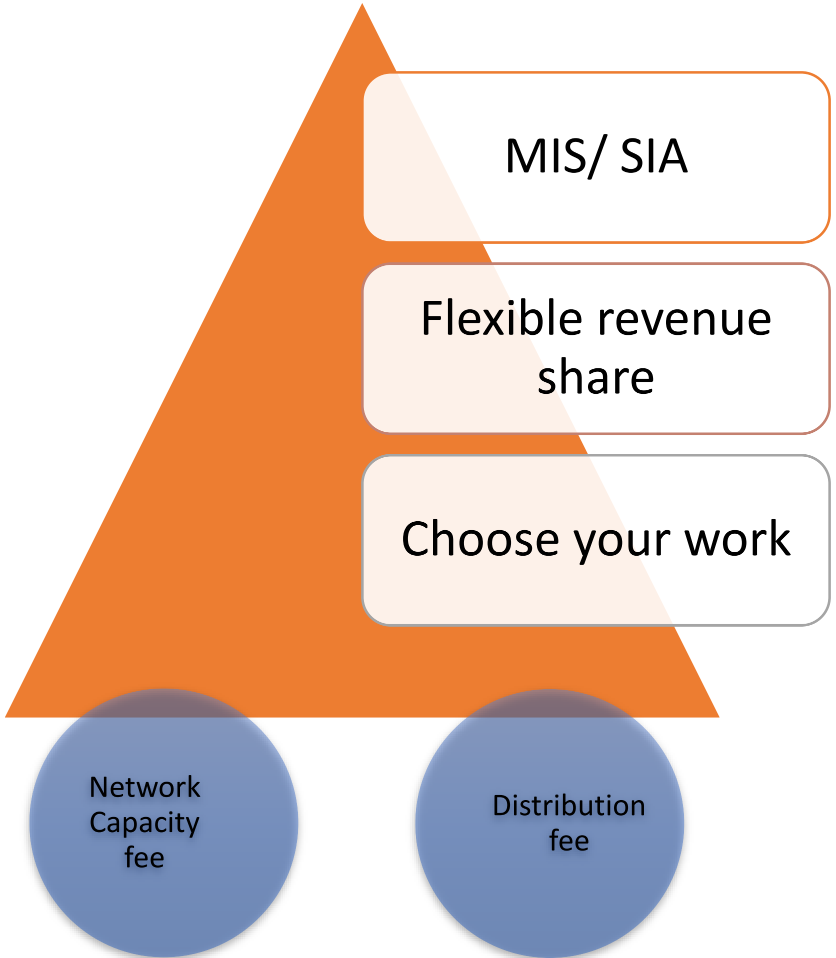
- Carriage fee capped
- Diminishing Carriage Fee
- Target Market based

MSO and LCO

Areas of disputes



Provisions in new framework



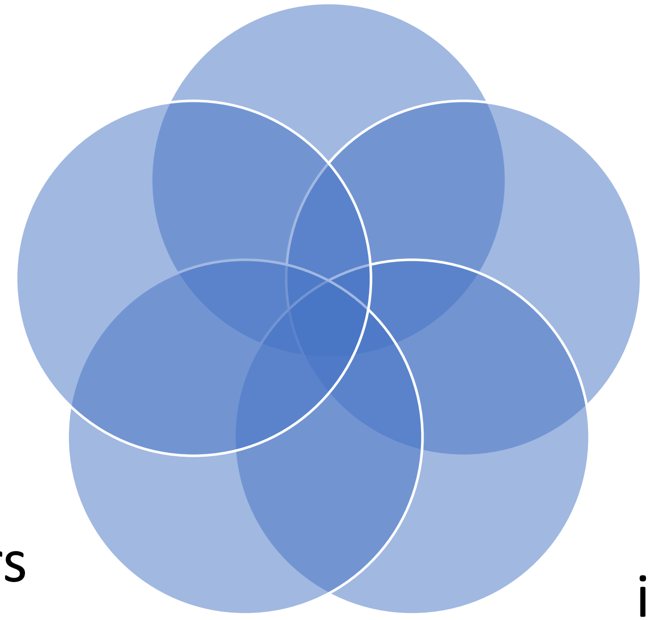
Payment Issues

Areas of disputes

One Reading of Subs Base

Deviations Allowed

Provisions in new framework



Thank you!