

# Regulatory Framework in Broadcasting & Cable TV Sector

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# Telecom Regulatory Authority of India (TRAI)

- TRAI was established in 1997 under the TRAI Act 1997.
- TRAI was entrusted with responsibility of regulating broadcasting services and cable services in 2004.
- Authority consists of Chairman, two full time members & two part-time members.
- TRAI has recommendatory as well as regulatory functions and regulates the Telecom and Broadcasting & Cable TV sectors.

# Functions and powers of TRAI

- Regulatory- Interconnection, Quality of Service, Tariffs etc.
- Recommendatory – Need and timing for introduction of new service providers, terms & conditions of license, competition, technological improvement & development, spectrum management etc.
- To regulate the sector, TRAI issues Regulations, Orders and Directions from time to time.
- TRAI files a complaint in the court of CMM, in cases where violations of directions, orders or regulations notified by TRAI are noticed. TRAI is frequently exercise this power and quite a few cases have been filed in Hon'ble CMM court in Delhi.
- The disputes amongst the service providers comes under jurisdiction of Hon'ble TDSAT.

# Regulatory principles/ objectives

- Transparent procedures.
- Participatory decision making.
- Timely decisions.
- Better services at affordable prices.
- To ensure level playing field amongst service providers.
- Overall development of the sectors.
- Protect interests of service providers as well as that of consumers.
- To maintain technology neutral policy.

# Procedure followed for framing Regulations/ Recommendations

- Issue of consultation paper.
- Invite stakeholder comments/ counter comments.
- Hold Open House Discussions, if necessary.
- Discussions with stakeholders, if necessary.
- Analyze and address stakeholder's views.
- Issue Regulations/Recommendations .

# TV Broadcasting sector- a snap Shot

- Broadcasting and cable TV sector consists of large number of service providers. Many of them are individual person firms and not the companies registered under the Companies Act.
- It consists of 250 Broadcasters ( 54 are pay broadcaster) owning around 825 channels.
- There are approximately 6000 MSOs out of which approximately 400 MSOs have registered for providing cable TV services in DAS areas.
- There are more than 60000 local cable operators directly or indirectly getting signal from broadcasters and MSOs.
- There are 6 Pvt. DTH Operators.

# Cable TV Act and Rules

- The operation of cable television is governed by the Cable Television Network Regulation Act, 1995 (CTN Act) and rules made there under.
- All the issues relating to violation of the cable TV act and the rules are to be addressed by the Authorized officer as per the provisions of the CTN Act and rules.
- The operating cable TV networks without registration or renewal of expired registration, unauthorized retransmission, unencrypted transmission in DAS notified areas, piracy and related issues are governed by the CTN Act.

# Interconnection Regulations

**TRAI has notified a comprehensive Interconnection Regulations which broadly cover the aspects relating to:**

- Regulatory framework for the agreements between the service providers i.e. between Broadcaster, MSOs/ DTH operators / HITS operators/ IPTV operators and Local Cable operators.
- Based on this framework the service providers finalize the commercial and technical terms & conditions to arrive at an agreement.



# Interconnection Regulations in Broadcasting sector

- The Telecommunication (Broadcasting and Cable Services) Interconnection Regulation 2004” as amended from time to time.
  - Applicable for all platforms **except for Digital Addressable Cable TV Systems (DAS)**
- The Telecommunication (Broadcasting and Cable Services) Interconnection (Digital Addressable Cable Television Systems) Regulations, 2012 as amended from time to time.
  - Applicable for **DAS**
- The Register of Interconnect Agreements (Broadcasting and Cable Services) Regulation 2004” as amended from time to time.
  - Applicable for **all platforms**

# The Interconnection Regulation 2004” as amended from time to time

## Salient features

- Signal of TV channels must be provided on non discriminatory basis to the distributors of TV channels i.e. MSOs, Cable Operators, DTH, IPTV, HITS etc.
- Any imposition of terms which are unreasonable shall be deemed to constitute a denial of request.
- The signal should be provided within 60 days from the date of making request.
- Broadcasters and MSOs need to give 3 weeks prior notice to MSO & LCO before disconnecting the TV channel signals.
- Broadcaster/MSO not to supply signals to MSO/LCO without entering into a written agreement.

# The Interconnection Regulations, 2012 for DAS as amended from time to time

- DAS regulation 2012 contains similar provisions regarding provisioning of signals from broadcaster to MSO, agreement between stakeholders in the value chain and disconnection of signals of TV channels.
- The interconnection agreement between MSOs and LCOs to contain the roles and responsibility for each party and revenue share.
- One of the reason for large number of disputes amongst the service providers is the lack of proper written interconnection agreement between parties and /or adherence to it.
- The Broadcasters/ MSOs keep on providing/ distributing signals even after passage of months after expiry of agreements under the garb of negotiations.
- Untimely/ Adhoc settlement of payments.
- The copy of the agreement is to be provided to the LCO by MSO within 15 days after signing of the agreement.

# Tariff Orders

Tariff Orders prescribes wholesale tariff , retail tariff, and the Revenue share amongst the service providers. At present there are 4 tariff orders effective in Broadcasting and cable TV sector

- 2<sup>nd</sup> Tariff Order 2004 dated 1<sup>st</sup> October 2004 as amended from time to time
  - for Cable TV Services in non-CAS Areas
- 4<sup>th</sup> Tariff Order dated 21<sup>st</sup> July 2010 as amended from time to time
  - for all Addressable Systems
  - Covers DTH ,DAS , IPTV and HITS
- 5<sup>th</sup> Tariff Order dated 27<sup>th</sup> May 2013
  - Prescribed standard Tariff Package for DAS STBs
- 7<sup>th</sup> Tariff Order Dated 1st April 2015 for DTH CPEs- under TDSAT review.

# Tariff Orders

## Salient features

- STBs/ CPEs to be offered on outright purchase basis and rental basis or hire-purchase basis.
- Flexibility has also been provided that the MSO can offer STBs as per their business plan in addition to the above mentioned model for offering of STBs.
- To strengthen commercial interoperability of STB, TRAI has prescribed a Standard Tariff Package with four options.
- Consumer is free to choose any of the scheme offered by the MSO.
- The charges payable by local cable operator to MSO to be governed by mutual agreement between them. Failing which the revenue is to be shared as per TRAI prescription.

# Tariff Order

## Salient features

- Broadcasters to offer all their channels to operators of addressable platform on a-la-carte basis.
- Operators to offer all the channels carried over their network on a-la-carte basis to subscribers.
- In addition the broadcasters and operators can also offer bouquets of channels.
- Twin Conditions to prevent perverse pricing to be followed, both at the wholesale and at the retail level.
- MSOs to offer a BST for Rs. 100 for 100 FTA channels.
- Operators have been protected by prescribing that the operator may prescribe a minimum subscription of Rs. 150 for pay and FTA channels availed by a subscriber.

# Issues Relating to Tariff

- Sufficient freedom has been given to the stakeholders in Regulations to carryout business transactions with expectation that non-discriminatory approach will be adopted.
- The service providers must not discriminate between two similarly placed distribution platform operators under the garb of mutual negotiations.
- The signal providers before denial of signal must clearly establish that there is a reasonable basis for denial of TV signals.
- Volume related discounts is treated as anticompetitive if provided on the preferential basis to one or select group of operators.
- In case any distributor of channel feels that it has been discriminated on the terms of getting signals to a similarly based distributors of TV channels then a complaint may be filed with the Broadcasters.
- In case the complainant is not satisfied with response, it may approach appropriate forum for relief .



# Issues Relating to Tariff

- With implementation of DAS, where the system is addressable and transparent, the agreements are still entered into on the lump sum basis.
- The primary reason for dispute between MSOs and LCOs is due to lack of proper written interconnection agreement between MSOs and LCOs.
- As different relationship model may exist between MSOs and LCOs and with the view that a comprehensive regulatory framework is in place, TRAI has not prescribed standard format of interconnection agreement.
- High Court of Bombay has directed TRAI to look into the issues between MSOs and LCOs of Maharashtra and TRAI is working on it.



# Quality of Service (QoS) Regulations

**QoS Regulations broadly cover the aspects relating to:**

- Connection, disconnection, transfer and shifting of cable and satellite TV services.
- Consumer complaint handling and redressal.
- Consumer billing Procedure and handling of billing related complaints.
- STB related issues and handling complaints thereof.
- Technical parameters to be adhered by the service providers.

# DAS QoS Regulations, 2012

## Salient features

- MSOs have been mandated to take details and choice of channels from the consumer before activation of STBs
- MSOs to offer services with both pre-paid and post-paid payment options.
- Prior notice of a minimum of 15 days to be given for disconnection.
- Minimum warranty of one year to be provided for set top boxes acquired by the consumer under outright purchase scheme.
- MSO to have a website giving details of services being offered, rates of services being offered.

# DAS Consumer Complaint redressal Regulations, 2012

## Salient features

- Operators to establish a complaint centre in his service area for redressal of complaints and addressing service requests of consumers.
- The consumer care number to be toll free and to be widely publicized.
- Operators to establish a web based complaint monitoring system to enable the consumers to monitor the status of their complaints.
- Operators to appoint or designate one or more nodal officers in every state in which it is providing its services.
- Operators to publish a consumer's charter for Digital Addressable Cable TV systems providing all necessary details with respect to the services being provided by them.

## Recent initiatives taken by TRAI

- To increase the awareness about the regulatory framework, TRAI held various meetings with MSOs and LCOs in various parts of the country.
- TRAI issued “DOs and DON'Ts” on TRAI website to help the stakeholders understand their rights and obligation.
- Frequently asked questions were also made available on TRAI website.
- TRAI released a consumer handbook in the interest of stakeholders and consumers.
- TRAI has issued advisories to MSO to ensure rectification of consumer complaints within 24 hrs as per Regulation. For that purpose, spare set-top-boxes must be given to LCOs to ensure speedy repair.

## Recent initiatives taken by TRAI

- All MSOs must offer schemes prescribed by TRAI (Mandatory Schemes). They can offer other schemes also in addition to these schemes.
- Charges for set top box repairs will be guided as per terms and conditions prescribed in these schemes.
- MSOs have also been instructed to give priority to the complaints received from LCOs as most of the customers approach LCOs for redressal of their complaints.
- MSOs have also been instructed not to degrade/stop/switch off any channel to LCOs without prior intimation. All such cases may be forwarded to e-mail [das @ traigov.in](mailto:das@traigov.in) so that action can be initiated against such MSOs.
- MSOs have been asked to provide a copy of interconnection agreement to LCOs, within 15 days of entering into such agreements, and obtain an acknowledgement from him. Non-Compliance, if any, may be reported to TRAI.

# Way Forward

- To achieve complete addressability and reduction in disputes amongst stakeholders following initiatives needs to be taken up by stakeholders:-
  - Importance should be given to the consumers who are the sole purpose of the business.
  - The consumer should be given effective choice and transparency in billing and receipts of payments.
  - The interconnection agreements should be entered on the basis of transparent and verifiable parameters.
  - Roles and responsibilities along with revenue share details should be agreed and mentioned in these agreements.
- TRAI is also planning to organize a seminar on “Broadcasting sector in Digital India”. The focus is to identify emerging issues pertaining to sector to undertake need based comprehensive review of Regulatory Framework.



Thanks

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