



**Telecom Regulatory Authority of India**



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

**20<sup>th</sup> December, 2012**

**Mahanagar Doorsanchar Bhawan  
Jawahar Lal Nehru Marg  
New Delhi- 110 002**

**Written comments on the consultation paper are invited from the stakeholders by 11<sup>th</sup> January, 2013. The time of three weeks has been given keeping in view the ensuing end of the year holidays and no further extension will be granted. The comments may be sent, preferably in electronic form to Mr. Wasi Ahmad, Advisor (B&CS), Telecom Regulatory Authority of India, Mahanagar Doorsanchar Bhawan, Jawahar Lal Nehru Marg, New Delhi – 110002, (Tel No.011-23237922, Fax No.011-23220442; Email: [traicable@yahoo.co.in](mailto:traicable@yahoo.co.in), [advbcs@traigov.in](mailto:advbcs@traigov.in) ). Comments will be posted on the TRAI's website.**

## **Background**

1. In the last few years, the exponential growth in the number of TV channels (both Free To Air[FTA] and Pay) combined with the inherent limitations of the analog cable TV systems has posed several challenges in the cable TV sector, mainly due to capacity constraints and non-addressable nature of the network. With time and evolution of technology, new addressable TV platforms like DTH, IPTV etc. were introduced to the masses. The evolution of technology also paved way for bringing about digitization with addressability in the cable TV sector. Accordingly, after studying the subject at length and undertaking a public consultation process, the Authority, on 5<sup>th</sup> August 2010, gave its recommendations on implementation of Digital Addressable Cable TV Systems (DAS) across the country along with a roadmap to achieve the same.
2. The Government, on 25<sup>th</sup> October, 2011, issued an Ordinance amending the Cable Television Networks (Regulation) Act, 1995, enabling the implementation of Digital Addressable Cable TV Systems in India. Thereafter, the Government also issued a notification dated 11<sup>th</sup> November, 2011, which laid down the roadmap for implementation of Digital Addressable Cable TV Systems in the country in a phased manner in four phases. The first phase have been completed on 1<sup>st</sup> November 2012 and the final phase is due on 31<sup>st</sup> December 2014 which will bring sunset on Analogue Cable TV Systems in the entire country. The Ordinance dated 25<sup>th</sup> October, 2011, subsequently, in December, 2011, became an Act. The said amendment Act, apart from other provisions, provides for basic service tier (BST) to be mandatorily offered by the operators of Digital Addressable Cable TV Systems, with an option for the subscribers to subscribe for the same. The composition and tariff of BST is to be prescribed by TRAI.

3. Earlier, on 21<sup>st</sup> July 2010, TRAI had issued the Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff Order, 2010, applicable to broadcasting services and cable services provided to subscribers, through addressable systems, throughout the territory of India except for cable services provided through cable television networks in the notified CAS areas. TRAI set out to identify the issues that need to be addressed for smooth transition from a non-addressable cable TV systems to Digital Addressable Cable TV Systems. Accordingly, the Authority initiated a consultation process on the issues relating to implementation of Digital Addressable Cable TV Systems. The consultation issues included, apart from other issues related to interconnection and quality of service, the issues related to the tariff and composition of Basic Service Tier (BST), retail tariff, tariff for advertisement free channels and revenue share between Multi-System Operator (MSO) and Local Cable Operator (LCO).
  
4. In this connection a consultation paper was issued on 22.12.2011 on the “Issues related to Implementation of Digital Addressable Cable TV Systems”. In response to the said consultation paper, a total of 87 comments and 4 counter-comments were received from stakeholders including consumers. Subsequently, an Open House Discussion (OHD) was also held on 13<sup>th</sup> March 2012, where the issues were discussed at length, with the stakeholders present. Based on the comments/views of the stakeholders and the analysis, various provisions related to the tariff and composition of BST, retail tariff, tariff for advertisement free channels and revenue share between MSO and LCO were notified in the tariff amendment order dated 30<sup>th</sup> April, 2012. The provisions relating to the interconnection between Broadcaster, MSO and LCO were notified in the Telecommunication (Broadcasting and Cable Services) Interconnection (Digital Addressable Cable Television Systems) Regulations, 2012 dated 30.04.2012, and in its amendment dated 14<sup>th</sup> May 2012.

5. Some of the provisions of the said interconnection regulations and tariff order amendment were challenged in appeal numbers 5(C) of 2012, 11 (C) of 2012 and 12 (C) of 2012 before Hon'ble Telecom Disputes and Settlement Appellate Tribunal (TDSAT) by three MSOs namely M/s IndusInd Media and Communications Limited (IMCL), Delhi Distribution Co. Ltd. and M/s Digicable Networks India Pvt. Ltd. respectively.
6. The Hon'ble TDSAT vide its judgment dated 19<sup>th</sup> October 2012 partly allowed the appeals and set aside three provisions of the said interconnection regulations. The provisions set aside relate to prohibition of demanding carriage fee by the MSO while seeking signals of a channel from a broadcaster (Clause 3(5) of the said regulations), MSOs to have a minimum channel carrying capacity of 500 channels (Clause 3(8) of the said regulations) and prohibition regarding charging of placement fee by the MSOs (Clause 11A of the said regulations).
7. While setting aside the provisions of Clause 3(5) of the Interconnection Regulations applicable for DAS, the Hon'ble TDSAT had observed inter alia, that the regulation relating to demand of carriage fee by the MSO is set aside as the said provision is not there for the DTH operators and MSOs in non-CAS areas. On the issue of provision of capacity to carry minimum 500 channels, the Hon'ble TDSAT, in its judgment, had observed that since market forces play an important and significant role in the matter of carrying capacity of the MSO, therefore, the same may not be required to be regulated. It has been further observed by the Hon'ble TDSAT that if the regulator deems fit, it may consider making provision for MSOs to have capacity to carry number of channels based on different categories of areas i.e. city/towns/rural area etc. in which MSO will be operating. Further, the Hon'ble TDSAT has set aside the provisions of clause 11A of the interconnection regulation 2012 on the ground that the restriction placed on the MSO for demanding placement fees in terms of May 2012, Regulation is bad in law. It has been further mentioned that the same restriction is not applicable for the DTH operators, the placement charges, if any, will

depend upon the mutual agreement between the Broadcasters and the MSO. In view of the observations/ orders of TDSAT, on the above issues, the Authority is of the view that a consultation process with the stakeholders may be initiated to conclude upon the issue.

8. In the tariff amendment order dated 30<sup>th</sup> April 2012, the second proviso to clause 6(1) was inserted in the principal Tariff order under Part-III (Retail Tariff), prescribing a relationship between the a-la-carte rate of a channel and the rate of the bouquet wherein the channel forms a part of the bouquet. This proviso was introduced to ensure that the choice of channel on a-la-carte is not illusory. The provision prescribes two conditions for the purpose which are referred to as “twin conditions”. In this context, in the DTH sector wherein the operators are allowed to package and price the offerings, it has been observed that the uptake of channels on a-la-carte basis is negligible. One of the prime reasons for poor uptake of a-la-carte channels is that the a-la-carte rates of the channels are disproportionately high as compared to the bouquet rates, especially for those channels included in the entry level packs.
9. The DTH Operator’s association submitted a representation to the Authority expressing certain concerns regarding implementation of the twin conditions in the form as specified in the said tariff amendment order. As per the said representation, it was apprehended that as per the formulation, retail a-la-carte rate would be much less than the rate offered by the broadcaster to the operator at the wholesale level. Subsequently, four of the existing DTH operators also separately submitted their representations to the Authority raising the issue.
10. The Authority took note of the issues raised by the DTH operators and initiated in-house consultation on the issues. It was also noted that the provision of the twin conditions is sub-judice in appeals mentioned above, in the Hon’ble TDSAT. It was, therefore, considered appropriate that the matter may be decided

by the judicial forum so that before taking a final view in the matter, the Authority would have the benefit of the views of the judicial forum on the subject matter. Now that the Hon'ble TDSAT has pronounced its judgment on the subject Authority considers it appropriate to seek views of the stakeholders on the issue before deciding upon the issue.

11. During the internal analysis it has been observed that the provisions in the tariff order dated 21.07.2010, as amended, pertaining to “minimum prescription period of channels”, “option to subscriber regarding choice of channel(s)/ bouquet(s)” and “manner of offerings of Bouquet(s) of channels which require special Set Top Boxes (STBs)” also need certain minor modifications/clarifications. Accordingly, the Authority is of the view that these issues may also be put on consultation amongst stakeholders.

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

##### ***Carriage fee***

12. As per clause 3(5) of the interconnection Regulation for DAS, a multi system operator, who seeks signals of a particular TV channel from a broadcaster, shall not demand carriage fee for carrying that channel on its distribution platform. In fact, a similar provision exists in the Interconnection Regulations namely the Telecommunication (Broadcasting and Cable Services) Interconnection Regulation 2004 (13 of 2004) (hereinafter referred to as the Principal Regulation) which is applicable for non-addressable as well as addressable platforms such as DTH, IPTV, HITS etc., except for DAS . The 3rd proviso to Clause 3.2 of the said Principal Regulation under ‘must provide’ provision states as under:-  
“.....“Provided also that the provisions of this sub-regulation shall not apply in the case of a distributor of TV channels, 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.”. The said provision had not

been challenged since its insertion on 17.3.2009 in the Principal Regulation. The rationale of making the said proviso in the principal regulation has been mentioned in the paragraph 35 of the amendment interconnection regulation dated 17th March, 2009. In the said paragraph it has been mentioned that the Authority has amended regulation 3.2 to restrict its applicability in respect of those channels in respect of which any fee is being demanded by the distributor of TV channels from a broadcaster for carriage of the channels on its distribution platform. In the said paragraph it has been further mentioned that the said proviso has been inserted to ensure that the broadcasters are not forced to supply their channel in terms of regulation 3.2 and at the same time forced to pay carriage fee for the same channel. It has also been mentioned in the said paragraph that this amendment has been made to prevent a distributor of TV channels from misusing the regulation 3.2.

13. The Hon'ble TDSAT in its judgment dated 19th October 2012, while dealing with Clause 3(5) of the Interconnection Regulations 2012 made an observation on the said provision of the principal regulation in the following words: "..... Clause 3.2 of the Regulations may not be attracted in the case of DTH operator, but we may notice that the restrictions put therein are only limited to "at the same time".....".
14. The Interconnection Regulation has the following safeguards with regard to charging of carriage fee. (1) Carriage fee to be transparently declared in the RIO of the MSO, (2) The carriage fee is to be uniformly charged (3) The carriage fee not to be revised upwardly for a minimum period of 2 years, and (4) The details of the carriage fee are to be filed with the Authority and the Authority has a right to intervene in cases it deems fit.
15. The intention of Clause 3(5) of the Interconnection Regulations 2012 was similar to the intention as mentioned in paragraph 35 of the principal regulation. Therefore, it is felt that the provisions contained in set aside Clause 3(5) should

be reintroduced in the interconnection regulation 2012 on the lines similar to the ones as provided for in the proviso to clause 3.2 of the principal regulation.

16. **Apropos the above, the issue for consultation is,**

**(a) 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.”.**

**(b) If no, the reasons thereof.**

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

17. The clause 8(3) of the Interconnection Regulations prescribe that every multi system operator, operating in DAS shall have the capacity to carry a minimum of five hundred channels by a specified date. The rationale of making provision for MSOs for having a capacity to carry 500 channels has been explained in details in para 12 of the explanatory memorandum to the interconnection regulations for DAS which reads as under:

“.....12. The analysis of the operational channels (Annexure-A attached with this Explanatory Memorandum) shows that the maximum number of channels that are relevant to a State or Union Territory, language-wise, are 473 (in Andhra Pradesh) out of the 650 operational private channels (as on April, 2012). Besides this there are 18 channels of the Prasar Bharati and one Lok Sabha channel (in total 19 channels) that may also be relevant for all

the States and the UTs to cater to the infotainment requirements of minority populace of these States and UTs. It is also noted that the Ministry of Information and Broadcasting has granted permission to 831 channels under uplinking/downlinking guidelines, as on 6<sup>th</sup> March, 2012. It is also likely that certain more channels may get operational by 1.1.2013. Thus, it is logical that maximum number of channels that may be required to be carried in a digital addressable cable TV system network, for present, is taken as 500 channels per headend. Therefore, the present regulations provide for creating a capacity of 500 channels per headend by 1.1.2013. Further, it has been seen that there are two types of MSOs viz., large sized MSOs having subscriber base of more than 25,000 subscribers with upper limit running into lakhs of subscribers and smaller MSOs having around 25,000 subscribers or lesser number of subscribers. Due to the larger size of operations, the large sized MSOs are better equipped to have the capacity to set up digital addressable cable TV systems in lesser time than the smaller sized MSOs. Therefore, to provide more time to smaller MSOs to create capacity of 500 channels per head end, the time line has been prescribed as 1<sup>st</sup> April, 2013 and for the large sized MSOs, the time line has been kept as 1<sup>st</sup> January, 2013. However, considering the fact that the four metros of Delhi, Mumbai, Kolkata and Chennai are to go digital on 1<sup>st</sup> July, 2012, and many of the MSOs may not be able to create a capacity to carry a minimum 500 channels per headend by this date, in the first instant, they have been allowed to operate with a minimum capacity of 200 channels per headend...”

18. The Hon’ble TDSAT has made its observation that the market forces play an important and significant role in the matter of carrying capacity of the MSO, and therefore same may not be required to be regulated. However, if the regulator deems fit, it may consider making provision for MSOs to have capacity to carry number of channels based on different categories of areas i.e. city/towns/rural area etc. in which MSO will be operating.

19. As per clause 3(10) of the said interconnect Regulations for DAS, every multi system operator shall, within sixty days of receipt of request from the broadcaster, provide on non-discriminatory basis, access to its network or convey the reasons for rejection of request if the access is denied to such broadcaster. The must carry provision in the interconnection regulation for DAS provides as under –

“.....(10) Every multi system operator shall, within sixty days of receipt of request from the broadcaster or its authorised agent or intermediary, provide on non-discriminatory basis, access to its network or convey the reasons for rejection of request if the access is denied to such broadcaster.

Provided that it shall not be mandatory for a multi system operator to carry the channel of a broadcaster if the channel is not in regional language of the region in which the multi system operator is operating or in Hindi or in English language and the broadcaster is not willing to pay the uniform carriage fee published by the multi system operator in its Reference Interconnect Offer.

Provided further that nothing contained in this sub-regulation shall apply in case of a broadcaster who has failed to pay the carriage fee as per the agreement and continues to be in default.

Provided also that imposition of unreasonable terms and conditions for providing access to the cable TV network shall amount to the denial of request for such access.

Provided also that it shall not be mandatory for the multi system operator to carry a channel for a period of next one year from the date of discontinuation of the channel, if the subscription for that particular channel, in the last preceding six months is less than or equal to five per cent. of the

subscriber base of that multi system operator taken as an average of subscriber base of the preceding six months.....”.

The minimum channel carrying capacity for MSOs was arrived at keeping in view the must carry provision only as explained above.

20. **Apropos the above the issues for consultation are**

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

**(b) 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.**

### ***Placement Fee***

21. The clause 11A of the interconnection regulation for DAS prescribes that no multi system operator shall demand from a broadcaster any placement fee. The rationale of Clause 11A has been explained in paragraph 2 of the Explanatory Memorandum of the amendment interconnection regulation dated 14<sup>th</sup> May 2012, wherein it has been mentioned that in the Digital Addressable Cable TV Systems, the technology provides for an Electronic Program Guide (EPG) wherein the channels being carried on an MSO's network can be arranged in a simple easy to understand manner so that the subscriber can easily go through this guide and select the channel of choice instead of flipping through all the channels. This display of channels can be genre-wise where all the channels of a particular genre can be listed under that genre in the genre-wise list of EPG. Thus, in digital addressable cable TV systems, there is hardly any justification for charging of the placement fee.

In fact, not only DAS rather all Digital Addressable Systems support the feature of EPG. Although in the interconnection regulations for Digital Addressable Systems, other than DAS, there is no specific provision barring charging of the placement fee, but the logic, regarding charging of placement fee, applies equally to all Digital Addressable Systems.

22. The Interconnection Regulation already has a provision (clause 3 (11)) that if an MSO, before providing access to its network, insists on placement of the channel in a particular slot or bouquet, such precondition amounts to imposition of unreasonable terms.

23. **Apropos the above, the issue for consultation is:**

**(a) Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated. The stakeholders are requested to submit their comments with justifications.**

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

### ***Twin conditions at retail level***

24. DTH Operators Association vide their representation and Multi-system operators in meetings with TRAI have raised certain apprehensions regarding implementation of the twin conditions at retail as provided in second proviso to clause 6(1) of the tariff order for addressable systems dated 21.07.2010 which states as under:

*“ 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 channel of that bouquet of which such channel is a part;

*Provided also that every multi-system operator or DTH operator or IPTV operator or HITS operator, providing broadcasting services and cable services, through digital addressable systems, before the date of commencement of this Tariff Order and continues to provide such services after such commencement shall, within sixty days from the date of such commencement, comply with the provisions of the second proviso. ”*

25. The various bouquets offered by DTH operators and Multi-System Operators were examined in detail by TRAI. It is observed that the operators are offering the consumers different monthly packs, ranging from Rs. 143 per month per subscriber for 110 channels pack (M/s Sun Direct Pvt. Ltd. as on 09.11.2012) to Rs. 178 per month per subscriber(excluding taxes) for 173 channels pack ( M/s Bharat Business Channel Ltd. as on 09.11.2012). Notably, these packs also include a sizable number of pay channels. It is observed that these packs consists of spectrum of channels having various genre ranging from news, entertainment, sports and devotional genre. Due to large bouquet, the ceiling derived from the average rate of a pay channel in the bouquet happen to be much less than the RIO (reference interconnect offer rate) rate of some channels at wholesale level.

26. To address the concerns of the DTH operators and Multi-System Operators and to protect the interest of the consumers, the Authority has formulated the following two conditions for linkage of a-la-carte rates of pay channels forming a part of bouquet(s) and the rates of bouquet(s). Both the conditions are required to be satisfied for all the bouquet(s) being offered by the operator. These two conditions are as mentioned below:-

- 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]=  

$$\text{Bouquet Rate} \times (\text{Sum of a la carte rate of Pay channels}) / (\text{Sum of a la carte rate of Pay channels} + \text{Total no of FTA channels} \times \text{factor}^*)$$
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.

27. The criterion described in (a) above provides, a linkage between the a-la-carte rates of pay channels and bouquet rates thus ensuring that the a-la-carte rate of a channel is not illusory for a channel offered in the bouquet. The ceiling on the a-la-carte rates of pay channels forming a part of bouquet(s) shall be three times the ascribed value of the pay channel in the bouquet; the ceiling is linked to the ascribed value of the channel instead of average value of the channel in the bouquet which gives freedom to the operator to link the a-la-carte price of a channel to the value being ascribed to the channel in the bouquet rate rather than flat average value.
28. The other criterion described in (b) provides a linkage between the a-la-carte rates of pay channels forming part of bouquet(s) vis-a-vis the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable

systems. The linkage has been provided with an intention that the operator has flexibility to package the channels as per his business plan and at the same time ensure that the a-la-carte prices are not rendered illusory to the consumers. In case the operator offers discounts to its subscribers on bouquet rates, the above said two conditions should also be satisfied with such discounted bouquet rates.

29. **Apropos the above, the stakeholders are requested offer their comments on the above conditions to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s). The stakeholders are also welcome to submit any other formulation that can achieve the same objective, along with its justification.**

***Minimum Subscription Period***

30. As far as the consumer is concerned, primary benefit to the consumer that an addressable TV system provides is the ability to choose the channels of his choice. In the tariff order dated 21st July 2010, the operators were mandated to offer all the pay channels carried over their network, on a-la-carte basis. It was observed by the Authority that around 75% of all the channels, permitted by the Ministry of Information and Broadcasting, are FTA channels. Thus, offering only the pay channels on a-la-carte basis, largely deprive the subscribers from exercising their choice of channels. Therefore, the Authority felt it appropriate to extend the a-la-carte provisioning of channels to cover both the FTA and pay channels carried over the network of an operator. Accordingly, in the amendment tariff order dated 30<sup>th</sup> April 2012, it was mandated that every operator providing services to its subscribers using an addressable system shall offer or cause to offer all channels, whether pay or FTA, offered by it to its subscribers on a-la-carte basis. In sync with this provision, the Authority is of the view that the word “pay” shall be deleted from the heading under clause 6 of the principle Tariff order dated 21.07.2010.

31. While mandating a la carte choice of channels to the subscriber, the Authority recognized the fact that if changes in choices made by subscribers are too frequent, service providers may face technical and operational difficulties. In order to provide a measure of stability to the service providers in servicing the choices made by the subscribers, the Authority, in its principal tariff order dated 21.07.2010 had permitted the operators to stipulate a minimum commitment period of maximum of three months for the a la carte choice of pay channels by the subscriber. Considering the fact that the operators have been mandated to offer all the channels of their platform on a-la-carte basis, the Authority is of the view that the minimum commitment period should be applicable for all the channels, whether pay or FTA. Accordingly the word “pay” shall be deleted from the clause 6(2) of the principle Tariff order Dated 21.07.2010.
32. **Apropos the above 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.**

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

33. In the principle tariff order dated 21.07.2010, It has been provided that every service provider providing broadcasting services or cable services to subscribers using an addressable system , in addition to the offering of pay channels on a-la-carte basis, may also offer bouquets of channels. It has been observed that, some of the DTH service providers have been imposing pre-condition for subscribing a particular bouquet before add-on- bouquets are subscribed. The Authority is of the view that such condition is unreasonable and the consumer shall be free to choose the channel(s) or bouquet(s) offered by the operator. In the amendment tariff order date 30th April 2012, a provision was made which allows the subscriber of the digital addressable cable TV to subscribe to basic service tier or basic service tier and one or more pay channel or only free to air channels or only pay channels or pay channels and free to air channels at his option.

Accordingly, the Authority is of the view that a similar provision as stated below shall be introduced for all the addressable systems to bring in parity as well as to ensure that consumers of these platforms are on equal footing.

“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”

34. **Apropos the above, the stakeholders are requested to offer their comments, if any, on the proposed inclusion of the above mentioned provision after sub-clause 6(4) in the tariff order dated 21.07.2010, as amended.**

***Offerings 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.***

35. In recent times, the market has witnessed the emergence of a number of channels that require special STBs for reception. It has been observed that some of the operators are offering bouquet of channels that consist of both type of channels i.e. the ones those require vanilla STBs, normally termed as standard definition Television (SDTV) channels, as well as those requiring special STBs for reception. Normally the channels which require special type of STBs for e.g. HDTV and 3D TV channels have a separate pricing (generally higher than the SDTV channels), as tariff for such channels is under forbearance both at wholesale and retail level. Therefore the subscriber, having a vanilla STB, subscribing to a bouquet that comprises of both type of channels as mentioned above may be un-necessarily burdened with additional charges of channels which the subscriber may not be able to view. Hence it may be appropriate that the channels that require special type of STBs be either offered

on a-la-carte basis only or as separate bouquets that consist of only those channels that require a particular type of STBs for its reception.

36. **Apropos the above, the issue for consultation is,**

**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 specialised STB.**

## **Issues for Consultation**

### **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.”.

(2) If no, the reasons thereof.

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

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

(4) 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.

#### ***Placement Fee***

(5) Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated. The stakeholders are requested to submit their comments with justifications.

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

***Twin conditions at retail level***

(6) 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<sup>#</sup> 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.

***Minimum Subscription Period***

(7) 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.

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

(8) 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”.

***Offerings 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.***

(9) 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 specialised STB.

**Note : All the Stakeholders are requested to offer their comments giving full justification/ reasoning to better understand and appreciate the viewpoint(s)/ comment(s).**

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