

Information note to the Press (Press Release No. 15/2017)

For Immediate release

TELECOM REGULATORY AUTHORITY OF INDIA

TRAI Releases Interconnection Regulations for Broadcasting Services related to Television provided through Addressable Systems

New Delhi, 3rd March, 2017: The Telecom Regulatory Authority of India (TRAI) has today released the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017, which will regulate interconnection arrangements for broadcasting services relating to television provided through Addressable Systems.

2. The Authority, noted the concerns expressed by stakeholders, during various interactions, relating to non-transparency and discrimination while seeking the signals of TV channels and access to the distribution networks. Delays in signing of interconnection agreements and non-realistic terms and conditions in the Reference Interconnection Offer (RIO) result in enhanced dependency of the seekers on mutually negotiated agreements; which is generally against the interest of small service providers and creates entry barriers for new service providers. Repeatedly it was articulated, at different forums, by seekers that offering of huge discounts by service providers on their products/ services results into illusory pricing, discrimination and non-level playing field. Such actions of service providers were resulting into non-transparent pricing and reduced choice to subscribers. In some cases, this situation resulted in disputes and disrupted the distribution of channels on the ground, impacting adversely subscriber experience.

3. Non transparent deals between Multi System Operators (MSOs) and Local Cable Operators (LCOs) have also been the cause of the concern. Non-availability of written interconnection agreements between MSOs and LCOs, no clear demarcation of duties and responsibilities between them, non-adherence to payment terms and conditions, and gaps in delivery of bills and receipts to subscribers as per the regulations in place,

were some of the other concerns, relating to interconnection, expressed by stakeholders.

4. In order to address these and many other concerns, TRAI initiated an exhaustive consultation process with stakeholders before notification of these regulations. After taking into consideration the comments, counter-comments, and views expressed during the open house discussions by the stakeholders and in-house analysis, the Authority has notified the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017.

5. In these regulations, due care has been taken to address various concerns of broadcasters, DPOs and LCOs to ensure transparency, non-discrimination and level playing field across the value chain. Steps have been taken for 'ease of doing business' and orderly growth of the sector. This is expected to bring in level playing field and effective competition in the sector. While doing so adequate flexibility and freedom has been provided to service providers for innovation and business ingenuity in offering their services.

6. Broadcasters have been given freedom to publish their RIOs as per their business plans, in compliance to these regulations, encompassing necessary and sufficient terms and conditions so that their offerings are clearly known to all DPOs. A time bound framework for signing of interconnection agreement has also been mandated. To ensure that the Maximum Retail Prices (MRPs) of TV channels and bouquets declared by broadcasters to subscribers are realistic, a reasonable cap on discounts offered by broadcasters to DPOs has been mandated. To improve the transparency, it has been prescribed that such discounts on their offerings should be objectively defined in their RIOs.

7. Similarly, for transparent and non-discriminatory access to all types of distribution networks; the same has been brought under the regulatory framework. Besides mandating a framework of RIO for charging of carriage fee on transparent basis, a cap on the rate at which a DPO can charge carriage fee has been prescribed. Further, it has also been provided that the carriage fee shall change with the change in



subscription level of channels. In this way, entry for new channels in the market has been made predictable.

8. The Authority has prescribed model interconnection agreement (MIA) and standard interconnection agreement (SIA) to address the issues between DPOs and LCOs which protects the interest of both the parties.

9. The salient feature of these regulations are as follows:-

- a) A common regulatory framework for all types of TV distribution platforms providing services through Addressable Systems.
- b) Availability of signals to service providers on non-exclusive and non-discriminatory basis.
- c) Ensuring access to the distribution networks for re-transmission of TV channels on all types of distribution platforms on non-exclusive and non-discriminatory basis.
- d) The Broadcasters and Distributors will devise and design their reference interconnection offers (RIOs) for providing signals of TV channels and access to the distribution networks respectively, in conformance with the regulations and the tariff orders notified by the Authority, and declare the same.
- e) Time bound provisioning of signals of TV channels & access to the network on the basis of transparent RIO framework.
- f) Interconnection agreements to be signed between broadcasters and distributors on the basis of RIO.
- g) Prescription of ceiling on maximum discount which can be offered by a broadcaster to a distributor to ensure level playing field and to make sure that non-realistic prices of a-la-carte channels and bouquets are not declared by broadcasters for subscribers.
- h) Prescription of ceiling on the rate of carriage fee declared by a DPO, with ceiling on maximum discount which can be offered to a broadcaster on the rate of carriage fee to ensure level playing field and to make sure that non-realistic prices of carriage fee are not declared by distributors to broadcasters.
- i) Prescription of a framework for placement of a TV channels in the Electronic Programme Guide (EPG).
- j) Prescription of a framework for subscription reports & audits.

10. The Authority is of the view that these regulations will be instrumental in improving transparency, efficiency & equity across the value chain. This would also ensure a level playing field for all service providers and would be helpful in lowering the entry barriers for new service providers, bringing in more competition in the sector and thereby more choices to the consumers.

11. In order to ensure smooth transition to the new regulatory framework, a time period of 150 days has been provided so that the service providers can either renew or amend all their existing interconnection agreements in compliance with the provisions of the new regulatory framework. Existing regulations to the extent they are applicable for addressable systems have been repealed.

12. The regulations are available on TRAI's website www.trai.gov.in . For any clarification/information, Sh. Sunil Kumar Singhal, Advisor (B&CS) may be contacted at Tel. No.: +91-11-23221509, Fax: +91-11-23220442 or at sksinghal@trai.gov.in.


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