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For Immediate release

TELECOM REGULATORY AUTHORITY OF INDIA

TRAI releases Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017

New Delhi, 3rd March, 2017 - The Telecom Regulatory Authority of India (TRAI) has today released the Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017.

2. Digital addressable television distribution platforms are envisaged to provide several benefits to consumers of broadcasting services including better quality of signals, choice of channels, availability of multimedia services etc. With the completion of first three phases of digitization to a large extent, though the addressability, capacity and quality of signal have improved, issues related to consumer choice, transparency and non-discrimination still continue.

3. Broadcasters want freedom to price their channels. Their contention is that since pricing at retail level is with distributors of television channels, the flexibility to maximise the revenue through advertisement and subscription fee has been compromised. News broadcasters, who primarily provide free-to-air (FTA) channels and have advertisements as only source of revenue, claim that many a time their channels at retail level are priced in such a manner that even pay channels are cheaper than their FTA channels.

4. In the present framework distributors of television channels feel that they are totally dependent on effective negotiations with broadcasters for



monetisation of their investment and due to non-transparency in the system, they end up at a loss while bargaining with the broadcasters.

5. Subscribers are equally unsatisfied. They feel that the pricing of channels is skewed resulting effectively in no choice of individual channels. They feel lack of transparency. Questions are raised time and again as to why same channel is priced so differently by different distribution platform operators.

6. In order to address all the issues related to tariff in broadcasting sector, a Consultation Paper on "Tariff issues related to TV services" was issued on 29th January 2016 for seeking stakeholders' comments. In response, a total of 60 comments and 10 counter-comments were received from stakeholders. Two Open House Discussions (OHDs) were held, first on 8th April 2016 at New Delhi and second on 21st April 2016 at Raipur, Chhattisgarh. In order to maintain complete transparency while bringing change in existing regulatory framework, TRAI issued the draft Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2016 (draft TTO) on 10th October 2016. Stakeholders were asked to offer their comments, if any, on proposed tariff framework. Based on the comments/views of the stakeholders and the analysis, various provisions of the Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017 have been finalised.

7. While prescribing the new regulatory framework, the TRAI has kept in mind the discussions in the Parliament on the motion for consideration of the Cable Television Networks (Regulation) Amendment Bill, 2011, wherein the then Minister of Information and Broadcasting stated that TRAI would establish a system wherein consumers would be free to choose a-la-carte channels of choice and they would not be required to subscribe to bouquets.

8. While framing this Tariff Order, the emphasis of the Authority has been to ensure transparency, non-discrimination, consumer protection and create an

enabling environment for orderly growth of the sector. The new framework attempts to address all the issues raised by broadcasters, distributors of television channels and subscribers. The broadcasters will have to declare their channels as 'Pay' or 'Free-to-Air' (FTA). Broadcasters have been given complete flexibility to declare maximum retail price (MRP) of their pay channels to subscribers with no restrictions as long as such channels are provided to consumers individually. However, if a pay channel is provided as part of a bouquet, MRP of such pay channel cannot be more than Rs. 19/-. This is to ensure protection of interests of consumers as bouquet deals are oblique to individual channel prices. The new framework in no way restricts or curtails the freedom of broadcasters to price their channels. Provisions have also been made to ensure that no additional charges are levied for subscribing to FTA channels.

9. Distributors of television channels are permitted to charge a Network Capacity Fee of maximum Rs. 130/- (excluding taxes) per month from a subscriber for subscribing to a network capacity of 100 SD channels. This will ensure reasonable rate of return to the DPOs on investments in the existing distribution networks as well as incentivize them for additional investment to ensure better network quality for providing value added services and broadband to subscribers.

10. In order to provide choice to the subscribers and to curb skewed prices of a-la-carte channels as compared to bouquets, the Authority has mandated that a broadcaster can offer a maximum discount of 15% while offering its bouquet of pay channels over the sum of MRPs of all the of pay channels in that bouquet. The restriction of maximum discount of 15% on formation of bouquet is to ensure that a subscriber is not forced to take a channel which he doesn't want. Forcing of non-driver channels to subscribers not only reduces choice of subscribers but also eats away bandwidth of distributors of television channels restricting entry of new and more competitive channels.

