

Reliance Big TV Limited's Response to Pre-consultation Paper on Ease of Doing Business in Broadcasting Sector

At the outset, we are thankful to the Authority for giving an opportunity to submit our views on the issues raised in the said consultation paper. Below is our response on this pre-consultation paper highlighting various issues that are required to be addressed in order to ease the functioning of DTH services in this sector. We hope that Authority would find merit in our suggestions and take these into account before taking final decision on this issue.

1. DTH as an Authorization Under Unified License:

- Direct to Home Television service provisioning should be allowed under Unified License (UL) issued by DOT. UL regime already includes video signal distribution through IPTV technology.
- As envisaged under New Telecom Policy, the Licensing Regime should be Technology agnostic and UL regime should allow distribution of video signals through all possible means of Technology.
- The operators, who opt for distribution of TV signals through DTH technology, besides taking UL, will adhere to and abide by all rules and regulations as laid down by Ministry of I&B and Department of Space.

2. License Fee Rationalization

- Currently DTH industry is saddled with the burden of heavy taxes and License fee. Annual License fee being charged is 10% of GR. These taxes and levies put immense pressure on business viability of DTH operators and are heavy drain on the financials. These taxes and levies put DTH Distribution platform at a disadvantageous position as compared to other Digital Distribution Platforms like MSOs, Digital Cable, and OTT Platforms etc.
- Broadcasting & Telecom sectors are fast converging and also DTH license & Telecom license are granted under Indian Telegraph Act 1885, all the terms, including license fee for DTH sector should be aligned with that in the UL.
- **In light of the factors mentioned above, the License Fee charged from DTH Operators should be rationalized on priority and should be aligned to the prevailing rates of License Fee charged to Telecom Operators.**

3. STB Interoperability

- Technical interoperability implementation does not serve the purpose it is intended for and is impractical.

- DTH Operators use different Encoding standards such as MPEG2, H.264 & H.265.
- Similarly the Modulation standards have undergone rapid changes – from DVB-S to DVBS2 to DVB-S2X with some operators using tighter Mod Cods and roll offs.
- Support for all the different CAS solutions – NDS, Nagra, Irdeto, Conax, Verimatrix etc. Each of the operators will insist that their CAS vendors certify the product as their Service could be compromised/ hacked if the manufacturer has not taken all the precautions that the CAS vendor insists upon.
- All the above add to the cost of the STB. If the manufacturer has to cater to all the above requirements – the cost of the STB will be prohibitive – a safe estimate is that this will be more than double the current costs.
- **In view of the above it is suggested that Technical interoperability clause in the license agreement should be replaced with Commercial interoperability. This will reduce cost of STBs by \$2 to \$5 and will also result in huge Forex savings for the Nation and the Operator.**

4. Transmission of radio services over DTH platform

- Regulations should allow transmission of radio services over DTH platform. DTH platforms should be allowed to carry all licensed AM and FM Radio Channels throughout the country.
- This will allow all Radio channels to have larger base of listenership helping them increase advertising revenue boosting their business model.
- DTH platform being stationary in nature will compliment the mobile listenership of Radio channels.

5. DTH Infrastructure Sharing with SAARC Countries

- No guidelines exist for sharing DTH infra with SAARC countries.
- Footprint of satellites being used for Indian DTH services also covers almost all the neighbouring countries.
- The channels being transmitted for Indian consumers are also available in neighbouring countries through these satellites.
- Taking advantage of this, the viewers in most of the neighbouring countries receive Indian content illegally.

- This results in huge loss of revenue to the Government and Content owners.
- Like Broadcast Teleport facility, Indian DTH operators can also extend their technical facility to interested DTH operators in neighbouring countries.
- The technical facilities, Digital Head-end and Uplink facility, of Indian DTH operator should be allowed to be used for providing DTH services in neighbouring countries. **Channels from those countries will be down-linked in India for turnaround only & Up-linked through DTH facility in India but made available to customers in those countries only.**
- Down-linking for turn around and Up-linking permission for the channels from neighbouring countries.
- This way Indian broadcast channels can be legally made available to customers in neighbouring countries.
- Taking advantage of Ad-Insertion technology, local ads can be inserted in those countries where services are legally made available.
- More revenue for Indian DTH operators, Broadcasters and Government, in foreign currency.

6. Open Sky Policy

Current norms for Capacity allotment (last amended on 22 April 2016):

- DTH operators apply to DoS/Antrix when they require satellite transponder capacities in a prescribed format along with refundable deposit.
- There is no clarity on the timeline as to when the requested capacity would be made available to the DTH operator though the date of requirement is collected from the DTH operator.
- DoS/Antrix combines all these requests and floats the aggregate requirements to foreign satellite operators after examining availability/usability of INSAT/GSAT capacity. In case of non-availability/non-usability of INSAT/GSAT Capacity, Antrix sources transponder capacity from foreign satellite operators and sub-lets it to DTH operators through back-to-back agreements. **This is done even though DTH service is orbital location specific and each operator having their own expansion plans.**
- This delays the space capacity allotment process and limits the DTH operators' ability to procure favourable commercial terms through direct negotiations

- **DOS/Antrix intervention is required only when DTH operators need to get KU band transponders. When broadcasters need C-band transponders, they can approach foreign satellite operators directly and enter in to an agreement with the satellite operator.**
- DTH operators have to enter into lengthy commercial and contracting negotiations every three years with Antrix. This affects operational efficiency and adds to the overall cost of operating platforms—costs which are ultimately passed on to the consumers.
- This puts significant constraints on commercial negotiations with satellite operators, most of who are looking for 10-15 year long-term contracts.
- Since there is no long-term visibility, foreign satellite operators do not proactively plan and deploy satellites to meet the full needs of Indian DTH market.
- Uncertainty over whether DTH operators will be able to procure incremental capacity at specific orbital slots makes their long-term planning for sustainable business operations much more difficult, when compared to DTH operators in other countries. This further emphasizes the need for long-term contracts with satellite operators.
- Foreign satellite operators pass-on the cost of the uncertainty to Indian DTH service providers.

Suggestions for consideration:

- Since Satellite Capacity Requirement is very Critical for DTH Services, Direct contracting should be allowed for DTH operators to secure incremental capacity, as and when required, with existing satellite capacity providers already authorized to provide them service. This will enable DTH operators to negotiate better deals in terms of transponder lease and renewal charges there by bringing Forex requirements down.
- Foreign transponder contracts need to be of longer durations (10–15 years) to allow Indian companies to leverage on cost economics and provide cost protection as well as assured capacity availability to DTH operators.
- Since transponder lease agreements are signed in dollars, it has also become expensive or the rupee amount is unknown due to the currency fluctuations. These agreements should be signed in rupee terms, as has been followed earlier, to protect DTH operator from currency fluctuations.
- DoS/Antrix plays multiple roles. DoS/Antrix plays overlapping and conflicting roles: as a supplier, an intermediary, policy formulator and also an arbitrator. This is despite having so called open sky policy in theory. It is against the regulatory best practices adopted in other sectors. There needs to be a segregation of the roles of ISRO/Antrix into a satellite

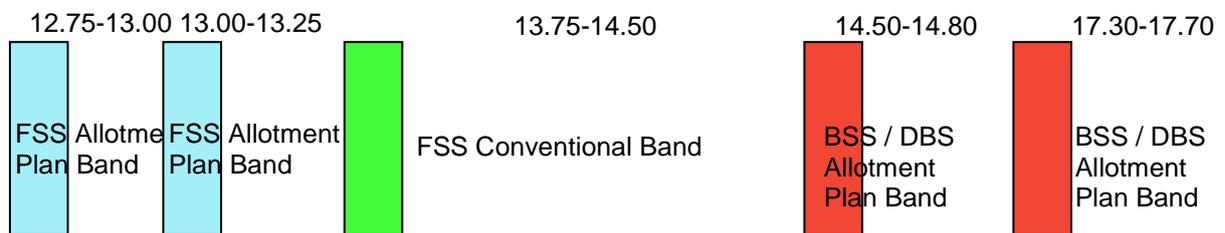
operator, a research institute and an independent commercial space entity. The roles of a policymaker and enforcer should be assigned to independent entities.

7. Use of Plan Band

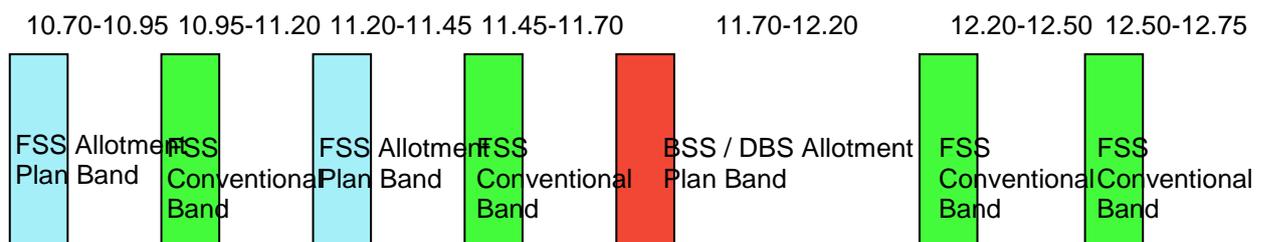
- Spectrum is a scarce resource and it should be used optimally.
- DTH service is orbital location specific and all expansion, growth and business continuity need to be planned at the operational orbital slot.
- Ku band transponders are critical lifeline for DTH operations. Currently only FSS Conventional band within Ku-Band is allowed for DTH use. This limits the availability of number of Ku band transponders to just 24 in any given orbital slot. This limitation critically hampers DTH operations as well as expansion plans.
- Currently there about 900 licensed TV channels in India and this is expected to grow beyond 1500 in next few years. In addition to this, the number of HD channels also increasing. This in turn causes demand for more transponders.
- If FSS Plan band and BSS Plan is released, then the number of transponders can significantly increased and each orbital slot can have at least 48 more transponders to meet the capacity demand.
- Plan Band is being widely used in many countries for DTH and some of them are South Korea, Japan, Russia, Thailand, Middle East and Mexico.

Ku band GSO Satcom Frequency Plan for ITU Region-3

Uplink Frequency Band (GHz):



Downlink Frequency Band (GHz):



FSS: Fixed Satellite Service
 BSS: Broadcast Satellite Service
 DBS: Direct Broadcast Service

 [Uplink: 750MH & Downlink: 1.05GHz): **Permitted**

  Uplink: 500MHz +700MHz=1.2GHz, Downlink: 500MHz+500MHz=1.0GHz]
Not Permitted [48 more transponders are possible]

- It can be seen from the above chart that 24 transponders each in FSS Plan band and BSS Plan band are possible.
- This will remove limitations on number of available transponders in each orbital slot

8. Regulatory Clearance Required for Transponder Use

Processes/steps and timelines between Satellite frequency allotment and commencement of broadcast

For a DTH Operator – starting from the acquisition of Satellite Transponder capacities from Department of Space (DoS) until the commencement of broadcast – the following steps are required to be completed.

Process Steps	Description	Issuer	Approx. Timelines
Start	Receipt of Frequency Allotment Letter	DoS	NA
Step 1	No Objection Certificate	MIB	9 weeks
Step 2	Frequency and Carrier Plan Approval	NOCC	1 week
Step 3	Decision Letter for Grant of Operating License	WPC	7 weeks
Step 4	Equipment Import License	WPC	6 weeks
Step 5	Equipment Installation and Testing	Operator	8 weeks
Step 6	Mandatory Performance Verification Testing (MPVT) for antenna	NOCC	4 weeks
Step 7	Wireless Operating License	WPC	3 weeks
Step 8	Final Uplinking Permission	NOCC	1 week
Total Approx. Timelines			39 weeks

- As illustrated in the table above, the whole process, beginning from the receipt of the Frequency Allotment Letter until the receipt of the Final Up-linking Permission, takes approximately 39 weeks (approx. 10 months).
- Step 6 can be conducted only after installation and testing of equipment.
- In addition to the above Equipment Import, Installation and testing takes approximately 5 to 6 months after allotment of transponders, since equipment ordering cannot be

done without knowing the frequency plan & transponder configuration. Transponder frequencies are made to known only after allotment.

- The entire process would take approx 10 months (30 weeks for Regulatory clearances and 8 weeks for installation and testing) to complete and actual usage of allocated transponders can start only after this.
- The lease charges for the transponders start being paid to the DoS from the date of Frequency Allotment Letter. Hence, the delay in the Final Up-linking Permission results in wastage of precious national resource (spectrum) and also financial burden on the DTH Operator since, monetization of the frequency can only happen from start of broadcast.
- It is also interesting to note that there is 'to and fro' occurring between NOCC and WPC which are both departments within the same ministry (DoT). It is desired that, at the very least, within DoT there should be a single window process. To add to this, both WPC and NOCC charge a substantial fee separately (NOCC - ~Rs.60,000/- per MHz per annum and WPC - ~RS.90,000/- per MHz per annum) as monitoring charges and spectrum royalty charges respectively. This needs an urgent review and rationalization.

9. Satellite Return Path

- Innovation is the key driver for any business and it is even more so in DTH business.
- As current DTH deployments do not have return path to compete with new technology services like IPTV & OTT, it is in a disadvantageous position. In order to compete with these kinds of service providers, DTH operators need to add interactivity alongside the digital video signal to the customers.
- Recent developments in Europe have opened an opportunity to introduce low cost satellite return path in DTH for deploying interactive applications.
- Technology for this is mature and used elsewhere in the world.
- It re-uses existing customer premises equipment, 60cm Antenna and coaxial cable.
- This technology mitigates Interference to adjacent satellites while using small 60cm antenna for Satellite Return Path.
- **As per prevailing DTH license conditions interactivity using satellite return path in DTH services is not permitted.**

ARTICLE-10, VALUE ADDED SERVICE of DTH license states that

“The DTH facility shall not be used for other modes of communication, including voice, fax, data, communication, Internet etc unless specific license for these value added services has been obtained from the competent authority”

Suggestions for consideration:

- Article-10 in DTH License needs to be amended so that interactive services using satellite return path in DTH can be deployed.
- The technical guidelines [TEC IR SCB-08/03 Oct 2013-Mandatory Technical requirements for all satellite based networks] Sub-Meter antenna is not permitted for interactive services in DTH using satellite return path.
- It needs to be treated separately from the VSAT policy as it is Hub-Spoke Vs VSAT which is STAR or MESH network.
- All monitoring (for security) can happen at Hub side in the DTH case. This is not possible with VSAT hence the need for permission for each site/spoke is not required for the proposed DTH reverse path.
- TEC IR SCB-08 should be amended and sub meter antenna deployment be permitted for satellite return path in DTH.
- Sub-Meter dish antenna can be used efficiently as data rate are very low.
- Taking advantage of modern technology connectivity can be provided to every home and every village even in remotest location.
- Customers can have this service at a very low cost.
- This will facilitate availability of e-Gov, e-Edu, e-Banking services to wider rural population, having STB & TV, apart from interactive entertainment services.