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April 22, 2013



To,

Shri Wasi Ahmad
Advisor (B& CS)
Telecom Regulatory Authority of India,
Mahanagar Door Sanchar Bhawan,
J.L. Nehru Marg, (Old Minto Road),
New Delhi - 110 002

Sub: Consultation Paper on Issues Relating to Media Ownership

Ref: TRAI Consultation Paper No. 1/2013, dated 15.2.2013

Dear Sir,

This is with reference to your above mentioned Consultation Paper. In this regard, please find enclosed our response for your kind consideration.

Thanking you.

Yours Sincerely

For Bharti Airtel Limited

A handwritten signature in blue ink, appearing to read 'R. Gandhi', written over a horizontal line.

Ravi P. Gandhi
Sr. Vice President
Head - Regulatory Policy
India & South Asia
Encl : As Above

TRAI Consultation Paper on 'Issues Relating to Media Ownership'

At the outset, we welcome TRAI's initiative to ensure media pluralism and fair growth of the broadcasting sector. We also support TRAI's views to check vertical integration in the broadcasting sector thereby restricting broadcaster to hold more than 20% equity holding in the distribution media viz. MSO/LCO/ /DTH/ /HITS etc and vice versa.

We wish to submit that the **broadcaster equity** should include promoter equity and should be collective holding of 20% across all distribution mediums like MSO/LCO/ DTH /HITS etc.

On the issue of horizontal integration, since the distribution mediums/companies are merely distributing the content provided by the broadcasting companies and do not form any individual public viewpoints of their own, we therefore humbly request the Authority to remove cross holding restrictions amongst all distribution mediums like MSO/LCO/DTH/HITS. This unification will enhance the delivery capability of distribution companies and therefore, the viewing experience of the customers. This will lead to convergence of service delivery. Convergence of services and end devices has been envisaged in the NTP 2012 and included as an objective of this policy. The objective can be met well if distribution and delivery platforms are allowed to be integrated as well.

Our comments on the Consultation paper on questions relevant to delivery mediums are below for your kind consideration:

Media Ownership/ Control

Q3: Should ownership/ control of an entity over a media outlet be measured in terms of equity holding? If so, would a restriction on equity holding of 20% (as recommended by TRAI in its recommendations on Media Ownership dated 25th Feb 2009) be an appropriate threshold? Else, please suggest any other threshold value, with justification?

AND

Q4: In case your response to Q3 is in the negative, what other measure(s) of ownership/ control should be used? Please support your view with a detailed methodology to measure ownership/ control over a media outlet.

Bharti Airtel Response:

We believe that the ownership/control of an entity over a media outlet be measured in terms of equity holding. In this regard we would like to submit as following:

- TRAI vide its recommendations dated Feb 25, 2009 has recommended cross holding restrictions in the media segment so as to maintain the level playing conditions. Thereby a broadcaster cannot have more than 20% equity in the distribution(MSO/LCO/DTH/HITS) and vice-versa. **We are of the view that this vertical cross holding restriction should remain unchanged so as to avoid any vertical integration by broadcasters.** Moreover, no broadcaster/promoter(s) should have more than 20% equity holding in one or more distribution company i.e. MSO/LCO/DTH/HITS in their service area . **To clarify, Broadcaster Equity should also include Common Promoter equity and this equity cap should be collective across all Distribution media like Cable, MSO and DTH.**
- On the Horizontal Integration, TRAI has sought views of restrictions of horizontal ownership between Media sectors TV, Print and Radio. However, another Horizontal integration exists in the form of convergence of distribution mediums like MSO/LCO/DTH/HITS
- Distribution and delivery mediums are DTH, Cable, MSO, HITS etc. As per the current license conditions of DTH/HITS, they cannot hold more than 20% equity share in any Cable and/or Broadcasting company and Vice Versa.

Extract:

*'a licensee cannot allow broadcasting companies **and/or cable network company** to collectively hold or own more than 20% of the total paid up equity in its company at any time during the licence period'.*

We feel that the cross holding restrictions between the distribution platforms should be removed and consumers should benefit from this convergence. Additionally, since these distribution channels (DTH/MSO/LCO/HITS) do not own the content and are merely the distributing platforms, this convergence will not affect the view point plurality.

NTP 2012 has envisaged the convergence of services and end devices in addition to Telecommunications, Broadcasting and IT. Allowing integration between ISPs, DTH, MSO and Cable TV companies will allow an operator to deliver broadcasting services with ease of access to all subscribers. The cross holding restriction in DTH license and Cable TV registrations restricts the ability of an operator to deliver converged services offerings. This Cross holding restriction should be removed notwithstanding which the restriction levels should be increased to at least 51%.

Other than above, the convergence of horizontal distribution platforms will have following benefits:

- Convergence of services and end devices is the major push across the nation. Even the recent NTP 2012 is heavily focused on convergence of services and

consolidation of licenses into one unified license to offer all types of carrier and access services. A similar comprehensive policy should be drafted for the broadcasting services sector.

- The synergies between MSOs, DTH operators and Cable TV operators could be combined to deliver services in a cost effective way. There is ample competition in the content distribution market with 6 DTH operators, 89 Teleport operators and scores of Cable TV operators. An integrated operator would be able to deploy a single head-end to deliver services in an optimized manner to provide the best possible connectivity based on terrain, customer requirement and density of users in an area. For e.g. in a rural area DTH could be used to deliver services whereas in a township, a satellite town Cable could be used to deliver services.
- This would also enable the most efficient utilization of infrastructure which would not require to be replicated. Moreover, if DTH operators are allowed to deploy the latest technologies such as FTTH etc to provide HD channels it would not only allow them to meet the growing demands of customers, but would also enable them to optimize their offering with the best and most feasible solution.
- Cross holding restrictions amongst delivery media like DTH/LCO/HITS/MSO are no longer justified as there is ample competition in the market and delivery technology wise distinction in licensing leads to inefficient utilization of resources including natural resources. A removal in such restrictions would enable efficient deployment and utilization of infrastructure to deliver converged services to the benefit of customers. Both these sectors can exist and new progressive competitive models can evolve the market into creating far higher penetration and launch of better value products for the markets.
- Unifying Media for delivery is extremely beneficial for the customers, stakeholders and the nation. As in the telecom market we learnt from experience since 2003 that a Unified Access Service License resulted in more than 900 million subscribers. Even for wire-line services there is competition and operators are able to deliver all types of services to their customers. The Indian market has set a global standard for the world to look up to.
- **We should apply the same for a better channel viewing experience for Indians and remove cross holding restrictions amongst all distribution platforms viz. DTH, HITS, MSOs, LCOs etc. However, cross holding restriction between broadcasters and distribution should remain unchanged.**

Q24: In case cross media ownership rules are laid down in the country, what should be the periodicity of review of such rules?

Bharti Airtel Response:

Periodicity of review should be three years.

Q25: In case media ownership rules are laid down in the country, how much time should be given for complying with the prescribed rules to existing entities in the media sector, which are in breach of the rules? Please elaborate your response with justifications.

Bharti Airtel Response:

The time frame of implementation should be 6 months.

Vertical Integration

Q28: Should any entity be allowed to have interest in both broadcasting and distribution companies/entities?

If „Yes“, how would the issues that arise out of vertical integration be addressed?

If „No“, whether a restriction on equity holding of 20% would be an adequate measure to determine „control“ of an entity i.e. any entity which has been permitted/ licensed for television broadcasting or has more than 20% equity in a broadcasting company shall not have more than 20% equity in any Distributor (MSO/Cable operator, DTH operator, HITS operator, Mobile TV service provider) and vice-versa?

You are welcome to suggest any other measures to determine „control“ and the limits thereof between the broadcasting and distribution entities.

Bharti Airtel Response:

There should be a cross holding restriction between broadcaster and distribution companies so as to avoid any creation of monopolies through vertical integration by the broadcaster. It may be noted that any broadcaster having more than 20% equity in a company could block the content of a competitive broadcaster in the DTH distribution network by citing the reason of insufficient bandwidth. Similarly with more than 800 channels that are being broadcasted, a similar anti-competitive behavior is possible from the broadcasters who may have a stake in DTH/MSO/Cable operators. So it would be in the interest of the consumers and competition that **a clear distinction is maintained between broadcaster and the distributor.**