

**TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,  
PART III, SECTION 4  
TELECOM REGULATORY AUTHORITY OF INDIA  
NOTIFICATION**

**THE TELECOMMUNICATION (BROADCASTING AND CABLE) SERVICES  
INTERCONNECTION (ADDRESSABLE SYSTEMS) (SIXTH AMENDMENT)  
REGULATIONS, 2024  
(4 of 2024)**

New Delhi, 8/7/2024

F. No. RG-8/1/(9)/2021-B AND CS(1 AND 3).— In exercise of the powers conferred by section 36, read with sub-clauses (ii), (iii) and (iv) of clause (b) of sub-section (1) of section 11, of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), read with notification of the Central Government, in the Ministry of Communication and Information Technology (Department of Telecommunications), No. 39, —

(a) issued, in exercise of the powers conferred upon the Central Government under clause (d) of sub-section (1) of section 11 and proviso to clause (k) of sub-section (1) of section 2 of the said Act, and

(b) published under notification No. S.O.44 (E) and 45 (E) dated the 9<sup>th</sup> January, 2004 in the Gazette of India, Extraordinary, Part II, Section 3,—

the Telecom Regulatory Authority of India hereby makes the following regulations to further amend the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 (1 of 2017), namely:-

1. (1) These regulations may be called the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Sixth Amendment) Regulations, 2024 (4 of 2024).  
  
(2) These regulations shall apply throughout the territory of India.  
  
(3) These shall come into force after ninety days from the date of their publication in the Official Gazette.
2. In regulation 2 of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 (hereinafter referred to as “principal regulations”), in sub-regulation (1), after clause (jj), the following clause shall be inserted, namely:-  
  
    “(jja) “regulations” means the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017;”;
3. In regulation 4 of the principal regulations, in sub-regulation (4), in item (f), the second proviso shall be omitted.
4. In regulation 7 of the principal regulations, after sub-regulation (9), the following proviso shall be inserted, namely:-

    “Provided that in the event an amendment in the reference interconnection offer becomes mandatory due to any amendment in extant regulations or orders notified by the Authority, the broadcasters and distributors shall sign fresh interconnection agreements or make suitable amendments to their

existing interconnection agreements, in accordance with the amended reference interconnection offer, as per the timelines specified by the Authority.”

5. In regulation 8 of the principal regulations,-

(a) for sub-regulation (2), the following sub-regulation shall be substituted, namely:-

“(2) The reference interconnection offer, referred to in sub-regulation (1), shall contain the technical and commercial terms and conditions relating to, including but not limited to, target market, rate of carriage fee per month, average active subscriber base at the time of publication of the reference interconnection offer, discounts, if any, offered on the rate of carriage fee, manner of calculation of carriage fee payable to the distributor and other necessary conditions:

Provided that the rate of carriage fee per channel, per subscriber, per month to be declared by a distributor of television channels shall not exceed twenty-five paisa and the total carriage fee payable for such television channel per month, by a broadcaster to a distributor of television channels, shall, in no case, exceed rupees five lakh:

Provided further that a distributor of television channels shall calculate the carriage fee amount for television channels as per the provisions specified in the Schedule I, which shall change with the change in monthly subscription percentage of such television channels.”

(b) after sub-regulation (8), the following proviso shall be inserted, namely:-

“Provided that in the event an amendment in the reference interconnection offer becomes mandatory due to any amendment in extant regulations or orders notified by the Authority, the broadcasters and distributors shall sign fresh interconnection agreements or make suitable amendments to their existing interconnection agreements, in accordance with the amended reference interconnection offer, as per the timelines specified by the Authority.”

6. After regulation 20 of the principal regulations, the following regulation shall be inserted, namely----

**“20A Consequences for failure to comply with the provisions of the regulations by the broadcaster or distributor.—** (1) If any broadcaster or distributor of television channels, as the case may be, contravenes the provisions of the regulations, it shall, without prejudice to the terms and conditions of its license or permission or registration, or the Act or rules or regulations or order made or direction issued thereunder, be liable to pay the financial disincentive specified in Schedule XI, as the Authority or an officer authorized by the Authority, as the case may be, may by order direct:

Provided that in a calendar year the maximum financial disincentive levied, shall in no case exceed two lakh rupees for all the contraventions of regulations mentioned under Group A in Table 1 of Schedule XI:

Provided also that in a calendar year the maximum financial disincentive levied, shall in no case exceed five lakh rupees for all the contraventions of regulations mentioned under Group B in Table 1 of Schedule XI:

Provided also that the maximum financial disincentives imposed on a service provider for all the contraventions in a calendar year shall not exceed five lakh rupees:

Provided also that no order for payment of financial disincentive shall be made by the Authority, or an officer authorized by the Authority, unless the broadcaster or the distributor, as the case may be, has been given a reasonable opportunity of representation against the contravention of the regulations observed:

(2) The amount payable by way of financial disincentive under these regulations shall be remitted to such head of account as may be specified by the Authority.

**20B Consequences for the failure of the service providers to pay financial disincentive within the stipulated time.**— (1) If a service provider fails to make payment of financial disincentive under regulation 20A within the stipulated period, it shall be liable to pay interest at a rate which will be two per cent above the one year Marginal Cost of Lending Rate (MCLR) of State Bank of India applicable as on the beginning of the Financial Year (namely 1<sup>st</sup> April) in which last day of the stipulated period falls and the interest shall be compounded annually.

*Explanation:* For the purposes of this regulation, a part of the month shall be reckoned as a full month for the purpose of calculation of interest and a month shall be reckoned as an English calendar month.”

7. For Schedule I of the principal regulations, the following schedule shall be substituted, namely:-

**“Schedule I**

*(Refer sub-regulation (2) of the regulation 8)*

**Calculation of the carriage fee amount**

The carriage fee amount, for each month or part thereof, during the term of the interconnection agreement shall be calculated as given below:-

Sl.	Calculation of the carriage fee amount
1.	If monthly subscription for a channel in the target market is less than twenty percent of the average active subscriber base of the distributor in that month in the target market, the carriage fee amount shall be equal to the rate of carriage fee per channel, per subscriber, per month, as agreed under the interconnection agreement, multiplied by the average active subscriber base of the distributor in that month in the target market.
2.	If monthly subscription for a channel in the target market is greater than or equal to twenty percent of the average active subscriber base of the distributor in that month in the target market, the carriage fee amount shall be equal to 'Nil'.

Note:- (1) The average active subscriber base of the distributor in a month shall be calculated in the manner as specified in the Schedule VII.

(2) The monthly subscription for a channel shall be calculated in the manner as specified in the Schedule VII.”

8. For Schedule VII of the principal regulations, the following schedule shall be substituted, namely:-

**“Schedule VII**

*(Refer sub-regulations (1) and (3) of the regulation 14)*

**Subscription Reports**

**A: Monthly subscription reports of channels or bouquets to be provided by a distributor of television channels to a broadcaster.**

**Reported Month:** \_\_\_\_\_

**Year:** \_\_\_\_\_

A.1 Monthly subscription of a channel or bouquet shall be arrived at, by averaging the number of subscribers subscribing that channel or bouquet, as the case may be, recorded four times in a month, as provided in table-1 and table-2, respectively. The number of subscribers shall be recorded at any point of time between 19:00 HRS to 23:00 HRS of the day.

Table 1- Monthly subscription for a-la-carte channels

Sl.	Name of the channel	Number of subscribers of the channel on 7 <sup>th</sup> day of the month	Number of subscribers of the channel on 14 <sup>th</sup> day of the month	Number of subscribers of the channel on 21 <sup>st</sup> day of the month	Number of subscribers of the channel on 28 <sup>th</sup> day of the month	Monthly subscription of the channel
(1)	(2)	(3)	(4)	(5)	(6)	$(7)=[(3)+(4)+(5)+(6)]/4$
1.						
2.						

Table 2- Monthly subscription for bouquets of pay channels

Sl.	Name of the bouquet of pay channels	Name of constituent channels of bouquet of the broadcaster	Number of subscribers of the bouquet on 7 <sup>th</sup> day of the month	Number of subscribers of the bouquet on 14 <sup>th</sup> day of the month	Number of subscribers of the bouquet on 21 <sup>st</sup> day of the month	Number of subscribers of the bouquet on 28 <sup>th</sup> day of the month	Monthly subscription of the bouquet
(1)	(2)	(3)	(4)	(5)	(6)	(7)	$(8)=[(4)+(5)+(6)+(7)]/4$
1.							
2.							

**B: Subscription reports in cases where the transaction of carriage fee is involved.**

**Reported Month:** \_\_\_\_\_

**Year:** \_\_\_\_\_

**Target Market:** \_\_\_\_\_

B1: Monthly subscription for the channel and bouquet of the broadcaster carried by the distributor of television channels shall be calculated in the manner specified above in the table-1 and table -2 of this schedule, respectively.

B2: Average active subscriber base in the target market in the month shall be arrived at, by averaging the active subscriber base count recorded four times in a month, in the manner as provided in the table-3. The active subscribers base count of the network shall be captured from the subscriber management system at any point of time between 19:00 HRS to 23:00 HRS of the day.

Table 3 –Average active subscriber base in a month in the target market

Type of STB	active subscriber base count on 7 <sup>th</sup> day of the month	active subscriber base count on 14 <sup>th</sup> day of the month	active subscriber base count on 21 <sup>st</sup> day of the month	active subscriber base count on 28 <sup>th</sup> day of the month	Average active subscriber base in the month
(1)	(2)	(3)	(4)	(5)	(6)=[(2)+(3)+(4)+(5)]/4

B3: For the purpose of calculation of carriage fee for a channel, the average active subscriber base of all STBs deployed in target market shall be taken into account.

**Note:**

- Each set top box, located at a place indicated by the subscriber for receiving the subscribed broadcasting services from the distributor of television channels, shall constitute one subscriber.
  - The reports shall be generated in non-editable PDF format, with read only permissions.”
9. After Schedule X to the principal regulations, the following schedule shall be inserted, namely:-

**“Schedule XI**

*(Refer regulation 20(A))*

**Table 1 : Quantum of Financial Disincentive for contravention of Provisions of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017**

Regulation	Details	Maximum amount of Financial Disincentive (Q) (in Rs.)	
		First Contravention	Subsequent Contravention

<b>Group A: Regulations for lower financial disincentive</b>			
4(3)	General obligations of distributors of television channels	Advisory/ Warning	25,000
4(4)	General obligations of distributors of television channels	Advisory/ Warning	25,000
7	Publication of reference interconnection offer by broadcaster for pay channels	Advisory/ Warning	25,000
8	Publication of reference interconnection offer by distributor of television channels.	Advisory/ Warning	25,000
16	Change in the maximum retail price and the nature of a channel: Follow the provisions of these regulations including but not limited to the provisions pertaining to publication of reference interconnection offer by broadcasters of pay channels	Advisory/ Warning	25,000
18(2)	Listing of channels in electronic programme guide: Placing all the television channels available on distributors platform in the electronic programme guide, in such a manner that all the television channels of a particular language in a genre are displayed together consecutively	Advisory/ Warning	25,000
19	Details of service providers	Advisory/ Warning	25,000
20	Designation of compliance officer and his obligations.	Advisory/ Warning	25,000
<b>Group B: Regulations for higher financial disincentive</b>			
6(1)	Compulsory offering of channels on a-la-carte basis by broadcasters	25,000	1,00,000
18(2)	Listing of channels in electronic programme guide: One television channel shall appear at one place only.	25,000	1,00,000
18(3)	Listing of channels in electronic programme guide: Assigning a unique channel number for each television channel available on the distribution network.	25,000	1,00,000
18(4)	Listing of channels in electronic programme guide: Channel number once assigned to a particular television channel not to be altered by the distributor for a period of at least one year from the date of such assignment subject to the proviso contained therein.	25,000	1,00,000

- a) **Categorization in case of Distribution Platform Operators for the purpose of imposing Financial Disincentive:** Distributors shall be categorized based on their subscriber base and the applicable amount of financial disincentive shall be determined based on the category of a Distributors as given below (except where warning/advisory is issued):

**Table 2 : Category of Distribution Platform Operators and Financial Disincentives for each category**

Category of Distributor	Subscriber Base	Amount of Financial Disincentive Applicable
Micro	Less than 30,000	10% of maximum FD amount i.e. 0.1Q
Small	Between 30,000 to 1,00,000	25% of maximum FD amount i.e. 0.25Q
Medium	Between 1,00,000 to 10,00,000	50% of maximum FD amount i.e. 0.5Q
Large	Above 10,00,000	100% of maximum FD amount i.e. Q

- b) **Categorization in case of television channels of broadcasters for the purpose of imposing Financial Disincentive:** In case of broadcasters, the financial disincentive shall be determined based on the nature of the channels for which contravention is noticed i.e. whether it is Pay channel or a free-to-air (FTA) channel, as given below (except where warning/advisory is issued):

**Table 3: Financial Disincentives for broadcasters**

Contravention in relation to	FD amount
FTA channels	50% of maximum FD amount i.e. 0.5 Q
Pay channels	100% of maximum FD amount i.e. Q

- c) In case of more than three contraventions of the Regulations mentioned under Group B in the Table 1 of Schedule XI, in a block of three years counted back from the date of latest contravention, the Authority, besides imposing the financial disincentive referred to above, may recommend to the Central Government to take appropriate action without prejudice to any other action that the Authority may take as per provisions of the TRAI Act,1997.
- d) In case of a continued contravention of a provision i.e. a contravention that is not rectified within the timeline given by the Authority for its rectification, an financial disincentive of two thousand rupees per day for first thirty days and five thousand rupees per day beyond thirty days, counted from the last date of compliance specified in the order, shall be imposed besides the financial disincentive already specified in the order for compliance.
- e) Nothing contained in this Schedule shall affect the provisions of sub-regulation (1A) of regulation 15 and regulation 4A of the regulations.”

(Atul Kumar Chaudhary)  
Secretary, TRAI

Note.1---- The principal regulations were published in the Gazette of India, Extraordinary, Part III, Section 4, vide notification No. 21-4/2016-B&CS dated the 3<sup>rd</sup> March, 2017 (1 of 2017).

Note. 2---- The principal regulations were amended vide notification No. 21-6/2019-B&CS dated the 30<sup>th</sup> October, 2019 (7 of 2019).

Note. 3---- The principal regulations were further amended vide notification No. 21-5/2019-B&CS dated the 1<sup>st</sup> January 2020 (1 of 2020).

Note. 4---- The principal regulations were further amended vide notification No. RG-1/2/(3)/2021-B AND CS(2) dated the 11<sup>th</sup> June 2021 (1 of 2021).

Note. 5---- The principal regulations were further amended vide notification No. RG-1/2/(2)/2022-B AND CS (2) dated 22<sup>nd</sup> November 2022 (2 of 2022).

Note. 6---- The principal regulations were further amended vide notification No. RG-1/2/(2)/2022-B AND CS (2) dated 14<sup>th</sup> September 2023 (4 of 2023).

Note. 7---- The Explanatory Memorandum explains the objects and reasons of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Sixth Amendment) Regulations, 2024 (4 of 2024).



## Explanatory Memorandum

### Introduction and Background

1. The Telecom Regulatory Authority of India (TRAI) on 3<sup>rd</sup> March 2017 notified the new regulatory framework to ensure orderly growth of the Broadcasting and Cable TV Sector after a consultation process. This was necessitated by the complete digitization of Cable TV networks in India. The framework comprised of following Tariff Order and Regulations:
  - i. The Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017 (Tariff Order 2017);
  - ii. The Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 (Interconnection Regulations, 2017);
  - iii. The Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) Regulations, 2017 (QoS Regulations, 2017).Hereinafter, the above two Regulations & the Tariff order are collectively referred to as ‘the Framework.’
2. After passing legal scrutiny in Hon’ble High Court Madras and Hon’ble Supreme Court, ‘the framework’ came into effect from 29<sup>th</sup> December 2018. Collectively the three determinations completely overhauled the regulatory framework for the Sector. Given the size and structure of the Sector and the changes that ‘the framework’ entailed, it was imminent that there could be some transient issues.
3. In order to address the issues noted during implementation of the Framework 2017, the Authority, after due consultation, notified the following amendments to the Regulatory Framework 2017, on 1<sup>st</sup> January 2020, TRAI notified the following amendments to the Regulatory Framework 2017, on 1<sup>st</sup> January 2020:
  - A. The Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff (Second Amendment) Order, 2017 (Tariff Amendment Order 2020)
  - B. The Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Second Amendment) Regulations, 2017 (Interconnection Amendment Regulations, 2020)
  - C. The Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) (Third Amendment) Regulations, 2017(QoS Amendment Regulations, 2020)Hereinafter, the above amendments are collectively referred to as ‘the amended framework 2020’
4. Some stakeholders challenged the amended framework 2020. Provisions of the amended framework 2020 related to Network Capacity Fee (NCF), NCF for Multi TV homes and long-term subscriptions were challenged by All India Digital Cable Federation (AIDCF) and others in the High Court of Kerala. However, these were duly implemented in April 2020 after the interim orders of the Hon’ble High Court of Kerala. In its final judgement dated 12<sup>th</sup> July 2021, Hon’ble High Court upheld the amendments introduced by the Tariff Amendment Order, 2020.
5. Simultaneously, some broadcasters and other stakeholders challenged various provisions of Tariff Amendment Order 2020, Interconnection Amendment Regulations 2020 and QoS Amendment Regulations 2020 in various High Courts including in the Hon’ble High Court of Bombay vide Writ Petition (L) No. 116 of 2020 and other connected matters therewith.
6. Hon’ble High Court of Bombay, vide its Judgement dated 30<sup>th</sup> June 2021 upheld the validity of the amended framework 2020 except for the condition of the average test provided in the third proviso to sub-clause (3) of clause 3 of the Tariff Amendment Order 2020.

7. The petitioners in Bombay High Court filed Special Leave Petitions (SLPs) in the Hon'ble Supreme Court of India, challenging the judgement dated 30<sup>th</sup> June 2021 of the Hon'ble High Court of Judicature at Bombay. The matter was heard by the Hon'ble Supreme Court on 18<sup>th</sup> August 2021. However, no interim relief was granted by the Hon'ble Supreme Court.
8. Subsequently, on 15<sup>th</sup> February 2022 the petitioners submitted an affidavit in Hon'ble Supreme Court for withdrawal of SLPs. On the same day Hon'ble court was pleased to grant permission for the withdrawal of the SLP and passed the following order <sup>1</sup>:  
*“The Special Leave Petitions are dismissed as withdrawn. All questions of law open are kept open.”*
9. Meanwhile, considering that no interim relief was granted by Hon'ble Supreme Court on the judgement of Hon'ble Bombay Court, the Authority issued a letter dated 12<sup>th</sup> October 2021 to all the broadcasters seeking compliance with the provisions of New Regulatory Framework 2020 as upheld by Hon'ble Court of Bombay, within 10 days. Consequently, most of the broadcasters submitted their Reference Interconnect Offer (RIOs) to TRAI in compliance with 'the amended Framework 2020' and also published these on their websites in November 2021.
10. New tariffs announced by the major broadcasters reflected a common trend i.e., the prices of their most popular channels, including sports channels, were enhanced beyond Rs. 20/- per month. Complying with the extant provisions, as regards the inclusion of pay channels in a bouquet, all such channels priced beyond Rs. 12/- (per month) were kept out of bouquets and offered only on an a-la-carte basis. The revised RIOs as filed indicated a wide-scale changes in composition of almost all the bouquets being offered
11. Immediately after new tariffs were announced, TRAI received representations from Distribution Platform Operators (DPOs), Associations of Local Cable Operators (LCOs) and Consumer Organizations. DPOs also highlighted difficulties likely to be faced by them in implementing new rates in their IT systems and migrating the consumers in bulk to the new tariff regime through the informed exercise of options, impacting almost all bouquets, due to upward revision in the rates of pay channels and bouquets declared by broadcasters.
12. To address the issues raised in the representations, TRAI started engaging with the stakeholders through formal/informal interactions. The discussions aimed to facilitate smooth implementation of the pending provisions of the amended framework 2020. It was incumbent upon TRAI to ensure that no major disruption occur in the pay television services.
13. The representations from LCOs also highlighted the adverse impact on subscription of linear TV due to the increasing popularity of Free Dish (no cost to the consumers except installations of dish antenna) and Video on Demand (VOD), popularly known as OTT (over-the-top) services. The consumer organizations highlighted a likely increase in their subscription due to the price rise of popular channels, consequent upon implementation of proposed RIOs filed by the broadcasters.
14. In view of the above, the stakeholders requested TRAI to take immediate measures to address certain issues, arising due to the implementation of pending provisions of Regulatory Framework for safeguarding the growth of the sector including those of viewership.
15. Almost all the stakeholders opined that the tariffs announced by the broadcasters will cause large-scale changes in consumer offerings. The DPOs/LCOs will have to obtain revised choices possibly from every consumer. The stakeholders requested TRAI to enable smooth implementation of the amended framework

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<sup>1</sup> [https://main.sci.gov.in/supremecourt/2021/15611/15611\\_2021\\_2\\_11\\_33436\\_Order\\_15-Feb-2022.pdf](https://main.sci.gov.in/supremecourt/2021/15611/15611_2021_2_11_33436_Order_15-Feb-2022.pdf)

2020. Further, some stakeholders suggested that to avoid likely disruption for consumers, some provisions of the amended framework 2020 may be considered for revision.

16. To deliberate on the issues related to pending implementation of New Regulatory Framework 2020 and suggest a way forward, a committee consisting of members from Indian Broadcasting & Digital Foundation (IBDF), All India Digital Cable Federation (AIDCF) & DTH Association was constituted under the aegis of TRAI. The broad terms of reference of the Committee were as below:
  1. To look into the process of smooth implementation of New Regulatory Framework 2020 keeping in view consumers convenience in exercising informed choices and suggest measures thereof (if any).
  2. To identify issues of concern and suggest measures for overall growth of the broadcasting sector.
17. The purpose of the committee was to provide a platform and facilitate discussions among various stakeholders to come out on a common agreed path for smooth implementation of Tariff Amendment Order 2020. Stakeholders were advised to come up with an implementation plan with minimum disruptions or hassles to the consumers.
18. The committee held discussions on 23<sup>rd</sup> December 2021. Stakeholders listed the following issues which, in their opinion, required review:
  - a. The proposed tariffs by broadcasters through their RIOs submitted in compliance to NTO 2.0 Tariff Orders would cause a significant increase in the tariffs to consumers. The consumer price rise, if any, is required to be limited to a reasonable limit.
  - b. The proposed RIOs by Broadcasters may cause significant changes in the packages, especially due to keeping popular channels at higher a-la-carte prices, not being part of bouquets. This enjoins DPO to make very large number of plans and package offerings. Therefore, the DPOs require support from broadcasters so that they do not have to make large number of plans/ bouquets.
  - c. Considering the facts mentioned above, there is a need to simplify the process of exercising choices by consumers so that no channel should be provided to consumers without explicit consent. Consumers should have the facility to remove any channel.
  - d. The same product (television Channel) should be offered at the same price whether on Linear Television, Free Dish or Subscription based Video on Demand.
  - e. Stakeholders suggested that more than two years have passed since NTO 2.0 amendments and more than three years have passed with NTO 1.0 implementations, since then, there is no change in prices of bouquet or a-la-carte channels. This has kept industry under stress in terms of providing quality products to the end consumers. As such restoring the MRP ceiling for bouquet inclusion to unamended tariff order level of Rs. Nineteen (19/-) would be appropriate.
  - f. The above provision shall also help in maintaining bouquet structure by ensuring all popular channels are within ceiling limits of bouquet. Additionally, this will also create bare minimum hassles to consumers in exercising their choices under new tariffs, as most of the tariffs may continue in their current form.
  - g. Allowing additional fifteen (15%) percent incentive to DPOs for bouquets as well, as has been provided for a-la-carte channel (It was pointed by the chair that the said provision pertains to Interconnection regulations and is not part of Tariff Order).
  - h. The second twin condition may be reviewed to enhance the discount on sum of MRP of a-la-carte of pay channels forming part of the bouquet to fifty percent. This will enable the broadcasters to cross-subsidize the packages.
  - i. Revision in the ceiling of Network Capacity Fee (NCF) of Rs 130/-.
  - j. In case of multi-TV homes, broadcasters should also offer MRP of their channels for each additional TV connection, beyond the first TV connection, @ 40% of the MRP declared for the first TV connection. This will help consumers in saving cost of subscribing to pay channels on multiple televisions.

- k. Review of ceiling of fifteen percent (15%) on discount on sum of a-la-carte channels of MRP of that bouquet available for DPOs.
  - l. Stakeholders suggested that TRAI should take immediate corrective measures and implement revised tariff by 1<sup>st</sup> April 2022. All DPOs present insisted that to properly implement new tariffs they will require sufficient time as prescribed.
19. The Stakeholders' Committee requested TRAI to immediately address critical issues so that minimum hardship is caused to the consumers in implementation of Tariff Amendment Order 2020. Stakeholders also listed other issues for subsequent consideration by TRAI. All the members of the stakeholders' committee observed that urgent action is required to manage a smooth transition and to avoid inconvenience to consumers.
20. In order to address the issues as identified by the stakeholders' committee; TRAI issued the consultation paper on 'Issues related to New Regulatory Framework for Broadcasting and Cable services' on 7<sup>th</sup> May 2022 for seeking stakeholders' comments on points/issues, which were pending for full implementation of 'the amended framework 2020'.
21. Subsequently, on 22<sup>nd</sup> November 2022, the Authority notified the Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff (Third Amendment) Order, 2022 and the Telecommunication (Broadcasting and Cable) Services (Addressable Systems) Interconnection Regulations (Fourth Amendment) Order, 2022, which covered the following issues:
  - a) Continuance of forbearance on MRP of TV channels
  - b) Ceiling of Rs. 19/- on MRP of a TV Channel price for inclusion in bouquet
  - c) Discount of 45% on sum of the price of individual channels while forming Bouquet
  - d) Additional Incentives of 15% by broadcaster to be permitted on Bouquets also.
22. The Stakeholders' Committee also listed several other issues for subsequent consideration by TRAI. In addition, the Authority held multiple meetings with representatives of broadcasters, MSOs, DTH operators and LCOs. Several issues were put forward during these meetings for inclusion in the proposed consultation paper.
23. In order to address the remaining issues pertaining to Tariff, Interconnection and Quality of Service of Broadcasting and Cable services, as identified by the stakeholders' committee and suggested by other stakeholders, TRAI issued the consultation paper on "Review of Regulatory Framework for Broadcasting and Cable services" on 8<sup>th</sup> August 2023 for seeking stakeholders' comments. Comments and counter comments received from stakeholders were placed on TRAI's website. This was followed by an open house discussion in New Delhi on 18<sup>th</sup> April 2024.
24. As far as the issues related to Interconnection for Broadcasting and Cable Services is concerned, the Authority had broadly posed the following issues for consultation in the above mentioned consultation paper dated 8<sup>th</sup> August 2023:
  - a. Amendment to Reference Interconnection Offer
  - b. Listing of channels in Electronic Programme Guide (EPG)- Language genre problem in EPG
  - c. Revenue Share between LCO and MSO
  - d. Carriage Fee
  - e. Removal of a channel from the platform of a DPO after expiry of existing Interconnection agreement
25. After taking into consideration the comments received from the stakeholders in response to the above said consultation paper dated 8<sup>th</sup> August 2023 and in-house analysis, the Authority has finalized the

Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Sixth Amendment) Regulations, 2024 (hereinafter referred to as the “Sixth Amendment Regulations”). The subsequent paragraphs explain the objects and reasons of the Sixth Amendment Regulations.

#### **Amendment to Reference Interconnection Offer**

26. As per sub-regulation 9 of regulation 7 of Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 dated 3<sup>rd</sup> March 2017 (hereinafter called “Interconnection Regulation 2017”), in the event of amendment to RIO, a broadcaster is mandated to give choice to Distribution Platform Operators (DPOs) with whom it has interconnection agreement, to continue with old interconnection agreement (IA) or enter into new IA. The sub-regulation 9 of regulation 7 is reproduced below:

*“(9) In the event of any amendment to the reference interconnection offer by a broadcaster under sub-regulation (8), the broadcaster shall give an option to all distributors, with whom it has written interconnection agreements in place, within thirty days from the date of such amendment and it shall be permissible to such distributors to enter into fresh interconnection agreement in accordance with the amended reference interconnection offer, within thirty days from the date of receipt of such option, or continue with the existing interconnection agreement.”*

27. Similarly, Regulation 8 (8) of Interconnection Regulation 2017, mentions the following:

*“(8) In the event of any amendment in the reference interconnection offer by a distributor of television channels under sub-regulation (7), the distributor shall given an option to all broadcasters, with whom it has written interconnection agreements in place, within thirty days from the date of such amendment and it shall be permissible to such broadcasters to enter into fresh interconnection agreements in accordance with the amended reference interconnection offer within thirty days from the date of receipt of such option or continue with the existing interconnection agreements.”*

28. In meetings with TRAI, a few stakeholders had suggested that in the event of amendment to RIO, choice may not be given to other party to continue with old interconnection agreement (IA) or enter into new IA.

29. Accordingly in the consultation paper on Review of Regulatory Framework for Broadcasting and Cable services dated 8<sup>th</sup> August 2023 (hereinafter referred to as the “CP”), one of the issues for consultation was as follows:

*“Q14. In case of amendment to the RIO by the broadcaster, the extant provision provides an option to DPO to continue with the unamended RIO agreement. Should this option continue to be available for the DPO?*

- a. If yes, how the issue of differential pricing of television channel by different DPOs be addressed?  
b. If no, then how should the business continuity interest of DPO be protected?”*

30. In response, many stakeholders opined that DPO should have option to continue with the unamended RIO agreement. These stakeholders opined that such flexibility of choosing the existing RIO or transitioning to a new one must rest with the DPOs. A number of these stakeholders opined that as per the Contract Act, any amendment to be made in executed agreements should be with the consent of both the parties and mandating a shift to a new agreement could introduce instability and unpredictability for the DPOs. One of the views received during the consultation process was that DPO should be permitted to choose most suitable arrangement for themselves in case of any changes initiated by the broadcasters. This is an important protection with the DPOs and should not be taken away.

31. Further, some stakeholders submitted that standard RIO should be approved by TRAI, like that of an MIA/SIA RIO of cable landing station, etc. so that every DPO gets the TV channels on same terms and conditions. Further, one stakeholder opined that all RIOs should be standard for all players, and it will be a better idea for a one year validity with a common start and expiry date.
32. Another group of stakeholders suggested that DPOs should not be provided with an option to continue with old RIO. A number of these stakeholders opined that the continuance of unamended RIO agreement by DPOs creates a situation in the market wherein effectively two different RIOs of a broadcaster co-exist in the market at the same time, which is not desirable. One association expressed that in case of amendment of RIO by the broadcasters, the DPOs should mandatorily shift to the amended RIO to maintain uniformity and to ensure that similar benefits reach the consumers. One of the stakeholders further opined that in the event any party fails to execute new agreement then the regulation should provide for automatic renewal of such agreements.
33. Further one stakeholder submitted that DPO should be made to migrate on the new RIO and to prevent operational complexity at the DPO's end, all broadcasters should be allowed to change their RIO twice a year with a minimum gap of six months. However, in case of either discontinuing any of its channels or launching a new channel, broadcasters should be at liberty to come out with an amended RIO. Another stakeholder opined further that in the interest of the end consumer and to ensure business continuity it is imperative that the DPO should sign the amended RIO within a period of three months from the date the change comes into effect.
34. Some stakeholders suggested complete de-regulation of the sector to allow competitive market forces to play out for the benefit of consumers and service providers. These stakeholders recommended the execution of market-driven agreements between the broadcaster and DPO. They further opined that, in case of amendment in the RIO by the broadcaster, the DPO should be required to transition to the amended RIO, until the complete de-regulation of the entire sector takes place. One of the stakeholders stated that such deregulation will allow TRAI to focus its regulatory efforts towards protecting the interests of service providers, promoting the orderly growth of the sector, and ensuring better quality of services for consumers. Further, to manage misconduct on such issues in a deregulated environment, they recommended that: (i) TRAI build capacity and enhance its related in-house expertise by curating a team of experts; (ii) any allegations or complaints related to antitrust or competition issues in specific target market/geographical area can then be investigated by TRAI; (iii) if there is any evidence of misconduct, TRAI can impose remedial measures specific to the affected parties in these specific areas, instead of regulations which cut across the entire industry; and (iv) such remedial measures would then be removed once effective competition is restored in the given area.
35. One stakeholder opined that the need for RIO should be reconsidered and left with the broadcasters and DPOs. They expressed that the broadcasting industry needs bold reforms and complete forbearance that will restore the fundamentals of the industry and enable long term viability, sustainability, and competitiveness, and not transitory or quick-fix solution to prevent another disruption. Further, they opined that in case of an amendment to the RIO by the broadcaster, the option of being able to continue with the unamended RIO agreement should be made available to the DPO. Furthermore, TRAI should fix a minimum validity period for a sign off on agreement between Broadcaster and DPO. TRAI may also mandate broadcasters to provide reasonable notice of minimum 90 days in case if they desire to amend the existing RIOs.
36. In the CP, one of the issues for consultation was as follows:

*“Q15. Sometimes, the amendment in RIO becomes expedient due to amendment in extant Regulation/Tariff order. Should such amendment of RIO be treated in a different manner? Please elaborate and provide full justification for your comment.”*

37. In response, most of the stakeholders opined that such amendment of RIO should be treated in a different manner. They have favoured that where changes are required in the RIO due to amendments in the extant Regulation or Tariff order, an addendum can be signed between the broadcasters and the DPOs, modifying only the clauses of the existing RIO, which would form a part of the existing RIO and would be conterminous with the existing RIO. Some of the stakeholders stated that for those subscribers who have availed long term packs, their provisioning of service and any amendment to RIO should be in accordance with provision of the extant Regulation/Tariff order and protect the interest of long-term pack customers.
38. One stakeholder expressed that amendment to RIO as a result of amendment to TRAI Regulations should be treated differently as compared to Broadcaster/DPO triggered amendments because TRAI induced amendment to RIOs are usually preceded by consultations, however, to the extent possible the amendment in the RIO in such scenario should only be to the extent of the amendment issued by TRAI.
39. An association opined that if the amendment in RIO becomes expedient due to amendment in extant Regulation/Tariff order (change-in-law), then it is imperative to ensure and mandate that such amendment to the RIO would not interfere with the end date/expiry date of interconnection agreements that are based on the prevailing RIO.
40. One of the views received during the consultation process was that whenever any change in RIO is necessitated on account of change in the regulatory framework, it is expedient that such changed RIO is signed by all the service providers as per the regulatory timelines.
41. Some stakeholders stated that amended RIO should be mandatorily signed by DPO without any changes in expiry date of the previous RIO. Further, one stakeholder mentioned that to ensure that there is no overlapping with the current and previous regulations, the new regulations should be linked to the principal regulations.
42. One of the stakeholders suggested that in such situations, the Authority should consider and direct DPOs to provide a reasonable time period, a minimum of six months' time, within which to implement the amendment. The 6-month timeline should commence from the date the broadcaster publishes its new prices. Further, another stakeholder submitted that sufficient time should be given to the DPOs to implement the same and the amendment should be made with the mutual consent of both the parties.
43. One stakeholder opined that TRAI should refrain from imposing too much of regulatory conditions and should instead move towards forbearance. Another stakeholder suggested that in case the amendment is to be carried out due to change in regulations, the expiry date of the amendment shall be co-terminus with the prevailing RIO.
44. In the CP one of the issues for consultation was as follows:
- “Q16. Should it be mandated that the validity of any RIO issued by a broadcaster or DPO may be for say 1 year and all the Interconnection agreement may end on a common date say 31<sup>st</sup> December every year. Please justify your response.”*
45. In response, some stakeholders suggested to mandate that the validity of any RIO issued by a broadcaster or DPO may be for say 1 year and all the Interconnection agreement may end on a common date say 31<sup>st</sup> December every year. One stakeholder further opined that from the subscribers' perspective, a common validity with the same end and start dates will be better as it will allow customers to amend the pricing/pack construct at one go for all broadcasters instead of making multiple changes for each broadcaster. One association opined that it is reasonable to prescribe the validity of RIOs as being one year under the extant

provision, However, no further conditions should be prescribed, as it will result in micro-management of the sector, which should be left open to the market forces.

46. However, few stakeholders opined that validity of RIO should end/expire on a common date irrespective of the date of signing/start date of the RIO and there should be a common end date to be kept preferably 31<sup>st</sup> March of every year being the financial year end. One stakeholder further requested that to prevent operational complexity at the DPO's end, all broadcasters should be allowed to change their RIO twice a year with a maximum gap of 6 months.
47. One stakeholder opined that ensuring minimum validity of 1 year simultaneously in each case may not be possible since all agreements cannot be executed on same date also there may be instances where new agreement(s) gets executed mid-year. The Authority should emphasize on having common end date of all agreement without prescribing for minimum validity period.
48. Another stakeholder suggested that any price change and RIO amendments can also be made effective from 1<sup>st</sup> January of the year with at least three months prior notice to educate the customers on the revision in price and to take their selection of channels based on revised pricing.
49. Another group of stakeholders suggested not to mandate that the validity of any RIO issued by a broadcaster or DPO may be for say one year and all the Interconnection agreement may end on a common date say 31<sup>st</sup> December every year. One association amongst these stakeholders opined that imposing a fixed term for the duration of interconnection agreements is unwarranted. Such a restriction would deprive service providers of flexibility and infuse unpredictability in the sector. Longer-term agreements, by contrast, afford service providers a more stable framework to strategize their tariff structures and business models. Furthermore, mandating a specific duration for interconnection agreements would not only be detrimental to business pursuits but also impose unnecessary operational challenges on service providers.
50. Further some stakeholders opined that the entire sector be de-regulated and accordingly the DPO and broadcaster be allowed to execute market-driven agreements/deals and the validity of such market-driven agreement/deals be for a 'term' as agreed between Broadcaster and DPO, unless amended.
51. One of the views received during the consultation process was that mandatory tenure of interconnection agreements would also lead to unnecessary operational burdens on the service providers. Furthermore, the principles of non-exclusivity and non-discrimination are met even in the existing provisions, therefore, there is no need to restrict the tenure of interconnection agreements to a fixed tenure. One stakeholder favoured that position under the extant Regulations, should be maintained as not all DPOs execute the RIO at the same time and there is no parity in the date of provisioning of signals by broadcasters to all DPOs.
52. Another stakeholder opined that RIO is a matter of contract and it needs to be examined, whether the right of parties to contract can be restricted in terms of the date of contracting or the period of contracting. Further, fixed common end date for all agreements may be replaced by a window of three or four months such as the last quarter of a year.

### **Analysis**

53. As per the existing provisions of Interconnection Regulation 2017, in the event of any amendment to RIO by a broadcaster/DPO, the broadcaster/DPO shall give an option to all distributors/broadcasters, with whom it has written interconnection agreements in place, within thirty days from the date of such amendment and it shall be permissible to such distributors/broadcasters to enter into fresh interconnection agreement in accordance with the amended RIO, within thirty days from the date of receipt of such option, or continue with the existing interconnection agreement.



54. The Authority is of the view that in order to honor the existing interconnection agreement and ensure that there is certainty and predictability in value chain, it is pertinent that choice should be given to other party to continue with old interconnection agreement till its validity or enter into new interconnection agreement, in the event of amendment to RIO. In the absence of the same, there would be a lot of uncertainty in the broadcasting value chain as any service provider may change their RIO any time and the other party will be forced to sign a new IA even though they may have an existing valid IA. Mandating a shift to a new agreement could, therefore, introduce a lot of instability and unpredictability in the market.
55. In cases where amendment in RIO becomes expedient due to amendment in extant Regulation/Tariff order, it may be noted that the Authority gives the necessary time required for implementation of the Regulations/Tariff Order, wherever necessary. Therefore, in case the amendment in RIO becomes expedient due to amendment in extant Regulation/Tariff order, it is pertinent that such changed interconnection agreements are signed by the service providers as per the prescribed timelines. Accordingly, appropriate modifications have been carried out in the relevant provision(s).
56. Regarding the issue of mandating that the validity of any RIO issued by a broadcaster or distributor may be for say 1 year and all the Interconnection agreement may end on a common date say 31<sup>st</sup> December every year, the Authority is of the view that it may be left open to the market forces. Accordingly, the distributor and broadcaster may be allowed to execute market-driven agreements and the validity of such agreements may be for a 'term' as agreed between Broadcaster and distributor, subject to extant provisions of Interconnection Regulation 2017. As per the extant provisions of Interconnection Regulation 2017, the period of the interconnection agreement in no case shall be less than one year, from the date of commencement of the agreement.

#### **Listing of channels in Electronic Programme Guide (EPG)- Language genre problem in EPG**

57. Sub-regulation 1 and sub-regulation 2 of Regulation 18 of Interconnection Regulation 2017 (as amended), mentions the following:

*“18. Listing of channels in electronic programme guide.—(1) Every broadcaster shall declare the genre of its channels and such genre shall be either ‘Devotional’ or ‘General Entertainment’ or ‘Infotainment’ or ‘Kids’ or ‘Movies’ or ‘Music’ or ‘News and Current Affairs’ or ‘Sports’ or ‘Miscellaneous’.*

*(2) It shall be mandatory for the distributor to place all the television channels available on its platform in the electronic programme guide, in such a manner that all the television channels of a particular language in a genre are displayed together consecutively and one television channel shall appear at one place only.”*

58. Similar regulation exist in the Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) Regulations, 2017 (as amended).
59. TRAI received several complaints regarding out of genre running of channels by DPOs. TRAI analysed data of many DPOs and all of them were found to be in non-compliance with provisions of Interconnection Regulation 2017 (as amended). Upon enquiring the reasons behind non-compliance, the DPOs informed TRAI that MIB gives permission to a channel in multiple languages. Sometimes, some television channels run programs in multiple languages. Therefore, DPOs find it difficult to comply with provisions of Interconnection Regulation 2017 (as amended) especially in case of free-to-air (FTA) channels.
60. In the CP, one of the issues for consultation was as follows:

*“Q17. Should flexibility be given to DPOs for listing of channels in EPG?*

*a. If yes, how should the interest of broadcasters (especially small ones) be safeguarded?*

*b. If no, what criteria should be followed so that it promotes level playing field and safeguard interest of each stakeholder?"*

61. In response, many stakeholders stated that flexibility should be given to DPOs for listing of channels in EPG since the DPOs understand the consumer preferences with respect to the language/channel. Some stakeholders further opined that the move to regulate the EPG channel placement infringes upon the fundamental business autonomy of DPOs. They opined that it is an inherent right of any platform operator to optimize and monetize its platform. One stakeholder opined that level playing field is already skewed against the DPOs and proposals like regulating EPG would further skew it as this measure is against the business autonomy of DPOs and further, requested TRAI to ignore such suggestions and not irreparably harm a vital stakeholder by impinging on its autonomy by unnecessary micromanagement. Another stakeholder opined that just as broadcasters have the discretion to sequence their programs and advertisements, DPOs should be afforded the same autonomy in structuring their EPGs. This is a fundamental aspect of their business operations, allowing them to differentiate themselves in a competitive market.
62. Another group of stakeholders expressed that flexibility should not be given to DPOs for listing of channels in EPG. One stakeholder propounded that safeguards should be built into the regulations to mandate that all channels of the same genre and language be listed together and numbered consecutively/sequentially in both the logical channel Number (LCN) and EPG. TRAI should require DPOs to report their channel line-up in the EPG and LCN to TRAI and relevant broadcasters may monitor compliance and avoid misuse by smaller and independent DPOs.
63. Another stakeholder opined that TRAI may ask the broadcasters to specify the primary genre and language of the channel for the purpose of arrangement of EPG. Then DPO would have to mandatorily put channel as per defined language and genre. Another stakeholder submitted that EPG should have a logical numbering which should be easy for the viewers. There is good flexibility presently with the DPOs in terms of placement of channels in genre-language combinations.
64. One of the views expressed in the consultation process was that TRAI may prescribe a fair, reasonable, and non-discriminatory basis for the allocation of EPG and LCN in such a manner that there is no discrimination or arbitrariness being exercised by the DPO. While doing so, the existing broadcasters should be allowed to continue on the same EPG and LCN. Another view expressed was that for better viewing experience for consumers, listing should start with language followed by genre rather than the other way round, which is prevalent today.
65. One association submitted that the Authority has given adequate flexibility to the DPOs to place their channel on their EPG once their language and genre is defined by the broadcaster. Authorities should continue to monitor the same to prevent the DPOs from misusing the flexibility granted to them.
66. One stakeholder advocated to follow forbearance and permit market forces to prevail and follow same light touch regulatory approach for the broadcasting sector as was applied in the telecom sector.
67. In the consultation paper, one of the issues for consultation was as follows:

*"Q18. Since MIB generally gives permission to a channel in multiple languages, how the placement of such channels may be regulated so that interests of all stakeholders are protected?"*
68. In response, some stakeholders opined that flexibility should be with the DPOs as the DPOs understand the consumer preferences with respect to the language/channel. Some other stakeholders submitted that broadcasters are required to declare the genre and the language while declaring the channels under RIO. In case, a channel has more than one language, then the primary language or the first language of the channel

declared by the broadcaster should be considered by DPOs for placing the channel at appropriate place in the EPG.

69. One stakeholder expressed that any mandate on EPG needs to be reconsidered and removed, however, if TRAI has a divergent view, then the channels should be clubbed in the form of a single genre irrespective of language. A majority of subscribers tend to browse for their preferences using genres, therefore, in the interests of subscribers, channels should be clubbed in the form of a single genre irrespective of language. Another stakeholder stated that only for multi-lingual channels DPOs may be allowed to place channels in such language group which is based on the majority language spoken in their area of operation, i.e., state wise listing can be allowed. Further, one stakeholder opined that there should be a separate section on multiple languages. This section will mostly have Infotainment, Kids and Sports channels which are available in multiple languages. Multiple languages channels can alternatively be part of a particular language section provided they declare that language as its primary language.
70. Few stakeholders opined that it should be left to the understanding of Broadcaster and DPO. Further, there should be no discrimination between the channels of multiple languages. One stakeholder submitted that a channel running programs in multiple languages should be allowed to choose the language under which it wishes to be listed and accordingly that should be followed. Some other stakeholders opined that DPOs should be given freedom to place the channels in the genre declared by the broadcasters but in the sub-genre finalized by the DPO (based upon language) and the placement sequence may be counted on the basis of sub-genre.
71. One of the views expressed was that one possible solution is to allow a channel to be placed in the EPG as per the primary language of the content it shows. The other solution is to promote consumer choice by allowing a consumer to customize their EPG as per their language preference. Another stakeholder opined that choice should be given to the user to select the appropriate language from the STB Remote Control Unit (RCU) button. This will go a long way in helping with channels capacity and optimize the total bandwidth. Another view was that MSO should clearly show all channels with the same language, so that it is easy for the customer. Another stakeholder suggested that TRAI may prescribe a fair, reasonable and non-discriminatory basis for allocation of EPG and LCN in such a manner that there is no discrimination and arbitrariness being exercised by the DPO.

### **Analysis**

72. The primary objective to regulate the EPG include the following:
  - (a) To ensure ease of viewing the television channels by consumer.
  - (b) To provide flexibility to the distributors to arrange the television channels as per regional/local requirements.
  - (c) To ensure that fair treatment is given to broadcasters to place their channels appropriately in respective genre to get the viewership.
  - (d) To ensure that the DPOs willfully do not place channel of few broadcasters out of genre to reduce their adoption by subscribers/viewership.
73. Considering these objectives, the Authority had decided that the distributors should have flexibility to list the channels in the EPG to some extent to meet the requirement of the subscribers while broadly protecting the interest of broadcaster. Accordingly, the extant provisions provide that DPOs will have flexibility to organise the channel on EPG based on Language (L) or Genre (G) ensuring that pair of a channel of the language and the genre remains together. The DPO can devise its own plan with a combination but should keep channels of same language & same genre together as a single group.
74. However, as mentioned earlier, DPOs have informed TRAI that they find it difficult to comply with provisions of Interconnection Regulation 2017 (as amended) as MIB gives permission to a channel in

multiple languages and sometimes, some television channels run programs in multiple languages. The stakeholders informed TRAI that especially in case of FTA channels, this problem is more pronounced.

75. The Authority is of the view that the extant framework provides adequate flexibility to the DPOs in organising the channel in the EPG. It also ensures that broadcaster of each genre and language are given adequate protection from any malfeasance and arbitrariness.
76. However, it is pertinent that the DPO should know genre and primary language of all channels including FTA channels to arrange each channel in EPG accordingly. Since MIB gives downlinking permission to each and every channel, the Authority is of the view that MIB should seek information from broadcasters about primary language of their television channel and sub-genre of every non-news channel (as per Regulation 18(1) of Interconnection Regulation 2017 (as amended) notified by the Authority) while giving permission to each channel. The information so obtained may be displayed on Broadcast Seva portal of MIB so as to enable the distributors to arrange each channel in EPG accordingly. The Authority is also of the view that MIB may seek the above information also for the existing permitted channels of broadcasters and display the same on Broadcast Seva portal of MIB so that the existing channels may also be arranged appropriately in EPG by the distributors. In this regard, the Authority is sending its recommendations to MIB separately.

#### **Revenue Share between MSO and LCO**

77. The regulation 12(7) of the Interconnection Regulation mentions the following:

*“(7) The settlement of service charges between local cable operator and multi-system operator shall be governed by mutual agreement:*

*Provided that in cases the multi-system operator and the local cable operator fail to arrive at a mutual agreement for settlement of service charges, then the network capacity fee amount and the distribution fee amount shall be shared in the ratio of 55:45 between multi-system operator and local cable operator.”*

78. The above framework provides enough flexibility and ample freedom to the parties to the agreement to carry out their business. They may enter into an interconnection agreement, for provision of broadcasting services to subscribers, by mutually agreeing on distribution of responsibilities, respective settlement of service charges and billing. Further it was provided that in case of failure of mutual discussions, as a fallback option, the interconnection agreement will be signed in terms of Standard Interconnect Agreement (SIA) wherein TRAI had demarcated the responsibilities and fixed the corresponding settlement of service charges between DPO and Local Cable Operator (LCO). In the SIA, LCOs have been given the consumer centric responsibilities whereas the MSOs have been given the responsibilities which are directly linked with the SMS including billing for the subscribers.
79. In this regard, LCOs are demanding to frame a new policy for pay channels sharing percentage.
80. Accordingly in the CP, one of the issues for consultation was as follows:

*“Q19. Should the revenue share between an MSO (including HITS Operator) and LCO as prescribed in Standard Interconnect Agreement be considered for a review?*

*a. If yes:*

*i. Should the current revenue share on NCF be considered for a revision?*

*ii. Should the regulations prescribe revenue share on other revenue components like Distribution Fee for Pay Channels, Discount on pay channels etc.? Please list all the revenue components along-with the suggested revenue share that should accrue to LCO. Please provide*

*quantitative calculations made for arriving at suggested revenue share along-with detailed comments /justification.*

*b. If no, please justify your comments.”*

81. In response, many stakeholders opined that current revenue share on NCF should not be considered for a revision. One association mentioned that the dynamics between MSOs and Cable Operators are inherently governed by market-driven factors, and there should not be a binding regulatory prerequisite compelling either party to forge a mandatory partnership. The network structures and associated costs are distinct for different operators. For instance, MSOs bear a variety of infrastructure related expenses, ranging from headend costs to national long-distance bandwidth charges. These expenses are contingent on the MSO's specific network design and the geographic position of the Cable TV networks. Conversely, individual cable operators might encounter varied costs, influenced by factors such as Right of Way (RoW) fees and the scope and scale of their cable infrastructure. Given the absence of a regulatory directive mandating MSOs and cable operators to form alliances and the inherent variability in operational costs, it would be counterproductive to institute any obligatory revenue-sharing guidelines within the Standard Interconnection Agreement. Further, a revenue share arrangement between MSOs and LCOs is already established and there is no dispute regarding revenue share between MSOs and LCOs. As per the information received from their members all LCOs have entered into MIA and hence there is a mutually agreed revenue share between LCOs, and MSOs and any change will disturb the market balance and will lead to new disputes amid this severe downfall in industry. A few stakeholders also mentioned that existing revenue-sharing agreements between LCOs and MSOs should not undergo a review, and the current practice should be maintained.
82. Some stakeholders favoured that current revenue share on NCF should be considered for a revision. One stakeholder opined that all revenues should be shared transparently by the MSO with the LCO as they get carriage, advertisement, and other revenue because of LCO's subscribers. A few other stakeholders commented that LCO should get more than 50% of revenue as the MSO is a wholesaler and in any business the wholesaler gets less margins than the retailer. Another view received was that LCOs should be given at least 75% of NCF and in Pay channels 50% revenue share to LCO+MSO and 50% to Broadcaster. Further, one association opined that all the revenues from carriage, placement and advertisements that MSO earns should be shared with the LCOs, at least 50% to LCO.
83. Another stakeholder propounded that current revenue sharing model must be revised and for the purposes of this revision, the following two options may be considered:
- i. Option 1: If TRAI makes no changes in total Distribution Fee of 35%, then entire existing distribution fee of 20% should come only to LCO, since the entire machinery of distribution is operated by the LCO. Bad debts are solely incurred by the LCO since the MSO model is now 100% prepaid. Also, broadcasters should be mandated to pay an entire 15% to DPOs. NCF capping suggestions of 170 for SD and 210 for HD will apply.
  - ii. Option 2: Distribution Fee is enhanced to 45%.  
There is no change in existing NCF of 130 for 200 channels and 160 for 200+ channels, but multi-TV NCF discount is removed. Here LCOs get 25% distribution fee and MSOs get 20%. But DPOs can't charge carriage fees.
84. Some stakeholders submitted that TRAI must reconsider the revenue shared on pay channel subscription and re-work the revenue share to 50% (Broadcaster): 50% (DPO) (in case of cable TV business 25% each to LCO/LMO and MSO or for DTH it should be 50%, each for the Broadcasters and DTH Player) (considering the advertisement revenue earned by Broadcasters). Some other stakeholders opined that they want all the revenues from carriage, placements and advertisements that MSO earns to be shared with the LCOs, at least 50% to LCO.

85. One of the views received during the consultation was that the revenue share between an MSO & LCO as prescribed in the Standard Interconnect Agreement should suffice as it covers both NCF and Distribution fee. However, there is a strong need to strengthen the regulations pertaining to LCO's vis-a-vis implementation of these regulations. The Authority should introduce adequate regulations to ensure the compliance of LCO's with the referred regulations thereby safeguarding the interests of MSO or HITS operators in the value chain.

### **Analysis**

86. The Authority is of the view that DPO and LCO should settle the service charges, based on mutual discussions. To protect the interest of service providers and to ensure that signals are not disrupted due to dispute between the service providers, TRAI has prescribed a fallback arrangement between DPO and LCO. Such arrangement is only for those cases where although DPO and LCO want to enter into or continue their relationship yet are unable to reach a mutually agreed arrangement. As per the response of the stakeholders, generally, LCOs and MSOs have entered into mutual agreements and, hence, there is a mutually agreed revenue share between LCOs and MSOs. The Authority had asked 15 major MSOs, LCOs and their associations (those LCOs and their associations who had submitted their responses on CP dated 8<sup>th</sup> August 2023) to provide the details of revenue share arrangement between MSO and LCO. However, despite extensive persuasion through phone calls and reminders, most of these MSOs, all the LCOs and their associations did not submit the details sought by the Authority. The existing framework already permits MSOs and LCOs to enter into mutual agreements and SIA has been prescribed only in cases where mutual agreements fail. In view of the above, the Authority is of the view that the existing framework may continue.

### **Carriage Fee**

87. Regulation 8(2) of the Interconnection Regulation 2017 mentions the following:

*“(2) The reference interconnection offer, referred to in sub-regulation (1), shall contain the technical and commercial terms and conditions relating to, including but not limited to, target market, rate of carriage fee per month, average active subscriber base of standard definition set top boxes and high definition set top boxes at the time of publication of the reference interconnection offer, discounts, if any, offered on the rate of carriage fee, manner of calculation of carriage fee payable to the distributor and other necessary conditions:*

*Provided that the rate of carriage fee per standard definition channel per subscriber per month to be declared by a distributor of television channels shall not exceed twenty paisa:*

*Provided further that the rate of carriage fee per high definition channel per subscriber per month to be declared by a distributor of television channels shall not exceed forty paisa:*

*Provided also that a distributor of television channels shall calculate the carriage fee amount for television channels as per the provisions specified in the Schedule I, which shall change with the changes in monthly subscription percentage of such television channels.”*

88. As per sub-regulation (2) of regulation 8 of the Interconnection Regulation, 2017 the rate of carriage fee per standard definition channel per subscriber per month to be declared by a distributor of television channels shall not exceed twenty paisa while the rate of carriage fee per high definition channel per subscriber per month to be declared by a distributor of television channels shall not exceed forty paisa.
89. As per Schedule I of Interconnection Regulation 2017, the carriage fee amount, for each month or part thereof, during the term of the interconnection agreement shall be calculated as given below:

- a. If monthly subscription for a channel in the target market is less than five percent of the average active subscriber base of the distributor in that month in the target market, then the carriage fee amount shall be equal to the rate of carriage fee per channel per subscriber per month, as agreed under the interconnection agreement, multiplied by the average active subscriber base of the distributor in that month in the target market.
  - b. If monthly subscription for a channel in the target market is greater than or equal to five percent but less than ten percent of the average active subscriber base of the distributor in that month in the target market, then the carriage fee amount shall be equal to the rate of carriage fee per channel per subscriber per month, as agreed under the interconnection agreement, multiplied by 0.75 times of the average active subscriber base of the distributor in that month in the target market.
  - c. If monthly subscription for a channel in the target market is greater than or equal to ten percent but less than fifteen percent of the average active subscriber base of the distributor in that month in the target market, then the carriage fee amount shall be equal to the rate of carriage fee per channel per subscriber per month, as agreed under the interconnection agreement, multiplied by 0.5 times of the average active subscriber base of the distributor in that month in the target market.
  - d. If monthly subscription for a channel in the target market is greater than or equal to fifteen percent but less than twenty percent of the average active subscriber base of the distributor in that month in the target market, then the carriage fee amount shall be equal to the rate of carriage fee per channel per subscriber per month, as agreed under the interconnection agreement, multiplied by 0.25 times of the average active subscriber base of the distributor in that month in the target market.
  - e. If the monthly subscription for a channel in the target market is greater than or equal to twenty percent of the average active subscriber base of the distributor in that month in the target market, then the carriage fee amount shall be equal to 'Nil'.
90. In the Interconnection Regulation 2017 regime, the broadcasters were required to pay monthly carriage fee depending upon the average active subscriber base of the DPO in the target market declared by the DPO. The regulations provided flexibility to the DPOs to declare their target market for the purpose of ascertaining the carriage fee. The only guiding factor for target market was on the basis of the Head-end of a DPO. The target market should be confined to an area covered by a single head-end or a sub-set of such area covered by a single head-end. This in-turn meant that based on coverage of satellite footprint of their signals, DTH and HITS operators could declare whole of India as their target market.
91. Many regional broadcasters had represented to TRAI that several distributors have declared either 'the whole country' or 'combination of some states together' as their target market. As a result, they are required to pay exorbitant carriage fee since the active subscriber base of the DPO in entire India is taken into account for the purpose of determining carriage fee. In such cases, the Reference Interconnect Offer based carriage fee agreements become unviable for regional channels. Accordingly, the regional channels are constrained to enter into negotiations for signing alternate agreements, terming these as placement or marketing arrangements. Such alternative agreements render the carriage fee regulations expendable.
92. In this regard, TRAI issued a consultation paper on 'Issues related to Interconnection Regulation, 2017' on 25<sup>th</sup> September 2019. The main objective of this consultation process was to consult all the stakeholders on issues related to charging of exorbitant carriage fee by the DPOs amongst other issues. After taking into account comments received in the consultation process and the internal analysis, the Authority was of the view that there is a need to specify a capping on the maximum permissible carriage fee per channel per month for a DPO. Therefore, vide amendment dated 1.1.2020 the Authority, specified carriage fee cap of Rs. four lakhs (Rs. 4 Lakh) per Standard Definition (SD) Channel per month for a DPO and Rs. Eight lakhs (Rs. 8 Lakh) per HD channel per month for a DPO.

93. Thus, 8(2) of Interconnection Regulation 2017 was amended in 2020, as follows:

*“In regulation 8 of the principal regulations,*

*(a) in first proviso to sub-regulation (2), after the words “twenty paisa”, the following words shall be inserted, namely:-*

*“and the total carriage fee payable for such television channel per month, by a broadcaster to a distributor of television channels, shall, in no case, exceed rupees four lakh”*

*(b) in second proviso to sub-regulation (2), after the words “forty paisa”, the following words shall be inserted, namely:-*

*“and the total carriage fee payable for such television channel per month, by a broadcaster to a distributor of television channels, shall, in no case, exceed rupees eight lakh”.*

94. In 2020 regulation 4 of the Interconnection Regulation 2017 was amended as follows:

*“ (a) after the proviso and before the Explanation to sub-regulation (3), the following proviso shall be inserted, namely:-*

*“Provided further that for a multi-system operator or Internet Protocol Television Operator or Headend-in-the-Sky (HITS) operator the target market shall in no case be larger than a State or a Union Territory.”*

95. An association has now suggested that the carriage fee capping at 4/8 lakhs should be removed. The association has represented that:

- i. TRAI vide its regulations has granted forbearance to Broadcasters for pricing of their channels. In addition, Broadcasters are free to collect advertising revenues, with no Regulatory capping. However, nearly all the revenue streams of the Licensed Operators are regulated/capped either under the tariff order, interconnection regulation or QoS regulation.*
- ii. One such Regulatory capping is on carriage fees, which prevents the Licensed Operators from earning revenue to recover the huge investments made by them on their networks and associated platforms.*
- iii. Furthermore, due to “Must carry” obligation, the Licensed Operators must invest in the network capacity to accommodate even the non-performing channels of the broadcasters. Thus, the capping on carriage fee distorts the market economics and exacerbates the financial situation of Cable TV Industry.*
- iv. Allowing bundling of unwanted channels with driver channels allowed broadcaster to turn FTA channels to Pay channels and push them with driver channels leading to not only loss of carriage fee but pay for the same channel as it is bundled in a bouquet. This has distorted the market as unwanted channels have become pay and are on a piggy ride with driver channels leading to higher burden on subscribers.*
- v. Moreover, the Broadcasters who are in dominant position do not enter into carriage agreement with the Licensed Operators.*
- vi. Association has requested TRAI to grant unbundling of bouquets and allow forbearance on carriage fees, which will help in creating a level playing field between the Licensed Operators and Broadcasters.*
- vii. Moreover, as highlighted above, Broadcasters misuse the forbearance granted to them to price their channels and push their non-performing channels to the Licensed Operators in Bouquets to maximize their advertising revenues.*



- viii. *Further, due to First Come First Service policy under the must carry guideline, more deserving channels do not get the carriage (capacity) while the leading broadcaster with few driver channels will continue to block the major capacity that too free of cost under the guise of a bouquet.*
- ix. *Therefore, the principle of Must Carry with first come first serve criteria works against the objective of promoting deserving channels (or channels that are often preferred by consumers) and this Must Carry principle in its current form hinder the best use of available network capacity.*
96. As mentioned earlier as per Interconnection Regulation 2017 (as amended), the rate of carriage fee per high-definition channel per subscriber per month to be declared by a distributor of television channels shall not exceed forty paisa and the total carriage fee payable for such television channel per month, by a broadcaster to a distributor of television channels, shall, in no case, exceed rupees eight lakh. Since the bandwidth consumed by HD channels was approximately double the bandwidth required for SD channels, therefore the Authority had kept the ceiling of carriage fee for HD channels as Rs. 0.40 with a cap of Rs. 8 lakh per month, which is double that for SD channels.
97. In the CP, one of the issues for consultation was as follows:  
*“Q20 Should there be review of capping on carriage fee?  
 a. If yes, how much it should be so that the interests of all stakeholders be safeguarded. Please provide rationale along with supporting data for the same.  
 b. If no, please justify how the interest of all stakeholders especially the small broadcasters can be safeguarded?”*
98. In response, one suggestion received was that there should be review of capping on carriage fees. Many stakeholders stated that DPOs should be allowed to choose the channel in a transparent way instead of first cum first serve and charge carriage fee in line with the carriage fee charged by DD free dish. One association submitted that post the implementation of the NTO, while the broadcasters are free to set the price of subscription but the DPOs are regulated to set the carriage fee. This system, while providing full freedom to broadcasters to price their TV channels, promotes broadcasters to utilize significant bandwidth on DPO platforms at the regulated price. Furthermore, a large number of broadcasters transitioned their free-to-air (FTA) channels to Pay Channels and have bundled such channels. This shift not only deprived DPOs of potential carriage fee revenue but, in many instances, compelled them to pay the broadcasters for channels that do not have any demand from consumers. Thus, to provide business flexibility to DPOs and for the purpose of a level playing field, it is high time that DPOs are also allowed to choose the channel in a transparent way instead of first cum first serve and charge carriage fee in line with the carriage fee charged by DD free dish. Further they suggested that only FTA channels should be using the “Must Carry” provision and hence the carriage RIO should be only for FTA channels and not for pay channels. Another stakeholder opined that the TRAI regulation of the carriage fee limits DPOs potential to monetize their assets. While broadcasters enjoy the freedom to determine their channel prices, DPOs are restrained from setting a carriage fee that reflects their substantial infrastructure investments. This inconsistency not only affects their revenue but also disrupts market dynamics. Interestingly, TRAI's stipulated carriage charges are even less than those of DD Free Dish, a public broadcasting platform. This discrepancy further disadvantages private DPOs.
99. One stakeholder stated that while DPO should certainly be afforded the full latitude and unlimited flexibility to prescribe and fix the NCF which truly reflect the value it provides to the consumers, however, this flexibility should come with mandate and responsibility to disseminate “free to air” content, particularly that which serves the “public interest”. Only through such a balanced approach can be ensured a fair, sustainable and democratic broadcasting ecosystem. Carriage of FTA News Channels be mandated, to ensure that what is offered free is compulsorily made available free for end consumer by all DPOs.

100. Some stakeholders opined that there is a need to deregulate the over-regulated operations of DPOs. In the entire value chain, all the restrictions and mandates are focused on facilitating the broadcasters to get their channel carried on all networks, irrespective of the commercial aspects of DPOs. It is now the opportune time to address this anomaly and as the TRAI has facilitated the broadcasters with must carry provision, the carriage charge should also be brought under forbearance to facilitate the DPOs.
101. Another stakeholder opined that TRAI must reduce caps of carriage fee and must also clarify that the said carriage fee to be determined is all inclusive one to combine placement, marketing or any other arrangement in any other name which is entered into by MSO with the broadcaster. Further, FTA Channels especially FTA News Channels must be mandatorily carried and offered in the base pack.
102. Some other stakeholders submitted that there should not be review of capping on carriage fee. One association opined that it appears that an artificial scarcity has been created on the part of the DPOs to command unrealistic and high carriage fees especially from the broadcasters. To ensure that this scarcity is maintained, and artificial demand is created for carriage of the channels, the DPOs have not upgraded the system. Therefore, DPOs should be mandated to upgrade their systems to increase their channel carrying capacity to be able to carry all the channels which have received permission to downlink in the country.
103. Another stakeholder submitted that concept of carriage fees should be removed and DPOs' registration as the distribution operator ought to be evaluated against an enhanced channel carrying capacity to ensure that all registered TV channels can be carried by the DPO on its platform. Pending forbearance; the regulator must ensure proper implementation of the mandate for DPO's upgraded systems and consider starting with phasing out the concept of carriage fees. They further submitted that with technological advancements, DPOs have the ability to carry a large number of channels. Artificial scarcity of channel carrying capacity created by DPOs forms the basis of carriage fees which in turn acts as a deterrent, disincentivizing DPOs from enhancing their ability to carry more channels.
104. One of the views received during the consultation process was that existing provisions in respect of the carriage fee are sufficient and there is no requirement to review the same at this stage. Some other stakeholders opined that there is no requirement for revision of the cap prescribed for carriage fee and carriage fee for a pay channel should be different from that of a FTA channel.
105. In the CP, one of the issues for consultation was as follows:
- “Q21. To increase penetration of HD channels, should the rate of carriage fee on HD channels and the cap on carriage fee on HD channels may be reduced. If yes, please specify the modified rate of carriage fee and the cap on carriage fee on HD channels. Please support your response with proper justification.”*
106. In response, many stakeholders submitted that the rate of carriage fee on HD channels and the cap on carriage fee on HD channels may be reduced. Most of these stakeholders mentioned that to increase penetration of HD channels (which has been severely affected after NTO), the rate of carriage fees of HD channels and the cap on carriage fees of HD channels should be equal to SD channels. There is no justification in making a higher threshold for HD channels due to advancements in compression and encoding technologies.
107. Many stakeholders opined that by regulating the carriage fee, TRAI has disabled the DPOs from even monetizing the assets from broadcasters. Further, DPOs be allowed to choose the channel in a transparent way instead of first cum first serve and charge a carriage fee in line with the carriage fee charged by DD-free dish. Some other stakeholders opined that capping on carriage fees must be removed and there should be forbearance on carriage fees. One stakeholder opined that there is no need to cap the carriage fee of

either HD or SD channels, it should be ideally left to forbearance. The consumer shall choose the channel he wishes to subscribe.

108. One of the views received during the consultation process was that the rate of carriage fee on HD channels and the cap on carriage fee on HD channels may not be reduced. Another view received was that the existing provisions in respect of the carriage fee are sufficient and there is no requirement to review the same at this stage. Yet another view received was that carriage fee should be applicable only to FTA channels and the carriage fee capping as provided in the regulations is adequate for this purpose.
109. One stakeholder submitted that as far as the rate of carriage fee on HD channels is concerned, since it consumes more bandwidth, it should be increased. Some other stakeholders opined that lowering carriage fees for HD channels will not necessarily boost their penetration.
110. In the CP, one of the issues for consultation was as follows:  
  
*“Q22 Should TRAI consider removing capping on carriage fee for introducing forbearance? Please justify your response.”*
111. In response, many stakeholders opined that TRAI should consider removing capping on carriage fee for introducing forbearance. One stakeholder suggested that Authority should consider allowing complete forbearance since industry is now mature enough to decide the carriage cost and this will give enough flexibility to stakeholders to decide the amount of carriage to be paid based on the target audience, and revenue being generated by each party. Another stakeholder submitted that TRAI should remove the cap on carriage fee and introduce forbearance as the cap restricts the DPOs’ flexibility to recover their cost of carrying a channel.
112. One association further submitted that DPOs’ registration as the distribution operator ought to be evaluated against an enhanced channel carrying capacity to ensure that all registered TV channels can be carried by the DPO on its platform. The concept of carriage fees should be removed.
113. One stakeholder submitted that capping of carriage fee is not implemented in its true letter and spirit because of MSOs being conglomerate of multiple MSOs and LCOs. Each of these MSOs are seeking cap of carriage fee and if the said provisions are implemented in a manner to unjustly enrich the MSOs, the same is likely to fail. Thus, TRAI must bring more clarity and also reduce caps on carriage fee and must also clarify that the said carriage fee to be determined to be an all-inclusive one to combine placement, marketing or any other arrangement in any other name which is entered into by MSO with the broadcaster. At the same time, the FTA channels especially FTA News Channels must be mandatorily carried and offered in the base pack.
114. Another view received during the consultation process was that TRAI should move towards forbearance for all the stakeholders in the value chain in a planned manner. However, if forbearance is introduced in only selected fields, it can distort the regulatory framework. One of these stakeholders submitted that if there is no capping on the carriage fees, the carriage fees for 20 paise and 40 paise for SD and HD channels respectively per active subscriber of a DPO is very high and acts as a deterrent to the medium and small broadcasters.
115. Another stakeholder submitted that they advocated de-regulation, however, forbearance, if introduced, must be done in totality including in respect of pricing and discounts to be offered by broadcasters, and cannot be selectively carried out only in respect of carriage fee to be charged by DPOs i.e. the forbearance should be applicable across the entire distribution eco system.

116. Another view expressed by some stakeholders during the consultation process was that present capping on carriage fee should be sustained.

### **Analysis**

117. The carriage fee regime owes its origins to the limited capacity of erstwhile analogue platforms that had limited capacities in terms of carrying a channel. Additional channel capacities entailed additional investments. The implementation of Digital Addressable System (DAS) has largely reduced such expenses. Post DAS implementation, the number of channels available on MSO platforms has increased. Normally a DPO carries those channels that are in-demand by its subscribers. The 'carriage fee' is demanded from those channels, which, in the opinion of DPOs do not have adequate demand pull. It is, therefore, DPOs mechanism to get compensation for carrying a channel that is not in high demand by consumers. Having examined various cost and expense structures, the Authority had a view that there is a need to rationalize the carriage fee payout especially in cases where the subscriber base is large and accordingly had specified a cap on the carriage fee.
118. The Authority is of the view that if the cap on the maximum permissible carriage fee per channel per month payable by a broadcaster to a DPO is removed, regional and small broadcasters may suffer which may not be in the interest of the sector. Accordingly, cap on carriage fee may not be removed at this stage.
119. The Authority is also of the view that to simplify regulatory framework, different slabs prescribing reduction in carriage fee in proportion of penetration of channel may be removed and a single slab may be specified. Accordingly, if monthly subscription for a channel in the target market is less than twenty percent of the average active subscriber base of the distributor in that month in the target market, then broadcaster may pay specified carriage fee and if monthly subscription for a channel in the target market is greater than or equal to twenty percent, then the carriage fee amount should be equal to 'Nil'.
120. It is pertinent to note that there is high variance in the technologies used by DPOs for compressing and transmitting TV channels. The Authority is of the view that there is a need to encourage a technology neutral approach. Further, higher cap on HD or better quality channel may discourage broadcasters from offering better quality channels to consumers. Accordingly, the Authority is of the view that same carriage fee ceiling per subscriber may be prescribed for a channel whether it is HD, SD or any other. In view of above, suitable amendments have also been carried out in other regulation/schedule of Interconnection Regulation 2017.
121. As per sub-regulation (2) of regulation 8 of the Interconnection Regulation 2017, the rate of carriage fee per SD channel per subscriber per month to be declared by a distributor of television channels shall not exceed twenty paisa while the rate of carriage fee per HD channel per subscriber per month to be declared by a distributor of television channels shall not exceed forty paisa. Vide amendment dated 1.1.2020 the Authority, specified carriage fee cap of Rs. four lakhs (Rs. 4 Lakh) per SD Channel per month for a DPO and Rs. Eight lakhs (Rs. 8 Lakh) per HD channel per month for a DPO. To arrive at a single carriage fee for a channel per subscriber per month (irrespective of whether channel is SD, HD or any other), the Authority used weighted average method and calculated the same by taking into consideration the existing carriage fee applicable on SD & HD channels and the total number of SD and HD television channels in several ways as follows:
- a. Total number of SD and HD television channels permitted by MIB (as on April 2024)
  - b. Total number of SD and HD television channels carried by some DTH operators and MSOs.
- Similarly, the Authority used weighted average method to calculate the total cap on carriage fee per channel per month. It was observed that the carriage fee per channel per subscriber per month varied from 22.71 paisa to 25.96 paisa and cap on carriage fee per channel per month varied from Rs. 4.54 lakh to Rs. 5.19 lakh.

122. According, the Authority has prescribed carriage fee to not to exceed 25 paise per channel per subscriber per month with a cap of Rs. 5 lakh per channel per month (irrespective of whether channel is SD, HD or any other). This cap shall be the maximum amount (cumulative sum) that a broadcaster may be required to pay to one DPO per channel irrespective of target area(s) declared by a DPO.
123. In view of above, suitable provisions have been included in the regulations. However, the market developments shall be monitored, and further intervention as felt necessary shall be considered at appropriate time.

#### **Removal of a channel from the platform of a DPO after expiry of existing Interconnection agreement**

124. As per Interconnection Regulation 2017

*“9. General provisions relating to interconnection agreements.— (1) It shall be mandatory for service providers to reduce the terms and conditions of all their interconnection agreements to writing” ...*

*“10. **Interconnection agreement between broadcaster and distributor of television channels.**— (1) No broadcaster shall provide signals of pay channels to a distributor of television channels without entering into a written interconnection agreement with such distributor of television channels.*

*(2) No distributor of television channels shall distribute pay channels of any broadcaster without entering into a written interconnection agreement with such broadcaster.” ....*

*“10 (14) Every broadcaster shall enter into a new written interconnection agreement with distributor of television channels before the expiry of the existing interconnection agreement:*

*Provided that the broadcaster shall, at least sixty days prior to the date of expiry of the existing interconnection agreement, give notice to the distributor of television channels to enter into new written interconnection agreement:*

*Provided further that in case the parties fail to enter into new interconnection agreement before the expiry of the existing interconnection agreement, the broadcaster shall not make the signals of television channels available to the distributor of television channels on expiry of the existing interconnection agreement:*

*Provided also that the distributor of television channels shall, fifteen days prior to the date of expiry of its existing interconnection agreement, inform the subscribers through scrolls on the channels included in the said agreement—*

*(a) the date of expiry of its existing interconnection agreement; and*

*(b) the date of disconnection of signals of television channels in the event of its failure to enter into new interconnection agreement.” .....*

*“10 (15) No distributor of television channels shall carry television channels, for which a request has been received from a broadcaster for distribution of television channels, without entering into a written interconnection agreement with such broadcaster.”*

*“10(21) Every distributor of television channels shall enter into a new written interconnection agreement, for carrying television channels requested by a broadcaster, before the expiry of the existing interconnection agreement:*

*Provided that the distributor of television channels shall, at least sixty days prior to the date of expiry of the existing interconnection agreement, give notice to the broadcaster to enter into new written interconnection agreement:*

*Provided further that in case the parties fail to enter into new interconnection agreement before the expiry of the existing interconnection agreement, the distributor of television channels may not carry such television channels on expiry of the existing interconnection agreement:*

*Provided further that a distributor of television channels shall not discontinue carrying a television channel if the signals of such television channel remain available for distribution and monthly subscription percentage for that particular television channel is more than twenty percent of the monthly average active subscriber base in the target market:*

*Provided also that if the distributor of television channels decides to discontinue carrying a television channel due to expiry of the existing interconnection agreement, it shall, fifteen days prior to the date of expiry of its existing interconnection agreement, inform the subscribers through scrolls on the channels included in the said agreement—*

*(a) the date of expiry of its existing interconnection agreement; and*

*(b) the date of disconnection of signals of television channels in the event of its failure to enter into new interconnection agreement.”*

125. As per 10(14) of Interconnection Regulation 2017, every broadcaster shall enter into a new written interconnection agreement with DPO before the expiry of the existing interconnection agreement and if the parties fail to enter into new interconnection agreement before the expiry of the existing interconnection agreement, the broadcaster shall not make the signals of television channels available to the distributor of television channels on expiry of the existing interconnection agreement. However, 10(21) of Interconnection Regulation 2017 mentions that every DPO shall enter into a new written interconnection agreement, before the expiry of the existing interconnection agreement. Regulation 10 (21) further mentions that in case the parties fail to enter into new interconnection agreement before the expiry of the existing interconnection agreement, the DPO may not carry such television channels on expiry of the existing interconnection agreement, however DPO shall not discontinue carrying a television channel if the signals of such television channel remain available for distribution and monthly subscription percentage for that particular television channel is more than twenty percent of the monthly average active subscriber base in the target market.

126. In the CP, one of the issues for consultation was as follows:

*“Q23. In respect of DPO’s RIO based agreement, if the broadcaster and DPO fail to enter into new interconnection agreement before the expiry of the existing agreement, the extant Interconnection Regulation provide that if the parties fail to enter into new agreement, DPO shall not discontinue carrying a television channel, if the signals of such television channel remain available for distribution and the monthly subscription percentage for that television channel is more than twenty percent of the monthly average active subscriber base in the target market. Does this specified percentage of 20 percent need a review? If yes, what should be the revised prescribed percentage of the monthly average active subscriber base of DPO. Please provide justification for your response.”*

127. In response, many stakeholders opined that this specified percentage of 20 percent need a review. Some stakeholders opined that this question has a fundamental flaw as it tends to put the onus of negotiating and closing the agreement on DPOs. Actually, the onus of negotiating and closing a contract has to be on both parties. However, imposing any such constraints on DPOs as proposed in this question will be economically flawed and place the DPO at a competitively disadvantageous position vis-à-vis broadcasters and is

therefore in violation to Article 14 and Article 19 of the constitution of India. No DPO can be forced to carry the channel at the price set the broadcaster unless it enters into the agreement because the broadcaster has an alternate remedy of declaring its channel as FTA and use the carriage RIO to place its channel on the platform. Another stakeholder submitted that RIO is not meant to replace or supersede bilateral negotiations but to provide a framework if negotiations stall. Further, Regulatory intervention should be limited and reserved for exceptional circumstances where it's deemed necessary for the public interest. A blanket imposition of constraints on DPOs could disrupt market dynamics, placing them at a disadvantage relative to broadcasters. Such impositions would also contravene the principles laid out in the Constitution of India, particularly Article 14 (Equality before Law) and Article 19.

128. One stakeholder submitted that this condition is totally against the interest of the DPOs and is amenable to be misused by the broadcasters as there may a possibility that a broadcaster after executing the DPO's RIO agreement and getting its channels placed on the bouquet available to the entire base of the DPOs, may thereafter not be willing to pay the carriage fee for the subsequent year and thereby forcing the DPOs to continue distributing the channel with any carriage fee. One of the views, expressed was that this condition should be abolished and only in exceptional situations pertaining to Public Interest, TRAI may intervene to ensure that the parties enter into an agreement. Another stakeholder submitted that the obligation casted on DPO to continue to make the channel available even after expiry of RIO Agreement should be removed.
129. Another view received was that this is an unnecessary restriction imposed on the DPOs with no corresponding stipulations for broadcasters, making this another point of regulatory imbalance. There is no need for any such mandate on DPO to carry the channels in case of failure in entering the new agreement.
130. One stakeholder suggested that a lower figure is necessary as the subscriber suffers due to no fault of his making. There are frequent complaints that the DPOs suddenly discontinue a channel. A subscriber has no protection against this arbitrary action. Even a single individual subscriber should not be at the mercy of the DPOs, but considering other factors, a lower figure of 10 % is suggested for prescription.
131. Another stakeholder submitted that the 20% threshold of the active subscribers of DPO is a very large benchmark and not practical. Even for a very popular TV channel in view of large number of TV channels, this threshold may be difficult to be achieved in view of the different languages/genres/people preferences etc. Hence, a more realistic threshold which can be not more than 5% of the active subscriber base of the DPO should be made.
132. Another stakeholder suggested that threshold percentage can be different for national and regional channels. For regional channel maintain 3% threshold limit. One stakeholder suggested that the threshold of 20% should be retained, however, this number may be varied for regional channels outside the specific region as there are expected to be lesser base viewers for regional channels.
133. Another group of stakeholders opined that there is no requirement of any revision of the specified percentage and prescribed percentage of the monthly average active subscriber base should be maintained as 20%. Another stakeholder submitted that the specified threshold of more than 20% should be calculated as per the average percentage of the last 6 months.

### **Analysis**

134. As per Interconnection Regulation 2017, as soon as the monthly subscription for a channel becomes equal to or greater than twenty percent of the average active subscriber base of the distributor in that month in the target market, the carriage fee reduces to zero. Accordingly, in such a situation, a DPO may not be inclined to continue carrying such a television channel, especially, while entering into new interconnection agreement with the broadcaster. However, since this would adversely impact a large number of consumers, DPOs have been mandated to not to discontinue carrying a television channel if the signals of such

television channel remain available for distribution, and monthly subscription percentage for that particular television channel is more than twenty percent of the monthly average active subscriber base in the target market. Therefore, to ensure continuity of signal of such channels in the interest of the consumers, the Authority is of the view that such a condition may not be removed.

### **Financial Disincentive**

135. In the CP, stakeholders were asked if a financial disincentive be levied in case a service provider is found in violation of any provisions of Tariff Order, Interconnection Regulations and Quality of Service Regulations. They were also asked to specify the amount of financial disincentive for different violations along with the time for compliance and any additional financial disincentive to be levied in case the service provider does not comply within the stipulated time. Please refer to CP and the explanatory memorandum to Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff (Fourth Amendment) Order, 2024 (1 of 2024) for the issues raised in CP, the gist of response received from the stakeholders and the analysis of the Authority.
136. For the purpose of imposing financial disincentives, the Authority noted that some contravention of Regulation of the Interconnection Regulation 2017 (as amended) may have significant adverse implications such as affecting consumer interest/choice, unfair business practices, affecting healthy competition, etc. Accordingly, the Authority has decided to impose a higher amount of financial disincentives for the contravention of these Regulations (mentioned under Group B in Table 1 of Schedule XI). For violation/contravention of Regulations having lesser implications, and which do not directly impact consumer interests, a lower amount of financial disincentives have been prescribed (mentioned under Group A in Table 1 of Schedule XI). In view of above, different regulations of Interconnection Regulation 2017 as amended, and the amount of financial disincentive to be imposed for their first contravention and subsequent contravention are as follows:

**Quantum of Financial Disincentive for contravention of Provisions of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017**

Regulation	Details	Maximum amount of Financial Disincentive (Q) (in Rs.)	
		First Contravention	Subsequent Contravention
<b>Group A: Regulations for lower financial disincentive</b>			
4(3)	General obligations of distributors of television channels	Advisory/ Warning	25,000
4(4)	General obligations of distributors of television channels	Advisory/ Warning	25,000
7	Publication of reference interconnection offer by broadcaster for pay channels	Advisory/ Warning	25,000
8	Publication of reference interconnection offer by distributor of television channels.	Advisory/ Warning	25,000
16	Change in the maximum retail price and the nature of a channel: Follow the provisions of these regulations including but not limited to the provisions pertaining to publication of reference interconnection offer by broadcasters of pay channels	Advisory/ Warning	25,000
18(2)	Listing of channels in electronic programme guide:	Advisory/ Warning	25,000



	Placing all the television channels available on distributors platform in the electronic programme guide, in such a manner that all the television channels of a particular language in a genre are displayed together consecutively		
19	Details of service providers	Advisory/ Warning	25,000
20	Designation of compliance officer and his obligations.	Advisory/ Warning	25,000
<b>Group B: Regulations for higher financial disincentive</b>			
6(1)	Compulsory offering of channels on a-la-carte basis by broadcasters	25,000	1,00,000
18(2)	Listing of channels in electronic programme guide: One television channel shall appear at one place only.	25,000	1,00,000
18(3)	Listing of channels in electronic programme guide: Assigning a unique channel number for each television channel available on the distribution network.	25,000	1,00,000
18(4)	Listing of channels in electronic programme guide: Channel number once assigned to a particular television channel not to be altered by the distributor for a period of at least one year from the date of such assignment subject to the proviso contained therein.	25,000	1,00,000

137. It may be noted that under sub-Regulation (1A) of Regulation 15 and Regulation 4A, provisions for levying financial disincentive already exist. Schedule XI shall not affect the provisions of sub-Regulation (1A) of Regulation 15 and Regulation 4A of the regulations.
138. As mentioned earlier, please refer to the explanatory memorandum to Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff (Fourth Amendment) Order, 2024 (1 of 2024) for detailed analysis and views of the Authority on the issue related to financial disincentives. In view of above, suitable provisions have been included in the regulations.

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