

October 15, 2007

Mr. R.N. Choubey
Advisor (B&CS)
Telecom Regulatory Authority of India
Mahanagar Door Sanchar Bhawan,
Jawahar Lal Nehru Marg (Old Minto Road),
New Delhi – 110002.

Re: CONSULTATION PAPER ON ISSUES RELATING TO MOBILE TELEVISION SERVICE DATED September 18, 2007 (Consultation Paper Note No. 9/2007) (the “Consultation Paper”).

Dear Sirs,

Enclosed is our preliminary response to and recommendations regarding the above-referenced Consultation Paper.

We will be glad to discuss any of these issues in person.

Yours truly,

For SET Discovery Private Limited

V.SHYAMALA
Assistant Vice President – Legal & Corporate Affairs

COMMENTS OF SET DISCOVERY PRIVATE LIMITED TO THE TELECOM REGULATORY AUTHORITY OF INDIA CONSULTATION PAPER NO 9/2007 ON ISSUES RELATING TO MOBILE TELEVISION SERVICE DATED SEPTEMBER 18, 2007 (“Consultation Paper”)

SET Discovery Private Limited (“**SETD**”) welcomes the initiatives of the Telecom Regulatory Authority of India (“**TRAI**”) for releasing the Consultation Paper and providing an opportunity to the stakeholders to provide their views on issues raised in the Consultation Paper.

Preamble

SETD is a distributor of several television channels in India and has made significant investments in India’s pay television market for more than 5 years. SETD is currently distributing the following 16 channels in India under the brand name “The *OneAlliance*”.

- i. SET
- ii. MAX
- iii. AXN
- iv. Animax
- v. SET PIX
- vi. SAB TV
- vii. Animal Planet
- viii. Discovery
- ix. Discovery Travel and Living
- x. NDTV India
- xi. NDTV Profit
- xii. NDTV 24X7
- xiii. MTV
- xiv. NICK
- xv. VH1
- xvi. Ten Sports

SETD is pleased to note that TRAI recognizes the significance of mobile television to the growth of the convergence industries in India. As noted in the Consultation Paper, new technologies are rapidly blurring the lines between telecommunications and broadcasting and it is necessary that the regulatory policies affecting these new technologies are flexible enough to ensure competition and growth.

Mobile television will offer another platform for content to meet the growing demand of consumers for anywhere/anytime viewing. Therefore, SETD is keen to see a vibrant mobile television broadcasting service in India.

In order to achieve the growth necessary to attract investors, ensure effective competition and ensure the success of this nascent service, we believe it is critical that lite-touch regulation be applied. In keeping with that position, SETD believes that marketplace competition should decide on the most effective transmission route. There is no need for a dedicated terrestrial or satellite route.

Limiting transmission to a single route would provide an adverse environment for growth. For instance, terrestrial incumbents that are launching mobile television services and already have an interest in using their own content would have no incentive to carry competitive content on their platforms. In this way, consumers will be denied access to new and different choices on this new platform.

With respect to the consultation's inquiry regarding possible license requirements, while we recognize that the question is aimed at the platform provider, we think it is critical to state nonetheless that, in keeping with international norms, the existing downlinking licenses for content providers should suffice for transmission on any platform within India.

SETD also supports the relaxation of FDI limits to ensure a sustained investment in infrastructure. This is critical to meet the rapid growth necessary to satisfy increasing consumer demand for these services in India.

ISSUES FOR CONSULTATION

1. Whether the technology for mobile television service should be regulated or whether it should be left to the service provider.

Government should adopt a technology neutral policy and leave the choice of technology to the service provider. In this manner, market forces will lead to the service provider choosing a technology that delivers quality transmission at affordable prices. The experience in other countries as set out in the Consultation Paper indicates that all existing technologies have their advantages and disadvantages. Experience of other countries suggests that there is no single 'ideal' technology and different technologies are being used even within Europe and the UK.

2. If the technology is to be regulated, then please indicate which technology should be chosen and why. Please give reasons in support of your answer.

As explained in we recommend light touch regulation.

3. What will be the frequency requirement for different broadcast technological standards for terrestrial and satellite mobile television transmission in India?

The issues being highly technical in nature we recommend that Government should set up an independent group of technical experts to come up with a recommendation.

4. Which route would be preferable for mobile TV transmission – dedicated terrestrial transmission route or the satellite route? Should the mobile TV operator be free to decide the appropriate route for transmission?

The issues being highly technical in nature we recommend that Government should set up an independent group of technical experts to come up with a recommendation.

5. How should the spectrum requirements for analogue/ Digital/ Mobile TV terrestrial broadcasting be accommodated in the frequency bands of operation? Should mobile TV be earmarked some limited assignment in these broadcasting bands, leaving the rest for analog and digital terrestrial transmission?

Satellite route is gaining popularity and with the spread of CAS and DTH, it appears this is the preferred alternative especially for a country the size of India. However in order to allow market forces to operate, Government should leave the choice of the delivery platform to the service provider. Government should also implement TRAI's recommendation to allow private broadcasters to avail terrestrial transmission which today is reserved for Doordarshan.

6. In the case of terrestrial transmission route, how many channels of 8 MHz should be blocked for mobile TV services for initial and future demand of the services as there are nearly 270 TV channels permitted under downlinking guidelines by Ministry of Information and broadcasting?

Allocating some spectrum bandwidth for mobile Television appears to be the way forward to incentivise service providers to enter this domain. However the process to allocate such spectrum should be open and transparent and should encourage actual users.

7. Whether Digital Terrestrial Transmission should be given priority for the spectrum assignment over mobile TV, particularly in view of the fact that the Mobile TV all over the world is essentially at a trial stage.

Given that it will not be possible for mobile service operators to offer all available channels given constraints both in transmission and availability/cost of handheld devices, it may be appropriate to initially carve out a few channels (say 10) and within that classify under different genres inter alia current affairs, news, general entertainment, etc.

8. Whether the frequency allocation for the mobile TV should be made based on the Single Frequency network (SFN) topology for the entire service area or it should follow Multi Frequency Network (MFN) approach.

These are issues to be considered by the Expert Group who should give an unbiased recommendation.

9. Whether frequency spectrum should be assigned through a market led approach auctions and roll out obligation or should there be a utilization fee?

The preference would be for a utilisation approach as auctions tend to increase the cost of providing the service due to high initial bids.

10. What should be the eligibility conditions for grant of license for mobile television services?

Presently there are different eligibility conditions for DTH, FM, etc. Ideally these need to be harmonised with the intent being to have a level playing field across the broadcasting sector. However to ensure that bonafide applicants apply for the license, a minimum track record in the Broadcasting/Telecom industry and technology tie-up and some basic financial criteria may be imposed in a manner that it does not become an entry barrier.

11. Whether net worth requirements should be laid down for participation in licensing process for mobile television services? If yes, what should be the net worth requirements for participation in licensing process for mobile television services?

Presently there are different net worth requirements for DTH, FM, etc. Ideally these need to be harmonised with the intent being to have a level playing field across the broadcasting sector. However to ensure that bonafide applicants apply for the license, a minimum track record in the Broadcasting/Telecom industry and technology tie-up and some basic financial criteria may be imposed in a manner that it does not become an entry barrier.

12. What should be the limit for FDI and portfolio investment for mobile television service providers

FDI limits within the broadcasting sector are not uniform. In order to encourage growth of mobile television Government should open this sector to FDI without any limit.

13. What should be the tenure of license for the mobile television service providers?

So long as the service provider fulfills the license conditions and applicable regulations, there should not be a limitation on the license period. Government could of course retain the right to revoke in certain defined circumstances.

14. What should be the license fee to be imposed on the mobile television service providers?

The license fee should not be an entry barrier but should be meant to weed out non serious applicants.

15. Whether in view of the high capital investment and risk associated with the establishment of mobile television service, a revenue share system would be more appropriate?

A revenue share system would be preferred as that will allow market forces to operate and encourage growth of the service.

16. Whether any Bank Guarantee should be specified for licensing of the mobile television service providers. If yes, then what should be the amount of such bank guarantee? The basis for arriving at the amount should also be indicated.

Bank Guarantees impose an additional cost and should be avoided if the net worth and entry level conditions are appropriately defined.