Bharti Telemedia Limited (BTL)'s Response to TRAI Consultation Paper on Interconnection framework for Broadcasting TV Services distributed through Addressable Systems

At the outset, we thank the Hon'ble Authority for providing us an opportunity to submit our views on this consultation paper.

The Authority had recently issued a consultation paper on "Tariff Issues related to TV services". Although TRAI had not issued a regulation on the said paper; we believe that the issue of fixation of wholesale tariff and Interconnect regime between broadcasters and DPOs is closely interlinked and hence should be dealt together. Since we have responded to the earlier paper related to the wholesale pricing of TV channels in a detailed manner, we are not reproducing the contents of our earlier response for the sake of brevity and attaching the same as Annexure-I. Therefore, we humbly request TRAI to take cognizance of our previous response to its consultation paper on "Tariff Issues related to TV Services" along with this response for the purpose of framing the rules related to wholesale pricing and related Interconnect regime.

Further, since the fixation of wholesale tariff and retail tariffs are two distinct regulatory exercises and are completely independent of each other, the factors necessitating the same have to be analyzed independently by TRAI. Any change in either of the segments may not necessarily impact other. In Indian telecom sector, the practice of treating these two tariffs as distinct is already being in vogue for the last two decades. The wholesale tariff (in the form of a regulated interconnection charge) and the retail tariff (under forbearance) is dealt separately through different regulations/tariff orders.

In contrast, in the Indian broadcasting sector, both wholesale and retail tariff is being dealt under a single tariff order/regulation. This has created a confusion wherein the exercise of fixing a wholesale tariff and related regulations are being linked with retail tariff also. Therefore, the wholesale and the retail tariff in broadcasting sector should be treated separately through different regulations/tariff orders as is being done for the telecom sector. It is to be noted that while the broadcasting sector has witnessed the instances of market distortions and unfair pricing at the wholesale level, no such scenarios have been highlighted at the retail segment. In fact, all disputes in various courts have been related to wholesale pricing only.

Therefore, we humbly request TRAI to frame the rules related to wholesale pricing of TV channels and related Interconnect regime together but having said that the rules related to retail pricing should be dealt through a separate regulation.

Keeping the above in mind, we respectfully make the following submissions in response to the questions raised in the consultation paper:

Q. 1.1 How a level playing field among different service providers using different addressable systems can be ensured?

Q. 1.2 Should a common interconnection regulatory framework be mandated for all types of addressable systems?

BTL's Response:

1. We recommend that the licensing and regulatory framework for all DPOs should be same. This is to maintain a level playing field in the broadcasting sector.
2. A common interconnect framework for all addressable system/s is a good idea. While the Interconnect framework between the broadcasters and DTH operators has reached to a mature level and there are hardly any disputes; however, the same is not true in case of MSO/LSO. There are multiple disputes over Interconnection related issues between the broadcasters and MSO/LSOs and the same have been challenged in various courts. Therefore, it would be appropriate, if the Interconnection framework for MSO/LSO is also brought up to the level of DTH. However, while doing so, TRAI should ensure that no particular distribution platform is given any preference over the other.

Same Licensing Framework including regulatory levies for all addressable systems:

1. Currently, three Digital Platform operators namely, Digital cable, DTH and HITs are engaged in providing Television signal/Content to consumers and they have to procure license from MIB.
2. DTH companies are helping the Government to achieve the goal of digitalization in the country. Unlike in the past when cable was the sole medium of providing entertainment content on television in the country, the introduction of DTH has resulted in the creation of a transparent environment in the distribution/broadcasting industry.
3. At present, there are multiple options available to a consumer e.g. DTH, Digital Cable, IPTV etc. All these offerings are comparatively identical, easily substitutable with each other and easily accessible to the consumers, but only the DTH industry has managed to grow and has spread its presence across the country with transparent pricing, world class technology and top of the line customer service. Some points of comparison between DTH and Cable industry are as follows:-

DTH Operators	Cable Operators
Minimum average package starts from Rs. 99/- (plus regional top-up)	Minimum average package starts from Rs. 150/-
24/7 Call Centre, Toll Free Numbers, Customer Service, QoS etc. strictly as per TRAI Guidelines & Regulations	No such 24/7 call centre for customer service and they lack QoS and TRAI Guidelines & Regulations varies from place to place
No local Programme Channel can be aired	Local Programme Channel can be aired and they have more options resulting in better revenues
Regulation on CAM Slot increases the cost of Set-top Box	No such regulation on CAM Slot for Set-top box
Accumulated Losses of the Industry since inception (31st March , 2014) is Rs. 15,798 Crore and for Airtel it is Rs. 3359 Crore	Example of Den Cable: Accumulated Gain since inception (31st March, 2014) is Rs. 1678 Crore
Industry EBIT (- 5%)	Industry EBIT (+ 19 %)

4. It is clear from the above table that DTH provides better service at relatively lower cost with lower EBIT margin and profitability. However, despite the precarious financial health of the DTH Industry, it is still being saddled with huge regulatory levies & taxes such as License Fee, Service Tax & Entertainment Tax.
5. Please refer to the table below, which indicates License Fee, Bank Guarantee & other levies applicable to all three service providers.

Parameters	***DTH***	***MSO***	***HITS***	***Cable***
Entry fee	*Rs 10 crores*	*Rs.1 Lakh*	*Rs. 10 crores*	*Nil*
Bank Guarantee (in Rs. crore)	*Rs. 40 crore*	*Nil*	*Rs. 40 crore*	*Nil.*
Annual License Fee	*10 % of GR*	*Nil*	*Nil*	*500/-*
WPC license fee and royalty	*As prescribed.*	*Nil*	*As prescribed*	*Nil*
Service Tax	*14.5 %*	*14.5 %*	*14.5 %*	*14.5 %*
****Average Entertainment Tax***	*10%*	*7-8%*	*7-8%*	*7-8%*
Total of Taxes	*34.5 %*	*22.5 %*	*22.5 %*	*22.5 %*

6. The above comparison clearly shows that there exists a non-level playing field amongst the various types of service providers. DTH operators pay a higher tax of 34.5% in which License Fee of 10% is one of the major component in comparison to cable operators who pays 22.5%,

7. The DTH operators have a complete transparent business model and whatever revenue is earned, is shared with the Government. On the other hand, Digital cable operators, who have similar nature of business, are not transparent and are also not liable to pay any License fee. Their entry cost is Rs.1 lac only as against the Entry Cost of Rs. 10 crore + Rs. 40 crore of Bank Guarantee and License Fee @ 10% of Gross Revenue for DTH operators.
8. Thus evidently, the DTH operators are at huge competitive disadvantageous position as compared to Digital Cable operators. Further, all DTH operators are running into huge losses since inception.
9. Thus, we would request the Hon'ble Authority to take necessary steps for achieving level playing field between all operators viz, DTH, and Digital cable operator. These steps could be the applicability of same license fee to both type of operators, or if one is exempted from paying license fee, then all types of distribution platforms should also be exempted from the same.
10. In view of the above, we would request you the following:-
    a. To Waive-off the License Fee of 10% imposed on DTH Operators and bring the Industry at par with competing CAS/DAS cable Industry; OR
    b. In order to create a level playing field, all the distribution platform operators should be imposed a uniform License Fee.
    c. Further, in case the levy of LF is not removed from DTH Operators, then the overall percentage of LF on DTH operators should be reduced. The concept of Adjusted Gross Revenue (as being followed in the telecom industry) should also be brought in for DTH operators wherein the payments being made to broadcasters and to the government in the form of service tax, sales tax, entertainment tax, VAT, should be excluded From AGR. The revenue of the broadcasters should also be considered for licence fee to ensure that the payments being made by distribution platform to broadcasters are also subjected to licence fee.

Q. 2.1 Is there any need to allow agreements based on mutually agreed terms, which do not form part of RIO, in digital addressable systems where calculation of fee can be based on subscription numbers? If yes, then kindly justify with probable scenarios for such a requirement.

BTL's Response:

1. Flexible pricing is the core tenet of consumer marketing and innovation. The innovative pricing models for various combinations of products/services are critical for the growth of DTH services. Customers find differential bouquets/products/offerings, a great value proposition as these enable them to use various products/services of their choice at a comparatively lower price.

2. To reflect upon the importance of variety seeking in consumer choice, DTH operators should continue to have the flexibility to enter into various types of commercial agreements with the broadcasters.
3. If the DPOs are not allowed to sign the deals other than at RIO with broadcasters, then it will increase the price of TV channels significantly, both at the wholesale and retail levels. Further, it will take away the flexibility of DTH operators to offer various packages at affordable rates.
4. Therefore, flexibility should be given to DPOs and broadcasters to decide their commercials, subject to the condition that such deals are fair, transparent, non-discriminatory, equitable and accessible to all.

Q. 2.2 How to ensure that the interconnection agreements entered on mutually agreed terms meet the requirement of providing a level playing field amongst service providers?

Q. 2.3 What are the ways for effectively implementing non-discrimination on ground? Why confidentiality of interconnection agreements a necessity? Kindly justify the comments with detailed reasons.

Q. 2.4 Should the terms and conditions (including rates) of mutual agreement be disclosed to other service providers to ensure the non-discrimination?

BTL's Response:

1. As per the current process, DPOs are submitting the copies of their agreements with broadcasters. TRAI being the custodian of these agreements and the regulator of broadcasting industry can ensure that none of the agreements are violating the spirit of level playing field.
2. If one broadcaster has signed the deal with one DPO, then that broadcaster should not refuse the same terms and conditions with another DPO. This should be a part of the agreement which a broadcaster should sign with each DPO.
3. Further, any agreement between one DPO and the broadcaster should be made available to other DPOs as well. This will promote transparency in the broadcasting sector and will address any concern of non-level playing field in the sector.
4. TRAI should encourage transparency in the system so that each and every DPO is able to correctly evaluate the commercials of a broadcaster and DPO. For example, the fixed fee deals are done on the basis of active subscriber base whereas TRAI is publishing the data of gross subscriber base of DTH operators. Therefore, in order to better understand the deals of other DPOs, it is essential that TRAI publishes the data of customer base (both gross and active) of all DTH operators on monthly basis.
5. Further, TRAI should ensure that there should not be any hidden deal between the broadcaster and DPO, which either directly or indirectly impacts the wholesale price of the TV channel in any manner. All such deals should be a part of the Interconnect Agreement

between the broadcaster and DPO and the same should be made available to TRAI and other DPOs.

Q. 2.5 Whether the principles of non-exclusivity, must-provide, and must-carry are necessary for orderly growth of the sector? What else needs to be done to ensure that subscribers get their choice of channels at competitive prices?

Q. 2.10 Should 'must carry' provision be made applicable for DTH, IPTV and HITS platforms also?

Q. 2.12 Should there be reasonable restrictions on 'must carry' provision for DTH and HITS platforms in view of limited satellite bandwidth? If yes, whether it should be similar to that provided in existing regulations for DAS or different. If different, then kindly provide the details along with justification.

BTL's Response:

1. We fully support the principles of "Non-exclusivity" and "Must Provide" as these principles have played a significant role in the growth of TV services in India and have promoted the digitalization in the country.
2. As far as the principle of 'Must Carry' is concerned, we do not recommend this principle to be mandated as this issue is arising due to limited capacity.
3. DPOs have limited capacity considering the availability of higher number of TV channels. Currently, the number of channels in India are approx. 850 (800 SD channels and 50 HD channels) and to carry all these channels, DTH operators require at least 1500MHz spectrum. In contrast, existing DTH operators' capacity ranges from 200MHz to 700MHz, which means that they cannot carry all channels as the available capacity is much lower than the required capacity. Therefore, a must carry provision should not be mandated as the same cannot be implemented due to reasons beyond DPOs' control.

Q. 2.6 Should the RIO contain all the terms and conditions including rates and discounts, if any, offered by provider, for each and every alternative? If no, then how to ensure non-discrimination and level playing field? Kindly provide details and justify.

Q. 2.7 Should RIO be the only basis for signing of agreement? If no, then how to make agreements comparable and ensure non-discrimination?

BTL's Response:

1. As explained in our response to Q. 1.1, the RIO should not be the only basis for signing of Agreements. DPOs and Broadcasters should be given adequate flexibility to sign their

commercial deals. However, the regulatory framework should ensure that all such commercial deals are available to all DPOs in a fair, transparent and equitable manner.

2. TRAI should ensure that any discounting structure of broadcasters is not arbitrary and is not designed in a manner which only benefits one particular DPO or selected DPOs or prefers one platform over another platform (say cable versus DTH operators or DTH operator versus IPTV)
3. Recently, we have witnessed such discounting structure in the market which favors one particular digital platform (say cable operator) over the other (say DTH operator). This discounting structure has been designed in such a manner that it enables only one particular platform (say cable) to get the highest discount whereas the other platform (say DTH operator) can only get the lowest discount. As a result, the wholesale price of a TV channel for a cable operator becomes very low as compared to a DTH operator, thus giving undue disadvantage to a cable operator. An illustration is given below:

National Bouquet Rate		**60.5**	
Discounts %	**Highest**	**Medium**	**Lowest**
A. Penetration incentive	30	20	10
B. LCN based incentive	50	35	20
C. Volume Based Incentive	5	4	3
D. Additional Penetration Upgrade	10		
Total Discount %	**95**	**59**	**33**
CPS Rs	**18.1**	**30.2**	**42.3**

National Bouquet Rate	**93.2**
Discounts %	**Highest Discount %**
A. Packaging Penetration incentive	39
B. LCN based incentive	39
C. Volume Based Incentive (range 50,000 to 40,00,000) max at 6%	6
D. On time subscriber reporting	1
E. Payments before due date	1
TOTAL Discount %	**86**
CPS Rs	13

National Bouquet Rate		146.16
Discounts %	**Highest Discount%**	**Lowest Discount%**
A. Penetration incentive	35.5	35.5
B. LCN based incentive	8.5	8.5
C. Volume Based Incentive (range >50,000 to <=50,00,000) max at 6%	6	6
D. Packaging Parity Incentive	**32**	
Total Discount %	**82**	**50**
CPS Rs	**26.3**	**73.08**

Therefore, it should be ensured that the discounting structure is not arbitrary in any manner or has not been designed to benefit one particular platform over the other. The Authority should ensure that a discounting structure should be fair, transparent, equitable, non-discriminatory and should pass the test of TRAI.

Q. 2.8 Whether SIA is required to be published by provider so that in cases where service providers are unable to decide on mutually agreed terms, a SIA may be signed?

BTL's Response:

Yes, we support such initiative subject to the condition that such standard agreements are pre-approved by TRAI and it should cover only the standard clauses. The clauses related to commercial, audit, etc. should be left to mutual discussions.

Q. 2.9 Should a format be prescribed for applications seeking signals of TV channels and seeking access to platform for re-transmission of TV channels along with list of documents required to be enclosed prior to signing of SIA be prescribed? If yes, what are the minimum fields required for such application formats in each case? What could be the list of documents in each case?

BTL's Response:

We believe that the same should be left open to Broadcasters and DPOs.

Q. 2.11 If yes, should there be a provision to discontinue a channel by DPO if the subscription falls below certain percentage of overall subscription of that DPO. What should be the percentage?

BTL's Response:

The decision to discontinue a channel should be left open for mutual negotiations between the broadcasters and DPOs.

Q. 2.13 In order to provide more transparency to the framework, should there be a mandate that all commercial dealings should be reflected in an interconnection agreement prohibiting separate agreements on key commercial dealing viz. subscription, carriage, placement, marketing and all its cognate expressions?

BTL's Response:

1. All commercial dealings between a broadcaster and DPO should be made part of the Interconnection agreement. Any side agreement, which either directly or indirectly affects the wholesale pricing of a TV channel, in any manner, should be brought into the public notice. In case a side commercial agreement is permitted, then it will defeat the purpose of maintaining a level playing field amongst the DPOs.
2. As stated above, we support the initiative of sharing of the commercial agreement between the broadcasters and DPOs with TRAI. Till the same is being done, it hardly makes any difference whether such agreements are a part of Interconnect agreement or a separate agreement.
3. Broadcaster should publish it and TRAI should examine the same and address the concern.

4. Till such commercials are fair, transparent, equitable and open for everyone, adequate flexibility should be continued in the business.

Q. 3.1 How can it be ensured that published RIO by the providers fully complies with the regulatory framework applicable at that time? What deterrents do you suggest to reduce non compliance?

BTL's Response:

TRAI may ensure that the published RIO fully complies with the regulatory framework. Each RIO should be approved by TRAI and it should ensure that all stakeholders fully comply with the terms and conditions of the RIO.

Q. 3.2 Should the regulatory framework prescribe a time period during which any stakeholders may be permitted to raise objections on the terms and conditions of the draft RIO published by the provider?

Q. 3.3 If yes, what period should be considered as appropriate for raising objections?

BTL's Response:

We believe that there should not be any specific time limit for raising any objection over the draft RIO. It would be inappropriate if any stakeholder finds any violation in the draft RIO after a prescribed limit and therefore, could not raise the violation due to lapse of time. Any agreement should be subject to TRAI's intervention and its approval without any time stamp.

Q. 4.1 Should the period of 60 days already prescribed to provide the signals may be further sub divided into sub-periods as discussed in consultation paper? Kindly provide your comments with details.

BTL's Response:

1. The commercial negotiation between the broadcaster and DPO is quite dynamic and as long as the same is meeting the prescribed timelines, there is no need for any micro management of the timelines.
2. However, we recommend that the technical audit should not be a prerequisite for giving a channel as this requirement delays the provision of giving the signal. Further, there is no reason for conducting the technical audit for each and every channel separately when DTH operators are already carrying hundreds of channels on their platform.
3. Furthermore, it has been observed that a new channel is being made available on the platform of one DPO instantly whereas the same channel is not provided to other DPOs by using various delay tactics. As a result, it creates a first mover advantage in favor of a particular DPO over others due to instant popularity of the new channel. This compels the

potential customers to choose the platform with a new channel as compared to the other platform on which the new channel is still not available. Therefore, we recommend that broadcaster should ensure that any new channel is made available to all DPOs without any undue delay.

Q. 4.2 What measures need to be prescribed in the regulations to ensure that each service provider honour the time limits prescribed for signing of mutual agreement? Whether imposition of financial disincentives could be an effective deterrent? If yes, then what should be the basis and amount for such financial disincentive?

BTL's Response:

1. Currently, a grace period of 90 days has been given to DTH operators to close their negotiations and agreement with broadcasters, post the expiry of their earlier agreement. This is to ensure that both parties have adequate time to carry out their negotiations in the larger interest of the consumer. If both parties fail to conclude their agreement even after the grace period of 90 days, the pricing structure of TV channel stand shifted to RIO rates.
2. We have witnessed that during the grace period, the broadcasters have the incentive to prolong the negotiations up to the 90 days and as a result, the DPOs are often under pressure to sign the agreements. If they do not do so, they would have to pay the RIO rates to the broadcasters on 91st day whereas they do not have any time to change their package/bouquet/offerings being offered to their customers based on fixed fee deals/CPS. As a result, shifting to the RIO regime immediately on 91st day results into huge losses for the DPO.
3. To avoid such instances, we recommend the following:
    a. TRAI should prescribe that out of the 90 days grace period, the agreement should be closed within a period of 60 days and a copy of the agreement should be filed with TRAI. In case, both parties fail to sign the agreement within 60 days, then the DPO may modify the packages of their customers, inform them about the disconnection of any channel and intimate new rates within 30 days on the basis of RIO rates.
    b. Otherwise, a further grace period of 60 days (beyond 90 days) may be given to the DPO to do all necessary arrangements at their level to shift to a RIO regime.

Q. 4.3 Should the SIA be mandated as fall back option?

BTL's Response:

We believe that instead of a SIA, there should be a broad term sheet basis which a SIA can be signed between the broadcaster and the DPO.

Q. 4.4 Should onus of completing technical audit within the prescribed time limit lie with broadcaster? If no, then kindly suggest alternative ways to ensure timely completion of the audit so that interconnection does not get delayed.

Q. 4.5 Whether onus of fixing the responsibility for delay in individual cases may be left to an appropriate dispute resolution forum?

BTL's Response:

1. We believe that the requirement of technical audit before provisioning of signal has become outdated as DTH operators have been providing their services for more than 15 years now and are offering hundreds of channels on their platform. It shows that their system meets all the prescribed requirements and is successfully operating for hundreds of channels, thus there is no reason for conducting a technical audit for each new channel.
2. Therefore, the requirement of a technical audit should not be a pre-condition for providing the channel to a DPO. If the broadcaster intends to do the technical audit, then the same should be done either after providing the channel or simultaneously.

Q. 5.1 What are the parameters that could be treated as the basis for denial of the signals/ platform?

Q. 5.2 Should it be made mandatory for service providers to provide an exhaustive list in the RIO which will be the basis for denial of signals of TV channels/ access of the platform to the seeker.

BTL's Response:

We believe that TRAI should make an exhaustive list of all the possible reasons which may result in denial of signal of a TV channel by a broadcaster to a DPO. This may help the seeker to check whether they fulfil all the conditions or not at the time of making a request for the signal of that particular channel.

Q. 6.1 Should an IMS be developed and put in place for improving efficiencies and ease of doing business?

Q. 6.2 If yes, should signing of interconnection agreements through IMS be made mandatory for all service providers?

Q. 6.3 If yes, who should develop, operate and maintain the IMS? How that agency may be finalised and what should be the business model?

Q. 6.4 What functions can be performed by IMS in your view? How would it improve the functioning of the industry?

Q. 6.5 What should be the business model for the agency providing IMS services for being self supporting?

BTL's Response:

1. Currently, the television distribution market is highly fragmented with the presence of 60,000 LCOs, 6000 MSOs, 7 DTH operators, 2 HITS operators and a few IPTV service providers. An IMS central facility connecting all distributors and broadcasters at a central place will be a highly cumbersome and costly exercise.
2. Therefore, we do not recommend setting up of any central facility for IMS purpose.

Q. 8.1 Whether a minimum term for an interconnection agreement be prescribed in the regulations? If so, what it should be and why?

BTL's Response:

1. Since the broadcasting industry is quite dynamic and the agreement between the broadcaster and DPO is decided after hectic negotiations, the decision on period of agreement should be left to the broadcaster and the DPO.
2. Therefore, we do not recommend a minimum term for an Interconnection agreement.

Q. 9.1 Whether it should be made mandatory for all the broadcasters to provide prior notice to the DPOs before converting an FTA channel to pay channel?

Q. 9.2 If so, what should be the period for prior notice?

BTL's Response:

1. We recommend that it should be mandatory for all broadcasters to provide at least a 12-month notice to all DPOs before converting an FTA channel to pay channel.
2. If a broadcaster introduces any channel as FTA channel, it increases the penetration of channel across all DPO's platform and as a result, a sudden conversion of a FTA channel to a Pay channel will adversely affect the business case of DPOs and consumer.
3. Therefore, we suggest the following:
    a. Initially, when a broadcaster approaches any DPO to carry its channel as FTA, the broadcaster should inform the DPO about the RIO rate which it may charge in future from DPO in case they decide to convert their FTA channel to a Pay Channel. This will ensure that the DPO is always aware about the RIO of that channel.
    b. A 12-month notice period is essential before converting a FTA channel to a Pay Channel as in case a DPO is unable to carry that channel due to high price, it requires adequate time to find the replacement of that channel in the same genre,

language, region, category, same commercial value, likewise content, etc. and modify their bouquets and offerings to their customers.

4. Furthermore, we have witnessed instances wherein a particular channel is a FTA channel on the platform of one DPO whereas the same channel is a pay channel on another DPO's platform. Therefore, the regulatory framework should ensure that if a channel is a FTA or a Pay Channel, it should be the same across all DPO platforms to maintain level playing field.

Q. 10.1 Should the number of subscribers availing a channel be the only parameter for calculation of subscription fee?

Q. 10.2 If no, what could be the other parameter for calculating subscription fee?

BTL's Response:

1. We believe that all types of commercial agreements i.e. fixed fee deals, CPS deals, semi-variable deals, RIO deals etc. have enabled the growth of the TV services and therefore, there should be a complete freedom to all broadcasters and DPOs to decide the nature of their deals.
2. However, we recommend that the regulatory framework should ensure that any deal which is being agreed between a broadcaster and a DPO should be made available to other DPOs as well.

Q. 10.3 What kind of checks should be introduced in the regulations so that discounts and other variables cannot be used indirectly for minimum subscribers guarantee?

BTL's Response:

Once all commercial agreements between the broadcaster and a DPO are accessible to all other DPOs, the market forces will ensure that there are adequate checks to maintain the level playing field and transparency in the deals.

Q. 11.1 Whether the technical specifications indicated in the existing regulations of 2012 adequate?

Q. 11.2 If no, then what updates/ changes should be made in the existing technical specifications mentioned in the schedule I of the Interconnection Regulations, 2012?

BTL's Response:

We do not recommend any change in the technical specifications for DTH operators as all DTH operators are following the current standards and we do not feel any requirement to review the same.

Q. 11.3 Should SMS and CAS also be type approved before deployment in the network? If yes, then which agency may be mandated to issue test certificates for SMS and CAS?

BTL's Response:

We believe that a self-certificate from the vendor should serve the purpose.

Q. 11.4 Whether, in case of any wrong doing by CAS or SMS vendor, action for blacklisting may be initiated by specified agency against the concerned SMS or CAS vendor.

BTL's Response:

1. We believe that there is no incentive for any CAS or SMS to indulge in any wrong doing as their system is ultimately used by a DPO. Therefore, there is no reason for blacklisting any SMS or CAS vendor.
2. Even if any such instance is observed, the same should be done after proper investigation with an opportunity to vendor to present its case.

Q. 12.1 Whether the type approved CAS and SMS be exempted from the requirement of audit before provisioning of signal?

BTL's Response:

1. We reiterate that the requirement of technical audit before provisioning of signal has become outdated as DTH operators are providing their services for more than 15 years and are offering hundreds of channels on their platform. It shows that their system meets all the prescribed requirements. Thus, there is no reason for conducting a technical audit each and every time a new channel is launched.
2. Furthermore, if CAS and SMS is approved and adheres to the guidelines laid by TRAI, it implies that services are being rendered as per the prescribed standards. Therefore, the audit should be excluded for complying systems/nodes and should not be a prerequisite for provisioning of a signal. DPOs can give a self-certificate to this effect to the Broadcaster.
3. It is to be noted that in the telecom sector, the operators are interconnected with each other. However, before finalizing the interconnection, no telecom operator is performing the audit of network/system of the other telecom operator.

Q. 12.2 Whether the systems having the same make, model, and version, that have already been audited in some other network and found to be compliant with the laid down specifications, need not be audited again before providing the signal?

BTL's Response:

1. We do not recommend a technical audit for provisioning of each and every channel.

2. Further, if CAS and SMS having same configuration has been audited in some other network, audit need not to be performed unless there are case specific exceptions, as it is understood that same configurations and SMS will function at same level of performance.
3. Also, for case specific exceptions, only those points to be checked while performing audits in similar network.

Q. 12.3 If no, then what should be the methodology to ensure that the distribution network of a DPO satisfies the minimum specified conditions for addressable systems while ensuring provisioning of signals does not get delayed?

BTL's Response:

We believe that the requirement of minimum specified conditions can be met by provision of a certificate either from BECIL or by an agency as may be notified by TRAI from time-to-time.

Q. 12.4 Whether the technical audit methodology prescribed in the regulations needs a review? If yes, kindly suggest alternate methodology.

BTL's Response:

1. We believe that the current technical audit methodology is working well. However, the same is not be conducted before provisioning of the channel. The broadcaster should not insist for the audit before provisioning each and every channel especially when DTH operators are already carrying hundreds of channels. However, if a broadcaster still insist, such audit should be conducted only after provisioning of channel.
2. This will ensure that there is no inordinate delay in giving the channel to DPO by the broadcaster.
3. Therefore, any audit should not be a pre-requisite for giving a channel to a DTH operator. Under any circumstances, a technical audit should not be a reason for delay in giving the channel or Interconnection to a DTH operator.

Q. 12.5 Whether a panel of auditors on behalf of all broadcasters be mandated or enabled? What could be the mechanism?

Q. 13.4 Whether a common auditor on behalf of all broadcasters be mandated or enabled? What could be the mechanism?

Q. 13.8 Should the responsibility for payment of audit fee be made dependent upon the outcome of audit results?

Q. 13.7 Should a neutral third party system be evolved for generating subscription reports? Who should manage such system?

BTL's Response:

1. DTH operators have been operating their services for the last 15 years and over the period of time, the whole process of audit with the broadcasters has quite matured. Furthermore, broadcasters are better equipped to handle such audits than a third party having no such experience. Furthermore, the findings of a common audit may be questioned by both the parties and as a result, it will only increase the disputes in the broadcasting Industry.
2. An audit of the DPO system by the broadcaster is a settlement process of the wholesale price and hence, both parties are better equipped to handle such settlement than a third party. In Indian telecom sector, all operators are doing IUC and roaming settlement with each other which also includes sharing of lot of data, CDRs, etc without the involvement of a third party. Therefore, we recommend that the present process of audit may be continued.
3. Alternatively, TRAI may also appoint a panel of auditors, who have the requisite skills, experience and technical knowhow to carry out the audit and one of those auditors, as chosen by a DPO, can carry out the audit on behalf of all the broadcasters. This will avoid the multiplicity of audits being conducted by various broadcasters.

Q. 12.6 Should stringent actions like suspension or revocation of DPO license/ registration, blacklisting of concerned SMS and CAS vendors etc. be specified for manipulating subscription reports? Will these be effective deterrent? What could be the other measures to curb such practices?

BTL's Response:

1. We recommend that the same should be mutually decided by the broadcaster and DPO.
2. However, if a wrong has been done by a SMS or CAS vendor, then that should be settled between the DPOs and SMS/CAS vendor, who should take a strict action against such SMS/CAS vendors including blacklisting that vendor.

Q. 13.1 Should a common format for subscription report be specified in the regulations? If yes, what should be the parameters? Kindly suggest the format also.

BTL's Response:

1. We recommend a common format for subscription report under which a DPO can provide the details to a Broadcaster. This will simplify the whole process.
2. The suggested format for the subscription report is as under:

a) Parent Billable ID	b) Sl ID	c) Category	d) EED
e) Billable ID	f) Account Activation Date	g) Fname	h) DBR
i) Parent Active Date	j) Service Start Date	k) Lname	l) Balance
m) CAS ID	n) Status (Active or inactive)	o) Package name	p) Package Active DT

q) STB ID	r) Status Date	s) Package Type	t) Customer Type
u) VC ID	v) Bill Period	w) Package ID	x) Status Reason

Q. 13.2 What should be the method of calculation of subscription numbers for each channel/ bouquet? Should subscription numbers for the day be captured at a given time on daily basis?

BTL's Response:

1. We recommend that the current method of calculation of subscription numbers for each channel/bouquet should be continued.
2. It is practically impossible for a DPO to capture the data on daily basis for each broadcaster and channel. This will result into huge pressure on resources, time, manpower, etc.

Q. 13.3 Whether the subscription audit methodology prescribed in the regulations needs a review?

BTL's Response:

We suggest that the subscription audit methodology should be continued.

Q. 13.5 What could be the compensation mechanism for delay in making available subscription figures?

BTL's Response:

1. We recommend that the compensation mechanism for delay in making available subscription figures should be mutually agreed by the broadcasters and DPO.
2. Since the broadcasters are conducting the audit on half-yearly basis, they should initiate the audit within three months of the specified period. For example, for the period of January – September, the audit should be conducted between October and December.

Q. 13.6 What could the penal mechanism for difference be in audited and reported subscription figures?

BTL's Response:

We recommend that the same should be decided mutually by the broadcaster and the DPO.

Q. 14.1 Whether there should be only one notice period for the notice to be given to a service provider prior to disconnection of signals?

Q. 14.2 If yes, what should be the notice period?

Q. 14.3 If not, what should be the time frame for disconnection of channels on account of different reasons?

BTL's Response:

1. We recommend that a notice period of 90 days should be given by the broadcaster to a DPO for disconnection of channels.
2. This is to ensure that both parties have adequate time to resolve their disputes through discussions and to take appropriate steps at their level.
3. Even if both parties fail to resolve their disputes amicably, a DPO needs time to give a notice to their customers about the disconnection of the channel, repackage their bouquets, to provide alternate channel etc.

Q. 15.1 Whether the regulation should specifically prohibit, the broadcasters and DPOs from displaying the notice of disconnection, through OSD, in full or on a partial part of the screen?

Q. 15.2 Whether the methodology for issuing notice for disconnection prescribed in the regulations needs a review? If yes, then should notice for disconnection to consumers be issued by distributor only?

Q. 15.3 Whether requirement for publication of notices for disconnection in the newspapers may be dropped?

BTL's Response:

1. We believe that the responsibility of informing the customer about disconnection of signals should lie with DPOs only as broadcasters do not have any direct contractual relationship with the end customer. The customers have taken the channel(s) from DPOs and thus, DPOs should inform their customers about the disconnection of any channel.
2. We recommend that instead of a public notice in newspapers, the notice of disconnection should be conveyed by running scrolls on respective channels/programs. Scrolls have high visibility and can serve the intended purpose better than a notice in the newspaper. The scroll may be run at the bottom of screen informing the viewers about the disconnection without affecting the viewing experience of the customer.
3. The public notices, which entail heavy expenditure do not serve the required purpose as general public may not be reading a particular newspaper where notice has been given or that notice may not catch their attention even if they are reading the said newspaper. Therefore, the purpose sought to be achieved through publication in newspapers i.e. the intimation to consumers about the likely disconnection is better served by running scroll on channels, which the consumers consciously notice while viewing a particular channel/program. Therefore, the requirement of publishing public notice in newspapers should be dispensed with.

Q. 16.1 Whether the Regulations should specifically prohibit appointment of a MSO, directly or indirectly, as an agent of a broadcaster for distribution of signal?

Q. 16.2 Whether the Regulations make it mandatory for broadcasters to report their distributor agreements, through which agents are appointed, to the Authority for necessary examination of issue of conflict of interest?

BTL's Response:

1. We recommend that any DPO should not be appointed as an agent of a broadcaster for
2. distribution of signal, either directly or indirectly. Such an appointment might create a non-level playing field and may result into delay tactics for giving TV signals by one DPO (acting as an agent) to another DPO especially when both DPOs are competing with each other. As a result, the business case of one DPO can be affected by another DPO (agent).
3. In fact, the concept of intermediaries between the broadcasters and DPO should be done away. While the broadcasters and distributors are holding a valid licence/registration certificate; the intermediaries are not holding any such licence/certificate. Therefore, there is no reason to involve an unlicensed entity between the dealings of two licensed operators.
4. Furthermore, the broadcasting Industry is a two way market wherein the DPO (a principal operator) procures the channel from the broadcaster and offers the same to its customers. Further, the regulatory framework has created a distinction between the broadcaster and the DPO so that both can play a different role in the sector. Thus, the same entity (say DPO) cannot play both the roles i.e. giving a TV channel to another DPO and also offering the TV channel to the end customers.