

Ref: AIDCF/FY 25-26/25

Date: 6th October 2025

To,

Dr. Deepali Sharma,
Advisor (B&CS),
Ministry of Information and Broadcasting,
A Wing, Shastri Bhawan,
New Delhi - 110001

Sub: AIDCF's inputs on the draft Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Seventh Amendment) Regulations, 2025

Ref:

1. TRAI draft regulations on "The telecommunication (broadcasting and Cable) services Interconnection (addressable systems) (seventh amendment) Regulations, 2025 dated 22nd September 2025
2. AIDCF letter no. AIDCF/FY 24-25/26 dated 06-Sep-24 containing AIDCF's inputs -on TRAI's Consultation Paper of 09-Aug-24 on Audit related provisions of Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 and The Telecommunication (Broadcasting and Cable) Services Digital Addressable Systems Audit Manual

Respected Mam,

At the outset, we extend our appreciation to the Authority for releasing the draft Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Seventh Amendment) Regulations, 2025 dated 22nd September 2025, following the consultation paper on audit-related provisions issued on 9th August 2024.

As AIDCF, we support several of the proposed changes, including:

- Shifting the audit cycle from calendar year to financial year, which aligns with standard accounting practices and eases compliance.
- Expanding the scope of audits to cover SMS, CAS, DRM, and related systems, which will further enhance transparency.
- Providing clear timelines for dispute resolution and data segregation in shared infrastructure scenarios, which are pragmatic steps for reducing conflicts and ensuring data integrity.

While we welcome most of the proposed amendments, we wish to respectfully submit the following observations and suggestions:

1. Proposed Clause 15(1): Broadcaster Representative at Audit

"Provided also that the broadcaster may depute one representative to attend the audit and share inputs of the broadcaster for verification during the audit process and the distributor shall permit such representative to attend the audit."

AIDCF Response:

The proposed insertion allowing a broadcaster's representative to be present during audits at DPO premises is problematic for the following reasons:

- a. Such presence is unnecessary as broadcasters can provide their inputs via email prior to commencement of the audit.
- b. The current practice where the Broadcasters are required to send their queries including TS recording/VC sample (Refer point 17 of the Audit Manual), once the DPO informs the Broadcasters about the Audit Dates, the same practice should continue, which have been working very well.
- c. Allowing representatives of multiple broadcasters to physically attend will result in large groups (15–20 individuals) entering DPO premises, creating operational disruptions, confidentiality concerns, and risk of data leakage.
- d. The intent of the audit is to be an independent third-party process conducted by TRAI-empanelled auditors. The presence of broadcaster representatives undermines the independence and objectivity of this process.
- e. While the Authority has clarified that they would not interfere in the Audit process but in practice they are bound to interfere in the Audit process, and this would certainly hamper the whole process.
- f. **We therefore urge the Authority to remove this provision and limit broadcaster engagement to written submissions of inputs.**

2. Proposed Clause 15(1): Exemption of DPOs with ≤ 30,000 Subscribers

"Provided also that it shall be optional for distributors of television channels, whose active number of subscribers, on the last day of the preceding financial year, do not exceed thirty thousand, to get the audit conducted under this regulation."

AIDCF Response:

We strongly disagree with the proposal to exempt distributors with ≤ 30,000 active subscribers from mandatory annual audits for the following reasons:

- a. The law and established regulatory frameworks (e.g., Companies Act) do not differentiate compliance obligations based on size/turnover. Allowing such exemptions will defeat the principle of parity and encourage arbitrage.
- b. Even small DPOs with 30,000 subscribers generate annual revenues in the range of ₹3–5 crore, and the cost of a single annual audit (~₹75,000–1 lakh) is insignificant compared to their operations.
- c. Exemptions will lead to misuse, with larger MSOs splitting their operations to fall below thresholds.

- d. Transparency and prevention of under-reporting were the very reasons for introducing Clause 15(1). Diluting it will undermine these objectives and create regulatory disparity.
- e. **We therefore urge the Authority that mandatory annual audits must continue for all DPOs, irrespective of size.**

3. **Rationalization of Audit Components:**

- a. We also submit that once a compliance audit has been duly carried out at a DPO, and in cases where there is no subsequent change in the hardware and infrastructure elements that are examined during the compliance audit (such as Headend, CAS, SMS, DRM systems), then repeating the same full-scope technical audit every year may not serve any additional regulatory purpose. Moreover, a DPO is required to disclose any change in version to Authority also, and compliance of the same will serve the purpose.
- b. In such cases, it would be more effective and efficient if, after the initial compliance audit, the annual exercise is limited primarily to a subscription audit, focused on verifying subscriber numbers, reporting accuracy, and revenue declarations. This approach would:
 - i. Prevent duplication of effort where the underlying infrastructure remains unchanged.
 - ii. Optimize both the time and costs involved in the annual audit process without compromising regulatory oversight.
 - iii. Allow auditors to concentrate their resources on the dynamic aspects of DPO operations, namely subscriber management and reporting, while continuing to require a full compliance audit only when there has been a change in critical hardware or system infrastructure.
- c. **Accordingly, we request that the annual audit framework be rationalized so that, in the absence of any change in hardware or infrastructure, only a subscription audit is mandated each year.**

4. **Ensuring Audit Accountability**

- a. While the draft amendments set out clear obligations for DPOs and broadcasters, we note with concern that there is no explicit mention of accountability or responsibility of the empaneled auditors themselves. Since audits are central to ensuring transparency and trust in the broadcasting ecosystem, the role of the auditor must be coupled with clear standards of accountability.
- b. To safeguard against instances of gross negligence, bias, or professional misconduct by an empaneled auditor, we recommend that the regulations include provisions such as:
 - i. **Auditor Liability in Disputes:** In cases where gross negligence or misrepresentation by the auditor materially impacts audit findings and leads to disputes between DPOs and broadcasters, the auditor should be explicitly recognized as a responsible party and may be impleaded in the dispute resolution process.

- ii. **Blacklisting Mechanism:** TRAI should establish a framework to blacklist or suspend empanelled auditors who fail to meet professional standards, whose reports are found to be materially inaccurate, or who demonstrate bias towards one stakeholder. Such auditors should be barred from undertaking further audits under these regulations for a defined period.
 - c. By explicitly addressing auditor accountability, the Authority can ensure that all three stakeholders, DPOs, broadcasters, and auditors, are bound by equitable responsibility. This will also help foster greater trust in the audit process and reduce the frequency of disputes.
 - d. **Accordingly, we request the Authority to incorporate provisions that clearly define the liability of empaneled auditors in case of auditors found guilty of gross negligence or misconduct.**
5. **Ensuring Audit Compliance:** In addition to the above inputs, to strengthen enforcement, we would again like to reiterate our earlier submissions:
- a. **Publication of non-compliant DPOs** - Authority should publish on its website a list of DPOs that have failed to conduct their annual audit in accordance with regulations. Such public disclosure will act as a deterrent and help broadcasters, regulators, and consumers identify non-compliant entities. It will also promote accountability and responsible industry practices.
 - b. **Power of Disconnection for Non-Compliant DPOs** - Broadcasters should be encouraged to exercise their right to disconnect signals in the case of DPOs that fail to complete their annual audit, as available currently in Clause 15(2) and as proposed in Clause 15(2)(c). This will ensure that non-compliance has tangible consequences and will incentivize DPOs to adhere strictly to audit obligations.

We once again thank Hon'ble Authority for its continued efforts to strengthen the broadcasting and cable sector through transparent regulatory measures and request the Authority to kindly consider the above submissions in finalizing the regulations.

Thanking you,

Yours Sincerely,

For, **ALL INDIA DIGITAL CABLE FEDERATION**



Manoj P. Chhangani
Secretary General -AIDCF

Copy to:

- Ms. Sapna Sharma, Joint Advisor (B&CS), Ministry of Information and Broadcasting