

## **NSTPL Response to TRAI Consultation Paper**

1. Are the proposed amendments to the Interconnect Regulations to implement HITS policy in order?

Yes. But it can be made specific in terms of HITS services. In the DTH parties involved are only Broadcasters and DTH companies, whereas in case of HITS the parties involved are Broadcasters, MSO, LCO and HITS operators.

2. What further amendments are required to implement HITS policy?

Prices, Revenue share, payment terms, methodology for ascertaining subscriber should be made in the principle that policy and regulation should promote digitalization.

3. Can the tariff model for HITS services be based on CAS model? If yes1,

- 3.1 What should be the revenue shares of Broadcaster, HITS operator, and Cable operator?

Since the HITS Operator, Broadcaster and MSO/LCO are integral part of Digitalization and HITS, revenue share should be equally distributed among all of them.

- 3.2 What should be the retail tariff (i.e. tariff for subscribers) for pay channels?

The Retail Tariff should be as per CAS, however there can be further discount on prices based on number of subscribers for HITS Operator.

- 3.3 Should there be any minimum tariff for the subscribers? If so, how much should it be and what should be the basic service provided under this?

It should be at par with CAS

4. Can the tariff model for HITS services be based on DTH and /or Non-CAS model? If yes1,

- 4.1 Should the wholesale tariff (i.e. Broadcaster to HITS operator) be a percentage of the wholesale tariff in non-CAS areas? If yes, what should be the percentage and why?

No, the prices of channel should be on retail basis. It will give motivation to MSO /LCO for getting involved enthusiastically in the HITS.

- 4.2 How should the retail tariff in this model be regulated? Should it be affordability linked as in Non-CAS or forbearance as in DTH or any other method?

NO. it should be as per CAS.

5. Would you like to suggest any other model to regulate the tariff for HITS service? If yes, please give details.

No.

6. Should the carriage and placement fee be regulated? If yes, how should it be regulated?

No, setting up the HITS infrastructure require the huge investment and operating and maintenance cost which is again a huge committed cost, HITS operator should have ways to recover the cost .

The fee and prices for placement and advertising are always decided by various market factors like number of consumers attached with the platform etc.. There is no regulation on the advertising rate card for Broadcaster; similarly there should not be any regulation with respect to carriage and placement fee.

7. Should the quantum of carriage and placement fee be linked to some parameters? If so, what are these parameters and how can they be linked?

No, as responded above.

8. Can a cap be placed on the quantum of carriage and placement fee? If so, how should the cap be fixed?

No, it is not desirable and practically possible since these kinds of Cap will result in de-motivation of companies who are operating the Digital Platforms.

9. Stakeholders are free to raise any other issue that they feel is relevant to the consultation and give their comments thereon.

Those who want to express and those who want to hear their expression are both equally important to ensure freedom of expression.

Digitization will bring down cost of content production and cost of content distribution. Further it brings transparency. Thus digitization is important for our way of life, for upholding democratic values.

In presence of such an important objective, it is important to support all technologies which support digitization.

Across world in all markets as diverse as America and as densely populated as Japan uses HITS Platforms for Digitalization. HITS are the backbone of all major cable operators across the world. When the Government wanted foreign exchange reserves or infrastructures, it created special conditions. The moment HITS starts, broadcasters will start earning more as the money given by subscriber will start reaching them.

Today the average revenue per user ( ARPU) is not enough to support HITS operator. Thus we recommend that in the interest of digitalization and transparency the following rules be stipulated for first five years and thereon after they can be amended.

1. **No duty on HITS STB**
2. **No duty on HITS related Equipment**
3. **50% revenue for HITS Operator from the subscriber homes collection**
4. **No entertainment or service tax on HITS**

**If all this is put into the place, the HITS platform will become viable and many operators will enter the market and ensure a revolution like we have seen in the telecom sector.**