

Information Note to the Press [Press Release No. 01/2020]

For Immediate Release

TELECOM REGULATORY AUTHORITY OF INDIA

Subject: TRAI releases amendments to Tariff Order, Interconnection Regulations and Quality of Services Regulations of 2017 for Broadcasting and Cable Services sector

New Delhi 1st January 2020: Keeping in view the implementation of Digital Addressable Systems (DAS) and to enable the sector to realize its benefits, the Telecom Regulatory Authority of India (TRAI), after due consultation process, published a comprehensive regulatory framework for DAS on 3rd March 2017. This framework comprises of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017, the Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) Regulations, 2017 and the Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017 for providing broadcasting services. This framework was notified in March 2017. However, pursuant to legal challenges to the said regulations, it came into effect from 29th December 2018 after satisfying legal pronouncements.

2. The framework is quite successful in establishing harmonised business processes in the sector, level-playing-field, bringing-in transparency in TV channel pricing, reducing litigations among stakeholders and providing equal opportunities to smaller Multi System Operators (MSOs). As a result, there is a pronounced reduction in disputes among stakeholders as well as entry barriers. The transparency has ushered better tax compliance thereby improving government revenue. However, the intended choice to consumers to select what they want, has got scuttled due to various issues during the implementation.
3. To address various issues, TRAI issued two Consultation Papers viz: 1) 'Tariff related issues for Broadcasting and Cable services' on 16th August 2019; and 2) 'Issues related to Interconnection Regulation, 2017' on 25th September 2019.



The consultation papers sought comments and suggestions from various stakeholders, on certain tariff & interconnection related issues which the Authority felt, require some changes and are pivotal to achieve the overall objective of the regulatory framework notified in March 2017.

4. Some of the major issues among them were cap on maximum discount permissible to broadcasters while forming a bouquet, number of channels permitted in Network Capacity Fee (NCF), applicable NCF for multi TV homes, flexibility to Distribution Platform Operators (DPOs) in offering long term subscription plans and carriage fee payable by broadcasters to DPOs.
5. TRAI has today issued Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Second Amendment) Regulations, 2020 (1 of 2020), Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) (Third Amendment) Regulations, 2020 (2 of 2020) and the Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order Amendment, 2020 (1 of 2020).
6. The Authority analysed the comments of the stakeholders particularly to protect the interests of consumers and accordingly modified certain provision of new regulatory framework. In order to address the issue of huge discount in formation of bouquets by the broadcasters vis-à-vis sum of a-la-carte channels, the Authority prescribed following twin conditions to ensure that price of a-la-carte channels does not become illusionary:
 - i) the sum of the a-la-carte rates of the pay channels (MRP) forming part of a bouquet shall in no case exceed one and half times the rate of the bouquet of which such pay channels are a part; and
 - ii) the a-la-carte rates of each pay channel (MRP), forming part of a bouquet, shall in no case exceed three times the average rate of a pay channel of the bouquet of which such pay channel is a part.



7. Additionally, Authority decided that only those channels which are having MRP of Rs.12 or less will be permitted to be part of the bouquet offered by broadcasters.
8. NCF related issues were another area of concern for consumers. TRAI has examined various provisions in detail and accordingly mandated provision of 200 channels in maximum NCF of Rs.130 excluding taxes per month. In addition, it has also been decided that channels declared mandatory by Ministry of Information and Broadcasting will not be counted in number of channels in the NCF. DPOs have also been mandated that they will not charge more than Rs.160 per month for giving all channels available on their platform.
9. Consumers have also highlighted huge charges taken by DPOs in the form of NCF for a multi-TV home. TRAI has decided that in case of multi-TV home where more than one TV connection is working in a home in the name of one person, will charge maximum 40 per cent of declared NCF for second and additional TV connections. Authority has also permitted DPOs to offer discounts on long term subscriptions which is for 6 months or more.
10. TRAI also considered the concern of broadcasters regarding huge carriage fee being charged by DPOs. In order to address the concern of huge carriage fee, the Authority has mandated that MSOs, HITS operators, IP TV service providers will not have target market bigger than State or Union Territory as the case may be. In addition, a cap of Rs.4 lakh per month has been prescribed on carriage fee payable by a broadcaster to a DPO in a month for carrying a channel in the country.
11. Authority has also considered giving more flexibility to DPOs to place the TV channels on Electronic Programme Guide (EPG) and mandated that channel of a language in a genre will be kept together while placing channels on EPG. Such EPG lay out is to be mandatorily reported to the TRAI and no change in this can be done without prior approval of the Authority. This will address the concerns of the broadcasters to a great extent to protect them as it will not allow DPOs to



frequently change the LCN of the television channel in case they do not agree to their mandates.

12. Amendments carried out through the consultation process has left the basic contours of the new regime untouched and the Broadcasters/Distribution Platform Operators (DPOs) will continue to enjoy the flexibility in carrying out their businesses. The review exercise has been limited to certain consumer friendly measures and to balance the interest of stakeholders. The revisions strive to ensure that the objectives of the existing framework get fulfilled to great extent.
13. The amendments provide appropriate time to stakeholders for implementation. Broadcasters are required to publish revised MRP of a-la-carte channels and bouquets on their website by 15th January 2020 and DPO are required to publish revised DRP of a-la-carte channels and bouquets on their website by 30th January 2020. Consumers will be able to benefit as per the amended provisions with effect from 1st March 2020. The Authority is of the view that the amendments will usher in better consumer offerings, more flexible tariff schemes and more choices for consumers. Overall, the amendments are expected to result in healthier & structured growth of the Broadcasting and Cable Services sector.
14. Full text of the amendments to the Regulations and Tariff Order is available on the TRAI's website at www.trai.gov.in
15. For any clarifications/ information, the following officers may be contacted:
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