

Information note to the Press (Press Release No. 84/2013)

For Immediate release

TELECOM REGULATORY AUTHORITY OF INDIA

TRAI releases recommendations on “Monopoly/ Market dominance in Cable TV services”

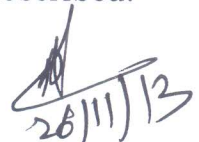
New Delhi, 26th November, 2013- The Telecom Regulatory Authority of India (TRAI) has today released its recommendations on “Monopoly/ Market dominance in Cable TV services”.

2. The salient features of the recommendations are:

- (i) State to be the relevant market for assessing monopoly/ market dominance of Multi System Operators (MSOs) in the TV channel distribution market;
- (ii) Market dominance to be determined on the basis of market share in terms of the number of active subscribers of MSOs in the relevant market;
- (iii) Herfindahl–Hirschman Index (HHI) to be used for measuring the level of competition or market concentration in a relevant market;
- (iv) A new definition of control is prescribed covering both de jure and de facto control;
- (v) Prior approval of the regulator to be taken for any Merger & Acquisition (M&A) among MSO(s) or between an MSO and Local Cable Operator (LCO) in a relevant market and for any arrangement that results in ‘control’ of MSO(s)/ LCO(s) in a relevant market by an entity. The decision on the proposals to be conveyed by the regulator within 90 working days.


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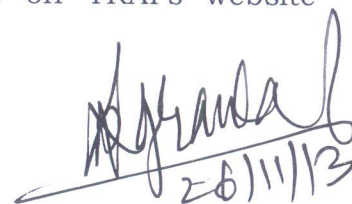
- (vi) Rules for M&A and acquisition of control among MSO(s) or between an MSO and LCO in the relevant market have been prescribed. The Rules provide as follows;
1. Post-M&A/acquisition of control, the contribution of resultant entity to the market HHI does not exceed 2500, and
 2. Depending on the value of the post-M&A/acquisition of control market HHI, any one of the following conditions are met:
 - i. either the post-M&A/acquisition of control HHI of that market is less than 2000, or
 - ii. in cases where the post-M&A/acquisition of control market HHI is between 2000 and 3300, the proposed M&A/acquisition of control does not result in an increase in market HHI (delta) by more than 250 points, or
 - iii. in cases where the post-M&A/acquisition of control market HHI is beyond 3300, the proposed M&A/acquisition of control does not result in an increase in market HHI (delta) by more than 100 points.
- (vii) A time of 12 months is given to group(s), contributing more than 2500 to market HHI of a relevant market, to limit its 'control' in various MSO(s)/LCO(s) in such a way that the contribution to market HHI of that 'group' reduces to less than or equal to 2500;
- (viii) An MSO, contributing to more than 2500 HHI by itself in a relevant market, not to be permitted to merge with or acquire the 'control' of any other MSO/ LCO in that relevant market;
- (ix) Disclosure and reporting requirements for effective monitoring and enforcing compliance of the rules have been prescribed.


28/11/13

3. The Ministry of Information and Broadcasting (MIB) requested TRAI to provide its recommendations on restrictions to be imposed on MSOs/ LCOs to prevent monopolies/accumulation of interest in order to ensure fair competition, improved quality of service, and equity.

4. TRAI issued a consultation paper on "Monopoly/ Market dominance in Cable TV services" on 3rd June 2013 seeking comments from the stakeholders on issues related to monopoly/ market dominance in the cable TV services. Open House Discussions were held at Bangalore on 16th July 2013. Taking into account the comments received during the consultation process and analysis of the issues, the Authority has finalised its recommendations.

5. The full text of recommendations is available on TRAI's website www.trai.gov.in.



**Rajeev Agrawal,
Secretary, TRAI**