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**COMMENTS BY INTERMEDIA CABLE COMMUNICATION PVT. LTD., ON THE DRAFT - Consultation Paper on Draft Telecommunication (Broadcasting and Cable Services) Interconnection (Addressable Systems) Regulations, 2016 dated 14/10/2016.**

At the outset we wish to express our sincere thanks to the Telecom Regulatory Authority of India (the Authority) for its support and cooperation in the formation and evolution of Broadcasting & Cable TV industry in India and also resolving various issues, which have arisen from time to time.

We at Intermedia Cable Communication Private Limited thank the Authority for giving us an opportunity to submit our comments on some of the points of the Consultation Paper on the draft "Telecommunication (Broadcasting and Cable Services) Interconnection (Addressable Systems) Regulations, 2016 dated 14/10/2016" issued by the Authority. We hope that the Authority will certainly consider the comments made by us and will accordingly make amends to the same while implementing the new regulatory frame work in this regard.

- **A common interconnection for all addressable systems namely DTH, HITS, DAS and IPTV.**

*The common interconnection framework for all addressable systems is definitely in the interest of all stakeholders because all the distribution platforms are on addressable mode and will enable fair competition amongst the platforms available in the region.*

- **"Must carry" provision for all addressable systems, on first come first serve basis. DPOs to publish information about its platform including available capacity and declare the rate of carriage fee.**

*"Must carry" provision on first come first serve basis on the basis of the DPO's capacity should be allowed only if the DPO is interested in subscribing to the channel which is based on the subscribers' demand only. In the absence of any demand if the "Must carry" clause is enforced the DPO will be burdened with its investment to include such channel. Also it is difficult for any DPO to adhere to the "Must Carry" provision since there are almost around 800 channels which are permitted presently.*

- **No carriage fee is to be paid by a broadcaster if the subscription of the channel is more than or equal to 20% of the subscriber base.**

*The restriction on carriage fees if the subscriber base is less than 20% of the entire universe of the DPO is also not warranted. Because the carriage fees is the prerogative of the Broadcaster for attaining more eyeball and more the viewership of the channel the more the ad revenue. In the case of Subscription agreements the seeker of signals is the DPO and the in the second case where Carriage, Placements or Marketing is concerned the seeker is the Broadcaster.*

- **The rate of carriage fee has been capped at 20 paisa per channel per subscriber per month. Further, the carriage fee amount will decrease with increase in subscription.**

*The cap of 20 paisa per channel per subscriber per month is unjustified. Since the DPOs have invested heavily in digitizing their head ends and have further invested heavily in installation of STBs to their* *respective subscribers the return on investment is very minimal. Further to carry a channel in Standard Definition approximately Rs. 4-5 lacs per channel is invested and to carry a High Definition channels approximately Rs.5-7 lacs per channel is invested and thereafter there are high recurring costs to maintain and operate. With such high cost of investment and recurring costs year on year the cap on carriage is far below and not duly justified.*

*Also since the channels repeat their content the rates of carriage should be defined for fresh/live/premium content and the repeat content should have separate parameters for deciding the carriage fees. This is prevalent in the other countries and the channel count of most viewed channels is only 8-10. It is also pertinent to mention that "Visibility Sells" on the basis of which some products pay for display of their products on the shelves of the seller. Similarly to make a channel visible on the network the channels should be made to pay visibility charges irrespective of its selling power. Therefore the cap that suggests no carriage fees after attaining of 20% of the viewership is also incorrect. Alternately in the event the channel has viewership below stipulated %age should pay more carriage fees than the channels which has attained 20% + viewership. It is also a known fact that DOORDARSHAN AUCTIONS ITS CHANNEL SLOTS STARTING FROM 4 CR ONWARDS per annum for just carrying EACH FTA channel. Therefore the carriage cap should not be applicable for FTA channels. Presently the broadcasters pay approximately Rs. 30 lacs per annum per channel for just carrying their channel on the platforms irrespective of the viewership for that particular channel. Considering that presently we have 1.5 lacs subscribers the CPS rate of Carriage Fees paid is about Rs 1.67 ps per STB per month. The proposed per STB per month rate for carriage of channels is therefore not justified.*

*It is also important to note that the broadcasters do not provide Professional IRDs for receiving the signals of their channels for redistribution putting additional cost on the platforms to procure the same at their expense. The suggested price cap may benefit the large MSOs to some extent whereas the smaller MSOs may have to just carry the channels for no revenue at all. In addition the absence of ad-cap on FTA channels increases the channels' ad slots multifold and many channels may convert to FTA and the must carry provision will impose heavy cost on the platforms.*

- **The distributors of TV channels may offer discounts on the carriage fee rate declared by them not exceeding 35% of the rate of the carriage fee declared.**

*Since the cap itself is unjustified the discount will also have to be relooked into.*

- **Broadcaster to offer to a distributor, a minimum of 20% of the maximum retail price of its pay channel(s) or bouquet(s) of pay channels as distribution fee. They may also offer discounts on the maximum retail price provided that the sum of discounts and distribution fee in no case shall exceed 35% of the maximum retail price, so declared.**

*The broadcasters are mandated to declare their MRPs to the subscribers and in return for collecting and depositing the monthly collections the DPOs have been offered 20% as distribution fees. This needs some reconsideration because the DPOs have to share this revenue with LCOs as well. And the risk of LCOs not collecting and paying in time rests with the DPO. It would be appreciated if the revenue share model prescribed under the erstwhile CAS regime were to be adopted wherein the MRP to the subscriber was defined and reasonable and in the interest of the end user – 'the subscriber' and the revenue share between Broadcasters – MSO – LCO was also in the best interests of the respective stakeholder.*

*Further the broadcasters have been allowed to extend additional 15% discount on their MRPs subject to certain parameters, terms and conditions of the broadcasters which again empowers the broadcasters to bargain for LCN positions and any other unilateral terms if the DPO wishes to avail this additional 15%. In absence of definitive terms for availing 15% discount the same is ambiguous and unclear.*

*Also the genre wise MRP cap on the subscription of channels is on the higher side which gives an advantage to the broadcasters and may prove to be detrimental to the interests of the subscribers.*

*The carriage fees for Sports channels should be at premium rates than the rates prescribed for other channels.*

*It is also a practice of the broadcasters to telecast sports content on multiple channels of different genres. For example the event on sports genre channel is also simultaneously telecast on Hindi movies genre channel with audio in Hindi. A subscriber who has subscribed to Hindi movie channel for watching movies will be compelled to watch sports content despite of paying subscription charges for watching movies. This will force the DPO to carry multiple channels with different audio streams thereby increasing the burden on the DPO. Broadcasters offer multilingual audio feeds with separate channels instead of offering multilingual audio feed on the same channel which will enable the subscriber to choose the preferred language through the Set Top Boxes, a feature which is available with the STBs of the DPOs. For example: A channel like Disney Junior offers multiple audio feeds in English/Hindi/Telugu/Tamil etc., on the same channel which is telecast thereby enabling the subscriber to choose preferred language stream through the Set Top Box.*

It is also important to note that there are 3-4 major National MSOs and a large number of relatively smaller independent MSOs across the country. As per the latest list of MSOs permitted to operate under DAS notified areas Permanent Registrations have been granted to 235 MSOs and Provisional Registrations have been granted to 777 MSOs. In addition to this there are numerous MSOs who are yet to obtain registrations for operating under DAS. While the rules prescribed under the draft tariff order may benefit the major National MSOs the same will be injurious to the businesses of the smaller independent MSOs.

We once again express our deepest gratitude to the Authority for taking up such an exhaustive exercise and we request the Authority to consider our comments/suggestions made above.

Since we have several smaller MSOs along with us who have contributed their views on the above comments we sincerely request you to publish our comments on your website because although we have been contributing to the consultation papers our comments were not published on your web site.