

## **Response to the Consultation Paper on –**

### **Distribution of TV Channels from Broadcasters to Platform Operators**

We welcome this move from the Regulator and appreciate the fact that the Regulator has recognised the reality prevailing in terms of the monopolistic position of the aggregators and the grossly tilted balance in terms of bargaining power in favour of the aggregators. We strongly support a Regulatory framework to check the unhealthy misuse of the high monopolistic position of strength of the Aggregators and as such, favour any Regulation that the Authority deems fit for ensuring control and check on the Aggregators.

We as a MSO have ourselves witnessed the high handedness of some of the Aggregators and the resultant loss of subscriber confidence as well as market credibility in some cases for us. It is but common knowledge that in the absence of Regulations to control the Aggregators, there have been gross anomalies in dealings of Aggregators with various platforms. However, our deepest concern remains with Broadcasters supporting their own Distribution Platforms (in vertically integrated companies/groups) and attempting at creating monopolistic positions even in the Distribution Platform space. While these Regulations definitely augur as the first positive signs of regulating the Aggregators, it should definitely be followed with some Regulatory framework to dissuade the attempt at monopolising the Distribution space by the Broadcasters and ensure that fair play is maintained by these Broadcasters and Aggregators across Distribution Platforms.

Our detailed comments on the present Consultation Paper are as below.

The Regulatory changes that have been proposed in the Interconnect Regulations and Tariff Orders for both Addressable and Non-Addressable Broadcasting and Cable TV Services can broadly be summarised as:

- A broadcaster appointing an authorised distribution agent must ensure that –
  1. There is no change in the composition of its bouquet provided by the authorised distribution agent to the Platforms
  2. The distribution agent does not bundle its channels with those of other broadcasters while offering bouquets to the Platforms
- Every Broadcaster must ensure that its Authorised Agent does not:
  1. Publish the Reference Interconnect Offer on its own and
  2. Enter directly into any Interconnection Agreements with the Distribution Platforms

#### *Our comments:*

*As a practice, for Non Addressable systems, Aggregators negotiate on the total revenue with the Cable Platforms and after the negotiation on revenue is completed, Aggregators allocate revenues to their various packages and channels based on their own computations/proportions. Platforms, end up signing the agreements basis this allocation, but, have no say whatsoever in the actual allocation. Also, Aggregators normally have their own start dates for Agreements and draw up these agreements for a period of one year. With the new Regulation also, in effect, an Aggregator would*

*be carrying different Agreements for different broadcasters and would in any case be negotiating as a whole on behalf of all the Broadcasters together. The concern here is that, though theoretically different Agreements would get signed, practically, the same situation as on date would exist with little room for the Platforms to selectively sign broadcaster Agreements as there would be a collective bargaining for all the Broadcasters under any one Aggregator. In order to ensure that the actual choice of signing with a Broadcaster remains with the Platform, the Regulation could be modified with the insertion of two more clauses:-*

- a. Any Aggregator assigned by two or more broadcasters as their agent, must ensure unique start dates for every Broadcaster's Agreement with at least a gap of one month between each such agreement.*
- b. The allocation of revenues towards different broadcasters must be done only by the Platforms and not influenced by the Aggregators in any way.*

*Further, it must be definitely ensured that each Distribution Agent of the Broadcaster collects separate payments on account of each Broadcaster and not try to club together the same. This also implies that the Distributing Agents/respective Broadcasters have to maintain separate Billing systems Broadcaster wise and should be raising separate invoices Broadcaster wise to the different platforms as per the Agreements entered with between them.*

*For the Addressable Systems also, the Authority could prescribe separate start dates (with at least a month's gap between them) for the Agreements of the various Broadcasters under any one Aggregator to ensure that the collective bargaining and at times forceful subscriptions to unwanted/lesser demanded packages/channels are ruled out.*

*Till now, the Aggregators have signed up their Agreements for Addressable Systems in a single format. That is, for any particular platform, either the Aggregator has signed on a fixed fee basis or on a CPS basis or on RIO or on a combination of Fixed Fee and CPS and this particular basis has been replicated across all packages being offered by the Aggregator to that particular platform.*

*Going forward, this practice might get replicated by the Aggregators across the various Broadcaster Agreements signed. We suggest that a modification to the Regulation be brought in to ensure that Platforms should be free to choose the mode of signing with any particular Broadcaster under any Aggregator and this basis of signing need not be the same as the other Broadcasters under that Aggregator. As an example, Aggregator A under Broadcasters X, Y & Z signs with a platform the Addressable Systems Agreements as follows – Broadcaster X – RIO Basis; Broadcaster Y – Fixed Fee Basis; Broadcaster Z – CPS Basis.*

*Further, for the Addressable systems, we have seen that Cable Addressable Platforms published their own Reference Interconnect Offers for Carriage of channels and also provided the Authority with a detailed rationale for such Rate being offered. We suggest that every Broadcaster publishing its A-La-Carte wholesale rates based on the Non Addressable rate, must justify the rationale for arriving at a particular A-La-Carte price for any of its channels to the Authority in detail. This would allow the Authority to intervene and prevent any attempt at unfair pricing by the Broadcasters and in turn protect the platforms and hence the consumers from such unfair pricing.*