

TELECOM REGULATORY AUTHORITY OF INDIA

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TRAI Releases Consultation Note on Certain Policy Issues Relating to Broadcasting and Cable Services, and Specifies Ceiling Rates for Cable Services

The TRAI today released a Consultation Note on certain policy issues relating to broadcasting and cable services, and decided to impose a ceiling on the rates applicable to cable services.

1. Background

The Government of India issued a Notification No.39 dated 9th January 2004 whereby, the scope of the expression telecommunication services under the TRAI Act 1997 as amended was increased to include the broadcasting services and cable services also. Thus, the broadcasting and cable services also came within the purview of the Telecom Regulatory Authority of India. This notification laid special emphasis on some of the functions vis-à-vis broadcasting and telecom services and asked TRAI to specify the standard norms for and periodicity of revision of rates of pay channels including interim measures, and make recommendations on the parameters for regulating maximum time for advertisements in pay channels and other channels, and on the terms and conditions for “addressable systems” provided to customers.

The TRAI has begun examining the various issues, and has today released a Consultation Note on the matter. The responses to this note, the last date for which is 30th January 2004, will form the basis for a more detailed Consultation Paper on the issues.

In examining the issues, the TRAI has noted inter alia that there is considerable uncertainty about the different aspects of the Conditional Access System (CAS) regime and a detailed examination is required of various issues including the rates for the services in CAS and non-CAS areas. While the Authority has begun its process of examining the issues relating to CAS through a Consultation Process, it has decided to bring some certainty in the rates prevailing for these services in the interim period before it finally decides on the policy measures. More details are given in the section below.

2. Main Features of the Consultation Note and the Tariff Order

The Consultation Note raises a number of issues including:

- (a) The norms and underlying principles for fixing and periodically revising rates (or ceiling rates) for consumers/ cable operators / multi service operators for individual pay channels, bouquets thereof, and distribution of free-to-air channels in various areas, e.g. CAS and non-CAS areas;
- (b) Principles governing the sharing of pay channel charges between broadcasters, Multi Service Operators and local cable operators, and sharing of any compensation that may have to be paid to customers
- (c) The principles for the extent of bundling of pay channels to be allowed so that bundling does not discourage selection of individual channels;
- (d) Terms and conditions for sale/rental of set top boxes, and for refund of charges deemed inappropriate;
- (e) Compensation to be paid by cable operators to viewers if transmission is interrupted for more than a specified portion of prime time in a month or in the case of a sports channel, a similar portion of the time during an important sports event;
- (f) Principles for laying down and ensuring the standards of quality of service to be provided by the cable operators / Multi Service Operators / Broadcasters and for ensuring the quality of service;
- (g) Measures to facilitate competition, promote efficiency and encourage wider consumer choice in the operation of Broadcasting and Cable services so as to serve consumer interests and to ensure the availability of services in rural and remote areas;
- (h) The maximum advertising time to be permitted per half-an-hour on free-to-air channels along with other conditions that are required to be imposed;
- (i) Further regulation of advertising on pay channels in reference to tariffs for the channels;

The Authority has noted that not only are there no standard rates or conditions at which the services are provided by the cable operators to the cable subscribers, there are reports that there may be an increase in the rates charged to the subscribers. **The TRAI, therefore, decided to specify as ceiling the rates at which the charges will be paid by the cable subscribers to cable operators, by the cable operators to multi service operators and by multi service operators to broadcasters (including their authorised distribution agencies) as prevailing on 26th December 2003 with respect to both free-to-air channels and pay channels, and for both CAS and non-CAS areas, until a final determination by the Telecom Regulatory Authority of India on the various issues involved.** The Hon'ble Delhi High Court, in CW No. 8993-4/2003 dated 26th December 2003, directed the continuance of implementation of CAS in Delhi on a trial basis, initially for a period of three months, after which appropriate directions would be issued after taking into account the feedback for the three months' experience. The ceiling rates have therefore been specified as those prevailing on 26th December, 2003.

For more details, please see "www.trai.gov.in"