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TELECOM REGULATORY AUTHORITY OF INDIA

Website: www.trai.gov.in

TRAI issues Tariff Order and Interconnection Regulations for Digital Addressable Cable TV Systems

Delhi, 30th April 2012– TRAI today has issued the Tariff Order and Interconnection Regulations for the Digital Addressable Cable TV Systems. While the Tariff Order has been issued as an amendment to the existing Tariff Order for addressable systems, dated 21st July 2010, the Interconnection Regulation is comprehensive one for the Digital Addressable Cable TV Systems.

The Salient features of the Tariff Order and Interconnection Regulations are:

1. All channels (pay and free-to air) to be offered on a-la-carte basis to subscribers.

2. There will be a Basic Service Tier (BST) consisting of a minimum of 100 free-to air (FTA) channels comprising of at least 5 channels of each genre namely news and current affairs, infotainment, sports, kids, music, lifestyle, movies and general entertainment in Hindi, English and regional language of the concerned region. 18 channels of Public Broadcaster and Lok Sabha channel will also form the part of the BST. While Multi-system Operator (MSO) has to offer the Basic Service Tier, it is not obligatory for subscriber to subscribe to the BST. Instead subscriber can form his own package of a maximum of 100 FTA channels. In either

case the MSO cannot charge the subscriber more than Rs. 100/- per month.

3. It shall be open to the subscriber to subscribe to the BST or one or more FTA channels or one or more Pay channels or bouquets offered by MSO or any combination of these.

4. In case subscriber chooses Pay channel(s) with or without FTA channel(s) the MSO can fix a minimum monthly subscription not exceeding Rs. 150/-. If the total value of the channels/ bouquets opted by the subscriber exceeds Rs. 150/- then actual subscription charges has to be paid.

5. The basic purpose of digitisation is to ensure ample choice to the consumer as well as to enable him to budget his subscription according to his paying capacity. Accordingly, the Authority has mandated MSOs to carry a minimum of 500 channels from 1.1.2013. However, keeping in view that the smaller MSOs having less than 25000 subscribers may need some additional time for building the capacity, they have been given time up to 1.4.2013. Besides, to ensure that the consumer is not adversely affected, the Authority has prescribed that every MSO should have a minimum capacity to carry 200 channels from 1st July, 2012. Authority expects that all the MSOs operating in areas of Phase-II onwards to take suitable measures to enhance the channel carrying capacity to 500 channels.

6. Only those MSOs that have the requisite capacity, as mentioned above, can invoke ‘must provide’ clause. The broadcasters shall not provide their channels to MSOs who have channel carrying capacity of less than 200

channels immediately and less than 500 channels from 1.1.2013 or 1.4.2013 in case of smaller MSOs.

7. The Broadcaster would enjoy ‘must carry’ provision from 1.1.2013 or 1.4.2013 as the case may be, for Hindi, English and channels in the regional language of the concerned area.

8. The provision relating to amount charged by broadcaster to MSO remains unchanged. They can charge a maximum of 42% of the rate, they charge in the non-addressable systems.

9. The Authority has addressed the issue relating to the Carriage Fee. Keeping in view the fact that substantial investment for implementation of Digital Addressable Cable TV Systems is made by the MSO and the cost involved in carriage of channels, the Authority has decided that every MSO may fix the Carriage Fee. However, it should be published in the Reference Interconnect Offer and applied in a uniform, non-discriminatory and transparent manner. The Carriage Fee cannot be revised upward for a minimum of 2 years. The Authority would intervene in case it is felt that the Carriage Fee is unreasonable.

10. The MSOs can fix the retail tariff and also package and price offerings. However, the sum of the a-la-carte rates of channels, forming part of a bouquet, shall not exceed 1.5 times the rate of the bouquet. Further, the a-la-carte rate of any channel shall not exceed 3 times the average channel rate of the bouquet.

11. The July 2010 Tariff Order provides that the revenue share between the MSO and LCO shall be based on mutual negotiations. The Authority has now prescribed that in case the mutual negotiations fail, the revenue share shall be in the ratio of 55:45 (MSO: LCO) for BST or FTA channels.

The revenue share for Pay channels or bouquet of Pay channels with or without FTA channels shall be in the ratio of 65:35 (MSO: LCO).

12. Implementation of Digital Addressable Cable TV Systems will lead to better choice to consumers, variety and quality of content, adequate revenue to stakeholders and healthy environment for the industry in addition to bringing in transparency in the business transactions and subscriber base. It would also ensure that the Government receives the due revenue.

Details of the Interconnection Regulations and Tariff Order are available on TRAI website: **www.trai.gov.in.**

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