Cable TV Industry – INDIA

A Digital and CAS perspective
TDSAT meeting August- 2008
Growth Trends Television industry

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<tbody>
<tr>
<td><strong>Television Distribution</strong></td>
<td>75.0</td>
<td>97.0</td>
<td>117.0</td>
<td>136.5</td>
<td>167.0</td>
<td>204.0</td>
<td>253.0</td>
<td>310.0</td>
<td>380.0</td>
<td>22.8</td>
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<tr>
<td><strong>Share (%)</strong></td>
<td>58.3</td>
<td>61.2</td>
<td>61.2</td>
<td>60.4</td>
<td>60.1</td>
<td>60.6</td>
<td>60.4</td>
<td>61.6</td>
<td>63.3</td>
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<td><strong>Television Advertising</strong></td>
<td>48.0</td>
<td>54.5</td>
<td>66.2</td>
<td>80.0</td>
<td>100.0</td>
<td>120.0</td>
<td>150.0</td>
<td>175.0</td>
<td>200.0</td>
<td>13.9</td>
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<tr>
<td><strong>Share (%)</strong></td>
<td>37.3</td>
<td>34.4</td>
<td>34.6</td>
<td>35.4</td>
<td>36.0</td>
<td>35.8</td>
<td>35.8</td>
<td>34.8</td>
<td>33.3</td>
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<tr>
<td><strong>Television content</strong></td>
<td>5.7</td>
<td>7.0</td>
<td>8.0</td>
<td>9.4</td>
<td>11.0</td>
<td>12.6</td>
<td>16.0</td>
<td>18.0</td>
<td>20.0</td>
<td>13.1</td>
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<tr>
<td><strong>Share (%)</strong></td>
<td>4.4</td>
<td>4.4</td>
<td>4.2</td>
<td>4.2</td>
<td>4.0</td>
<td>3.8</td>
<td>3.8</td>
<td>3.6</td>
<td>3.3</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>128.7</td>
<td>158.5</td>
<td>191.2</td>
<td>225.9</td>
<td>278.0</td>
<td>336.8</td>
<td>419.0</td>
<td>503.0</td>
<td>600.0</td>
<td>21.2</td>
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*Source: FICCI PWC Entertainment & Media 2008*
TRAI and its ROLE in Regulating B&CS

- Cable Television Services brought under Telecom Regulatory Authority of India in 2004
- A Fast track judicial body (Telecom Disputes Settlement Appellate Tribunal – TDSAT) now available for settlement of disputes between broadcasters and MSOs /cable operators
- TRAI issued three regulations in August 2006 to create a legal framework for smooth implementation of CAS.
- These included a tariff order, interconnect regulation and QOS regulation.
- TRAI’s key roles on Regulating the Broadcast and Cable Industry includes powers for:
  - Interconnect regulations
  - Tariff Orders
  - Pricing regulations
  - Revenue Share methodology and process
Opening up for Transparency and Level Playing Field

Key Recommendations of TRAI

- Restructuring of Cable Industry with a larger role for MSOs and Digitalization plan within five years
- Head end in the Sky (HITS) policy to be announced by Government, TRAI completes all recommendations on this
- DTH policy on tariff and Quality of Services
- New recommendations on FDI policy in cable- upto 74% by TRAI
- Internet Telephony allowed for ISP’s.
- Cable Broadband focus with easier Right of Way (RoW) and Wireless possibilities
- Non CAS tariff regulations for TV subscribers
- Cable Companies can provide IPTV. Recommendations cleared by Government. MSOs can consider this opportunity, marketwise
- Ala carte choice of Channels by MSOs from Broadcasters in non CAS
- New Television Rating points (TRP), Television Audience Measurement (TAM) policy by TRAI
- MVNO policy announced
TRAI’s Recent recommendations on Restructuring of Cable Industry Needing Attention of Ministry of I&B

- Greater emphasis laid on network digitization, increased addressability and to encourage voluntary CAS
- Incentives prescribed to Multi System Operators (MSOs) to introduce total digitized networks
- The registration for cable TV operator to be replaced by a comprehensive and supportive licensing framework
- Separate licensing frameworks for Cable TV operators (LCOs) and Multi System Operators (MSOs)
- Eligibility criterion made specific to identify the entities who can act as LCOs and MSOs
- Option and flexibility to choose Service area given both to LCOs and MSOs
Recommendations Pending Government Clearances

- CAS extension to the remaining three metros and subsequently followed by digitalization of 55 cities within a span of 3 years (with addressability)
  - The digitalization process can only work, if there is a planned (phased) mandate for pay channels discontinuation in analog. Without this, MSOs may continue to spend huge amounts for digitalization, but subscribers may not switch for a STB (digitalization)
  - This was also made aptly clear during the finalization of the document on Voluntary CAS for 55 cities and it was agreed by all stakeholders including Broadcasters.

- HITS platform – licensing policy and rules
- Internet Telephony
- Cable industry should get a equal footing like other platforms in terms of regulations or the absence of it!
Thank You