

Key Points made in IITCOE Submission to TRAI on Digitisation in DTT sector

Main argument for digitization:

- Transition to digital systems of broadcasting would make it possible to transmit larger number of channels in the bandwidth occupied by existing channels.
- This would free up frequencies in this band that can be used for both television and non-television media by both private and public entities.
- Digitization will contribute to streamlining and standardization in the TV industry, thereby leading to formalization of an industry as a whole and creating new configurations of interest.
- Would result in inflow of private capital in the sector.

Argument for digitization in the sector linked to three issues:

1. Monopoly on terrestrial transmission in a highly commercialized TV ecosystem
2. Absence of legal framework impediment to investments and private sector participation
3. What models are viable if:
 - a. DD expands its services: Is there a need for DD to expand its services?
 - b. Private players are introduced-how can regulatory frameworks be created that are in line with emerging trends in the management of digital dividend ushered in by digitisation.

Monopoly on terrestrial transmission:

- Move to de-monopolise DTT secures greater plurality in platform ownership thus ensuring that no single broadcaster can exert undue influence on public opinion and political agendas.
- DTT as a platform is an expensive proposition and the doubts on the viability of such a switchover is evident in DD's slow rollout of DTT services.
- Cheaper for DD viewers if DD focuses on DTH and continues to provide free-to-air channels.

Introduction of private players:

- Opportunity to usher in reforms and create inclusive and competition-promoting regulatory framework.
- Participation of private players in DTT sector must be done in a manner that introduces competition in
 - o i. consumer devices including STBs;
 - o ii infrastructure as implemented in the telecom sector and;
 - o iii. content.
- Any regulatory framework for introduction of private players in DTT needs to be guided by a public service vision.
- Access, affordability, content and convergence are key issues that must be considered.
- Goal should be to migrate towards a market oriented regime for converged networks. Unified License for Broadcasting (ULB) should be introduced that encompasses DTT & C&S TV.
- It is important that a ULB be delinked from spectrum.

- If spectrum in the bands 470-698 MHz is made available to private players it should be delinked from the ULB and liberalized so that it is service and technology neutral.
- Sale of spectrum should be conducted through auctions.
- Trading in secondary markets should be permitted for spectrum.
- Sharing of both active and passive infrastructure between public and private entities and amongst various private entities should be allowed for telecom sector.
- TRAI needs to synchronize regulatory approach for DTT broadcasting to emerging technology and evolving market system of devices.
- TRAI can benchmark various policy options in its consideration of how spectrum should be earmarked:
 - A. The whole spectrum can be shared for providing DTT service and 4G/Internet Service side by side.
 - B. One part of the spectrum can be used to provide pure 4G / Internet Service.
 - C. The other part of the spectrum may be divided between:
 - A. Public Broadcaster and Private Broadcasters with no existing C&S License.
 - B. Public Broadcaster and Private Broadcaster with existing C&S License but not having 4G license.
 - C. Public Broadcaster and Private Broadcasters with existing C&S License as well as 4G License.

Further TRAI policy options for licensing to private operators:

1. Only those private entities are to be offered a license who are keen to provide TV services for viewers in a specific area, rather than across the country.
2. Second, only those private entities are to be offered a license who do not have license for Uplinking/Downlinking satellite broadcast, as this would go a long way in balancing market power in the favour of DTT operators.

Viable Models

- Opening of DTT sector to private players, essentially amounts to competition and a precondition would be to separate the policy, regulatory and operations of DD.
- Mandating private players would mean opening up of terrestrial frequencies and not just satellite frequencies for non-state actors.
- Clarity on mandated FTA channels as commercial viability of FTA channels would consume large bandwidth. Also, FTA channels offered by private operators are available only after paying a fee.
- If service over DTT becomes chargeable, without any subscription fees for distribution as DD would pay for it that service would be in direct competition with DD DTH services.
- Commercial sustainability of private players would demand that charge for services to recover spectrum, content and infrastructure costs. This would be in competition with DD free DTH services.
- Any regulation must consider both paid and FTA channels and call for different licensing terms and regulatory compliances.

If and when private players are permitted in DTT sector:

1. The financial terms for a license for admitting private players in DTT could involve either a fixed annual fee, or a revenue share, like in FM Radio and Mobile Telecom. In either case, a proportion of the license fee should be channelized to fund in part DD's efforts to enhance or sustain its own programming and in part overall DTT infrastructure expansion and maintenance. The license fees could also be used to subsidize or fund community TV in DTT mode.
2. We also recommend that part of the revenue should be directed to a USOF type of fund created to ensure the sustainable funding for the sector. The funds should be deployed either for quality programming for the public service broadcaster, capitalizing on the enhanced viewer/ listener experience DTT promises, or to cushion subsidies for the interoperable STBs required for audience that cannot invest in the upgradation.
3. Further, an expert committee should be set up that can prepare a roadmap for auctions of frequencies. The committee should also formulate means to disburse the revenue generated from the dividend of introducing private players in the ecosystem. Usually such funds are directed to the consolidated fund of India, however a case can be made for directing some revenues to the I&B ministry as an incentive for them to vacate the spectrum. Funds from the auction should also be directed to DoT as they manage spectrum through the Wireless Planning and Coordination Wing.
4. The policy should ensure that funds generated will be deployed As demonstrated in other jurisdictions the use of SFN networks with multiple transmitters operating on the same frequency in the same region is a way of improving spectrum efficiency in terrestrial broadcast.
5. An even regulatory framework (especially for permissible content, advertising time and licensing is required for DTT and for 4G/5G, since both platforms are effectively able to provide TV programming on mobile phones.
6. Since DTT is most efficiently said to operate in limited geographies, any possible risks to concentration of media ownership in the relevant geographical market must be taken cognisance of while formulating licensing criteria for private players in DTT.
7. If and when private players are permitted in DTT, the FDI norms applicable for the sector will have to be brought to par with the FDI norms applicable in the C&S TV sectors. As per the new FDI rules announced in June 2016, the broadcasting carriage services (including cable networks, DTH and mobile TV) have been allowed 100% (or near 100%) FDI with government approval or through the automatic approval route.
8. Market power stipulations including concentration ratios need to be emphasised if moving to a Unified License regimes for broadcasting. For uniformity in regulatory design we propose a sharper version of market power stipulations prevailing in FM Radio where a license cannot hold more than x% of stations or frequencies in a service/territory, and not more than y% of stations across the country. This is especially important as Unified License becomes a means to accumulate interests within TV sector and across TV and telecom sectors.
9. DTT must ensure uniform and continuous audio and video quality of service for all viewers. There must be no effect on the quality of service due to the number of users on the network.