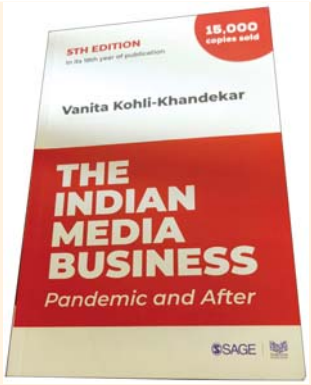
THE INDIAN MEDIA BUSINESS

The Indian Media Business, Pandemic and After by celebrated journalist Vanita Kohli – Khandekar is a fascination account of the Indian media ecosystem and its trials and triumphs and tribulations. Excerpts from the book is published.

DISTRIBUTION

The other important constituent of the broadcast business is the distributor. This could be a cable operator/MSO combine, a DTH operator or a telecom or broadband company.



THE DISTRIBUTORS

The three distribution platforms currently used in India are as follows.

Cable:

This has been discussed in great detail in 'The Past'. Just to add, the cable signals that we get on our TV sets are broadcast on the C-band, which has a wider arc and, therefore, a wider spread. First, MSOs catch the signal and sell them to cable operators who in turn resell them to consumers. When these signals are sold without a set-top box, they make for a non-addressable market.

With an analogue or digital set-top box, it is easier to track who is buying what.

DTH:

DTH works like regular broadcasting, the only difference being the frequency at which the signal travels (DTH operates in the Ku-Band) and how it is received. The viewer has to buy a dish and a set-top box and can then receive the signals that a DTH operator sends directly. Therefore, unlike cable where there are two intermediaries, the MSO and the cable operator, in DTH, there is only one-the DTH operator.

Terrestrial:

This form of broadcasting is currently the exclusive domain of the state-owned DD. It works by relaying signals across the 644 towers it has currently (down from 1,400 in 2000). There are ways of increasing the capacity of terrestrial broadcasting by digitizing signals. This is called digital terrestrial broad- casting or DTT.

Streaming:

The sending of video as data signals over the same wires that carry the internet has firmly moved from a niche mechanism to a mainstream business. In May 2021, there were 795 million Indians online. Of these, 450 million watch some form of streaming video, that is, either on smart TVs, on the mobile, on a laptop or any other internet-enabled device. Note that they also watch TV on the linear mode, so there is an overlap with the 892 million Indians who watch TV. The big difference between the two is that streaming allows you to watch on-demand; this means you can watch a show or a film whenever you want and as many times as you want. You are not dependent on a broadcaster's schedule.

THE DISTRIBUTION REVENUE STREAMS

There are three main revenue streams for most distributors.

Subscription:

This is the money that cable operators/MSOs or DTH operators collect from homes. On cable, a basic tier of 100 channels costs ₹154 a month (including taxes). In addition to this, depending on the pay channels you take costs could go up to ₹200–₹575 a month. If the operator is affiliated to an MSO, a part of the revenue goes to the MSO. In DTH, which is a prepaid service, the price a user pays could go from ₹130 to ₹800 or more a month, depending on the packs taken.

Advertising:

It is another major stream. Most operators and MSOs have their own channel, like CCC from Hathway. These get ads from local retailers or regional brands and sometimes for local events.

Carriage and placement revenues:

Carriage is a fee for, literally, carrying a channel. Placement, on the other hand, is the charge for placing it in a favourable band or position vis-à-vis competition.

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THE CONVERGENCE BILL

It was after this forward-looking judgment that talk veered around to drafting a Broadcasting Bill. After several drafts and many delays, the Broadcasting Bill mutated into the Communications Convergence Bill. It was modelled on the Convergence Bill of Malaysia and sought to be a master legislation for IT, telecom and media. The Bill addressed both 'carriage' or distribution and 'content' or software issues. It also provided for a super regulator, that is, the Communications Commission of India (CCI), a body like the Federal Communications Commission in the USA that would govern IT, telecom and media. CCI would handle all licensing and regulatory functions in these three areas. The Bill also provided for a spectrum management committee, essentially a body that would allocate frequency for telecom, IT or media purposes.

The formation of CCI could have been a dramatically forward-looking step. CCI is the ideal solution in a business where technology changes every few months, bringing about changes in business imperatives. Therefore, having a law that locks into a certain technology would stunt it. The Digital Millennium Copyright Act of 1998 in the USA was a response to a techno- logy, MP3. Users have moved beyond MP3 and the law has become largely obsolete. In a convergence scenario, locking any one part of the IT, telecom and media trio to any one technology could hamper growth.

However, the Convergence Bill never saw the light of day. The example of Prasar Bharati shows that the government still has a big role in the running of the 'autonomous body'. Prasar Bharati relies on budgetary support from the government and is, therefore, not really independent. At various forums and even internally, broadcasters have expressed the fear that as with Prasar Bharati, the Communications Commission would not be truly independent. The Convergence Bill, tabled in Parliament in 2001, was referred to a standing committee and finally lapsed.

THE CABLE ACT, 1995

It began with the Cable Television Networks (Regulation) Act, which came into being in March 1995. Essentially, it regulates the setting up, content and equipment used by cable TV operators in India. It also put a foreign equity cap of 49 per cent on cable network companies (now 100%).

Then came the Cable Television Networks (Regulation) Amendment Bill, 2000. This made it mandatory to carry three DD channels in the prime band. It also made it the cable operator's responsibility to ensure that he/she does not carry any pro- gramme in respect of which copyright exists under the Indian Copyright Act without the requisite licence. This implies, says media lawyer Ashni Parekh, that it is the cable operator's responsibility to first get the permission for re-transmission of any programme or film on cable TV.

To this Bill, the government added an amendment in 2002, making conditional access systems (CAS) mandatory. The government's intention was good, but the amendment was flawed. It was silent on who would bear the cost of the technology and gave the government too much power to decide which channels will be watched, where and at what price.

Thereafter, the Cable Television Networks (Regulation) Amendment Act, 2011, formally recognized TRAI as the broadcast regulator and instituted a registration mechanism for cable network operators. The 2011 amendment also allowed the central government to specify the DD channels that are to be mandatorily carried and detailed the mechanics of transitioning to digital addressable systems, including obligations on the cable network provider to publicize its subscription rates, standards ofquality of service and grievance redressal mechanism at prescribed intervals.

TRAI BECOMES BROADCAST REGULATOR, 2004

To deal with the litigation, protest and the mess surrounding CAS in January 2004, MIB issued a notification expanding the scope of the expression 'telecommunication services' to include broadcasting and cable services as well. As a result, TRAI is empowered to regulate these services.

TRAI soon froze cable rates, then allowed a 7 per cent increase, issued consultation papers and guidelines on everything from digitization of cable TV to DTH. In a business where there was no regulation to one where issues of competition, pricing and technology are thrown up for discussion and where detailed consultation papers have been issued, this is a long way to have travelled from 1991.

DTH BROADCASTING (2001)

Earlier, in 1997, the government had banned the Ku-Band after Star TV advertised that it was launching a DTH service. In 2001, it was opened up for broadcasting. However, the policy states that a broadcasting or cable company cannot own more than 20 per cent in a DTH venture. The total foreign equity cap in DTH was 49 per cent including FIIs, overseas corporate bodies, NRIs and others. In 2012, this was increased to 74 per cent. Also, a DTH operator cannot create exclusive content or programming and, therefore, its own channels. It cannot enter into any exclusive contracts to distribute TV channels. ■