

# Telecom Hotline

August 06, 2006

## 'IPTV OUT OF THE CABLE TV ACT' - TRAI PROPOSES

The Telecom Regulatory Authority of India ("TRAI") has put forth a proposal that Internet Protocol Television ("IPTV") should be regulated under the existing telecom licences, so as to facilitate its growth in the country.

### IPTV

IPTV is a system where a digital television service is delivered over a broadband connection instead of the traditional way of transmitting through a cable network.

TRAI has noted that certain problems are likely to arise if IPTV is to be governed under the Cable Television Networks (Regulation) Act, 1995 ("Cable Act"). This is because IPTV services were not conceived at the time of enactment of the Cable Act, which aimed to regulate the conventional cable TV system. Some of the problems likely to arise if IPTV is brought within the scope of the Cable Act are as follows.

- Section 4A of Cable Act provides that in the transmission of free-to-air channels, an addressable system should not be a pre-requisite. However, technological requirement of IPTV to deliver content through a Set Top Box ("STB") could lead to non-compliance of Section 4A.
- Use of different protocols by different companies and lack of standardization for IPTV services would violate the requirement of Section 9 of Cable Act, which requires the use of equipment conforming to Indian Standards.
- TRAI has also proposed to hold the telecom operators liable for regulation of content by way of requirement of compliance with the Programme Code and the Advertising Code.

Implementation of this proposal could cause a major setback to the television broadcasters who have all along been demanding keeping IPTV within the ambit of the Cable TV Act. It also implies that telecom operators would be able to freely offer IPTV using their broadband network and on the basis of the telecom licenses that they currently hold.

### FOREIGN DIRECT INVESTMENT

Moreover, in the context of the above issues there may be a need to revisit the FDI norms that may be applicable for entities providing IPTV services, as currently FDI is only prescribed in respect of cable TV services (49 %) and telecom service operators (74%), subject to certain regulations.

### APPLICABILITY OF OTHER GUIDELINES

Also, the relationship between Downlinking and Uplinking Guidelines and the IPTV service provider would need clarity. Currently, the regulations are constrictive to the extent that they prohibit cable operators/DTH providers from carrying unregistered TV Channels, while they are silent on service providers who provide TV channels through other mediums such as IPTV.

Comments on TRAI's proposed amendments have been invited from all stakeholders by June 23, 2006.

### IMPLICATIONS

IPTV may be one of the first instances in India of voice, video and data being provided on a single network and on a large scale. This in turn leads to convergence of telecom and entertainment services, thereby raising the need for a new regulatory framework which holds no rigid distinction between telecom service providers and television/entertainment service providers.

India proposed a Convergence Bill in the year 2000, which attempted to address the issues of regulating converged telecom and entertainment services. However, till date the Bill awaits enactment.

- Khushboo Baxi & Gowree Gokhale

Source:

- Proposed amendments in the Cable Television Networks (Regulation) Act, 1995 and the existing Telecom Licenses for facilitation of growth of IPTV services
- TELECOM REGULATORY AUTHORITY OF INDIA Press Release No. 49/ 2006 June 6, 2006
- The Hindu Business Line - June 6, 2006

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