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The Big Picture: DTH v/s OTT

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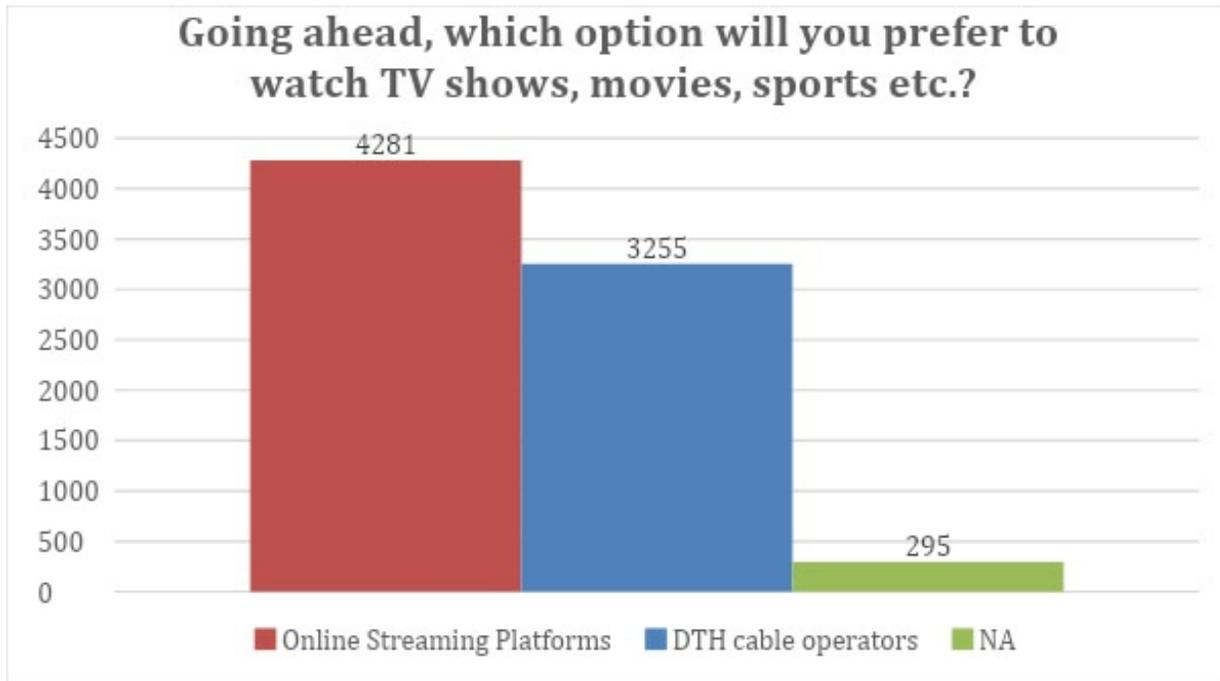
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According to a recent report by the **Telecom Regulatory Authority of India (TRAI)**, the **average active subscriber base of DTH services** has seen a **sharp decline of 25 percent** in this quarter **coming down to 54.26 million in April to June quarter in comparison to 72.44 million in January to March** this year.

Reasons for fall in DTH subscribers

- This **coincides with the new DTH tariff regime implemented from 1st April**. The decline in subscriber base highlights the challenges faced by DTH operators during the transition to new tariff regime.

- Meanwhile the **rise of OTT services also seems to have impacted the DTH subscription** numbers. With high competition in the segment , OTT service providers give consumers a combination of both attractive content and subscription package. However regulation for OTT platforms continues to remain a contentious issue with the govt mulling over it's options .
- A recent survey suggests that **almost 55% Indians prefer OTT over DTH services and almost 87% of Indians use mobile to watch** videos these days.



The differences and similarities

DTH

- DTH is an acronym for **'Direct To Home'** service. It is a **digital satellite service** that provides **television** viewing services directly to subscribers through satellite transmission anywhere in the country.
- The **signals are digital** by nature and are **received directly from the satellite.**

OTT

- An **'Over The Top'** media service is any **online content provider** that offers streaming media as a standalone product. The term is commonly applied to **video-on-demand platforms**, but also refers to **audio streaming, messaging services, or internet-based voice calling solutions.**
- It needs **access to the internet** and **smartphones, tablets, laptop/computers.**

- The **content** and the **context** of DTH and OTT are completely different. OTT platforms are very **personal** whereas DTH connections are **more social** in nature.
- They **complement each other as well** like the OTT platforms suggest about the material available on DTH **by advertisements**.

Are DTH service providers really declining?

- The information about the **reduction of 25% is not entirely correct** because TRAI has **changed the method of computation**, worked out the numbers in a new and more accurate way by which some phantom figures have been removed. So the loss of subscribers is not that huge.
- The **price factor and the tariffs of OTT platforms have not really gone down to the extent of wiping out DTH** or reducing the subscribers significantly.
- **New tariff order has changed the bills empowering consumers to pay only for what they want to watch**. The bills will be different for users depending upon their personalised usage rate so there might be complaints from **some users, paying more bills** than the others who have **reduced bills** due to their smaller watch list. So it is not fair to say that all the bills have gone up.
- **Bundling or packages of channels** makes it easy for the consumer to choose because selecting content to watch with minimal tariff is an extremely difficult exercise. It is not fully developed plan but the sector is working on it.
- It is about the **customers preferences** also about what and how they want to watch and on which platform. There will **always be a place for the conventional broadcast tv** and there will be a **space for newer options like OTT platforms** as well.
- Just like DTH came and overtook the Cable Connections, the OTT is taking over the DTH now. That is why a lot of **DTH service providers are teaming up with the OTT platforms to sustain themselves**.
- **TRAI has taken measures by making an app** to help consumers choose channel combinations and minimise their bills. It is working even further in the field to help customers in every way possible because no business will flourish if the customers are dissatisfied and not taken care of.

Why are OTT platforms overtaking DTH service providers?

- The **convenience and ease with which OTT platforms can be watched** makes it more attractive. Mobile phones can be carried anywhere and the user can watch anything of the choice anywhere, anytime given the data availability.
- The **cost of data services have gone down drastically** in the last few years which has raised the number of average users including the rural areas as well.
- OTT platforms seem a **better option in comparison to high tariffs and the tedious process of choosing the channel combinations** in the DTH.

- Because of the availability of internet and ease of carrying smartphones, tablets or laptops, there is **consumption irrespective of relatively higher charges** for OTT platforms like Netflix and Amazon Prime **which shows people's demand and interest** in them.

Can OTT platforms completely overtake DTH service providers?

- As far as the battle between the DTH and OTT is concerned, we should remember that these are **technologies which allow similar products to be consumed in different ways**. It is **fair that the consumer has the choice to select** what works for him or her the best.
- Whether OTT will take over DTH market or not, it depends on various factors. One of them is the **dependency on the internet connection in OTT platforms** which is still **uneven and not accessible** to more than half the people of India.
- **Roughly two-third of India does not actively use the internet** so OTT choices become very limited. So the whole idea of OTT taking over DTH or cable connections is a **little premature**.
- Even **DTH has not taken over the cable because there are significant active players** in the market with huge fibre deployed all over the country. So they should not be considered dead instead they are coming back into the market. For example- JIO fibre.
- It is necessary to **recognise the diversity of the devices which is good for the consumer**.

Future of OTT platforms in India

- **OTT is going to be on rise** for sure. **Internet penetration levels are not stagnant and increasing day by day** with the help of **Digital India** and broadband programmes taking it to far flung areas.
- The **ease in information collection** and **more importantly the trust towards the phones** show that the base of OTT is going to increase further.
- It is the **question of convenience where quality is improving with more young people getting involved** with the OTT platforms. **Indian youth is the biggest consumer of it and India's online video demand is close to China's and has surpassed the UK and the USA**. According to **KPMG Report, India will have more than 500 million subscribers on all OTT platforms by 2023**.
- The **streaming speed is far better** than before and will grow even more in the future under the schemes like Digital India.

Regulatory Aspects

- The challenge in regulating the OTT is that it is a **part of the internet and very difficult to separate from the larger internet**. Regulators face the challenge of how to separate it out and then regulate it from the broader internet which is impossible.
- Law is very clear regarding the regulations. OTT providers are governed by the **Information Technology Act, 2000 Section 79** where the intermediate liabilities lie. So the OTT providers do not have to get involved in the inception, transmission and reception of the content which make them not liable for the content.
- Regulators now **focus on smaller issues which are specific to Indian context** only. Our **licence services are very heavily regulated** so the **issue is not the regulation but reduction in the high level regulations** of the Telecom service in order to empower everyone to choose their ways of consumption.
- Clear ways under the **Information Technology Act** are mentioned to deal with the content after it is made available to the OTT platforms.
- A lot of **streamlining needs to be done** for OTT platforms.

Information Technology Act, 2000

- The act regulates use of computers, computer systems, computer networks and also data and information in electronic format.
- The act lists down among other things, following as offences:
 - Tampering with computer source documents.
 - Hacking with computer system
 - Act of cyber terrorism i.e. accessing a protected system with the intention of threatening the unity, integrity, sovereignty or security of country.
 - Cheating using computer resource etc.

Section 79 of Information Technology Act, 2000

It exempts intermediaries from liability in certain instances. It states that intermediaries will not be liable for any third party information, data or communication link made available by them.

Way Forward

- The need for **transparency** on the OTT platforms is a very important, especially for an industry that touches so many people and with **limited regulations** on it, because it is an **entertainment platform mainly** and this will further **provide choices** to the consumers.
- Over time there will be a **level playing field, based on market dynamics**, rather than forcing it through a regulator for support, pricing and directions, with harmony between all the old, new and emerging multimedia platforms.