



Telecom Regulatory Authority of India

Recommendations

On

**Policy and Operational issues for Television Audience
Measurement (TAM)/ Television Rating Points (TRP)**

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Mahanagar Doorsanchar Bhawan

Jawahar Lal Nehru Marg

New Delhi- 110 002

PREFACE

Television Audience Measurement/Television ratings are widely accepted as the currency for both buyers and sellers of television advertising; Television industry which has estimated Rs. 22,600 Crores as its annual revenues in India (2007), of which 35% (approx. Rs 8000 crore) comes from advertising. Television ratings primarily meant to guide the Broadcasters, the Media agencies and the Advertisers, to determine their programme scheduling, ad spend and the placement of the ads have often also influenced the content and scheduling of programmes, as well as pricing of channels.

There are close to 360 broadcasting channels, and these are expected to reach 465 by the end of 11th Plan. With the proliferation of new channels fragmentation of audience is taking place. Digitalization, new technologies such as video-on-demand, digital video recorders, internet viewing are changing the traditional methods of television viewing. All these are throwing up new challenges for the ratings services. Audience Measurement systems have also to adapt to these changes.

Initially undertaken by the Public Broadcaster Doordarshan, through Diary system in 1989, currently two more agencies are carrying out the Television Audience Measurement in this country. Television Rating Points (TRPs) have been subject of much debate over issues on lack of transparency, inadequate sample size in terms of numbers as well as coverage in respect of platforms, some of the states and rural areas not getting any representation at all; leakage of panel homes which could lead to manipulated ratings, inadequate competition in rating services, and channels replicating content in their chase for higher TRPs to garner higher ad revenues. The viewer therefore, also becomes an important stakeholder in this business of ratings. There is thus a strong case for review of the present ratings system in India, both from the perspective of consumer welfare as well as to bring in greater transparency and its impact on competition in the market.

The Ministry of Information & Broadcasting, Government of India, has sought recommendations of the Telecom Regulatory Authority of India (TRAI) on the various issues surrounding Television Audience Measurement/Television Ratings. Under the TRAI Act, the Authority is responsible only for the carriage aspect of broadcasting and regulating content does not fall within its regulatory jurisdiction. The content is governed by the advertisement and programme code of the Cable Television Networks (Regulation) Act, 1995 of the Information and Broadcasting Ministry. The Authority has analyzed the issues taking into account the comments received from the stakeholders and international practices before giving recommendations in the matter.

The comments from the stakeholders indicate a perceptible dissatisfaction with the present ratings system. Internationally, self-regulation by the industry has been found to be satisfactory. The Authority took note of the industry initiative to set up a joint industry body, purportedly much on the lines of the United Kingdom, Broadcasters Audience Research Board (BARB) model to govern the rating system in India; and the increase in the coverage with entry of a second rating agency.

The guidance from the members of the Standing Committee on IT has been of great value to the Authority. The Authority has concluded that for the present self regulation may work best and a framework laying specific guidelines including certain reporting requirements would effectively address the shortcomings. The recommendations broadly reflect the expectations of consumers, broadcasters, advertisers and ad agencies.

(Nripendra Misra)
Chairman, TRAI

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CHAPTER - I

INTRODUCTION

BACKGROUND

- 1.0** The Ministry of Information and Broadcasting (I&B), Government of India, had sought recommendations of the Telecom Regulatory Authority of India (TRAI) with respect to various issues relating to the Television Audience Measurement (TAM)/ Television Rating Points (TRP) and the policy guidelines to be adopted for Rating Agencies. A copy of their letter is at ***Annexure-I***. Expressing concern that TRP ratings have a direct impact on the scope and schedules of the content of channels and therefore the perspective of larger public interest cannot be ignored; the Ministry in their letter have pointed out the following deficiencies from which the present ratings system suffers:-
- (i) The ratings originally came into being to guide advertisers in optimizing their spend. Instead of being confined to such an internal exercise, ratings have become a benchmark for setting the priorities of TV and programmes of channels in the country as if what interests a small sample of viewers momentarily and what is the “interest of the people” at large are the same.
 - ii) It is said that these ratings have inhibited original Indian creative genius and plurality in different regions of the country as channels are made to “fall in line” and become uniform in programming.
 - iii) The system is stated to be more advantageous to big channels.
 - iv) The benchmark yardstick for the country is urban and does not cover rural India.

v) Rating does not reflect all sections of the society as it works by getting the cooperation of a few active households belonging to certain sections of the society.”

1.1 The Ministry has sought the recommendations on the system of TRP ratings and the policy guidelines to be adopted for Rating Agencies. Issues on which recommendations have been sought are indicated below:-

- Registration System (if any) to be followed
- The Guidelines for such registration should provide for the norms which may include;
 - i) Minimum sample size;
 - ii) Type of equipment to be used;
 - iii) Whether technology adopted should be real time system for generation of reports;
 - iv) Minimum coverage required over different platforms including terrestrial, cable and satellite, coverage of rural as well as urban, coverage of all states including North-East and J & K, coverage of Prasar Bharati channels;
 - v) Ensuring secrecy of sampled families and simultaneously transparency and reliability of data so generated ;
 - vi) Powers of the regulator to seek any information from the rating agency such as where people meter have been placed;
 - vii) Other issues such as – whether the rating agency should take steps to educate listeners and viewers about the methodology so adopted, net worth, FDI and so on; and
 - International practices.

1.2 Consultation Process

1.2.1 In keeping with the Authority's work procedure, the Authority released a Consultation Paper on 28th March 2008. The comments from the stakeholders were hosted on TRAI's website. An Open House Discussion (OHD) was held in Delhi, on 15th May 2008. TRAI also placed draft recommendations on its website and sought stakeholders' comments.

1.3 An overview of the Indian Entertainment & Media (E &M) Industry

1.3.1 The Indian Entertainment & Media Industry has been growing at a remarkable pace. In 2007, its performance had surpassed the performance of many other industries and was above the national growth rate. The industry generally tends to grow faster when the economy is expanding. The Indian economy has been witnessing 6-8 percent growth in the last few years. With increasing income levels, consumer spend is also on the rise due to a sustained increase in disposable incomes backed by reduction in personal income tax over the last decade. All these factors have given an impetus to the industry and are likely to contribute to the growth of E & M industry in the future as well.

1.4 Industry Revenue

1.4.1 As per the recent report of FICCI¹ in 2007, the industry registered a growth of 17% over the previous year, higher than the growth rate of 15% projected in the previous year. The revenue of the industry has reached an estimated size of Rs. 51,300 crore in 2007, from Rs. 43800 crore in 2006. In the last four years 2004-2007, the industry has registered a cumulative growth of 19% on an overall basis.

1.4.2 The revenue share from various segments of the Indian E&M industry for the last four years is given in the table below;

¹ FICCI Entertainment and Media Industry Report 2008

TABLE I

Contribution of various segments of E&M Industry to total Revenue				
Segments	2004	2005	2006	2007e
Television	42%	44%	44%	44%
Film Entertainment	20%	19%	19%	19%
Print Media	32%	31%	29%	29%
Radio	1%	1%	1%	1%
Music	2%	2%	2%	1%
Animation, Gaming & VFX	N.A.	N.A.	2%	3%
Out- of -home advertising	3%	3%	2%	2%
Online advertising	0%	0%	0%	1%
Total E&M Industry	100%	100%	100%	100%
Source: FICCI , Industry and TRAI Analysis				

1.5 Advertising Revenue

1.5.1 For the year 2007, the revenue of advertising industry has been estimated at Rs 19600 crore, which constitutes about 40% of the total revenue of E & M Industry; registering a growth of 22% over the previous year (From Rs 16100 Crore to Rs.19600 Crore). In the last four years 2004-07, the advertising industry registered a cumulative growth of 20% on an overall basis, similar to the growth trend of the telecom service sector.

1.5.2 The segment-wise revenue of the Indian Advertising industry is tabulated below:

TABLE 2

Indian Advertising Industry				
Segment	2004	2005	2006	2007e
	(Rs in crore)			
Television	4800	5450	6620	8000
Print	5440	6270	7800	9400
Radio	240	320	500	620
Out-of-home	850	900	1000	1250
Online	60	100	160	270
Total Advertising	11390	13040	16080	19540
Source: FICCI				

1.5.3 It can be seen that Television is contributing more than 40% of total advertising revenue and it is expected that this trend will continue.

1.6 An overview of Indian Television

1.6.1 Television in India has been in existence for nearly five decades now. The first telecast in India was started by Doordarshan (DD), the National Television Network, on September 15, 1959 in New Delhi. In the first 17 years, its spread was slow but steady and transmission was in black & white. Sales of TV sets, as reflected by licenses issued to buyers were just 676,615 until 1977.

1.6.2 The last two decades have seen Television come to the forefront with an impressive development in the numbers, channels and delivery platforms, drawing support from technological innovations and new policies. The 1982 Asian Games hosted by India brought with it colour TV introduced by state-owned broadcaster Doordarshan (DD). DD then proceeded to install transmitters nationwide rapidly for terrestrial broadcasting. In this period no private enterprise was allowed to set up TV stations or to transmit TV signals. In the early nineties came the broadcast of satellite TV by foreign

Channels like CNN, followed by Star TV and a little later by domestic channels such as Zee TV and Sun TV into Indian homes.

1.6.3 Over the last few years, the number of channels being offered on cable television has also rapidly increased. From two channels prior to 1991, Indian viewers were exposed to more than 50 channels by 1996, and to 360 as in June'08 as per information available through uplinking and downlinking guidelines. The number of channels is expected to reach 465 by the end of the 11th Plan. The current phase of development of digital broadcasting will further increase the number and nature of TV services offered. The increase in the number of channels over the years has resulted in fragmentation of the viewing audience.

1.6.4 As per National Readership Survey (NRS), 2006, there were 112 mn homes owning television (industry estimates presently 120 million TV homes), 55% of which were rural. Homes with cable and satellite have increased by 12% from 61 million to 68 million with 29 million being rural. Cable and satellite (C&S) has penetrated 57% of all TV homes over the previous year. Of the 44 million Terrestrial TV homes, 11 million are Urban and 33 million rural. Homes with colour TV have increased from 58 million to 64 million in 2006. The increment of 10.4% runs parallel to the growth in C&S.

1.6.5 Total Revenue from Television Industry

1.6.5.1 Estimated at Rs 22600 crore in 2007, the television industry revenue has registered a growth of 18% over the previous year, up from a substantial large base of Rs 19100 crore in 2006. In the last four years 2004-07, Television Industry has registered a cumulative growth of 19% on an overall basis.

1.6.5.2 The various segments of television revenue for the last four years are tabulated below;

TABLE 3

Indian Television Industry				
Segment	2004	2005	2006	2007e
	(Rs in crore)			
Television Distribution	7500	9700	11700	13650
Television Advertising	4800	5450	6620	8000
Television Content	570	700	800	940
Total	12870	15850	19120	22590
Source: FICCI				

1.7 Television Advertising Revenue

1.7.1 According to industry estimates, television advertising revenue has increased from Rs. 6600 crore in 2006, to an estimated Rs. 8000 Crore in 2007 and advertising contributed about 35% of the television industry's revenues. Television advertising contributed 19% of the growth in the overall growth of 21% achieved by the television industry in the last four years.

1.7.2 As per latest report of FICCI, General entertainment channels recorded the maximum launch of new programmes in 2007 to hold on its viewers, followed by news channels. Among all brands advertised on television during the year, half of them were new brands. The number of advertisers on TV grew by 29% in a span of five years from 2003 to 2007. The number of brands advertised by these advertisers grew by 23% in 2007 as compared to the year 2003. The average number of advertisements per day on a channel in 2007 increased by 50% as compared to 2003.

- 1.7.3 The Industry has projected that the revenue from Television advertising industry will reach Rs. 20000 crore in 2012 from the current estimated size of Rs. 8000 Crore in 2007, which translates into a growth of 20% on cumulative basis over the next five years.

1.8 Delivery Platforms

- 1.8.1 Apart from the terrestrial network of Doordarshan and the newly emerging technologies like IPTV, Mobile TV etc, there are at present basically two major delivery platforms available for distribution of TV channels to the subscribers, namely, the cable TV distribution network and the Direct to Home (DTH) service. DTH and IPTV are addressable and digital platforms, whereas the cable distribution is mostly un-addressable analogue platform, except in the notified areas for Conditional Access System (CAS). On January 1, 2007, mandatory Conditional Access (CAS) was introduced by the Government, starting with select regions in the top 3 metros of India- Delhi, Mumbai and Kolkata. Chennai was the only other metro city where CAS was previously present. Voluntary CAS is also being offered at a few places in the country. The implementation of this limited CAS came along with several safeguards by the Government so as to protect the interests of the consumers. A new licensing framework for Headend-in-the sky (HITS) another digital platform has also been recommended by the Authority.
- 1.8.2 Convergence of technologies, services and markets is the emerging paradigm around which the entertainment and communication industry is centered. Advancement of technology has blurred the line between the telecom, broadcasting services and networks. Accordingly, the viewer for the various types of platforms, as is evident in other countries where convergence has started earlier, has seen a trend of moving towards converged equipments and platforms. Convergence of technologies is redefining TV viewing. "The open transport and interface protocols of IP mean that access to content has become largely network and device

independent.”(FICCI). New devices to capture TV audiences across various platforms through portable people meters (PPM) and Return path Data (RPD) which can take TV tuning information from large number of digital TV Set Top boxes are also getting introduced. Technological up gradations are therefore constantly required in the measurement devices and through sampling designs to take care of new developments.

1.9 Significance of Audience Measurement

1.9.1 The major impetus for audience measurement is advertising. Advertising expenditures are typically guided by audience measurement and the cost of reaching various audience segments. The fact that advertising is the major source of revenue for several forms of media (including broadcasting, newspapers, and magazines) has embedded audience measurement in the operation of these industries. Obviously, the system places a premium on audiences that will be attractive to advertisers, either by virtue of their sheer size or desirable composition. As more channels are introduced, there is increased competition for viewership and channel positioning. Newspapers and other print media automatically receive some feed-back from their audience in the number of copies they sell. This is not the case with radio and television, and programmes are sometimes produced and transmitted at high cost, and often to wide areas, merely in the belief that there is an audience for them. With the growth in the number of channels and the growth of regional, kids and news channels, the task of both broadcasters and advertisers in retaining viewers has become increasingly difficult. The result is that market segmentation and targeting are vital. To do this, accurate and regular audience measurement data are essential.

1.9.2 TV ratings form an important constituent of fund flows in this industry. In a changing media environment, where there is potential for more targeted campaigns, marketing departments are under greater pressure to prove their effectiveness. When advertisers want a commercial to reach an

audience, they need to place it in TV programs which capture an audience. The more audience a program draws, the more commercial time is worth to advertisers. So the amount charged for advertising is usually a negotiated rate per thousand viewers multiplied by the audience estimate. TRPs are used by Advertisers, Broadcasters and Production houses. Broadcasters and Media agencies are constantly competing with each other as well as amongst themselves for higher TRPs, for on these rides the ad spend and programme scheduling, and very often the content too gets determined by the TRPs, taking TRPs as an indication of the viewers likes and dislikes. Ratings often also influence pricing of channels. With the impact of the visual media on the social fabric through content creation and programme scheduling, issues of accountability, transparency and objectivity in ratings cannot be completely ignored. False and misleading ratings therefore can affect not only the broadcasters and the advertisers but also the viewing public as well.

1.9.3 Although, some may argue that with the multiplicity of channels, the viewers are free to select the programmes they wish to watch, nonetheless it has also been evidenced that often the content is getting replicated, leaving viewers with little choice. The number of channels therefore does not per se guarantee diversity of content. Broadcasting is the most pervasive, powerful means of communication. In many places with high levels of illiteracy or poverty, it remains, besides radio, the only access to news, information and entertainment. Therefore, the content of what is watched is in a prime position to influence the viewers in a significant way. However, the Authority had already made it clear while initiating the Consultation process that Quality benchmarks measuring audience impact are not part of this consultation.

1.9.4 Both from the point of view of facilitating competition and development of technology, there is need for a closer look at the TRPs. TRAI has examined this reference from the Ministry, under Section 11 (1) (a) (iv) and (vii) of the TRAI Act 1997.

1.9.5 The Authority deliberated on various issues emanating from the written submissions of the stakeholders, Open House Discussions, meetings with the Industry Associations, and International practices. The Authority after carefully examining all the responses received from the various stakeholders, and the developments that have taken place, has arrived at the recommendations; the summary of which is available in **Chapter – V**.

CHAPTER – II

Television Ratings- present status and recent developments

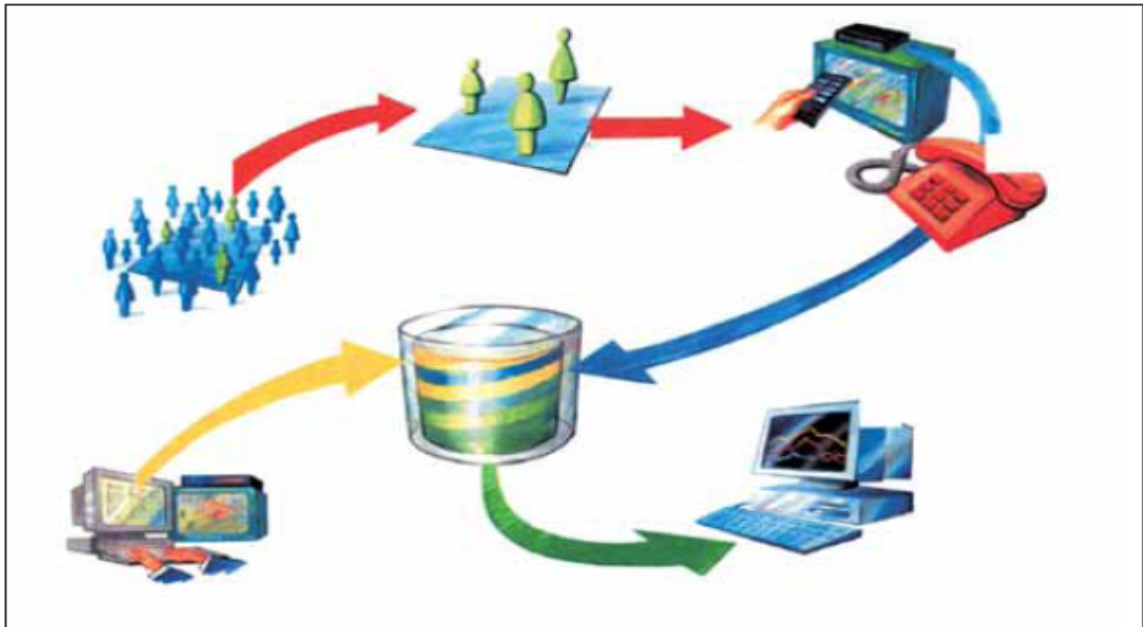
- 2.1 TRP is the acronym for Television Rating Points that has a tremendous impact on advertising expenditure. Within each market, advertisers have many channels and programme to choose from and the allocation of their budgets is largely determined by television audience estimates provided by rating companies. Therefore, the integrity of the work done by the rating agencies is extremely important.
- 2.2 TRP is the criterion that indicates the popularity of a channel or programme. Television ratings provide information about the TV watching habits of viewers from different socio-economic background of the audience. Basically this is the ranking list of popular TV programs released periodically by various rating agencies. This helps advertisers and corporate media planners in selecting the right media at the right time to reach the target audience.
- 2.3 Generally, when used for the broadcast medium, one rating point equals 1 per cent of the given population group. When used for the broadcast of a program, the average rating across the duration of the show is typically given. Ratings points are often used for specific demographics rather than just households. For example a ratings point among the key 18-49 year olds' demographic is equivalent to 1% of all 18-49 year olds' in the country.
- 2.4 Gross Rating Points (GRPs) are chiefly used to measure the performance of TV-based advertising campaigns, and are the sum of the TVRs of each commercial spot within the campaign. An ad campaign might require a certain number of GRPs among a particular demographic across the duration of the campaign. The GRP of a campaign is equal to the percentage of people who saw any of the spots, multiplied by the average number of spots that these viewers saw.
- 2.5 With large sums of money spent annually on producing TV programmes and commercials, reliable TV audience information is required to evaluate

and maximize the effectiveness of this investment. This has led to the ever-increasing demand by broadcasters, advertisers and advertising agencies to have accurate, consistent and detailed information about TV audiences. These ratings, if reliable and valid, become 'common currency' for the market's commercial airtime. Media planners and buyers evaluate the alternative programmes offered to best achieve their advertising goals, broadcasters evaluate programmes or a channel's popularity and how much to charge advertisers for commercials during a programme or on a given channel.

2.6 Audience Measurement methods

2.6.1 There are many ways to measure the audiences. One is through random telephone calls. Another is by using TV diaries; booklets in which selected sample viewers record their television viewing during a measurement week. However, with the increasing number of channels, multiple broadcasting platforms and increased numbers of TV sets and remote controls per family, electronic gadgets called People meters are used to measure audiences. The People meter, about the size of a paperback book, is placed on each TV set in the sample home. The box has buttons, and remotes are assigned to each person who lives in the household (with additional buttons for guests). Each meter is capable of monitoring every second, 24 hours a day, 365 days a year, what is being viewed on each TV set and by whom. The meter stores this data which is then periodically transmitted by means of the family's telephone line, or a dedicated cellular telephone line to a central computer for analysis. These are released weekly and have progressively moved towards overnight and in a few cases real time releases. In actual practice, all three methods (Interviews, diaries and People meters) are used either alone or in combination, for increasing the accuracy and spread.

2.6.2 The process of rating done with the help of People meter by OzTAM, the Ratings Agency in Australia is given below:



1. **Establishment Survey:** A large-scale survey is conducted to define the population to be represented and its characteristics. Respondents to the survey form a pool of households from which the panel homes are recruited.
2. **The Panel:** Panel homes are selected according to a statistical design which provides recruitment criteria that guarantee that the panel represents the TV audience.
3. **The Peoplemeter:** A people meter is installed on every TV set in each household. It records and stores four pieces of information: time, TV set on / off, channel tuned, persons viewing. All residents and guests register their television viewing using a remote control.
4. **Transmission:** Every night the data stored in the people meter is retrieved automatically via modem telephone software (silent phone call). The production system performs the collection, processing, validation, weighting and final production of each household data.
5. **Production Software:** The production system controls the fundamental process of consolidating, validating and analyzing the household data.

The output is an audience database – individual by individual, minute-by-minute, data delivered overnight, 365 days a year. Individual data is never identified except in terms of demographic profile.

6. **Program database:** Using broadcast logs provided by the TV Networks, a program database is built and fed into production system for integration with the viewing data. In this way, ratings are linked to the actual program.
7. **User's PC:** Each morning, users of the data are able to download the complete database from a secure website. TV channels, advertising agencies, advertisers and other clients are then able to perform complex data analyses using their choice of analysis software.

2.7 Ratings in India

2.7.1 Initially, the only data available and followed was Doordarshan Audience Ratings (DART), collected by DD's audience research unit through its 40 Kendras and 100 All - India Radio stations. Starting with general viewing survey up to 1988, Panel diaries were introduced by DD in 1989 & continued up to 2001. They were later revived in 2004 covering 3600 TV homes in rural and 1600 TV homes in Urban India.

2.7.2 In 1994 ORG-MARG's INTAM (Indian National Television Audience Measurement) was established. INTAM's sample size was miniscule and restricted to major cities. While INTAM was in operation, a second rating agency TAM Media Research was formed in 1998. A Joint Industry Body (JIB) comprising representatives from the Indian Society of Advertisers (ISA), Indian Broadcasting Foundation (IBF) and Advertising Agencies Association of India (AAAI) worked closely with TAM in technical matters. However, the JIB has largely remained non functional. In 2001, both INTAM and TAM were formally merged. It was only in 2004 that another rating agency, Audience Measurement and Analytics Ltd. (aMap), came in existence in India. Its commercial operations however, started only in February, 2007².

² Source: Annual Report 2006-07

2.7.3 TV ratings on a commercial basis are now being done by the two agencies; TAM Media research and aMap. Their operations are limited to a few large cities with a population above one lakh (TAM Media research- 145 towns and aMap -87 towns). All states except J&K, N.E, Bihar and Jharkhand are covered by TAM Media Research. The aMap sample includes all states except J&K and N.E. but includes Jammu and Guwahati. Within big cities too, their sample size is limited to a total of about 7000 (TAM) and 6000 (aMAP) metered homes. Roughly, 30,000 respondents from large urban centers represent 120 million viewers, assuming five members per household.

2.7.4 Equipment and technology used till recently by TAM Media Research Pvt. Ltd. (TMRPL) was not DTH and CAS compatible. Out of a total 120 million TV homes, about 60 million are estimated to be C&S homes. Ratings are currently based on cable homes. Since there is large scale under reporting of cable homes, 7000 people meters are grossly inadequate. Also, since nearly 60 per cent of television sets are old black and white ones, reliability of accuracy of sensing device of people meter is doubtful in capturing the viewership. Further, spread of channels is not uniform across different regions of the country. All this highlights inadequacy of rating methodology presently being followed. As a result, channels having more viewership in rural or among certain sections are disadvantaged in the ratings. Mainly urban viewership is deciding the ratings of programmes and programme schedules of TV channels.

2.7.5 The inadequacies of the present system results in disproportionate weight-age being given to viewer-ship pattern of a small sample of viewers. The perceived ill effects of such skewed ratings are:-

- (a) The broadcasters focus more on producing content which is popular in their perception. The perception of broadcasters is based on the Television Rating Points (TRP). However, if the ratings are skewed, then such a system would promote production of content which may not really be popular.

- (b) The broadcasters fix the rates for advertisement spots for different programmes based on the popularity of such programmes as reflected by Television Rating Points (TRPs). A non representative rating system will result in advertisement rates for more popular programmes being less than the advertisement rates for less popular programmes.
- (c) The advertisers devise their media strategies based on the Television Rating points (TRP). If the ratings do not reflect the viewer-ship pattern accurately, then there is a likelihood of the advertising campaign missing its target viewers.

2.7.6 There have also been issues relating to secrecy of the panel homes. Availability of the entire list of sample households with the broadcasters had made news in the past. Accessibility of panel homes would mean that the outcome can be manipulated. Ratings have also come in for criticism on account of a lack of transparency in the method adopted for selection of the panel households; of not being subjected to any validity tests through independent audit in regard to the methodology adopted by the rating agencies for determining the sample and the procedures followed for arriving at the final results.

2.8 Recent Developments in India

2.8.1 The industry has recently announced the formation of Broadcast Audience Research Council (BARC), a voluntary effort of leading industry associations of the broadcasters, media and advertising sector to oversee and control the TV audience measurement system in India. According to the draft Memorandum of Association, “The objective of the Company is to conduct and commission market research and studies using appropriate methodologies with a view to providing accurate up to date and relevant findings relating to Television and other audio/video media, including but not restricted to TV Ratings for TV programming and spot ratings without fear or favour in a completely transparent and objective manner and at a reasonable cost to users.”

2.8.2 BARC proposes to be a not-for-profit body under section 25 of the Companies Act, 1956 with an equal representation (four members each) from Indian Society of Advertisers (ISA), Indian Broadcasting Foundation (IBF) and Advertising Agencies Association of India (AAAI). The IBF has the broadcasters as members, the AAAI has about 80 advertising agencies, large, medium and small, along with their media agencies who play a key role in the buying of advertising time on behalf of their advertisers and represents almost 80% of all television time bought in the country. The ISA is a body of advertisers and represents almost 70% of all Television time bought in this country. Each of the three members will have equal representation and equal voice in the design and monitoring of the rating system and in the administration of BARC irrespective of the funding pattern (85% by Broadcaster; 10% by Advertising/Media Agencies and 5% by Advertisers). BARC will have an Industry Technical Committee to guide it in the area of research design and analysis.

2.8.3 Discussions with representatives of the proposed industry body reveal that they are planning to adopt the Broadcasters' Audience Research Board (BARB) model of UK. It will commission research in two stages. Stage I involves designing and commissioning an establishment survey which is a cross-sectional study of Television Penetration (rural and urban), Viewership Habits (of both terrestrial and satellite delivered channels over analogue as well as digital delivery modes) and demographic taxonomy of viewers. This study becomes the basis of designing the rating panel. Stage II begins when the Establishment Study analysis is complete and the contours of the Ratings Panel can be defined. Both stages will be separately commissioned and both will involve global competitive bidding to ensure that the process is competitive.

2.8.4 They further claim that all aspects of representation (coverage) and data quality will be ensured keeping all stakeholder interests in mind. BARC proposes to cover urban-rural, all socio-economic classes, all town classes and all delivery types (terrestrial, cable and CAS/DTH homes). BARC has undertaken to ensure that the panel is open to audit following industry

research norms. A copy of BARC's draft Memorandum of Association (MoA) and Articles of Association (AoA) is at ***Annexure II***.

CHAPTER III

International Practices

3.1 An Overview of Organizations for Television Audience Measurement

3.1.1 Television ratings systems fall along a wide spectrum, ranging from almost total independence of a for-profit supplier to a fully controlled industry system. Different countries have come up with their own mechanisms for governing the Audience Measurement, each with its own advantages and disadvantages. There is no fixed structure about the method which audience ratings organizations follow and the choices have been made to suit country specific measurement issues and needs. Largely these are not regulated through Government bodies.

3.1.2 The organizations can broadly be classified into three major forms:

1. Own Service (OS)
2. Media Owner Contract (MOC) and
3. Joint Industry Committee (JIC).

3.1.3 **Own Service (OS)** are services, which are set up on an entrepreneurial basis and wholly owned and managed by a research supplier. The advantages of this type of organization are primarily those of speed in terms of both set up and ongoing changes and improvements. There is no long-term cost commitment by users since they simply buy the data they require. However, there are disadvantages for users. Although there is no direct underwriting of costs involved, the charges to users can be expensive since they are (usually) dealing with a monopoly supplier. The service can be of variable quality being solely in the hands of the research supplier which may have weak or non-existent quality control and/or non-transparent operations. It can be difficult for users to change or improve the service since they have no direct say and no periodic contract review. Finally, if other research suppliers provide rival surveys, this can be wasteful in terms of the deployment of financial resources available in the market. It is also

wasteful in terms of agency resource in that multiple data sets have to be purchased and reconciled.

3.1.4 Media Owner Contract (MOC) in which the media owners directly control the rating system, with varying degrees of advisory input from advertisers and agencies. This is where one or more broadcasters (and occasionally an agency or advertiser) commission research from a research supplier. The commissioners own the data and they make all the decisions, although there is usually a technical committee, which represents other users. The advantage of this type of organisation is that there can be a better cost structure. Costs are guaranteed and usually shared, and contract costs can be controlled and linked to inflation. The contract is normally for a set period, which means that it is open to competition from other research suppliers. This element of a contract renewal time frame is also important in pushing incumbents to be more innovative, to protect their franchise. The results are acceptable to all subscribers. The greater the percentage of the industry involved, the more acceptable the results will be. The disadvantages are that it can be slower to set up and make changes in a committee structure than with an OS. The organisation can discriminate against non-participating media owners and in some cases can be used as a tool to exclude competitors.

3.1.5 Joint Industry Committees (JIC): A JIC is where the research is commissioned by a committee representing all interested parties: broadcasters, advertisers and media agencies. The committee owns the data and makes all the decisions regarding it. Members' views are expressed through sub-committees. The advantages of this system are that the costs are shared. The reliability of research is likely to be high since it has the largest number of interested parties who examine all the technical procedures. Total industry involvement also means that the data are acceptable to all users. The system is likely to promote innovation and improvement in television audience measurement, as JICs are more likely to appoint the best supplier than any other kind of organisation. The

criticism leveled against this approach is that it tends to be slow, as everything has to be agreed upon by relatively large committees.

3.1.6 The Table below captures the different forms of organizations in different parts of the globe.

TABLE 4

	<i>JIC</i>	<i>MOC</i>	<i>OS</i>
<i>“Europe”</i>	Finland, Italy, UK	Czech Rep, Germany, Netherlands, Norway, France	Hungary, Russia, Spain
<i>“North America”</i>	-	Canada (BBM)	USA
<i>“Latin America”</i>	-	-	Brazil Colombia Mexico Venezuela
<i>“Asia Pacific”</i>	New Zealand	Australia, Hong Kong	India, Japan, Thailand
<i>Africa</i>	South Africa	-	-

(Source: aMaP)

The Practices followed in select countries are detailed below:

3.2 United Kingdom³

3.2.1 The Broadcasters' Audience Research Board (BARB) is responsible for providing estimates of the number of people watching television. BARB provides television audience data on a minute-by-minute basis for channels received within the UK.

³ www.barb.co.uk

3.2.2 BARB was set up in 1981 to provide the industry standard audience measurement service for television broadcasters and the advertising industry. BARB is a non-profit making limited company owned by BBC, ITV, Channel 4, five, BSkyB and the Institute of Practitioners in Advertising.

3.2.3 BARB does not undertake audience measurement directly; instead contractors produce audience ratings on its behalf. The ratings activity is broken up in to three contracts. The Audience Measurement contracts are held by the following research companies-RSMB (panel design and quality control), Ipsos MORI (establishment surveys), AGB Nielsen Media Research and TNS (recruiting and metering, data collection and processing).

3.2.4 On 1st January 2002, an entirely new audience measurement contract began which will continue until 2009. The previous measurement panel (which went live in August 1991) was replaced with an entirely new panel recruited from scratch. This is the first entirely new measurement panel for the UK for over 30 years.

3.2.5 Key features of the current service are larger reporting sample and improved panel design. Among The main developments are:

- Removal of demographic disproportional. The under sampling of down-market audiences has ended and the design of the panel is now proportionate to the population.
- Improved geographic representation. Regional panels are more representative of their proportion of the UK population. London, for example, has 20% of the population but under the previous system had only 12% of panel homes. Under the current system it has 17% of panel homes.

- Revised panel controls (the aspects against which the panel is recruited to ensure it is representative- such as age, social class, sex, working status, life stage, number of people in the household etc.) Multi-channel television homes are recruited with a greater level of panel controls than with the previous system.
- A More detailed weighting scheme to introduce a greater level of representativeness to the reporting sample.
- An increased annual Establishment Survey (the source of population estimates and penetration figures on which panel controls are based) of 52,000 interviews to provide more robust estimates, particularly by platform.

3.2.6 Viewing estimates are obtained from panels of television owning households representing the viewing behaviour. Panel homes are selected via a 'multi-stage, stratified and unclustered sample design to ensure that the panel is fully representative of all television households across the whole of the UK.

3.2.7 The BARB Establishment Survey is carried out on a continuous basis and involves some 52,000 interviews per year. It is a random probability survey, which means that any household within the UK has an equal likelihood of being selected for interview. The survey ensures that any changes taking place in the population can be identified so that the panel can be updated and adjusted to ensure that the panel continues to reflect the television-owning population.

3.2.8 Once a panel member agrees to join the panel, their home will then have all their television sets, videocassette recorders etc. electronically monitored by a meter which automatically identifies and collects information about the programme and channel that the panel member is viewing.

3.3 United States of America⁴

3.3.1 In the early 1960's a U.S. Congressional Committee held hearings on the purpose and accuracy of audience research and considered regulation related to the TV and Radio industries. These public hearings are commonly referred to as the "Harris Committee Hearings on Broadcast Ratings." After investigation and extensive testimony, the Committee determined that Industry self-regulation, including independent audits of rating services was preferable to government intervention. The Harris Committee hearings resulted in the formation of an Industry-funded organization to review and accredit audience rating services called the Broadcast Rating Council; now known as the Media Rating Council (MRC).

3.3.2 The activities of the MRC include:

- The establishment and administration of Minimum Standards for rating operations. MRC Minimum Standards for Media Rating Research and relate to: (a) ethics and operations, (b) disclosures and (c) Electronic Delivery. Measurement services accredited by the MRC are authorized to display the MRC logo on accredited products.
- The accreditation of rating services on the basis of information submitted by such services; and
- Auditing, through a specialized team of independent CPA (Certified Public Accountants) firms, of the activities of the rating services. Resulting audit reports are very detailed containing many methodological and proprietary details of the rating service and illumination of the primary strengths and weaknesses of its operations. They determine whether a rating service merits accreditation (or continued accreditation). The reports are confidential among the MRC members, independent CPA firm, and the rating service. Audit reports include detailed testing and findings for:

⁴ www.mediaratingcouncil.org

- Design, selection, and recruitment
- Sample composition by demographic group
- Data collection and fieldwork
- Metering, diary or interviewing accuracy
- Editing and tabulation procedures
- Data processing
- Ratings calculations
- Assessment of rating service disclosures of methodology and survey performance

3.3.3 Quality improvements in the service, either by voluntary action or mandated by MRC as a condition for accreditation, and

3.3.4 **MRC Membership**

Membership is open to any media organization that relies on or uses media research, and each member company is entitled to a seat on the MRC Board of Directors. Media ratings organizations are not allowed to be its members. Currently there are approximately 95 Board members representing TV and Radio Broadcasting, Cable, Print, Internet and Advertising Agency organizations as well as Advertisers and Trade Associations. The MRC also maintains formal liaison relationships with the American Association of Advertising Agencies (AAAA), the Advertising Research Foundation (ARF) and the Association of National Advertisers (ANA).

3.3.5 Syndicated Measurement Services that submit to MRC Accreditation must agree to:

- Supply Complete Information to the MRC
- Comply with MRC Minimum Standards
- Conduct the Service as Represented to Client
- Submit to Annual Audits
- Pay for the Audit Costs (internal & external)

3.3.6 Disclosure Norms:

The MRC mandates rating services to disclose many methodology and performance measures, which would be otherwise unknown, for example:

- Source of sample frame
- Selection method
- Respondents by demographic group versus population
- Response rates
- Existence of special survey treatments for difficult to recruit respondent groups such as young or ethnic persons
- Editing procedures
- Minimum reporting requirements for media
- Ascription and data adjustment procedures employed
- Errors noted in published reports
- Data reissue standards and reissue instances

3.3.7 Rating services awarded MRC Accreditation are given permission to display the MRC's logo on the audited research product indicating compliance with our Standards. MRC Standards are publicly available; more importantly, the extensive methodological and survey performance disclosures mandated by the MRC are required to be available to all rating service customers.

3.4 CANADA⁵

3.4.1 BBM (Bureau of Broadcast Measurement) Canada is a not-for-profit, broadcast research company that was jointly established in 1944 as a tripartite cooperative by the Canadian Association of Broadcasters and the Association of Canadian Advertisers. It conducts surveys of television viewing and radio listening to produce audience ratings information. BBM is owned by TV stations, radio stations, advertisers and their agencies. BBM's surveys provide audience information that helps TV broadcasters deliver the programs that audience want to see.

⁵ www.bbm.ca

3.4.2 BBM does surveys for television stations across the country, as well as advertising agencies and advertisers, three times a year. These surveys are done by mail after selecting sample homes randomly from telephone listings. They ask household members to record their television viewing during a one-week period in a paper diary. The household receives a diary for each TV set and everyone is asked to record their TV viewing in each diary. BBM ask one person to act as BBM's contact, helping to ensure that everyone records their viewing and that the diaries are returned to BBM. These data are then compiled and used to produce audience reports, which are released to its members, several times a year.

3.5 AUSTRALIA⁶

3.5.1 Australia Television Audience Measurement (OzTAM) is the source of television audience measurement (TAM), covering the five city metropolitan areas and nationally for Subscription TV. OzTAM is owned by the three metropolitan commercial television networks Seven, Nine and Ten. Network ABC, Media Federation of Australia (MFA), Advertising Federation of Australia (AFA), Australian Association of National Advertisers (AANA) and Australian Subscription Television & Radio Association (ASTRA) have observer status at OzTAM board meetings.

3.5.2 The media industry uses OzTAM data to assist in program development, advertising planning and to show how television programs and networks perform. It is used by organisations such as television networks, advertisers, advertising agencies, media buyers and program suppliers. They use the data to assist them in assessing program and network performance and to understand viewer behaviour.

3.5.3 For panel selection; households are recruited to OzTAM's panel via a large-scale establishment Survey. The Establishment Survey defines the population to be represented and its characteristics. The Establishment Survey is conducted via telephone interviews throughout the year. Once a household has been recruited, all television sets are monitored by the

⁶ www.oztam.co.au

meter system. The meter records and stores time, date, television set on/off, channel to which each television set is tuned, capturing all broadcast viewing. All residents and guests register their television usage using a remote control. Every night the data is retrieved automatically via modem telephone software (silent phone call). The production system performs the collection, processing, validation, weighting and final production of each household's data.

3.5.4 Once the production processes have been completed, the television program information and ratings are integrated. All data undergoes rigorous quality control both electronically and manually. All results are released the following morning and the data is made available to its subscribers via a secure website.

3.6 SOUTH AFRICA⁷

3.6.1 The South African Advertising Research Foundation (SAARF) is a non-profit making organization that was founded in 1974 to provide on an ongoing basis comprehensive, unbiased, valid, reliable and credible media audience and product consumption measures. It is a tripartite organization consisting of marketers, advertising agencies and media owners. SAARF is financed through a fixed amount by print media owners and through an industry levy by other media owners (television, radio, etc.)

3.6.2 It is a single source survey, because information on media usage, product consumption and demographics are collected from the same respondent. The SAARF TAMS Panel provides television viewing information, minute by minute, using people meters. The results are reported weekly.

⁷ www.saarf.co.za/

3.7 ITALY⁸

3.7.1 Auditel is a company established in 1984 to circulate objective and official data of television audience. The data collection officially started on 7th December 1986 and since then AGB Italia has been assigned to produce the television audience data on Auditel's behalf. Auditel is the "impartial" company, which retrieves the television national and regional audience data in Italy. According to European guidelines, Auditel is a "tripartite" body. Each of its three major members holds 33%, i.e. national public television (RAI), national private and local networks, advertisers (UPA) with Agencies and Media Centres (ASSAP, OTEP, ASSOMEDIA).

3.7.2 AGCOM (the Italian Communications Independent Authority) on May 16, 2006 has come out with guidelines on television (as well as radio and press) audience measurement.

3.7.3 The AGCOM's Guidelines for the Auditel Reform

Governance:

- The corporate structures (including shares ownership and directors) must represent all existing TV markets (digital terrestrial television – DTT, satellite, cable);
- The technical committee must be independent. AGCOM may decide to designate its own representative members in this committee;

3.7.4 Methodological rules on measurement

- The meters (measurement device) must be able to operate on every platform; the audience panel must reflect the rate of penetration of the several platforms;

⁸ www.agcom.it/eng

- The frequency of the audience panel rotation and the margin of statistically acceptable error must take into account the differences among platforms;

3.7.5 Transparency and communications to AGCOM:

Auditel (Rating agency) must communicate to AGCOM:

- Corporate and shareholders' data;
- Data on methodology, viewers panel, audience measurement system, rate of wrong for each category, measurement period, costs the broadcasters must bear to access to the audience data, etc;
- Data on entities controlling Auditel. These data, including the website where the document on the aggregate measurement methodology is available, is published on AGCOM website.

3.7.6 The communications above shall be given (a) immediately after the AGCOM's decision, within 60 days, and (b) then, within 60 days from the event triggering a duty of communication. In any event, every year, on December 31, a statement containing this information must be transmitted to AGCOM. AGCOM entered into an agreement with ISTAT (the National Institute of Statistics) to certify the audience research quality and the audience data correctness. AGCOM, besides, may decide to arrange directly for audience measurement in case of failure to correctly adopt the guidelines and if subsequent monitoring by AGCOM should reveal that the viewers' panel is not adequate.

3.7.7 Based on the international experience, it is clearly evident that in most countries TRP systems are managed through a self-regulatory mechanism. Government intervention is seen only where there is market failure or lack of competition.

CHAPTER – IV

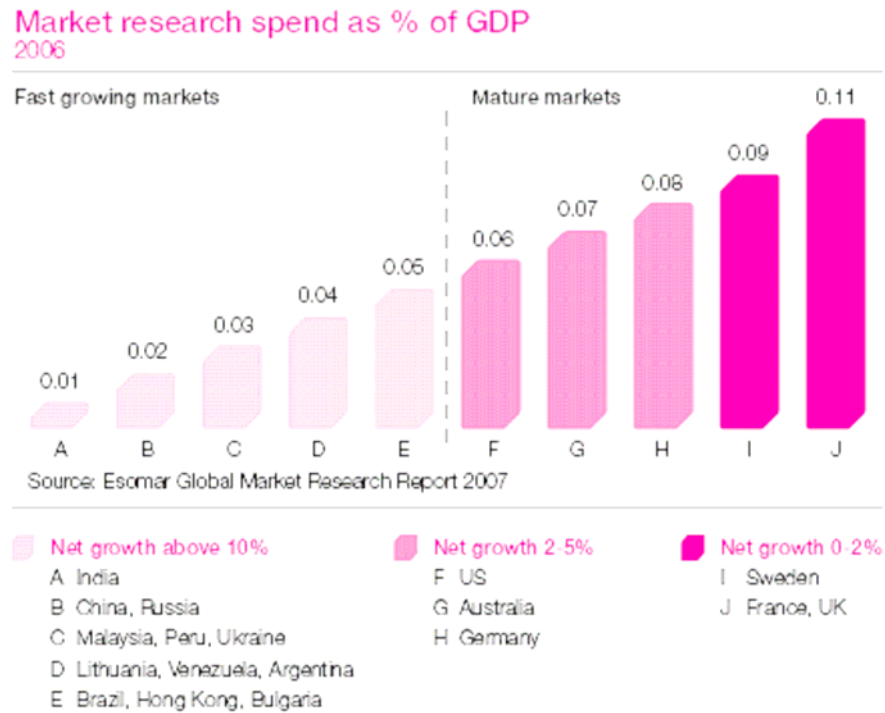
ISSUES, ANALYSIS and RECOMMENDATIONS

4.1 Introduction

- 4.1.1 Television Audience measurement / Television Rating Points have been a subject of debate for sometime now. The shortcomings in the present rating system have been highlighted by key stakeholders that include Individuals, Consumer Groups, Government, Broadcasters, Advertisers, and Advertising Agencies. The Members of Standing Committee on Information Technology have also expressed concern over the failings in the present TRP regime. They relate to measurement methods, lack of competition and the serious limitations of a small sample size which does not reflect the plurality of population, platforms, regions and small towns. The apparent lack of transparency, authenticity and credibility of the existing system of rating and their impact on the content and scheduling of programmes without regard to the choice and sensitivities of the viewer make for a strong case for review of the present ratings services in India, both from the perspective of consumer welfare as well as to bring in greater transparency and competitiveness in the market.
- 4.1.2 In a regime where competition can take care of the necessary checks and balances within the system; pricing of services and regulatory intervention is not advisable. However, as per best regulatory principles, wherever competition fails to address the key issues and resultant market failure is evident, certain regulation may become necessary on the part of the Government or through some other institutional framework. The Authority acknowledges the market failures, and how pricing of channels get distorted because of the market failure in rating systems.
- 4.1.3 Ratings of TV programmes draw large media attention and get wide media coverage. As TRP ratings have potential to influence the popularity or otherwise of a TV programme, many commercial/business decisions like timing and airing of a programme, advertising on a particular programme etc depends on TRP ratings. For advertisers, the ratings are an important

input to the determination of tariff for advertising on different channels. As substantial amounts are involved in buying advertisement time; accuracy, representativeness and transparency in ratings are essential.

4.1.4 As per recent report of Esomar Global Research⁹, Indian market research industry has been recognized as one of the fastest growing market. It has noted that the market research spend is very low as a percentage of GDP in India when compared with other countries.



4.1.5 With growing concerns on content and scheduling of programmes in race for higher ratings, the issue has wide public interface and deserve some form of regulatory interface. The method and the way of monitoring should be such as to promote a healthy competition among the players, optimize use of the resources and produce reliable results so as to address the concerns of stakeholders involved. There is a perception that some form of monopoly is impacting the rating services as of now and even if the agencies are efficient in their procedures and processes, the coverage and scales of the investment to be made by the operators needed to be revisited.

⁹ Source: www.tnsglobal.com/smallworld

ISSUES, ANALYSIS AND RECOMMENDATIONS

4.2 Need for the Government to regulate the system of Television Rating Points (TRP).

-The manner, extent and nature of Regulation.

4.2.1 Stakeholders' Comments

4.2.1.1 There are disparate views amongst the various stakeholders. Some stakeholders have commented that there is no need for any Government intervention in the area of TV rating point measurement. According to them, the television ratings are mainly used to facilitate advertisers and broadcasters to measure the reach of their advertising and programming, and these primarily facilitate the pricing of and trading of television advertising inventory. It is a form of market research. This advocacy relies also on international experience of an industry body to represent stakeholder interests and drive accuracy, representativeness and value from TV audience measurement. Industry sponsored framework have therefore been suggested.

4.2.1.2 On the other hand, some stakeholders have expressed that there is a need for the government to regulate on grounds that the industry is still in an evolutionary mode and with the multiplicity of association of broadcasters; there is a need for government to intervene, at least in the initial stages, without directly getting involved in its management. A significant number of stakeholders are of the view that the industry body should report to TRAI / Autonomous body set up by the Government; who should give guidelines and certify the rating to ensure its independence, scientific basis and accuracy.

4.2.1.3 Stakeholders who favour Government intervention have stated that, the rating agencies and industry led bodies should be brought under compulsory performance obligations. They, however, prefer light regulation in the form of minimum standards for the rating agency. A few stakeholders have however, desired that Government regulation should be very comprehensive and strict in a manner to make rating agencies

accountable and transparent by compulsory reporting to the Government or any agency set up by the Govt. The rating agencies should be registered. In respect of the Industry led body; it should only be lightly regulated, as it would be an industry body comprising of different stakeholders who will take care in balancing their varied interests. However, it should be obligated to file mandatory reports on its functioning to the Government.

4.2.1.4 A dominant section of the industry representing News broadcasters oppose any intervention of the Government/Regulator in the matter as they felt that business is between advertisers, their agencies who are the buyers of the airtime and the broadcasters who are the sellers of airtime. They are, therefore, of the view that as long as these three stakeholders coexist in the television audience measurement space, there is no public space for any intervention either by the Regulator or by the Government. On the other hand, the consumers and their associations and a section of the broadcasting industry are of the view that the market for content is directly impacted by the television audience measurement systems. The manner in which it is carried out currently needs to be looked into and thus, there is a need for government / regulatory intervention to correct the market failures noticed.

In December 2007, the Centre for Media Studies, a Delhi - based NGO, concluded its study of how the content of news channels has changed over the years to cover more of crime and entertainment and less of politics and development. This is because most news channel try to adjust news programmes to match the stories that have got good TRPS, says Prabhakar, head of media lab at the Centre for Media Studies.

“This tendency to follow others results in lack of variety in news,” he adds. According to his institute’s study, coverage of politics decreased from 23.1 per cent to 10.09 per cent in 2007. The coverage of entertainment and crime rose from 6.1 per cent and 9.4 per cent to 16.5 percent and 11.8 per cent, respectively in the same period, while education fell from 1.6 per cent to 0.7 per cent.-----”

Source: Down To Earth June 16 – 30, 2008

4.2.1.5 The deficiencies pointed out by I & B Ministry in the existing scheme of television rating, have more or less been confirmed from the feedback

obtained during the consultation process initiated by the Authority. These deficiencies have the potential to distort consumer preferences and thus indirectly create distortions in the pricing of channels. Signs of market failure are self evident.

4.2.2 Analysis

4.2.2.1 The Authority noted that most countries have left the TRP systems to be governed by the industry itself or industry led bodies. However, the Italian Communications Independent Authority (AGCOM) has issued guidelines for the rating agency to govern their activities.

4.2.2.2 In USA, in the early 1960's, regulation of TV and Radio industries including the purpose and accuracy of audience research were the subjects of extensive public hearings and then US Congress had appointed the Harris Committee to investigate the issues. The Harris Committee after its hearings had come to the conclusion that Industry self-regulation, including independent audits of rating services was preferable to government intervention. The Harris Committee hearings resulted in the formation of an Industry-funded organization to review and accredit audience rating services called the Broadcast Rating Council; now referred to as the Media Rating Council (MRC). An Extract of the summary recommendations of the Harris Committee is at **Annexure IV**. The relevant portions of the recommendations of Harris Committee are reproduced below:

“Under our American system of commercial broadcasting, private companies are licensed to operate for private profit in the public interest. Broadcasting ratings constitute a vitally important aspect of commercial broadcasting. It is impossible to achieve high quality commercial broadcasting in the public interest if shoddy audience measurement practices and improper uses of broadcast ratings are permitted to proliferate. The federal Government, therefore, must be seriously concerned with the reliability of ratings and the proper use of the ratings by the broadcasters and the others whose use of ratings affects broadcasting.

Some degree of informal coordination must be achieved between the present program of industry regulation and the law-enforcement activities by the FCC and FTC in the area of ratings. As a minimum, Broadcast Rating Council and the two agencies should exchange information with regard to complaints received by them concerning ratings.

The enactment, at this time at least, of legislation provided for government regulation of Broadcast Audience Measurement activities is not advisable. The administration of a statute providing for such regulation places an unnecessary burden on the federal government, and it is doubtful that more would be accomplished than can be accomplished by effective industrial regulation.

Broadcasters who use ratings as an important tool in conducting their affairs, and most broadcasters do, have responsibilities which they cannot escape with regard to the quality of the tool and the use they make of it. Broadcasters, in order to perform in the public interest, must become more sophisticated with regard to the rating tools which they employ. It is gratifying to know that there is increased acceptance of this responsibility by some broadcasters even to the extent of promoting formal academic seminars especially designed to acquaint broadcasters and other users of ratings with the basic principals and limitations of the rating procedures”.

4.2.2.3 The Authority noted that three major associations of broadcasters, advertisers and advertisement agencies have taken initiative to form an industry led body called ‘Broadcast Audience Research Council’ (BARC) to govern the various processes of television ratings and they have indicated that this body would be formed under Section 25 of the Companies Act, 1956 as a non-profit organization. Detailed discussions with the industry and the representatives of the proposed BARC reveal that arrangements are yet to be firmed up.

4.2.2.4 The industry initiative - BARC, comprising Indian Broadcasting Foundation (IBF), Indian Society of Advertisers (ISA) and Advertising

Agencies Association of India (AAAI) is a progressive move away from the OS (own service) model prevalent in the country. It is expected that BARC, driven by the three major stakeholders will be more objective, reducing any 'business motive biases' in its operations. BARC is still in the process of being set up and it is premature to embark on any value judgment.

- 4.2.2.5 The Authority has noted that barring the Industry Associations who consider that BARC will play the said role, other stakeholders (Including some broadcasters) prefer a role for Government as- friend, philosopher and guide; irrespective of the presence of an industry led body.
- 4.2.2.6 During the meeting with the Authority, the representatives of BARC provided the draft Memorandum of Association and Articles of Association of the body. The framework and work procedure of BARB, UK seems to be the basic guide for BARC.
- 4.2.2.7 The Authority has examined the relevant clauses of proposed MoA and AoA of the BARC. The key provisions in BARC are following:
- Clause 4 of the Articles of Association deals with the Membership of the council wherein the council / company shall be registered with the three members who are truly representative of the three interest groups; IBF, AAAI and ISA.
 - Any member who in the opinion of the other two members, does not appear to be the true representative of that user group may be removed and replaced with another if the other two members so decide.
 - The right of the Members of the Company shall be specific and shall not be transferable. An institution or Association shall not cease to be a member by reason only of a change in the constitution of such institution or association provided the work of such institution or association remains unchanged.

- There shall be a Board of Directors for the Management and conduct of the affairs of the Company which shall consist of not less than 2 (two) and not more than 12 directors. The Board of Directors shall consist of 12 directors as follows:
 - a) Four directors will be nominated by the Indian Broadcasting Foundation (IBF)
 - b) Four Directors will be nominated by the Advertising Agencies Association of India (AAAI)
 - c) Four directors shall be nominated by Indian Society of Advertisers (ISA)
- The Directors would be representatives of their Associations. Such Associations will have the discretion and authority to nominate or withdraw a member in place of the earlier nominated Member. Any vacancy in the Board of Directors of the company shall be filled by the Board of Directors in accordance with the provisions of the Companies Act, 1956.
- All 4 Authorized Representatives of any one association or institution (Member) shall collectively be entitled to one vote at the election of the Board of Directors of the Company. The Chairman shall be elected from amongst the 12 Board members. The term of the office of the Chairman shall be two years. The position of the chairman will be held in rotation by the Board Members in the following sequence IBF, ISA, and AAAI. The first Chairman of the Board of directors shall be a director from amongst 4 directors nominated by IBF.
- The Chairman of the technical committee shall be permanent special invitee to all Board meetings.

4.2.2.8 The Authority noted that sub-section 5 of Section 25 of the Companies Act, 1956 provides for conferment of a special privilege on any association, which is proposed to be formed as a limited company

under the Companies Act, for serving public interest without a profit motive. Firstly, on a licence being granted by the Central Government, such a company becomes exempted from the use of the words 'Limited' or 'Private Limited' as a part of its name: and secondly it enjoys exemption from such of the provisions of the Act as are specified by the Government in this behalf. The relevant portion of section 25 (5) is reproduced below:

“A licence may be granted by the Central Government under this section on such conditions and subject to such regulations as it thinks fit, and those conditions and regulations shall be binding on the body to which the licence is granted, and where the grant is under sub-section (1), shall, if the Central Government so directs, be inserted in the memorandum, or in the articles, or partly in the one and partly in the other.”

- 4.2.2.9 The Authority weighed the pros and cons of various methods of regulation and the extent to which regulatory oversight is fair in the matter. A number of rounds of discussion were held with various sections of the industry (including the representatives of the proposed industry led body), besides the Open House Discussions. International practices and the evolution of self regulatory Industry led bodies in matured markets were studied. The Authority also noted the recent measures taken by the incumbent rating agency in improving the system of television audience measurement and the serious inadequacies highlighted by the stakeholders of the existing system of measurement.
- 4.2.2.10 The public broadcaster has the important social obligation to provide quality content and independent news and information etc. Presently, more than 50% of television audience watches Doordarshan channels. The Authority noted that while, the state-owned broadcaster, Doordarshan (DD) is a member of the Indian Broadcasting Foundation (IBF); there has not been any active engagement with Doordarshan. While commenting on the draft recommendations some of the stakeholders including Prasar Bharati have suggested a role for Prasar

Bharati in BARC. The Authority recognizes that Prasar Bharati as member of IBF could be selected as a board member in BARC. However, if the Authority recommends a seat on BARC's board for Prasar Bharati it may affect the level playing field. It may therefore be left to the Ministry of Information and Broadcasting to decide on the nominees representing the Government on BARC's board.

4.2.2.11 Since ratings directly influence large public and commercial interests, it is desirable that some effective framework is in place to ensure that the measurements carried out by rating agencies are free from any bias, and represent true and fair picture of TV audience viewing habits.

4.2.2.12 In this regard the Harris Committee had this to say," Rightly or wrongly sponsors react to the audience rating systems. Millions of dollars turn on the rating levels. The immediate and long – range future of all types of programs - news reports, mysteries, comedies, westerns, etc. – are controlled by the ratings which each show receives. If this rating system is to continue we must make certain that the rating received is the rating achieved – no more, and no less". The Authority also agrees with this observation. There is no doubt that a larger public interest is involved in the matter. **One view that emerged from the consultation process suggests that a larger role should be entrusted to TRAI in monitoring the working of Television Audience Measurement. With increased convergence there has been a blurring of boundaries between Carriage and Content. Since promoting competition and sustaining it in Telecom services including Broadcasting, is within the domain of TRAI Act, there is a natural link between promoting competition and regulating content. There is therefore a need to look into this aspect from functional efficiency whether a clear mandate could be given to the Authority for content regulation by redefining their powers. This is in line with the global practice prevalent in other countries. The Authority then would be able to enforce oversight regulatory mechanism for the TRP agencies. Accordingly, the recommendation on this subject (refer para 4.2.3.6).**

4.2.2.13 In response to the draft recommendations, strong views have however, been expressed on regulation of content by TRAI. It has been stated that “content control” is abhorrent of the sacrosanct fundamental right to freedom of speech and expression guaranteed under the Article 19(1) (a) of the Constitution of India and industry already has processes in place for the regulation of content, and is in dialogue and consultation with MIB (Ministry of Information and Broadcasting) on this issue. The Authority notes that, despite the content code and self-regulation being in place, the Hon’ble Supreme Court has criticized the media’s role in the “Aarushi murder case” (see box below). Internationally, Ofcom, the UK Telecom and Media regulator has also issued Broadcasting Code¹⁰ for television and radio, covering standards in programmes, sponsorship, fairness and privacy. The Authority further noted that recently Ofcom has imposed financial penalty on the BBC¹¹ of £ 400,000 for breaches of Ofcom’s Broadcasting Code relating to unfair conduct of viewers and listeners competition.

The Supreme Court on Wednesday (6th August, 2008) lashed out at the media for going overboard and "irretrievably" damaging the image of the Talwar family in the sensational Aarushi murder case.

"Irretrievable damage has been done to the couple who lost their only child. This is unthinkable in a democracy," a three-judge bench of Justices B N Aggrawal, V S Sirpurkar and G S Singhvi observed, while hearing the multi-crore UP provident fund scam allegedly involving some judges.

The apex court lamented the media has converted itself into a "super investigation bureau" for reporting cases.

Source: PTI

4.2.2.14 TAM Media Research Private Limited (TMRPL) in its response to the draft recommendations on the issue of Government Oversight has commented

10 <http://www.ofcom.org.uk/tv/ifi/codes/bcode/>

11 http://www.ofcom.org.uk/tv/obb/ocsc_adjud/bbcjuly08/

that the UN Covenants of Civil and political rights in Article 19 safeguards the freedom of market researchers to seek, receive and impart information: “Everyone shall have the right of freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds.....”. Any restrictions, therefore, on the conduct of market research which is not to protect public order, public health or morals, could be considered as an infringement of basic rights protected under the UN charter. They have further stated that the market research industry has its own codes viz. the MRSI Code of Conduct and the ICC/ESOMAR International code on market and Social Research. In addition, there would also be the industry body overseeing the rating service. With all this, it is difficult to see why Government oversight / regulation is necessary. The Authority noted that the Article 19 provides that the exercise of the rights provided for under this **Article also carries with it special duties and responsibilities** and may therefore be subject to certain restrictions as are provided by law and are necessary for respect of the rights or reputations of others or for the protection of public order etc. (Article 19 of United Nations International Covenant on Civil and Political Rights is reproduced below)

1. *Everyone shall have the right to hold opinions without interference.*
2. *Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.*
3. *The exercise of the rights provided for in paragraph 2 of this article carries with it special duties and responsibilities. It may therefore be subject to certain restrictions, but these shall only be such as are provided by law and are necessary:*
 1. *For respect of the rights or reputations of others;*
 2. *For the protection of national security or of public order (order public), or of public health or morals.*

4.2.2.15 Commenting on the draft recommendations, BARC has stated that there is no case for an MoU with the Government as they do not see any role of the Government in the industry initiative. The Authority

noted that if the existing systems were working satisfactorily; the present rating system would not have come under such heavy criticism. The Italian Regulator, AGCOM has issued guidelines for rating agencies on governance, methodological rules on measurement and transparency and communications to AGCOM. The Authority is of the view that at least at the initial stage there is a role for the Government as a facilitator and guide to the industry body. BARC has not been able to take off despite the announcement to this effect having been made in September'07. The MoU will act as a guide and define the role of BARC and Government.

4.2.2.16 The Authority is convinced that a scientifically verifiable and transparent system of television audience measurement which can ensure the correct measurement of public preference is necessary. It is necessary that a well established framework for governing / monitoring the functioning of the rating agencies is put in place urgently. As in other countries, the industry led body can be recognized to perform specified functions. BARC can be recognized as the institutional framework. Once BARC starts functioning, the inadequacies of the present system will have to be effectively addressed in close and coordinated manner with the Ministry of Information & Broadcasting.

4.2.2.17 The Authority also considered the remedial measures available with the Government, in the eventuality of BARC's failure to correctly adopt the framework for self regulation as suggested by the Government. The details have been given in para 4.2.3.4

Extract from the Harris Committee Report on Broadcast Ratings

“Should , however, the industry program of self-regulation, upon continued examination be found at a later date to be substantially deficient and therefore, incapable of achieving the objectives sought to be reached by that program, enactment of appropriate legislation providing for Government regulation of rating operations may prove to be only recourse.”

4.2.2.18 The Authority after going through the consultation process and discussion with stakeholders has arrived at the following conclusions:-

i) Ratings are a measure of public response to programs that are broadcast. The Broadcasters, Advertisers and Advertising Agencies use these ratings for taking decisions on programming / scheduling / production / investment etc. Therefore, they should be free from any kind of manipulation, incorrect reporting and misuse. As ratings affect the content of broadcast, the Ministry's concern on ratings is well founded.

ii) Unless sound measurement practices are followed and the ratings properly used, broadcasting in the public interest will be seriously affected. However, ratings are a highly complex exercise requiring specific expertise. Presently, the ratings exercise carried out by the two agencies namely TAM Media Research and a-MaP, function independent of any oversight by a Government / Industry body. The National Sample Survey Organisation (NSSO) and Central Statistical Organisation (CSO) under the Ministry of Statistics and Programme Implementation are well equipped with effective and reliable sampling techniques but are not involved in the rating exercise. The ratings carried out by the Public Broadcaster, Doordarshan is limited to a diary based system for their own use. The Ministry therefore, is currently not fully equipped to undertake audience measurement without drawing on the expertise available with the other arms of the Government and deploying additional resources. The Ministry however, can be a catalyst and guide in improving the rating system by providing a broad framework for self regulation by the industry led body.

iii) The Authority therefore considers that, Government's direct involvement in the rating exercise may not be desirable at this stage. At the same time it also recognizes that self-regulation in present form by the rating agencies themselves has not worked well and concerns

over the ratings process have still emerged. It may be recalled that TAM Media Research works in partnership with the Joint Industry Body comprising representatives from the Indian Society of Advertisers (ISA), Indian Broadcasting Foundation (IBF) and Advertising Agencies Association of India (AAAI). The industry itself has sharply reacted to the TRP system currently in vogue and has taken the initiative to regulate the rating system itself.

iv) The Rating services are basically the interplay of the three agencies; the Broadcasters, Advertising agencies and Advertisers. Accordingly, the industry led not-for-profit body which has the three as its constituents will act as a measure of checks and balances on the real performance of the TRP system. Regulation of the rating services through the industry efforts would have greater acceptability with the stakeholders and also save Government resources. However, the results of ratings when published / publicity given through various media do affect the public perception to some extent. Therefore, Government's role should be limited to providing a guiding framework for organizational structure, function and methodology to be adopted by the industry led body. The Authority believes the inadequacies of the present system will be effectively addressed in coordination with the Government, and Government needs to step in only if industry self-regulation fails.

v) The Authority also noted that the performance of the Joint Industry Body set up by TAM Media Research Pvt. Ltd. has evidently not been satisfactory. Even the participant members have criticized the functioning of existing JIB.

4.2.3 Recommendation

4.2.3.1 The Authority recommends Self-regulation through the Industry led body, with Government exercising oversight through its nominees in the industry led body and guidelines covering organisation, functions and methodology to be adopted for ratings by the Industry led body. The continuance of Government

nominees on BARC's board may be reviewed after five years. Such industry led body should be a not-for-profit body registered under the Companies Act, 1956.

4.2.3.2 Self-regulation should aim to achieve the following objectives;

- Continuous improvement in quality and method of the rating system, to provide accurate, up to date and relevant findings;
- To maintain the highest possible standards of integrity and to ensure that its findings are not misused / manipulated by any one to convey a wrong impression;
- To promote, maintain and uphold fair, ethical and healthy practices relating to ratings and its use;
- Discourage unfair or deceptive practices employed in connection with the sale or use of ratings; and
- Observe and enforce the conditions / standards / norms prescribed by the Government for the ratings process.

4.2.3.3 The Government guidelines to BARC should cover the following:

(I) Organizational Structure

- a) BARC shall have equal representation with equal voting rights from the three Associations namely; AAAI, ISA and IBF. It is expected that these Associations will be truly representative of their segments and that membership rules will be applied in a completely transparent manner by the respective Associations.

- b) In addition to 12 Board members proposed in the Articles of Association of BARC, there shall be two nominees of the Ministry of Information and Broadcasting on the Board of Directors of BARC. The Government nominees will not have voting rights on any resolution. Any dissent of the Government nominees shall be recorded in the minutes of the Board Meetings, if so desired by the nominee. The sitting fees for the Government nominees shall be regulated in terms of Gol instructions issued from time to time (Presently Government nominees are not entitled for any sitting fees).
- c) There shall be a Technical Committee within BARC which shall guide and supervise the various processes. The Technical Committee shall inter-alia include one nominee each from the Ministry of Statistics and Programme Implementation, National Council of Applied Economic Research (NCAER) and Indian Statistical Institute (ISI), Kolkata. The nominated members of the Technical Committee shall be entitled to remuneration in line with the remuneration of other members of the Committee, if permitted by the rules & regulations of their parent organisation.
- d) For specific assignments contracted by BARC to any of the organisations represented through the nominees in the Technical Committee; the terms & conditions and fee shall be governed through mutual negotiation.

(II) Functions

BARC shall not undertake audience measurement directly and shall resort to an open, transparent and

competitive bidding process for the various stages involved in the rating process; including (a) establishment survey (b) panel design and quality control (c) recruiting and metering, data collection and processing and (d) Audit.

(III) Methodology

The Ministry of Information & Broadcasting shall provide the key eligibility norms for the selection of rating agencies and also provide performance obligation norms including scope of work in the Request for Proposal (RFP) issued by BARC for appointment of rating agencies. These will be duly considered by the Technical Committee while finalizing the relevant BARC documents.

(IV) Reporting Requirements

- a) BARC shall provide such information and reports as may be asked for by the Ministry of Information and Broadcasting from time to time. The Ministry shall maintain confidentiality of the information thus provided, if so desired by BARC. However, the addresses and location of homes where people meter are installed shall not be reported to the Ministry.
- b) The reports shall be made available in a transparent and equitable manner. BARC shall display the rate card for the various reports and discounts offered thereon on its website.

(V) Complaint Redressal mechanism

- a) **BARC shall have in place a complaints Redressal mechanism, which shall be responsible for handling complaints, shortcomings and deficiencies in the rating system brought to notice by Board of Directors, consumer organisations, users of ratings and the general public. BARC may consider the model followed by Advertising Standards Council of India (ASCI).**
 - b) **Till BARC is fully functional in terms of selection of Rating Agencies, BARC shall engage constructively with the existing rating agencies for resolution of any complaints received in respect of the rating services.**
- 4.2.3.4 BARC shall formalize MoU with the Ministry of Information and Broadcasting to reflect the above features and the eligibility conditions for selection of rating agencies.**
- 4.2.3.5 Timeframe for Implementation - The Authority expects that the Government will be able to complete processing the Recommendations in four weeks and the MoU can be signed between BARC and the Ministry within two weeks thereafter. BARC should become fully functional within eight weeks of signing the MOU. Setting up of functional norms by BARC may take another four weeks and initiation of activity by BARC should get started by January 2009.**
- 4.2.3.6 The Authority further recommends that if BARC fails to meet with the objectives or is found deficient in its functioning, the Government shall then consider regulation of rating system through TRAI by way of legislative enactment or any other institutional framework.**

4.2.3.7 In view of the significant influence exercised by content on the society, the Authority strongly recommends that regulation of content should also be transferred to TRAI.

4.3 Eligibility criteria for registration of rating agencies.

4.3.1 Stakeholders comments

4.3.1.1 Stakeholders who have favoured Governmental regulation have commented that there should be minimum standards and these standards may be issued by Regulator/ Government. There should be a simple, quick and user friendly procedure for registration. Some have even suggested that while there should be clear guidelines from the government which should be followed, there is no need for defining the eligibility criterion for registration. The conditions include the following areas:

- registration with TRAI / Government
- should demonstrate their capability to the oversight body of working in the approved methodology
- requirement to provide detailed disclosure of the measurement methodologies, type of equipment and the selection criteria
- independent, completely neutral measurement system with highest standards of accuracy and integrity
- no cross holding between rating Agencies and users
- no equity holding of any broadcasting company in the ratings agency
- technical capability and experience in already measuring TV audiences./ Minimum experience of 5 years with a sample size of above 8000 meters in more than 20 market zones
- agency should be able to transmit information on a real time / overnight and non-obtrusive basis
- ability to cover different platforms of delivery

- To register with the autonomous oversight body set up by Government.

4.3.2 Analysis

4.3.2.1 As noted earlier, the ratings require a high degree of professional skill. It is essential therefore, that certain minimum standards should be adhered to by the agency selected for carrying out ratings. The Authority considers that, the eligibility criteria are important to filter / screen out non-serious and inexperienced players from the ratings business. Accuracy in measurement has a direct bearing on not only the business decisions relating to advertisement but also programme scheduling and content as well. It is therefore, necessary that ratings should be carried out by qualified, independent agencies. To ensure that the independence as well as the governance of the rating agency is free from situations that may lead to conflict of interest, certain minimum criteria and standards would be required to be followed by the rating agencies. In USA, MRC has also prescribed minimum standards for the rating agencies to become eligible for accreditation. A similar function of prescribing minimum standards can be followed by BARC.

4.3.2.2 Primarily three models are followed in the rating system in various parts of the world (refer para 3.1.2 of chapter III). In our country, the prevailing system is the own service (OS) model under which, the rating agency directly sells the ratings to the various users. Under the proposed BARC model (similar to JIC model), the rating agency shall be selected through a transparent and open bidding process. The RFP shall include the eligibility criteria for participation in the bidding process. BARC has informed that the results of the study will be the property of BARC and will be disseminated to the users on payment of prescribed charges.

4.3.3 Recommendation

4.3.3.1 With the setting up of BARC, the Authority considers that there is no need for registration of rating agencies with the Government. The RFP inviting bids for getting the rating work done shall, however, be finalized by BARC after duly considering the eligibility conditions and performance obligations as provided by the Ministry of Information and Broadcasting from time to time. The indicative guidelines / standards are attached as *Annexure III*. The key features of the eligibility conditions, general, operational & ethical and disclosure standards are given below:

Essential eligibility conditions for rating agencies

1. The Rating Agency is set up and registered as a company under the Companies Act, 1956.
2. The Rating Agency has, in its Memorandum of Association, specified rating activity as one of its main objects.
3. The rating agency has, in its employment, persons having adequate professional and other relevant experience.
4. No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one rating agency. 'Substantial equity' herein will mean equity of 10% or more'.
5. A promoter company/ Legal person/ Directors of rating agency cannot have stakes in Broadcaster, Advertiser and Advertising agency either directly or through its associates. Similarly, a Broadcaster, Advertiser or Advertising agency shall also not have any stake in rating agencies.

General Standards

6. A rating agency shall, wherever necessary, disclose to the clients, possible sources of conflict of duties and interests, which could impair its ability to make fair, objective and unbiased ratings.

7. A rating agency or any of its employees shall not render directly or indirectly any advertisement / advertisement related advice about any channel/channel related programme in the publicly accessible media.

Operational and Ethical Standards

8. Appropriate quality control procedures shall be maintained with respect to all external and internal operations which may reasonably be assumed to exert significant effects on the final results.
9. Rating has to be technology neutral. Viewership shall be assessed and rating given irrespective of the source of the viewing platform viz. cable TV, DTH, IP TV etc.. The Measurement devices must be able to operate on every platform.
10. The anonymity of all personnel in any way concerned with sample respondents or households shall be preserved.
11. All weighting or data adjustment procedures utilized by a rating agency in the process of converting basic raw data to rating reports shall be based on systematic, logical procedures, consistently applied by the rating agency and defensible by empirical analysis.

Disclosure Standards

12. Each report shall include statements calling attention to all omissions, errors and biases known to the rating service which may exert a significant effect on the findings shown in the report.
13. Each rating report shall point out changes in or deviations from, the standard operating procedures of the rating service which may exert a significant effect on the reported results. This notification shall indicate the estimated magnitude of the effect.
14. Each rating report shall contain standard error data relevant to the audience estimates contained therein. Such data shall be presented whether or not effective sample sizes are shown. The method used to develop standard error estimates as well as the formulas used to compute the standard errors shall be fully disclosed.

15. The rating agency besides publishing the methodology/process in detail shall also publish the comments/viewpoints of the users of the rating data on their website.

4.4 **The minimum sample size, and minimum coverage required a) over different platforms, b) rural and urban, c) All states including North-East and J&K, d) Prasar Bharati channels;**

4.4.1 **Stakeholders Comments**

4.4.1.1 Most stakeholders agree that the sample size is inadequate, both in terms of numbers as well as in respect of platforms; are urban centric and that there is a need for a manifold increase (3% - 5% of the urban household base / 1 home measured out of every 1000 homes / 10000 - 1.75 lakhs against the current 7000 households) in the current sample size with proportionate representation for different platforms. In addition, the sample should reflect urban, rural, small towns, Bihar, J&K as well as North East, and plurality of platforms & technologies like cable, DTH, IPTV, and CAS etc.

4.4.1.2 The stakeholders have also commented that arriving at numbers may not be simple as it is a matter of detailed research. Certain parameters will have to be fixed up before determining the minimum sample size. Ability to measure smaller fragments of audience arising due to increasing “personalization” of media for every age, demographic, linguistic group, multiple TV set homes, Out- of- home- viewing (Ooh), greater granularity in the viewer demographic and rural TV viewing habits will have to be ensured.

4.4.1.3 With the proliferation of different platforms, and channels and regional content growing, there is unanimity in increasing the sample size so that it is truly representative of the plurality. While the cost may go up significantly, it is also to be noted that an inaccurate or incomplete sample would not reflect the correct market size for the advertisers, and the money spent would go a waste.

- 4.4.1.4 One of the stakeholder commented that doubling a sample size does not double the accuracy; it only increases the accuracy about 40%. Looked at in another way the sample needs to be increased by a factor of four in order to double the accuracy and there is always a trade-off between demographic, geographic and platform reporting needs and the costs of sample increases.
- 4.4.1.5 Another stakeholder has pointed out that since the sample size becomes the basis for the commercial decisions of the users, sample size should reflect only those units which ultimately use the products for their consumption. It is not worthy to cover those areas which do not have influence on the users of the ratings.
- 4.4.1.6 Considering the heterogeneous nature of Indian market, the minimum sample size has to be as per the agreed validations of hypothesis of sample selection where 'margins of errors' and 'confidence levels' are predefined and acceptable to all stake holders. Sample size need to be increased up to the level where cost and the benefits of providing the ratings meets. Additional samples can be used in the existing towns, more towns can be selected within (0.1 - 1 Mn population) towns, less than 1 lakh population towns can be included or rural area can be covered.

4.4.2 **Analysis**

- 4.4.2.1 The principle of sampling is to remove bias as far as possible so that the sample selected is as representative of the whole universe as possible. However, there could be some differences between the characteristics of the sample and those of the population or universe from which it was drawn. The magnitude and likelihood of the differences or bias can be minimized by increasing the size of the sample.
- 4.4.2.2 From the statistical theories, the larger the sample size nearing to the population, the greater would be the accuracy of the information / data generated. Increasing the sample does not increase reliability by the same proportion. To double the representativeness of a sample of a population, the sample size is to be made four times. However,

increasing the sample size has implications on the cost. Nonetheless, the small sample has serious limitations of not reflecting the plurality of the platforms, regions, rural and small towns etc. So the sample size should be such which should setoff the increased cost by the benefits it will produce through results that are more reliable. It can be reasonably expected that wider coverage would mean increased number of meters resulting in economies of scale lowering the cost per meter.

4.4.2.3 TAM Media Research has informed the Authority that each digital people meter is costing around Rs. 75,000 to Rs 1, 00,000 and the price of analog meter ranges from Rs 25000 to Rs 40000. TAM has not provided annual report to the Authority. Annual Report for the financial year 2006-07 of a-Map has indicated the average cost per Meter as about Rs 40,660 and capital employed per meter about Rs 45000. As per profit and loss account for the financial year 2006-07 of a-Map, the company had paid about Rs 1,414 per year as Licence fee per meter and Rs 940 per year as data SIM card charges per meter. a-Map has further informed that they are currently buying meters at the rate of Rs 30,000 per meter. It may be noted that the cost of meter is only one of the input in the overall rating services .The Authority understands that any increase in cost due to increase in sample size will get shared by the Broadcasters , Advertising agency and Advertisers.

4.4.2.4 The Authority recognizes that market forces are themselves forcing an increase in number of households and penetration to States that were not being covered earlier. TAM Media Research, proposes to increase its 7200 People meters to 8000 meters by end of 2008. However, they would still remain inadequate; given the TV owning households and the increase in the number of channels. Besides increasing the sample size there is also a need to make it more representative. With the industry taking the lead, in determining the sample size that would be representative in all aspects the costs would be taken into account.

4.4.2.5 The Authority noted that Internationally, panel homes are selected via a 'multi-stage, stratified and unclustered' sample design to ensure that the

panel is fully representative of all television households. Where the industry led bodies are managing the TRP system, panel size is mutually decided by the stakeholders involved.

4.4.2.6 The Authority noted the panel size of some countries and tabulated below;

Table 5

Statement of panel Size and TV HH			
Name of the Country	Panel Size	TV HH (in Mn)	Panel size as % of TV HH
Australia	5000	7.3	0.07%
Baltics Estonia	275	0.56	0.05%
Finland	1000	2.2	0.05%
Norway	1000	1.99	0.05%
Singapore	700	0.98	0.07%
Slovakia	800	1.65	0.05%
Switzerland	2000	2.7	0.07%
UK	5100	25.7	0.02%
USA ¹²	14000	112.8	0.01%
World Average			0.02%
Source: TNS, Nielsen and Industry data			

4.4.2.7 Stakeholders have expressed dissatisfaction with the sample size and coverage. Therefore, the Authority recognizes the need for an increase in the sample size.

4.4.3 Recommendation:

4.4.3.1 The Authority recommends that the sample should be determined in such a manner so as to cover different platforms, including

12 This data pertains to one of rating agency of USA (i.e Nielsen) In USA, rating agency provides two principal ratings services: measurement of national television audiences (“National Ratings Services”) and measurement of local television audiences in each of the 210 designated television markets (“Local Ratings Services”). The measurement of national and local television audiences among Hispanic households has been integrated into the National and Local services. National Ratings Service is based on a sample of approximately 14,000 households using meters for tuning and persons measurement. Approximately 85% of such households are measured using Active/Passive Meters. Local Ratings Service uses People Meters in the top 13 local television markets, a combination of Set Meters and written diaries in the next 43 local television markets, and only written diaries in the remaining 154 local television markets.

terrestrial / Prasar Bharati channels, cable and satellite platforms, rural and urban areas, and all the states. The sample should be regularly updated so as to reflect the developments taking place in the delivery platforms, growth in viewership etc.

4.4.3.2 The Authority, however, feels that the determination of sample size in terms of numbers cannot be prescribed because it depends on various market driven parameters and would keep changing over time with the increase in number of TV owning households etc. However, the size of the audience panel must reflect the penetration of different platforms.

4.4.3.3 The Authority further recommends that the sample size shall be decided by the Technical Committee of BARC.

4.4.3.4 The Technical Committee should have as members, one nominee each from the Ministry of Statistics and Programme Implementation, NCAER and Indian Statistical Institute, Kolkata in addition to the members nominated in the Technical Committee by the Industry Associations.

4.4.3.5 To bring in transparency, the Authority recommends that BARC should disclose on their website the methodology of sample selection, the sample size, the frequency of the audience panel rotation and margin of statistically acceptable error. |

4.4.3.6 The Authority further recommends that while keeping the above-mentioned recommendation for determination of panel size, the following may also be taken into account by BARC:

- **Removal of demographic disproportionality. The design of the panel should be in proportion to the urban rural spread of TV Households.**
- **Improved geographic representation in proportion to the TV viewing population.**

- The recruited panel should inter alia be representative of age, social class, sex, working status, life stage, and number of people in the household.
- A detailed weighting scheme to introduce a greater level of representativeness of the reporting sample.
- The Establishment Survey must provide robust estimates, particularly by platform.

4.5 Type of equipment to be used to address the different delivery platforms and whether technology adopted should be real time system for generation of reports;

4.5.1 Stakeholders Comments:

4.5.1.1 The stakeholders generally feel that there is a need for regular updation of technology. The selection of technology should be left open for discussions between the stakeholders.

4.5.1.2 Some stakeholders have commented that newer technologies like IPTV can be used to capture the viewer ship data which should be shared with the ratings agencies; metering technology for CAS and DTH have to be tested.

4.5.1.3 A non-intrusive online measuring system on real time / overnight basis has been generally preferred.

4.5.1.4 One of the stakeholders has commented that Equipment standards must be approved by the Bureau of Indian Standards (BIS) and the methodologies tested by a third party like Broadcast Engineering Consultants India Ltd. (BECIL).

4.5.1.5 A view has also been expressed that at present the broadcast industry in India does not use the station code and the channel name in the VBI lines or embedded in audio of transmitted programs. This makes the

identification of the program quite difficult. The difficulty is also compounded by the fact that the cable operators routinely change channel positioning and hence the channel number selected is not representative of the program being watched. At present the people meters are not state of the art. The TV channel being watched is identified by the TV tuner (RF signature) and the member watching the channel is identified by a button he/ she have pressed. However the best way is to encode the transmitting station details in the video or audio data.

4.5.1.6 Raw data should be handed over to the industry body with competition among software providers to supply compliant software to access the data.

4.5.2 **Analysis**

4.5.2.1 With the emergence of newer technologies, television programmes can be made available to the viewers through different platforms. Inadequacy of the measurement methods to capture new television viewing such as digital TV, HDTV, interactive television and Digital Video Recorders could distort the TRPs. Consequently, the measurement methods used for rating purposes need to be compatible with the emerging technologies. aMap uses Telecontrol VIII data recording units to collect viewership data and wireless connections using GSM modems. The central server calls up all the sample homes between 2: AM and 4: AM to collect the data through automatic dialing. TAM media Research presently offers weekly ratings using the People Meter.

4.5.2.2 New methods should be developed for the special circumstances of less developed areas. Existing television audience research is conducted mainly in the cities. An important factor is that while most television viewing in the towns is household based, village viewing is often to community sets. From feedback through letters, research assistants collecting self-completion questionnaires, a more rapid system could be built around television viewing clubs. The contact person in each club or

viewing group provides information on a pre-coded questionnaire about the composition and size of the audience watching the community set. The research is continuous and therefore provides data on viewing behaviour over time. It also provides qualitative information on viewing behaviour, reaction, comprehension and interest. Wherever a community set has been placed, there is one person who is given responsibility for looking after it, as the set custodian. In most cases it is the custodian who fills in the questionnaire and posts it in a reply-paid envelope to the respective audience research centre. The interview method or the TV panel diary may have to exist side by side with electronic meters.

4.5.2.3 As per Industry information, overnight rating is present in seventeen out of twenty countries. One of the stakeholders has indicated that only two countries around the world (Chile and Brazil) are reporting in (near) real time basis.

TABLE 6

Sr. No.	Name of Country	Frequency	Sr. No.	Name of Country	Frequency
1	China (Parts)	Overnight	11	Dominican Republic	Overnight
2	Poland	Overnight	12	South Africa	Overnight
3	Philippines	Overnight	13	Indonesia	Weekly
4	Romania	Overnight	14	Greece	Overnight
5	Hungary	Overnight	15	Italy	Overnight
6	Serbia	Overnight	16	Turkey	Overnight
7	Venezuela	Overnight	17	Cyprus	Overnight
8	Thailand	Weekly	18	Malaysia	Next three days
9	Slovenia	Overnight	19	Croatia	Overnight
10	UK	Overnight	20	USA	Overnight
Source: Industry data & TRAI Analysis					

- 4.5.2.4 The Authority noted that in the USA rating agencies are using various¹³ methods to collect the data from households including electronic meters and written diaries. Electronic meters include Set Meters (either Mark2 or Active/Passive) and People Meters. A Set Meter is attached to a device (TV, VCR, PVR, etc.) and electronically captures household-level tuning data by monitoring the channel to which the device is tuned. A People Meter is an attachment to any Set Meter which adds electronic persons measurement functionality to the Set Meter, enabling rating agency to not only collect television device tuning data (i.e., what channel is being viewed) but also the demographics of the audience (i.e., who in the household is watching).
- 4.5.2.5 In USA, rating agency provides two principal ratings services: measurement of national television audiences (“National Ratings Services”) and measurement of local television audiences in each of the 210 designated television markets (“Local Ratings Services”). The measurement of national and local television audiences among Hispanic households has been integrated into the National and Local services. National Ratings Service is based on a sample of approximately 14,000 households using meters for tuning and persons measurement. Approximately 85% of such households are measured using Active/Passive Meters. Local Ratings Service uses People Meters in the top 13 local television markets, a combination of Set Meters and written diaries in the next 43 local television markets, and only written diaries in the remaining 154 local television markets.
- 4.5.2.6 The Authority noted from the statement of TAM Media research representative that the set-top box (STB) can not be used as a way to measure viewing behavior reliably because it works like a set meter rather than as a people meter. The relevant portion of the statement given in a Centre for Management Studies(CMS) meet is reproduced below;

13 source : Form 10-K of Nielsen

” The set-top box cannot be used as a way to measure viewing behaviour reliably. Because what it does is it that it works as a set meter rather than as a peplemeter. A peplemeter is supposed to do two things; first, it is supposed to pick up who is watching at a particular point of time and second, it is supposed to pick up what is being watched at a given moment of time. A set meter like a set-top box can tell you what is being watched as a channel if you have a reverse key from a set top box, but it will never tell you who is watching it per se. So that’s one point about the set-top box. The second is that consumers tend not to switch off set-top boxes from the main plug. What they do instead is use the remote of the set-top box to switch off the set-top box. When that happens the last channel watched on the set-top box continues to be picked up as being on at that moment of time, and continues to be played on a minute to minute basis until the next time the TV is turned on or the set-top box is put off completely. This means inflated viewing during a time when there was no viewing at all. So these are two issues that arise from set-top measurements. There are trials across various countries on the use of set-top boxes, but finally what is working is the peplemeter in conjunction with the set-top box – this, is the way that movement forward has actually happened. With this, the set-top box can help you in mass sampling, and people meter data can be modelled according to that of the set-top box to give you even more refined viewership information.

The only other problem is that the set-top box is a purchase made by the consumer in place of the cable operator. So it can skew data towards a specific socio-economic group or MHI group, or in terms of geographical area which can result in inaccuracy in terms of the overall measurement of the city. But apart from these lacunas, using set-top box data is not a problem.

The peplemeter, on the other hand is one of the most advanced technologies. Across the world television is measured largely through the peplemeter. It picks up the switching on and off of the TV, the point of time that the channel was on, the channel change and simultaneously gives information on the person who watched it. Simultaneously with

information about the person who watched it – which household member has actually watched, and when he commenced and ended the viewing. The household is given a remote that works on the basis of the peoplemeter buttons on it; this allows you to monitor the information completely.”

4.5.2.7 Set Top boxes (STBs) are restricted in their ability to capture data as they are not designed to do so. Not all STBs come equipped with the smart card for capturing TV viewership information. The chip has to be purchased and installed separately. Also such STBs can only record certain variables within a restricted universe. For instance they do not track FTA channels or terrestrial channels. They do not have the ability to study minute by minute viewer behavior. Nor can they give the profile of the person watching a programme or channel at a given point of time.

4.5.2.8 The Authority noted that even the most developed countries are still using a combination of electronic meters and diary for audience measurement purposes. For example in USA¹⁴ out of 210 Local television markets, 154 television markets are still using diary based system for ratings.

4.5.3 RECOMMENDATIONS

4.5.3.1 Considering the world wide practice, **the Authority recommends use of technology capable of capturing data over different platforms and constant up-gradations of the technology would be required in the measurement devices. Where electronic meters are used, the system should be capable of providing overnight ratings through unobtrusive means. Diaries, interviews, people meters may have to co-exist in order to address the special needs of specific areas and to augment the sample size. Periodicity of reporting should however be left to BARC to decide.**

14 Form 8-K of Nielsen

4.6 Restrictions on crossholding / interests between the Rating Agencies and their clients.

4.6.1 Stakeholders Comments:

4.6.1.1 Most stakeholders have suggested that there should be no cross holdings between the Rating Agencies and their clients, as these can lead to biased ratings. One stake holder's view has been that equity holding of any broadcasting company should be limited to 10% of the total capital in a Joint Industry Body constituted to oversee the functioning of this sector. In any event, there should be a complete prohibition on broadcasting companies having any interest whatsoever, in rating agencies to ensure independent, unbiased and credible ratings.

4.6.2 Analysis

4.6.2.1 One criticism that has been leveled about mixing the responsibilities of a Joint Industry Committee (JIC) with those of a research contractor is that there is the potential for a conflict of interest. That is, because members are truly in control of the ratings service. There is a concern that they could potentially influence the process and thereby bias or pervert the results. And, this conflict of interest concern is heightened when there is a perception that one of the industry constituents has the ability to exert undue influence over the JIC. It is argued that the only types of structure that can guarantee against conflicts of interest are those that involve independent, third party contractors. In other words, the JIC should be separated from the research contractor.

4.6.2.2 The ratings are widely distributed in the country and relied upon by most stakeholders, including publicly funded organizations. Therefore, the Authority feels that transparency of rating should be maintained so that biased by virtue of controlling interest in these entities.

4.6.2.3 The Authority noted that the present ownership structure of TAM media Research currently is a 50-50 joint-venture between AC Nielsen and IMRB International. AC Nielsen group provides Television Audience

Measurement services in 42 countries worldwide and other related services including consumer related and business media related services. IMRB International is a market research wing of J Walter Thompson (JWT) - a leading advertising agency in India. JWT belongs to the Kantar Group, which is a part of WPP Group (the largest advertising group in the world). In other jurisdictions, rating agencies are involved in providing a range of media & other services like services relating to media, consumer, business services, and technology, health care etc.

4.6.2.4 Audience Measurement and Analytics Limited (aMaP) has communicated their shareholding pattern which is tabulated below:

Table 7

Shareholding pattern of aMaP	
	Share in (%)
Media Services & Holdings LLC	79.05%
Energy and Environments Analytics	18.47%
Raviratan Arora	2.48%
Other Indian Residents	0.01%
Total outstanding shares	100.00%

4.6.2.5 The Authority further noted that AGCOM, the Italian Independent Communications Regulator has mandated that the corporate structures (including share ownership and directors) must be made available to regulator and be available in the public domain.

4.6.3 Recommendation

4.6.3.1 The Authority recommends that there should be no cross holding between the rating agencies and the Broadcasters, Advertisers and the Advertising agencies. This cross-holding restriction is also

applicable in respect of individual promoters besides its applicability to legal entities. The Ownership pattern of the ratings agency, including foreign investment / Joint Venture / Associates in the Agency should be reported to the Government on an annual basis and changes, if any should be reported immediately.

4.7 Safeguards to ensure secrecy of sampled families

4.7.1 Stakeholders Comments

4.7.1.1 All stakeholders have stated that secrecy of the sampled families should be ensured. Stakeholders have suggested for rotation of sample households at varying periodicity (every three months to one year) and percentage (5% to 50%). The rating agencies should be made responsible for any violation of the secrecy of the sampled households. The suggestions include remote data collection technology not requiring home visits and complete audit of the processes and panel management software of the rating services.

4.7.1.2 Some stakeholders are of the view that manipulation of the data / TV ratings is a serious offence and it should be appropriately classified as a criminal offence and also carry civil penalties for the company involved similar to market manipulation and insider trading. The agencies should be brought under the Cable Television Networks (Regulation) Act and the Act amended to list various criminal proceedings against any such violations.

4.7.2 Analysis

4.7.2.1 The concern for maintaining secrecy of sampled families is to ensure that no undue influence is exercised either through beaming select programmes, or through other inducements to doctor their opinions. There are multiple aspects of controlling the secrecy of sampled families.

4.7.2.2 Secrecy violation involves the leakage of information on the panel members which constitute the pool of measured homes. The attention in

this regard is invited to a report published in Business Standard wherein it is stated that the newspaper is in possession of complete list of people meter households in Mumbai. The report further goes on to say that the television serial producers can easily manipulate the ratings if they have access to such a document. It is also stated that for example, if a producer manages to control 50 households each in Mumbai & Delhi, the TRP of a serial can go up by as much as 6 points.

4.7.2.3 Confidentiality of the Panel homes is critical for the accuracy of the survey. Online collection of the data and rotation of sample households at regular intervals will help to some extent. Continuous monitoring of every sample household and system generated reports on major deviation of TRPs is essential to avoid data tampering. Rotation of families and auditing of sample household done by an independent company is required. Remote data collection technology not requiring home visits would also help in maintaining secrecy of the panel homes. It is the prime responsibility of the ratings agencies to keep such information secret and ensure that it is not violated in any manner. It will be the responsibility of the Industry led body to ensure that the secrecy has indeed been maintained.

4.7.2.4 The Authority noted from the website of a-Map that currently, a-Map is rotating 20% of its sample size on yearly basis. However such information on TAM Media Research is not available on its website.

4.7.3 Recommendations

4.7.3.1 The Authority recommends that BARC and the rating agencies should have proper systems in place to safeguard the secrecy of the sampled panel homes. The systems should be subjected to independent audits and the auditors should state in their report that proper mechanisms and procedures exist to ensure the secrecy of the sample homes. The aspect of secrecy should be specifically mentioned in the RFP floated by BARC. The Authority further

recommends that at least one fifth of the sample homes should be rotated every year.

4.8 **Standards/norms to be followed by the rating agency**

4.8.1 Stakeholders comments

4.8.1.1 The overwhelming view of the stakeholders has been that the detailed disclosure of the measurement methodologies should be mandated. Accuracy in the rating and procedures can be ensured both through self-discipline in the adoption of procedures and independent audit. There are various well established standards and norms for processing rating data, editing the data and publishing the final audiences for programmes, commercials and time periods.

4.8.2 Analysis

4.8.2.1 The Authority noted that on various issues, several agencies like Media Rating Council of USA, AGCOM –the independent regulator of communication, Italy and World Federation of Advertisers (WFA) have set standards / norms to be followed by the rating agencies. These include standards on Governance, methodological rules on measurement, disclosure of corporate (crossholding between the entities) and shareholders data, data on entities controlled by rating agencies etc.

4.8.3 Recommendations

4.8.3.1 Considering the importance of ratings and the substantial amounts involved and its capability of influencing the content and scheduling of programs, **the Authority recommends that while following the best practices, minimum standards / norms relating to operations, governance, crossholdings and ethics be followed by the rating agencies as issued by BARC from time to time. Indicative standards / norms are at Annexure III.**

4.9 Mandatory audits of rating agencies, qualification of auditor, scope of such audit and reporting.

4.9.1 Stakeholder Comments

4.9.1.1 The Stakeholders agree that there should be mandatory, regular, comprehensive audit of rating agencies by independent qualified auditors. Besides lending credence to the service and the audience estimates produced, it will also act as an incentive to maintain high quality of service by the rating agencies.

4.9.1.2 The scope of audit should cover the whole service from establishment survey, to panel selection and representation of the meter performance (typically auditors visit some panel households to tune TV sets) to data processing.

4.9.1.3 As for conducting of audits, diverse views have emerged. According to one stakeholder, the audits may be conducted by a committee consisting of different stakeholders including consumers / viewers. Some have expressed that the audit should be conducted by the Government, while others have stated that it should be done by the oversight body. Some stakeholders have also recommended that audit should be carried out by professionally managed firms chosen from amongst the first top five in India. The audit firm should have qualified chartered accountant, software engineers and expert from the media industry.

4.9.2 Analysis

4.9.2.1 At present there is no system of independent audit to conduct any kind of verification of the various steps involved in the rating process. In order to check and verify the validity of the ratings, it is necessary that the entire methodology of capturing the data and the final data should be subject to mandatory independent audit.

4.9.2.2 Audit is a necessary tool to verify the adequacy of proper systems being in place and procedures being followed by Rating Agencies and it will increase the accountability and credibility.

4.9.2.3 The Authority noted that in a recent order Department of Justice, USA has even supported pre-commercialization audit and accreditation of audience measurement products. The order has drawn support from a letter from the Assistant Attorney General in charge of the department anti-trust division wherein it is stated that, "In fact, with appropriate safeguards auditing and accrediting activities can provide valuable, unbiased information to the market place." The National Institute of Statistics (ISTAT) has been assigned the task of certifying the audience research quality and the audience data correctness by the Italian Regulator (AGCOM).

4.9.3 Recommendation

4.9.3.1 The Authority recommends that:

-There should be comprehensive mandatory audit of the rating system carried out by independent qualified auditing firms having experience of TV ratings audit.

- The Audit team should comprise of technical experts, statistician, media expert, chartered accountant and legal professional.

-The audit should be conducted at least once in three years. A copy of the Audit report should be submitted to the Government.

4.10 Competition in rating services

4.10.1 Stakeholders Comments

4.10.1.1 Restrictive competition has been suggested. Competition in rating services does not necessarily mean competing rating services with each offering its own measure. Users don't buy multiple services simply because they are available. They buy whatever is the market standard.

4.10.1.2 Some stake holders however, feel that the task of rating should not be concentrated in one or two agencies. Separate and independent agencies must work in each state to provide and capture the nuances of each geographical region using a standardized methodology. Having two or more agencies in the same region may involve duplication of efforts, wars on reliability and wastage of resources.

4.10.1.3 One stakeholder has suggested different TRP Modules for Entertainment, News & Regional channels. Four agencies for each module should be incorporated. All 12 agencies (4 in each module) should have a balanced, equal and proper representation of all concerned - Broadcast Industry, Ad Agencies; Advertiser; Government representation both from Judiciary and Executive, with tenure of one year.

4.10.1.4 The ratings process can be split in two or three natural parts. This would add to the competition as several companies and not just the ratings specialist can tender for the different parts.

4.10.1.5 The software tools could be designed and owned by the Industry body, but developed through the engagement of a specialist research vendor.

4.10.1.6 Elements to include issues of audience needs, plurality, social welfare and public service needs could be farmed out to specialist agencies on the back of the industry owned panel.

4.10.2 Analysis

- 4.10.2.1 The Authority recognized that competition is important for maintenance of quality of service, transparency in system and cost oriented price and also more coverage. Competition can also address the large sample requirement.
- 4.10.2.2 Various possibilities exist for bringing in competition by appointing different agencies for (i) delivery of rating services over different platforms (ii) different regions / states (iii) the different stages involved in the rating process. BARB in the UK commissions to multiple agencies separate components in the rating process viz; baseline establishment survey, ratings panel and rating itself.
- 4.10.2.3 The Authority noted that while competition brings the best services at best prices, multiple rating services are generally not recognized the world over.
- 4.10.2.4 Rating services require large capital investments and therefore require certainty of a business over a period of time to allow a rating provider to invest in quality of the service. According to TNS (an International rating agency), of the approximately seventy five people meter countries, about five have more than one ratings provider.
- 4.10.2.5 The proposed industry led oversight body, BARC, has stated that it would encourage competition from the initiation of research itself. It will invite global bids for the two stages viz baseline establishment survey and ratings panel. The research suppliers remit will be restricted to providing data, and that value added analysis is opened up for competitive participation.

4.10.3 Recommendations

4.10.3.1 The Authority recognizes that BARC proposes to follow a multi-stage procedure covering the activities involved in Television ratings. In all stages, an open transparent bidding process shall be followed. **The Authority recommends that BARC will follow an open, transparent and competitive bidding process for each stage of the activity in the rating process [(refer para 4.2.3.3 (II)].**

4.11 Other suggestions for making ratings more representative, transparent and reliable including –

- *FDI related issues*
- *Net-worth of the Rating Agency*
- *Responsibility of Agencies to educate listeners and viewers of the methodology adopted*

4.11.1 Stakeholders Comment

4.11.1.1 Suggestions from the stakeholders include:

- Catalyze the implementation of measurement technology through incentives, rationalization of duty structures,
- Consider the merits of monitoring channels by making digital water marks mandatory,
- Provide easy access to Census Maps and Electoral rolls at districts and town level,
- Make CAS mandatory and support direct to consumer platforms to ensure real consumer needs in the context of media are met
- The key to a reliable, representative and transparent rating system lies in smart rather than indiscriminate sampling
- A transparent establishment survey

- FDI in rating agencies should be limited to 20% and equity holding of any broadcasting company should be limited to 10% of the total capital in a Joint Industry Body constituted to oversee the functioning of this sector.

4.11.2 Analysis

4.11.2.1 The Authority recalls its recommendation on 'Digitalization of Cable Television', September 14, 2005, wherein it had recommended that "There should be a national plan for digitalization from 1st April, 2006 till 31st March, 2010. This plan would be indicative and would not be mandatory in any form. It had recommended several steps to promote early digitalization.

4.11.2.2 Going forward, cable digitization may gain more momentum with the extension of mandated CAS across Indian metros and other zones in the previously prescribed metros and MSOs aggressively pursuing voluntary CAS in Indian metros.

4.11.2.3 The Authority noted the difficulty in getting the Census data. The acquisition of this information assists the sampling of the population between censuses. One of the most important aids to good sample survey research, is an up-to-date and reliable census with detailed information on population size and distribution, age and sex composition, educational level, type of dwelling and other similar data. One can take a sample and, check that the sample really does reflect the population as a whole, when one has access to these important demographic criteria.

4.11.2.4 Generally, foreign investment encourages world class technology and International best practices. Since no security issues are involved, and little or no competition prevailing, (only two rating agencies currently in place despite no regulation in the ratings system), the Authority does not consider imposition of any FDI limit for ratings agencies.

4.11.2.5 The Authority noted that the educational program in any field increases the awareness of the participants on the issues involved in the process and it helps to improve the quality of services since the knowledge of the listeners / viewers automatically act as a controlling measure. Internationally it is through the website and at the time of selection of panel household through face to face communication that the general public is kept informed.

4.11.3 Recommendation

4.11.3.1 The Authority makes the following recommendations:

- **Government shall make efforts to ensure that the concerned agencies are adequately sensitized to make available data relating to Census at reasonable cost.**

- **No limits on FDI / Net-worth requirement are suggested for rating agencies as registration for rating agencies is not recommended.**

- **BARC and the rating agencies should invest in programs to educate the general public about the work of audience measurement at regular intervals in various parts of the country and through detailed information available on their websites.**

- **With the emergence of digital platforms, every programme of a channel and advertisement delivered to a set-top box gets logged. Therefore, capturing of data by using addressability features of CAS, DTH, IPTV etc. would enhance the results of the rating system.**

- **The industry should invest in research for upgrading the set top boxes so as to make them compatible for audience measurement.**
- **Government should examine making digital watermarks mandatory for channels.**

Chapter- V

Summary of Recommendations

5.1 Need for the Government to regulate the system of Television Rating Points (TRP)

- The manner, extent and nature of Regulation.

Recommendation

The Authority recommends Self-regulation through the Industry led body, with Government exercising oversight through its nominees in the industry led body and guidelines covering organisation, functions and methodology to be adopted for ratings by the Industry led body. The continuance of Government nominees on BARC's board may be reviewed after five years. Such industry led body should be a not-for-profit body registered under the Companies Act, 1956.

Self-regulation should aim to achieve the following objectives;

- Continuous improvement in quality and method of the rating system, to provide accurate, up to date and relevant findings;
- To maintain the highest possible standards of integrity and to ensure that its findings are not misused / manipulated by any one to convey a wrong impression;
- To promote, maintain and uphold fair, ethical and healthy practices relating to ratings and its use;
- Discourage unfair or deceptive practices employed in connection with the sale or use of ratings; and

- **Observe and enforce the conditions / standards / norms prescribed by the Government for the ratings process.**

The Government guidelines to BARC should cover the following:

(I) Organizational Structure

- a) **BARC shall have equal representation with equal voting rights from the three Associations namely; AAAI, ISA and IBF. It is expected that these Associations will be truly representative of their segments and that membership rules will be applied in a completely transparent manner by the respective Associations.**

- b) **In addition to 12 Board members proposed in the Articles of Association of BARC, there shall be two nominees of the Ministry of Information and Broadcasting on the Board of Directors of BARC. The Government nominees will not have voting rights on any resolution. Any dissent of the Government nominees shall be recorded in the minutes of the Board Meetings, if so desired by the nominee. The sitting fees for the Government nominees shall be regulated in terms of Gol instructions issued from time to time (Presently Government nominees are not entitled for any sitting fees).**

- c) **There shall be a Technical Committee within BARC which shall guide and supervise the various processes. The Technical Committee shall inter-alia include one nominee each from the Ministry of Statistics and Programme Implementation, National Council of Applied**

Economic Research (NCAER) and Indian Statistical Institute (ISI), Kolkata. The nominated members of the Technical Committee shall be entitled to remuneration in line with the remuneration of other members of the Committee, if permitted by the rules & regulations of their parent organisation.

- d) For specific assignments contracted by BARC to any of the organisations represented through the nominees in the Technical Committee; the terms & conditions and fee shall be governed through mutual negotiation.

(II) Functions

BARC shall not undertake audience measurement directly and shall resort to an open, transparent and competitive bidding process for the various stages involved in the rating process; including (a) establishment survey (b) panel design and quality control (c) recruiting and metering, data collection and processing and (d) Audit.

(III) Methodology

The Ministry of Information & Broadcasting shall provide the key eligibility norms for the selection of rating agencies and also provide performance obligation norms including scope of work in the Request for Proposal (RFP) issued by BARC for appointment of rating agencies. These will be duly considered by the Technical Committee while finalizing the relevant BARC documents.

(IV) Reporting Requirements

- a) **BARC shall provide such information and reports as may be asked for by the Ministry of Information and Broadcasting from time to time. The Ministry shall maintain confidentiality of the information thus provided, if so desired by BARC. However, the addresses and location of homes where people meter are installed shall not be reported to the Ministry.**
- b) **The reports shall be made available in a transparent and equitable manner. BARC shall display the rate card for the various reports and discounts offered thereon on its website.**

(V) Complaint Redressal mechanism

- a) **BARC shall have in place a complaints Redressal mechanism, which shall be responsible for handling complaints, shortcomings and deficiencies in the rating system brought to notice by Board of Directors, consumer organisations, users of ratings and the general public. BARC may consider the model followed by Advertising Standards Council of India (ASCI).**
- b) **Till BARC is fully functional in terms of selection of Rating Agencies, BARC shall engage constructively with the existing rating agencies for resolution of any complaints received in respect of the rating services.**

BARC shall formalize MoU with the Ministry of Information and Broadcasting to reflect the above features and the eligibility conditions for selection of rating agencies.

Timeframe for Implementation - The Authority expects that the Government will be able to complete processing the Recommendations in four weeks and the MoU can be signed between BARC and the Ministry within two weeks thereafter. BARC should become fully functional within eight weeks of signing the MOU. Setting up of functional norms by BARC may take another four weeks and initiation of activity by BARC should get started by January 2009.

The Authority further recommends that if BARC fails to meet with the objectives or is found deficient in its functioning, the Government shall then consider regulation of rating system through TRAI by way of legislative enactment or any other institutional framework.

In view of the significant influence exercised by content on the society, the Authority strongly recommends that regulation of content should also be transferred to TRAI.

5.2 Eligibility criteria for registration of rating agencies.

Recommendation

With the setting up of BARC, the Authority considers that there is no need for registration of rating agencies with the Government. The RFP inviting bids for getting the rating work done shall, however, be finalized by BARC after duly considering the eligibility conditions and performance obligations as provided by the Ministry of Information and Broadcasting from time to time. The indicative guidelines /

standards are attached as *Annexure III*. The key features of the eligibility conditions, general, operational & ethical and disclosure standards are given below:

Essential eligibility conditions for rating agencies

1. The Rating Agency is set up and registered as a company under the Companies Act, 1956.
2. The Rating Agency has, in its Memorandum of Association, specified rating activity as one of its main objects.
3. The rating agency has, in its employment, persons having adequate professional and other relevant experience.
4. No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one Rating agency. 'Substantial equity' herein will mean equity of 10% or more'.
5. A promoter company/ Legal person/ Directors of rating agency cannot have stakes in Broadcaster, Advertiser and Advertising agency either directly or through its associates. Similarly, a Broadcaster, Advertiser or Advertising agency shall also not have any stake in rating agencies.

General Standards

6. A rating agency shall, wherever necessary, disclose to the clients, possible sources of conflict of duties and interests, which could impair its ability to make fair, objective and unbiased ratings.
7. A rating agency or any of its employees shall not render directly or indirectly any advertisement / advertisement related advice about any channel/channel related programme in the publicly accessible media.

Operational and Ethical Standards

- 8. Appropriate quality control procedures shall be maintained with respect to all external and internal operations which may reasonably be assumed to exert significant effects on the final results.**
- 9. Rating has to be technology neutral. Viewership shall be assessed and rating given irrespective of the source of the viewing platform viz. cable TV, DTH, IP TV etc.. The Measurement devices must be able to operate on every platform.**
- 10. The anonymity of all personnel in any way concerned with sample respondents or households shall be preserved.**
- 11. All weighting or data adjustment procedures utilized by a rating agency in the process of converting basic raw data to rating reports shall be based on systematic, logical procedures, consistently applied by the rating agency and defensible by empirical analysis.**

Disclosure Standards

- 12. Each report shall include statements calling attention to all omissions, errors and biases known to the rating service which may exert a significant effect on the findings shown in the report.**
- 13. Each rating report shall point out changes in or deviations from, the standard operating procedures of the rating service which may exert a significant effect on the reported results. This notification shall indicate the estimated magnitude of the effect.**
- 14. Each rating report shall contain standard error data relevant to the audience estimates contained therein. Such data shall be presented whether or not effective sample sizes are shown. The method used to develop standard error estimates as well as the formulas used to compute the standard errors shall be fully disclosed.**
- 15. The rating agency besides publishing the methodology/process in detail shall also publish the comments/viewpoints of the users of the rating data on their website.**

5.3 The minimum sample size, and minimum coverage required a) over different platforms, b) rural and urban, c) All states including North-East and J&K, d) Prasar Bharti channels;

The Authority recommends that the sample should be determined in such a manner so as to cover different platforms, including terrestrial / Prasar Bharati channels, cable and satellite platforms, rural and urban areas, and all the states. The sample should be regularly updated so as to reflect the developments taking place in the delivery platforms, growth in viewership etc.

The Authority further recommends that the sample size shall be decided by the Technical Committee of BARC.

The Technical Committee should have as members, one nominee each from the Ministry of Statistics and Programme Implementation, NCAER and Indian Statistical Institute, Kolkata in addition to the members nominated in the Technical Committee by the Industry Associations.

To bring in transparency, the Authority recommends that BARC should disclose on their website the methodology of sample selection, the sample size, the frequency of the audience panel rotation and margin of statistically acceptable error.

The Authority further recommends that while keeping the above-mentioned recommendation for determination of panel size, the following may also be taken into account by BARC:

- Removal of demographic disproportionality. The design of the panel should be in proportion to the urban rural spread of TV Households.
- Improved geographic representation in proportion to the TV viewing population.
- The recruited panel should inter alia be representative of age, social class, sex, working status, life stage, and number of people in the household.
- A detailed weighting scheme to introduce a greater level of representativeness of the reporting sample.
- The establishment survey must provide robust estimates, particularly by platform.

5.4 Type of equipment to be used to address the different delivery platforms and Whether technology adopted should be real time system for generation of reports;

Recommendation

The Authority recommends use of technology capable of capturing data over different platforms and constant up-gradations of the technology would be required in the measurement devices. Where electronic meters are used, the system should be capable of providing overnight ratings through unobtrusive means. Diaries, interviews, people meters may have to co-exist in order to address the special needs of specific areas and to augment the sample size. Periodicity of reporting should however be left to BARC to decide.

5.5 Restrictions on crossholding / interests between the Rating Agencies and their clients.

Recommendation

The Authority recommends that there should be no cross holding between the rating agencies and the Broadcasters, Advertisers and the Advertising agencies. This cross-holding restriction is also applicable in respect of individual promoters besides its applicability to legal entities. The Ownership pattern of the ratings agency, including foreign investment / Joint Venture / Associates in the Agency should be reported to the Government on an annual basis and changes, if any should be reported immediately.

5.6 Safeguards to ensure secrecy of sampled families

Recommendation

The Authority recommends that BARC and the rating agencies should have proper systems in place to safeguard the secrecy of the sampled panel homes. The systems should be subjected to independent audits and the auditors should state in their report that proper mechanisms and procedures exist to ensure the secrecy of the sample homes. The aspect of secrecy should be specifically mentioned in the RFP floated by BARC. The Authority further recommends that at least one fifth of the sample homes should be rotated every year.

5.7 Standards / norms to be followed by the rating agency

Recommendation

The Authority recommends that while following the best practices, minimum standards / norms relating to operations, governance, crossholdings and ethics be followed by the rating agencies as

issued by BARC from time to time. Indicative standards / norms are at *Annexure III*.

5.8 Mandatory audits of rating agencies, qualification of auditor, scope of such audit and reporting.

Recommendation

The Authority recommends that:

-There should be comprehensive mandatory audit of the rating system carried out by independent qualified auditing firms having experience of TV ratings audit.

- The Audit team should comprise of technical experts, statistician, media expert, chartered accountant and legal professional.

-The audit should be conducted at least once in three years. A copy of the Audit report should be submitted to the Government.

5.9 Competition in rating services

Recommendation

The Authority recommends that BARC will follow an open, transparent and competitive bidding process for each stage of the activity in the rating process [(refer para 4.2.3.3 (II)].

5.10 Other suggestions for making ratings more representative, transparent and reliable including –

- *FDI related issues*
- *Net-worth of the Rating Agency*
- *Responsibility of Agencies to educate listeners and viewers of the methodology adopted*

Recommendation

The Authority makes the following recommendations:

- **Government shall make efforts to ensure that the concerned agencies are adequately sensitized to make available data relating to Census at reasonable cost.**

- **No limits on FDI / Net-worth requirement are suggested for rating agencies as registration for rating agencies is not recommended.**

- **BARC and the rating agencies should invest in programs to educate the general public about the work of audience measurement at regular intervals in various parts of the country and through detailed information available on their websites.**

- **With the emergence of digital platforms, every programme of a channel and advertisement delivered to a set-top box gets logged. Therefore, capturing of data by using addressability features of CAS, DTH, IPTV etc. would enhance the results of the rating system.**

- **The industry should invest in research for upgrading the set top boxes so as to make them compatible for audience measurement.**

- **Government should examine making digital watermarks mandatory for channels.**

**No.3105/3/2008-BC-III
Government of India
Ministry of Information & Broadcasting**

'A' Wing, Shastri Bhawan
New Delhi, dated the 17th January, 2008

To

The Chairman
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhavan
Jawaharlal Nehru Marg (Old Minto Road)
NEW DELHI

Subject:- Formation of Policy Guidelines for Television Audience Measurement (TAM) /
Television Rating Points (TRP)

Sir,

You would be perhaps aware that TV viewership ratings have generated immense interest among the people who are the actual stakeholders. So far ratings were supposed to be pertinent only to the business interests of advertisers and TV channels. Today, it is everybody's case that the rating of TV viewership should preferably be done by independent agencies and that the process should be transparent. It has been seen that TRP ratings have a direct impact on the scope and schedules of the content of channels and therefore the perspective of larger public interest cannot be ignored.

2. The existing system of TAM/TRP Ratings in India being adopted by the two key players, viz TAM and a-Map has following deficiencies :-

- i) The ratings originally came into being to guide advertisers in optimizing their spend. Instead of being confined to such an internal exercise, ratings have become a benchmark for setting the priorities of TV and programmes of channels in the country as if what interests a small sample of viewers momentarily and what is the "interest of the people" at large are the same.
- ii) It is said that these ratings have inhibited original Indian creative genius and plurality in different regions of the country as channels are made to "fall in line" and become uniform in programming.
- iii) The system is stated to be more advantageous to big channels.
- iv) The benchmark yardstick for the country is urban and does not cover rural India.
- v) Rating does not reflect all sections of the society as it works by getting the cooperation of a few active households belonging to certain sections of the society.

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3. In the above scenario, the recommendations of TRAI are solicited on the system of TRP Ratings and the policy guidelines to be adopted for Rating Agencies. The following points may kindly be considered while formulating your recommendations:

- Registration System (if any) to be followed
- The Guidelines for such registration should provide for the norms which may include;
 - i) Minimum sample size;
 - ii) Type of equipment to be used;
 - iii) Whether technology adopted should be real time system for generation of reports;
 - iv) Minimum coverage required over different platforms including terrestrial, cable and satellite, coverage of rural as well as urban, coverage of all states including North-East and J&K, coverage of Prasar Bharati channels;
 - v) Ensuring secrecy of sampled families and simultaneously transparency and reliability of data so generated.
 - vi) Powers of the regulator to seek any information from the rating agency such as where people meters have been placed.
 - vii) Other issues such as – whether the rating agency should take steps to educate listeners and viewers about the methodology so adopted, net-worth, FDI and so on.

4. TRAI may also like to study the international practices on the issue before making its recommendations.

Yours faithfully,


(ASHA SWARUP)
Secretary to the Govt. of India

BARC

THE COMPANIES ACT, 1956
THE COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION

OF

BROADCAST AUDIENCE RESEARCH COUNCIL

- I. The name of the Company is **BROADCAST AUDIENCE RESEARCH COUNCIL**.
- II. The Registered Office of the Company will be situated in the State of Maharashtra i.e. within the jurisdiction of Registrar of Companies, Maharashtra, Mumbai.
- III. The Objects for which the Company is established are:
 - (A) **MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**
 1. The objective of the Company is to conduct and commission market research and studies using appropriate research methodologies with a view to providing accurate upto date and relevant findings relating to Television and other audio/video media, including but not restricted to TV Ratings for TV programming and spot ratings without fear or favour in a completely transparent and objective manner and at a reasonable cost to users.
 - (B) **THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:**
 2. To maintain the highest possible standards of integrity and to ensure that its findings are not misused by any one party to convey a wrong impression.
 3. To establish market research organization, research bureau, research agencies, permanent field facilities by employing qualified statisticians, psychologists and highly studied team of related discipline, have programme for recruiting and training for general interviewers and special interviewers, engage administrative and field supervising staff, undertake extensive formal training scheme, supplement training on the job, arrange lectures, seminars and practical work on basic research technique, computer applications and statistics.
 4. To widely disseminate the findings of such studies with or without charge.

5. To develop and disseminate appropriate software to enable better and easier use of such findings.
6. To provide a forum for discussion on matters concerning such research with a view to ensuring that all concerned are familiar with the best available technologies in the world and address any concerns of media owners, agencies and advertisers.
7. To promote, maintain and uphold fair, ethical and healthy practices relating to media research.
8. To carry on media research for supplementing data from industry readership survey, TV viewing surveys, commission supplementing media surveys using sampled groups and help to decide the allocation of large sums of advertising money.
9. To enter into any arrangements with any other body local, national or international with a view to furthering the objects of the company.
10. To promote, collaborate or enter into a Joint Venture with any other Company or Companies having similar objects.
11. To establish and maintain branches of the Company in India and/or abroad and regulate the policy, work and activities of any such branches by rules, regulations or bye-laws from time to time to be made or varied by the Company and to federate with other Associations, Societies, bodies corporate having objects altogether or in part similar to those of the company on such terms and conditions as the company may deem fit.
12. To purchase, take on lease or in exchange or otherwise acquire or sell or give on rent or lease any moveable or immovable property, rights or privileges which may be deemed necessary or convenient for serving the purposes of the Company.
13. To draw, accept, endorse, discount, execute and issue promissory notes, bills of exchange, hundies, warrants, debentures and other negotiable or transferable instruments or securities.
14. To borrow or raise money for the purpose of the Company on such terms and on such security as may be thought fit.
15. To pay all the expenses connected with the formation and incorporation of the Company.
16. To buy and/or deal in all kinds of equipment, apparatus, tools, software necessary or convenient for carrying on the work of the Company.

17. To insure the whole or any part of the property of the company either fully or partially to protect the Company's assets and indemnify the Company from liability or loss in any respect either fully or partially..
18. To advance and lend money, open cash credit with or without security or allow overdrafts to any person, association, firm or Company with or without security or wholly or partly secured on any terms in any manner and upon any kind of property, movable or immovable, existing or future, any security, policies, shares, bonds, debentures, debenture-stock, letters of credit, promissory notes, bills of exchange and other negotiable instruments, goods, wares, merchandise, bills of lading and/ or to deposit money, with or without security with other companies or with any person, associations, individuals, or firms upon such terms as may be thought proper and from time to time to vary such transactions in such manner as the Company may think fit.
19. To open current, fixed or other accounts with any Bank in India or abroad and to pay into and to withdraw moneys from such accounts.
20. To borrow or raise money and discharge any debt or obligation or binding on the Company in such manner as may be thought fit.
21. To receive on deposit only for the purpose of financing the work of the Company with or without allowances, interests thereon subject to provision of Section 58-A of the Companies Act,1956 and directions of the Reserve Bank of India. The Company shall not carry on conduct and commission of banking as defined by Banking Regulation Act,1949.
22. To give guarantee and carry on and transact every kind of guarantee and counter-guarantee and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable by the Company.
23. To create any reserve fund, sinking fund, insurance fund or any other special fund, whether for depreciation or for repairing, improving, extending, or maintaining any of the property of the Company or for any other purpose conducive to the interest of the Company.
24. To employ and remunerate employees and to provide for the welfare of the employees or ex-employees of the Company and wives, widows and families or the dependents of such persons, and to give award or allow any pension, gratuity, compensation, grant of money, allowances, bonus or other payments, to or for the benefit of such persons and from time to time subscribe or contribute to Provident and other funds or trusts.
25. To endow research fellowship or grant financial assistance to persons or institutions engaged in research that is related and conducive to objects of the company.

26. To send abroad personnel and employees and agents of the Company for the fulfillment of the above objects.
27. Subject to the provisions of the Companies Act, 1956, or any other enactment in force, to indemnify and keep indemnified officers, directors, agents and servants of Company against proceedings, costs, damages, claims and demands in respect of anything done or ordered to be done by them for and in the interest of the Company and for any loss, damage or misfortune whatever and which shall happen in execution of the duties of their office or in relation thereto.
28. To subscribe or contribute or otherwise assist or to grant money to charitable, benevolent, religious, political, scientific, national, public or any other useful institutions.
29. To share or cause to be shared the cost of any research conducted directly by the Council or at the behest of the Council in the following proportion:
- | | |
|-----------------------------|-----|
| Broadcasters: | 85% |
| Advertising/Media Agencies: | 10% |
| Advertisers: | 5% |
- The Board of Directors, acting unanimously will have the right to change the above basis, because of changed circumstances.

**C. OTHER OBJECTS:
NIL.**

- IV. The objects of the Company shall extend to the whole of India.
- V.(1) The Income and property of the Company, whensoever derived, shall be applied solely for the promotion of its objects as set forth in this Memorandum of Association.
- (2) No portion of the income or property aforesaid shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of distribution of profit, to persons who, at any time, are or have been members of the Company.
- (3) Except with the previous approval of the Central Government, no remuneration or other benefit in money or money's worth shall be given by the Company to any of its members, except payment of out of pocket expenses and reasonable and proper rent on premises let out to the Company.
- (4) Except with the previous approval of the Central Government no member shall be appointed to any office under the Company which is remunerated by salary, fees or in any other manner, not excepted by sub-clause (3) above.
- (5) However, nothing hereinabove contained shall prevent the payment by the Company in good faith of reasonable remuneration to any of its officers or servants (not being members) or to any other person (not being a member) in return for any services actually rendered to the Company.

- (6) No alteration(s) shall be made to this Memorandum of Association or to these Articles of Association of the Company which are for the time being in force, unless the alteration(s) has/have been previously submitted to and approved by the Regional Director, Department of Company Affairs, Mumbai.
 - (7) **The liability of the Members of the Company is Limited.**
 - (8) The Authorised Share Capital of the Company is Rs. 10,00,000/- (Rupees Ten Lacs Only) divided into 100000 (One Lac) Equity Shares of Rs.10/- (Rupees Ten Only) each.
 - (9) True accounts shall be kept of all the sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place, and of the property, credits and liabilities of the Company and, subject to any reasonable restrictions as to the time and manner of inspecting the same that may be imposed in accordance with the regulations of the Company for the time being in force, the accounts shall be open to the inspection of the members. Once at least in every year, the accounts of the Company shall be examined and correctness of the Balance Sheet and the Income and Expenditure account ascertained by one or more properly qualified auditor or auditors.
 - (10) If upon winding up or dissolution of the Company, there remains, after the satisfaction of all the debts and liabilities, any property whatsoever, the same shall not be distributed amongst the members of the Company but shall be given or transferred to such other Company having objects similar to the objects of this Company to be determined by the members of the Company at or before the time of winding up or dissolution, or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.
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THE COMPANIES ACT,1956
THE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
BROADCAST AUDIENCE RESEARCH COUNCIL

INTERPRETATION

1. In the interpretation of these Articles, the following expression shall have the following meaning unless repugnant to the subject or context.
 - i. "The Company" or "This Company" means **BROADCAST AUDIENCE RESEARCH COUNCIL**
 - ii. "The Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
 - iii. "Board" means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled as a Board or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.
 - iv. "Board of Directors" means the Board of Directors of the Company
 - v. "Month" means calendar month.
 - vi. "These Presents" means the Memorandum of Association and these Articles of Association as originally framed or the Regulations of the Company for the time being in force.
 - vii. "Seal" means the Common Seal for the time being of the Company.
 - viii. "In Writing" and "Written" shall include printing, lithography and any other mode or modes of representing or reproducing words in visible form.
 - ix. "The words imparting singular number shall include the plural number, and vice versa.
 - x. "The words imparting "person" shall include Corporation.
 - xi. "The Office" means the Registered Office of the Company for the time being.
 - xiii. Subject as aforesaid and except where the subject or context otherwise requires words or expressions contained in these regulations shall bear the same meaning as in the Companies Act, as in force at the date on which these regulations become binding on the Company.

2. The Company is a Private Company within the meaning of Section 3(1)(iii) of the Companies Act, 1956 and accordingly:
 - a) The number of members of the Company (exclusive of persons who are in the employment of the Company and persons who, having been formerly in the employment of the Company, were members of the Company while in that employment, and have continued to be members after the employment ceased) shall not exceed fifty, but where two or more persons hold one or more shares in the Company jointly, that shall for purpose of this paragraph be treated as single member.
 - b) Any invitation to the public to subscribe for any shares in or debentures of the Company is hereby expressly prohibited, and
 - c) The right to transfer of its shares is restricted as hereinafter provided.
 - d) Prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives.

GENERAL AUTHORITY

3. Where in the said Act it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its Articles, then and in that case these regulations hereby authorise and empower the Company to have such right, privilege or authority and to carry such transactions as have been permitted by the Act without there being any specific regulations in that behalf herein provided.

MEMBERSHIP

4. (1) The number of members with which the Company proposes to be registered is three. The maximum number of members is fifty. The three members shall be the truly representative Associations of the three interest groups: (a) Advertisers, (b) Advertising and Media Agencies and (c) Broadcasters.
 - (2) The following persons are eligible to become members of the Company.
 - (a) The Subscribers to the Memorandum and Articles of Association of the Company.
 - (3) Any member that in the opinion of the other two members does not appear to be the true representative of that user group may be removed and replaced with another if the other two members so decide.
6. (a) The rights of the Members of the Company shall be personal and shall not be transferable.
 - (b) Subject to Rules and Regulations framed in this behalf, the rights and privileges of Membership shall be exercised in the case of an association or institution, by any member of the Board of Directors or Governing Council or Executive Committee, being the highest decision making body of such association or institution authorised by a resolution passed at the meeting of

the highest decision making body in the form prescribed for the purpose by the Company.

- (c) (i) An Institution or Association shall not cease to be a member by reason only of a change in the constitution of such institution or association provided the work of such institution or association remains unchanged.
 - (ii) An Association or Institution shall not cease to be a Member by reason only of a change in its name or management unless the Board of Directors of the Company (whose decision in this regard shall be final, binding and conclusive) comes to the conclusion as evidenced by a resolution passed by the said Board of Directors in that behalf, that there has been a substantial change in the management, control or work of the association or institution concerned provided that no resolution shall be passed by the Board of Directors under the provisions of this sub-clause unless it shall have given the member concerned not less than 30 days notice in writing of the intention to consider the passing of such resolution so that the member concerned can, if the member so chooses, make such representation for the consideration of the Board of Directors as the member may think fit.
7. A member shall cease to be a member and his name shall be removed from the Register of Members:
- (i) In the case of a member being an association or institution, if an order is made by a competent Court for winding up of the said body corporate except for reconstitution.
 - (ii) If such member fails to pay subscription, levy and/or any other fees, fines, deposits, etc, or part thereof due to the Company for any year on or before the time fixed by the Board of Directors provided that one month's advance notice to pay these amounts had been given in writing to such member by the Secretary and provided further that the Board of Directors may, on application made by any person ceasing to be a member under this clause, readmit such person on such conditions as they think fit.
 - (iii) If the member is no longer representing the section of the Industry (Advertiser, Advertising & Media Agency or Broadcaster) on the basis of which it was admitted as member of BARC, provided however that the Board of Directors gives notice to such member intimating him about his cessation and giving him one month's period to put forth his representation in the General Meeting specially convened to take the decision on the matter. If even after the representation, the General Meeting passes a resolution removing the member that decision would be final. The Board of Directors will then decide about the transfer of shareholding of such member to other member/s or admission of a new member.

EXPLANATIONS:

The decision of the Board of Directors of the Company as to whether a member has ceased to be member of the Company or not under this Article shall be final and conclusive.

8. Any member wishing to resign shall give written notice to the Secretary before the end of the month of March of the previous year, but such resignation shall be effective only from the date the same has been accepted by the Board of Directors.

Provided, however, that acceptance of the resignation of any member by the Board of Directors shall not be deemed to relieve the member of the obligation to pay all his dues payable to the Company outstanding upto the date of acceptance of his resignation.

9. Any change(s) in the constitution of the members and/or any changes in the Board of Directors of the members being association, institution shall be informed in writing to the Company in the form prescribed for the purpose within 30 days from the date of change.
10. Any member who ceases to be a member by way of resignation or otherwise will not be entitled to any refund of the money or subscription or part thereof paid by him to the Company on his admission as a member thereof or by way of annual subscription, levy, any other fees, fines, deposits as the case may be, but nevertheless shall be liable to pay any arrears of the amounts as aforesaid outstanding on the date of cessation of his membership.
11. (a) The Company shall have, and it is confirmed that the Company always has had, full power and authority by itself or its agents on behalf of its member or members upon being authorised by such member or members to make all preparations to undertake, conduct, settle and compromise any proceedings and contemplated proceedings and to retain such portion of the fruits of such settlements as may be mutually agreed to between the member or members and the Company.
12. In case of a member being association or institution , such member shall be liable to furnish to the Board of Directors of the Company the names and addresses of the Directors or Office Bearers, as the case may be, in such form and at such time or times as the Board of Directors may, from time to time, prescribe or ask for.

RIGHTS AND PRIVILEGES OF MEMBERS:

13. Every member shall have only one voting right at any General Meeting.

The Rights and Privileges of members shall be:

- (i) To be elected to the Board of Directors of the Company in accordance with the provisions of these Articles of Association and Rules and Regulations framed thereunder from time to time.
- (ii) To place proposals for the consideration of the Board of Directors at the General/Board Meetings of the Company for promoting, protecting and furthering the interests of the members, provided that a notice in writing of at least seven days, giving exact details of the proposal(s), is given to the Secretary of the Company,
- (iii) To inspect minutes of the General Meetings including Extra-ordinary General meetings of the Company provided that the members give to the Secretary not less than seven days notice in writing of his intention to do so.

- (iv) To be elected/appointed as a member of the Board of Directors of the Company and/or to any Committee or Sub-Committee thereof or to represent the Company in any matter with third parties, subject to the specific authorisation by the Board of Directors of the Company in this regard and in accordance with regulations prescribed in these Articles of Association.
- (v) To vote on all meetings of the Company or any matter referred to the General Body of Members.

GENERAL MEETING

- 14. (a) Not less than seven days notice specifying the place, the day and the hour of General Meeting (whether annual or extra ordinary) and in the case of special business, the general nature of such business shall be given to the member, in the manner hereinafter mentioned or in such other manner as may be prescribed by the Company in General Meeting but accidental omission to give such notice or non- receipt of such notice by any member shall not invalidate the proceeding of the General Meeting. A General Meeting may with the consent of all the members be called at shorter notice and in such manner as the members think fit.
- (b) Provisions of Section 171 to 186 of the Act shall not apply to this Company.
- (c) At any General Meeting every question shall be decided by show of hands. If 4 individuals representing one member are present they will collectively represent one vote.
- 15. No business shall be transacted at any General Meeting unless quorum of members is present. Two members present in person shall be quorum for General Meeting. (Note: “Members refers to a collection of individuals representing one Association or Member”)

THE BOARD OF DIRECTORS :

- 16. There shall be a Board of Directors known as the Board of Directors for the Management and conduct of the affairs of the Company which shall consist of not less than 2 (Two) and not more than 12 (twelve) Directors.

The Board of Directors shall consist of 12 Directors as follows:

<ul style="list-style-type: none"> a) Four Directors will be nominated by Indian Broadcasting Foundation (IBF) b) Four Directors will be nominated by Advertising Agencies Association of India (AAAI) c) Four Directors shall be nominated by Indian Society of Advertisers (ISA)

The term of office of each of the Directors will be two calendar years commencing 1st January. However the First Directors shall hold office from the date of incorporation to 31st December, 2010.

As the Directors would be representatives of their respective Associations, such Associations will have the discretion and authority to nominate or withdraw a member in place of the earlier nominated Member.

Any vacancy in the Board of Directors of the company shall be filled by the Board of Directors in accordance with the provisions of the Companies Act,1956.

The Chairman of the technical Committee shall be a permanent special invitee to all Board meetings

All 4 Authorised Representatives of any one association or institution (Member) shall collectively be entitled to one vote at the election of the Board of Directors of the Company.

CHAIRMAN:

- i. The Chairman shall be elected from amongst the 12 Board members.
- ii. The term of office of the Chairman shall be two years.
- iii. The position of the Chairman will be held in rotation by Board Members in the following sequence – IBF, ISA and AAI
- iv. The first Chairman of the Board of the Directors shall be a director from amongst 4 directors nominated by IBF.

INITIAL DIRECTORS:

The initial Directors of the Council will be:

Representing IBF:

Mr. Pradeep Guha
Mr. Paritosh Joshi
Mr. Chintamani Rao
Mr. Rohit Gupta

Representing AAI

Ms Lynn D'Souza
Mr. Sashi Sinha
Mr. Madhukar Kamath
Mr. Sam Balsara

Representing ISA

Mr. Bharat Patel
Mr. J.C.Chopra
Mr. Nitin Paranjpe
Mr. Kurush Grant

Permanent Invitee:

Mr. Vikram Sakhuja (being Chairman of Technical Committee)

17. The Board of Directors shall have powers to invite one or more Special Invitees also to be present at the General Body and the Board meetings or at the Meetings of the sub-committees thereof. Such special invitees may be called invitees or Experts. Such invitees shall participate in the meetings at which they are invited, but shall not vote at such meetings.
18. Soon after the first Board of Directors of the Company is formed as provided herein alone and thereafter every time soon after the election of directors, the Board of Directors from among themselves at their first meeting, shall elect a Chairman, a vice Chairman, a Secretary and a Hon. Treasurer for a period of two years.
19. In a Board of Directors meeting the 4 or lower number of representatives as the case may be of one Member / Association shall collectively have only one vote.

19 AUTHORITY AND RESPONSIBILITIES OF BARC:

A. Authority:

1. To identify and conduct research relating to Television, including but not restricted to TV rating studies on a continuous basis.
2. To determine the scope and frequency of such Studies.
3. To evaluate and to appoint the Research Agency/Agencies to carry out such studies.
4. To determine the costs and pricing of such Studies.
5. To appoint Working Committees and Technical Committees to oversee the development of the Research Design, methodology, implementation and monitoring of such studies.
6. To provide guidelines to the Working and Technical Committees and to take decisions based on the recommendations of these Committees.
7. To appoint a C.E.O. and staff at the Secretariat and oversee the working of the BARC.
8. To delegate any specific part of the above listed authorities to a committee appointed by the Board for that purpose and to limit or revoke such delegations.
9. To do all other such things as may be necessary in the pursuit of the objects of the company.

PROCEEDINGS OF THE BOARD OF DIRECTORS MEETINGS:

20. The Secretary shall convene a meeting of the Board of Directors. The Board of Directors may meet together for the despatch of business,, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of the business of the Board of Directors shall be five Directors, and there should be representation from atleast two members to take a valid decision.

Questions arising at any meeting shall be decided by a majority of votes. In a Board of Directors meeting the 4 or lower number of representatives as the case may be of one Member / Association shall collectively have only one vote. The Chairman may and the Secretary shall, on the requisition of any five members of the Board of Directors at any time, summon a meeting of the Board of Directors.

21. The Chairman of the Board of Directors of the Company shall preside at all meetings of the Board of Directors. In the absence of the Chairman, the Vice-Chairman of the Company shall preside. In the absence also of the Vice-Chairman, the Board of Directors shall from amongst the members of the Board of Directors present appoint a Chairman of such meeting of the Board of Directors.
22. The Board of Directors may delegate any of their powers to sub-Committees consisting of such member or members of their body as they think fit. The Secretary of the Board of Directors of the Company shall be a member of such committee and he shall preside at all meetings of sub-Committee. Any sub committees so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed thereon by the Board of Directors.
23. All acts done by any meeting of the Board of Directors or by any person acting as the member of the Board of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such members or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a member of the Board of Directors.
24. A resolution in writing signed by majority of the members of the Board of Directors shall be as valid and effective as if it has been passed at the meeting of Board of Directors duly called, held and constituted.

OFFICE OF THE BARC:

25. The office of the Board of Directors shall be initially housed in the Mumbai office of Star TV.. Subsequently the Board of Directors may decide to have a separate permanent office of its own.

SECRETARIAT:

26. The Secretariat shall be headed by a CEO, who will be a senior and qualified expert in research and management of research, supported by some secretarial staff. The CEO shall be a paid Executive of the Company.

POWERS AND DUTIES OF THE MEMBERS OF THE BOARD OF DIRECTORS :

27. The affairs of the Company shall be managed by the Board of Directors who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not by Companies Act,1956 or any statutory modification thereof for the time being in force or by these Articles, required to be exercised by the Company in the General Meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the members of the Board of Directors which would have been valid if that regulation had not been made.
28. The Board of Directors shall duly comply with the provisions of the Companies Act,1956 and/ or any statutory modification thereof for the time being in force and in particular with the provisions regarding the registration of the particulars of mortgages and charges affecting the property of the Company created by the Company and as to keeping of various statutory registers and records.
29. The Board of Directors shall cause Minutes to be kept in books provided for the purpose:-
- (a) of all appointments of officers made by them,
 - (b) of the names of the members of the Board of Directors present at each meeting of the Board of Directors and of any sub-committees of the Board of Directors.
 - (c) of all resolutions and proceedings of all general body meetings of the Company and of the Board of Directors and of sub-committees thereof.

Every member present at any meeting of the Board of Directors or sub-committee of members of the Board of Directors shall sign his name in a book to be kept for that purpose.

WORKING/TECHNICAL COMMITTEES

30. The Board of Directors may from time to time constitute one or more Working Committees and Technical Committees laying down the constitution of such Committees, their scope of work, authority and responsibility.

APPLICATION OF PROFITS:

31. The property, capital and income of the Company, whensoever derived shall be applied solely towards the promotion of the objects of the Company and no portion thereof shall be paid by way of dividend, bonus or otherwise distributed to the Members except as provided in the Memorandum of Association of the Company and in accordance with the provisions of the Companies Act,1956.

ACCOUNTS:

32. The accounting year of the Company shall be financial year from 1st April to 31st March every year or such other year or period as the Board of Directors may fix from time to time. The first accounting year shall end on 31 st March of that year in which the Company was incorporated or the following year as the case may be.
33. The books of account shall be kept at the Registered Office of the Company or at such other place as the Board of Directors shall think fit and shall be open to inspection by the Board of Directors during business hours.
34. The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to the inspection of Members not being Members of the Board of Directors and no members (not being a Member of the Board of Directors) shall have any rights of inspecting any account or books or document of the company except as conferred by law or authorised by the Board of Directors or by the Company in General Meeting.
35. A Balance Sheet and an Income and Expenditure Account shall be made out every year and laid before the Company in General Meeting, made upto a date not more than six months before such meeting. The Balance Sheet and the Income and Expenditure Account shall be accompanied by Annual Report of the Board of Directors with respect to state of the affairs of the Company.
36. A copy of the Balance Sheet, Income and Expenditure account and Report of the Board of Directors and of the Auditors shall be sent to persons entitled to receive notice of General Meetings, at least 21 days prior to the Meeting.

AUDIT:

37. The accounts of the Company shall be, as soon as practicable, after the end of the financial year, be audited by a duly qualified auditor or auditors who shall be appointed at each Annual General Meeting of the company and whose duties shall be regulated in accordance with Section 227 of The Companies Act,1956 or any statutory modification thereof for the time being in force.

POWER TO FRAME RULES AND REGULATIONS:

38. The Board of Directors may from time to time frame under these articles, such Rules and Regulations for the purpose of maintaining harmonious relations among, and for exercising supervision and control over members and/or for regulating the affairs of the Company as, in their opinion, are considered expedient and such Rules and Regulations may be amended, altered or revised from time to time. First Rules and Regulations of the Company shall be those which are framed by first Board of Directors of the Company. All or any changes thereto shall come into force after the changes are approved by two third of the Members present at the General Meeting of the Members of the Company.

CHIEF EXECUTIVE OFFICER

39. (i) A Chief Executive Officer may be appointed by the Board of Directors for such term, at such remuneration and upon such conditions as it thinks fit and any CEO so appointed may be removed by the Board of Directors.

- (ii) A Director may be appointed as CEO, provided the Director first resign from the position of Director and makes himself available for appointment to the position of CEO of the Company.

THE SEAL

- 40. The Company shall have Common Seal and the Board of Directors shall provide for the safe custody thereof. The seal shall not be affixed to any instrument, except by the authority of a resolution of the Board of Directors or of a committee of the Board of Directors authorised by it in that behalf and in the presence of two Directors or such other person as the Board of Directors may appoint for the purpose and such Director or other person aforesaid shall sign every instrument to which seal of the Company is so affixed in his presence.

INDEMNITY

- 41. Subject to Section 201 every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in connection with any application under Section 633 in which relief is granted to him by the Court.

SECRECY CLAUSE

- 42. Every Director, Manager, Treasurer, Trustee, Member of Committee, Officer, Servant, Agent, Accountant or other person employed in the work of the Company shall before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law.

Guidelines for Rating Agency

1. Mandatory eligibility conditions:

- 1.1 The Rating Agency is set up and registered as a company under the Companies Act, 1956.
- 1.2 The Rating Agency has, in its Memorandum of Association, specified rating activity as one of its main objects.
- 1.3 The rating agency has, in its employment, persons having adequate professional and other relevant experience.
- 1.4 No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one Rating agency. 'Substantial equity' herein will mean equity of 10% or more'.
- 1.5 A promoter company/ Legal person/ Directors of rating agency cannot have stakes in Broadcaster, Advertiser and Advertising agency either directly or through its associates. Similarly, a Broadcaster, Advertiser or Advertising agency shall also not have any stake in rating agencies.

2.0 General Standards

- 2.1 A rating agency shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment in order to achieve and maintain objectivity and independence in the rating process.
- 2.2 A rating agency shall have in place a rating process/methodology that reflects consistent and internationally accepted rating standards.
- 2.3 A rating agency shall disclose its rating methodology in clear terms to clients, users and the public.
- 2.4 A rating agency shall, wherever necessary, disclose to the clients, possible sources of conflict of duties and interests, which could impair its ability to make fair, objective and unbiased ratings
- 2.5 A rating agency shall not make any untrue statement, suppress any material fact or make any misrepresentation in any documents, reports, papers or information furnished to the public at large.

- 2.6 A rating agency shall ensure that there is no misuse of any privileged information.
- 2.7 A rating agency or any of its employees shall not render directly or indirectly any advertisement / advertisement related advice about any channel/channel related programme in the publicly accessible media.
- 2.8 A rating agency shall develop its own internal code of conduct for governing its internal operations and laying down its standards of appropriate conduct for its employees and officers in the carrying out of their duties within the rating agency and as a part of the industry. Such a code may extend to the maintenance of professional excellence and standards, integrity, confidentiality, objectivity, avoidance of conflict of interests, disclosure of shareholdings and interests, etc. Such a code shall also provide for procedures and guidelines in relation to the establishment and conduct of rating committees and duties of the officers and employees serving on such committees.

3.0 Operational and Ethical Standards

- 3.1 Each rating Agency shall try constantly to reduce the effects of bias, distortion and human error in all phases of its activities.
- 3.2 Appropriate quality control procedures shall be maintained with respect to all external and internal operations which may reasonably be assumed to exert significant effects on the final results.
- Quality control shall be applied to, but not necessarily limited to, sample selection, sample implementation, data collection, data editing, data input, tabulation and data delivery in printed and electronic formats. It shall include (where relevant) periodic independent internal verification of fieldwork and periodic accuracy checks of meter performance and computer accumulations of base data.
- 3.3 All field personnel (including supervisors) shall be furnished with detailed written instructions and manuals covering all steps of their work. Such personnel shall be thoroughly trained to assure that:
- a. They know the responsibilities of their positions.
 - b. They understand all instructions governing their work.
 - c. They will deviate from such instructions only when justified by unusual conditions and that any such deviations will be reported in writing.

- d. They recognize and will avoid any act which might tend to condition, misrepresent or bias the information obtained from respondents.
- 3.4 To improve quality of performance, interviewers and other personnel shall be informed that their work will be periodically checked by internal quality control procedures and by the independent auditor appointed by the industry led body. Every effort shall be made to avoid divulgence to such persons of the checking procedures and the personnel, time and places selected for checking.
 - 3.5 Rating has to be technology neutral. Viewership shall be assessed and rating given irrespective of the source of the viewing platform viz. cable TV, DTH, IP TV. The Measurement devices must be able to operate on every platform.
 - 3.6 Each rating agency utilizing computer systems for processing audience data shall establish procedures to insure that:
 - a. The operations to be performed by the computer system are documented in sufficient detail to specify for each computer program at least: the objective of the program; the input data to be used; the editing and processing steps to be performed, and the out-put data.
 - b. The computer programs and data are diligently protected from unauthorized manipulation.
 - c. Changes in any computer program are documented in enough detail to identify what is being changed, the reason for the changes, tests performed to confirm the effect(s) of the changes, and the effective date of the changes.
 - 3.7 The anonymity of all personnel in any way concerned with sample respondents or households shall be preserved.
 - 3.8 If respondents have been led to believe, directly or indirectly, that they are participating in an audience measurement survey and that their secrecy will be protected, their names, addresses and other such identifying information shall not be made known to anyone outside the rating service organization.
 - 3.9 Rating agency shall take adequate steps to avoid including in audience measurement samples any station, channel, system or network (television, cable & satellite etc) principal or employee or any member of

their households because of the possibility of conscious or unconscious bias in the reporting of their media behavior.

- 3.10 In the event that a rating agency has identified an attempt to bias measurement results by a respondent's submission of fabricated information, it will do whatever may be necessary to identify and eliminate such cases. In the event that such cases have been included in published data, the agency will attempt to assess the effect on results and will notify users should this prove to be of practical significance.
- 3.11 All weighting or data adjustment procedures utilized by a rating agency in the process of converting basic raw data to rating reports shall be based on systematic, logical procedures, consistently applied by the rating agency and defensible by empirical analysis.

4.0 Disclosure Standards

- 4.1 Each report shall include statements calling attention to all omissions, errors and biases known to the rating service which may exert a significant effect on the findings shown in the report.
- 4.2 Each rating report shall point out changes in or deviations from, the standard operating procedures of the rating service which may exert a significant effect on the reported results. This notification shall indicate the estimated magnitude of the effect.
- 4.3 With respect to sampling error:
 - a. Each rating report shall contain standard error data relevant to the audience estimates contained therein. Such data shall be presented whether or not effective sample sizes are shown.
 - b. The report shall also contain a non-technical explanation of the meaning and use of standard error as well as a clear guide to how the data may be applied to any given estimate contained in the report.
 - c. The method used to develop standard error estimates as well as the formulas used to compute the standard errors shall be fully disclosed. The service shall provide a basis for calculating sample errors for other audience estimates commonly calculated from data published in its reports, although this material may be included in a methodological supplement rather than the report itself.

- 4.4 If the rating service becomes aware that a station, channel, system, or network has employed special non-regular promotional techniques that may distort or “hype” ratings and/or exhortation to the public to cooperate in ratings surveys, the rating service shall publish a description of this effort in the appropriate report.
- 4.5 If a rating service has knowledge of apparent rating distorting influences such as community power outages, catastrophes or transmission failures, the rating service shall indicate in its reports that such conditions existed during the survey period.
- 4.6 The rating agency shall besides publishing the methodology/process in detail shall also publish the comments/viewpoints of the users of the rating data in their website.

Conclusion and Summary of Hearings of Harris Committee

- Under our American system of commercial broadcasting, private companies are licensed to operate for private profit in the public interest. Broadcasting ratings constitute a vitally important aspect of commercial broadcasting. It is impossible to achieve high quality commercial broadcasting. It is impossible to achieve high quality commercial broadcasting in the public interest if shoddy audience measurement practices and improper uses of broadcast ratings are permitted to proliferate. The federal Government, therefore, must be seriously concerned with the reliability of ratings and the proper use of the ratings but the broadcasters and the others whose use of ratings effects broadcasting.
- The Communications Act of 1934 and the Federal Trade Commission Act give to the FCC and the FTC general responsibilities with regard to broadcasting, advertising, and unfair and deceptive practices. Effective enforcement of these laws with regard to the sale, advertising, and use of broadcast ratings is vital in the interest of the integrity of commercial broadcast operations. Proper coordination of Law enforcement by these two agencies is vital if proper practices with regard to ratings are to prevail. To the extent that technical expertise with regard to rating techniques may be required in this connection which may be lacking in these two agencies, ample resources are available inside and outside the Federal Government to secure whatever assistance may be needed.
- The enactment, at this time at least, of legislation provided for government regulation of Broadcast Audience Measurement activities is not advisable. The administration of a statute providing for such regulation would place an unnecessary burden on the Federal Government, and it is doubtful that more would be accomplished by effective industry regulation.

- Effective industry regulation will have to depend almost entirely on initiative and perseverance of the Broadcast Industry assisted to some extent by the Advertisers and other users of the ratings. The Rating services may accept such industrial regulation as a necessary evil preferable to government regulation but they are not likely to undertake a programme of a self-regulation on their own.
- Some degree of informal coordination must be achieved between the present program of industry regulation and the law-enforcement activities by the FCC and FTC in the area of ratings. As a minimum, Broadcast Rating Council and the two agencies should exchange information with regard to complaints received by them concerning ratings.
- A scheme of industry regulations to be effective even more than government regulation requires the continuing exercise of oversight. In the final analysis, this oversight function will have to be exercised by that arm of the government which was responsible for the institution of industry regulation in the first place. The appropriate committees of the Congress will, therefore, have to shoulder this burden of oversight on a continuing basis.
- In addition to industry regulation, the most important factor on which the development of new and improved rating techniques will depend is an appropriate research program. The continued emphasis and support of rating research is an important responsibility of broadcasters and other users of ratings, and hopefully the rating services themselves may come to realize that such research is to their own long term best interests.
- To the extent of Broadcast Audience Measurement techniques can be improved by research into sampling techniques in general, an adequate measure of support of such research by the federal government should be considered appropriate. The appropriate committees of the Congress should welcome recommendations or such support from the Office of the Statistical Standards and other federal agencies which have particular

responsibilities with regard to statistical measures and sampling techniques.

- Broadcasters who use ratings as an important tool in conducting their affairs, and most broadcasters do, have responsibilities which they cannot escape with regard to the quality of the tool and the use they make of it. Broadcasters, in order to perform in the public interest, must become more sophisticated with regard to the rating tools which they employ. It is gratifying to know that there is increase acceptance of this responsibility by some broadcasters even to the extent of promoting formal academic seminars especially designed to acquaint broadcasters and other users of ratings with the basic principals and limitations of the rating procedures.
- Improvements in the broadcast rating pictures which have been made in the last three years have been due primarily, if not entirely, to the investigations and proceedings conducted by this sub committee. If these efforts have improved not only ratings but, indirectly at least, have resulted in making broadcasters more responsible in the conduct of their license activities, time and effort spent by the sub committee have been well worth while.

Abbreviations

AAAI : Advertising Agencies Association of India

aMap : Audience Measurement and Analytics

BARB : The Broadcasters' Audience Research Board

BARC : Broadcast Audience Research Council

BBM : Bureau of Broadcast Measurement

C&S : Cable & Satellite

CAS : Conditional Access System

CPA : Certified Public Accountants

DTH : Direct to Home

DART : Doordarshan Audience Ratings

DD : Doordarshan

FCC: Federal Communication Commission

FICCI: Federation of Indian Chambers of Commerce and Industry

FTC: Federal Trade Commission

GRPs : Gross Rating Points

HITS : Headend-in-the sky

IBF : Indian Broadcasting Foundation

IPTV: Internet Protocol Television

ISA : Indian Society of Advertisers

JIB : Joint Industry Body

JIC : Joint Industry Committee

MOC : Media Owner Contract

MoU: Memorandum of Understanding

MRC : Media Rating Council

MSOs : Multi-System Operators

OS : Own Service

RFP: Request for Proposal

RPD: Return Path Data

TAM : Television Audience Measurement

TMRPL: TAM Media Research Pvt. Ltd.

TRAI : Telecom Regulatory Authority of India

TRP : Television Rating Points

TV : Television

TVR : Television Ratings