



BARC submission on TRAI Consultation Paper on Guidelines/Accreditation Mechanism for Television Rating Agencies in India dated 17 April 2013

BARC comments on the Introduction of the Consultation Paper

5. With the increasing number of channels, there is intense competition for viewership. Newspapers and other print media receive feedback regarding their audience from the number of copies they sell. This is not the case with radio and television, where a different form of audience measurement is required. Programs are sometimes produced and transmitted at high cost, and often to wide areas, merely with the belief that there is an audience for them. With the growth in the number of channels and increasing variety of programs available, the task of both broadcasters and advertisers in allocating resources becomes increasingly difficult. Market segmentation and targeting have become vital in such a scenario.

Comment: While newspaper sales is one measure The India Readership Survey accurately measures the number of people that actually read these sold or distributed newspapers. As raw-sales are no longer used as a measure for more than 20 years, we suggest that the broader viewership mechanism provided by IRS be alluded to here.

6. On the basis of audience measurement data, ratings are assigned to various programs on television. Television ratings in turn influence content and programs produced for the viewers. Better ratings would promote a program while poor ratings will discourage a program or content. Incorrect ratings will lead to production of content, which may not be really popular, while good content, and programs may be left out. False and misleading ratings, therefore, can affect not only broadcasters and advertisers but also the viewing public as well. Therefore, there is a need to have accurate measurement and representative television ratings for the programs.

Comment: Audience measurement results in data that needs to be computed and then analyzed to arrive at program ratings.

7. To address the issues related to television rating system in India, the Telecom Regulatory Authority of India (TRAI) after an exhaustive consultation process, gave its recommendations to MIB on 19th August 2008 covering various aspects including the need for the Government to regulate the system of television ratings. TRAI had, inter-alia, recommended the approach of self-regulation through setting up of an industry-led body, the Broadcast Audience Research Council (BARC). Subsequently, a committee was constituted by MIB under chairmanship of Dr. Amit Mitra, the then Secretary General, Federation of Indian Chambers of

BROADCAST AUDIENCE RESEARCH COUNCIL

B-304, 3rd Floor, Ansal Plaza, Khelgaon Marg, New Delhi – 110 049 (INDIA)

Tel. # 91-11-4379 4400 Fax # 91-11-4379 4455

Email : barc@ibfindia.com

Commerce and Industry (FICCI), which also made extensive recommendations towards setting up of a transparent and credible self regulatory mechanism for television rating system by BARC. The self-regulation mechanism, as envisaged through BARC, has not been implemented till date by the industry.

Comment: While this was true in August 2012, when BARC was in the process of being set up as a self-regulatory mechanism by advertisers, agencies and broadcasters together, this statement does not represent the ground reality any longer. BARC is now set up as a not-for-profit, Section 25 company registered under the Companies Act. It has since commenced operations and has been reviewed more than once by the Ministry of Information and Broadcasting.

8. MIB has recently sought recommendations of TRAI under section 11 (1) (a) of TRAI Act for laying down comprehensive guidelines/accreditation mechanism for Television Rating agencies in India to ensure transparency and accountability in the rating system.

Comment: Now that BARC has been set up, and the Ministry of Information and Broadcasting is aware of both, its existence and what it is embarked upon, this guideline consultation can be used as an input to ensure BARC is aligned within the broad parameters that make such guidelines executable.

BARC Chapter-wise comments

Chapter I Industry snapshot

Overview of Indian Television Sector

1.5 Doordarshan is the world's largest terrestrial broadcaster with over 1400 terrestrial TV transmitters covering 88% of India's geographical areas and these transmitters provide coverage to about 92% population of the country. In India, terrestrial TV broadcasting has so far not been opened to private players. While DTH and IPTV are addressable and digital platforms, the legacy cable distribution, which is non-addressable analog platform, is presently undergoing a major transformation in terms of technology, from an analog system to a digital addressable system. As per an industry report, total TV households in India were estimated to be 15.5 crore at the end of year 2012. There are around 9.4 crore cable TV subscribers and around 5.45 crore registered DTH subscribers. There are 6 private DTH operators in the country providing pay TV services while the public broadcaster Doordarshan is providing free to air DTH services. The Government has also issued policy guidelines on Headend-in-the sky (HITS).

Comment: China Central Television's 22 channels reach more than a billion people in China and may be larger than India's Doordarshan. It may be stated accordingly, that Doordarshan is arguably the world's largest terrestrial broadcaster or at least is one of the top three of the world's largest television signal broadcasters.

Chapter II Television Audience Measurement in India: Current Position

2.3 Television rating services on a commercial basis are presently provided by only one agency i.e. TAM Media Research. aMAP has since discontinued its services in 2011. As per information available from TAM Media Research, it is appointed by the Joint Industry stakeholders of ISA (Indian Society of Advertisers), IBF (Indian Broadcast Foundation) and AAI (Advertising Agencies Association of India). It provides media and consumer insights to the various stakeholders of the Indian Media and Entertainment Industry - Advertisers & Marketers, Media Owners, Media Agencies and the Academia. It has been reporting TV viewership data for terrestrial TV homes and cable & satellite TV homes. For this, TAM Media Research uses the digital TVM5 people meter. Their panel size of households for audience measurement spreads to 8150 homes⁷.

Comment: TAM claims that the number of people meters has today exceeded 11,500.

2.4 Issues have been raised regarding the credibility of the rating system in India. In this regard, MIB had sought TRAI's recommendations on various issues relating to the Television Audience Measurement (TAM)/ Television Rating Points (TRP) and the policy guidelines to be adopted for Rating Agencies in 2008. TRAI gave its recommendations to MIB in August 2008 covering various aspects. The summary of TRAI's abovementioned recommendations is enclosed as Annexure I.

Comment: Audience measurement must reflect ground realities on viewership. TRAI is qualified to provide such guidelines. In line with TRAI's views, the industry's players want a realistic and an accurate view to such measurement, and are striving to ensure this happens. However, it is surprising that the Government would want to intervene on a subject that is so far removed from priorities for the Government and its ability to regulate that true reflection.

2.5 Subsequently, vide its letter dated 9th December 2009, MIB informed TRAI, inter-alia, that the self-regulation through BARC, as recommended by TRAI, has not become operational and requested TRAI to suggest further course of action. TRAI vide its response dated 4th May 2010 suggested that in the event of BARC not becoming operational, Government may consider entrusting work of laying down guidelines and accreditation of suitable agencies to carry out measurement of television audience to the Indian Institute of Mass Communication, New Delhi. It was further stated that in case this is also not found feasible, Government may consider entrusting this work to TRAI appropriately under section 11 (1) (d) of the TRAI Act, 1997.

Comment: To repeat, TRAI's consultation and resulting guidelines will be useful additions, but now that BARC has been set up, we need to be sure that the Government and TRAI is fully aware of this reality.

2.6 The Committee headed by Dr. Amit Mitra, the then Secretary General FICCI, had also made recommendations in November 2010, in line with the recommendations of TRAI, for setting up television rating system through BARC. The key recommendations of the Committee are enclosed at Annexure II. The Committee gave its recommendations on the issues covering sample size, transparency & reliability, viewership across diverse platforms, shareholding pattern of rating agencies, general operational & disclosure norms of rating agencies, tampering & manipulation, frequency of television rating announcement, guidelines for BARC etc. BARC has not set up any rating system till date.

Comment: To repeat, BARC is well on its way and the Ministry of Information and Broadcasting, and TRAI have been informed of its timelines.

Reference from MIB

2.7 TRAI received a reference from MIB on 31st August 2012 (Annexure III). Through this reference MIB has made the following observations:

a) Television rating measurement system in India suffers from several deficiencies and urgent action needs to be taken to put in place a credible and transparent television rating generation system.

b) Self-regulation of television rating system in India has failed to take off as BARC has not been able to take any credible action on the recommendations made by TRAI and by Dr. Mitra's Committee. With constant persuasion and follow up by the Ministry, BARC was finally registered in July 2010. However, no significant progress has been made till today by BARC to set up a transparent television rating mechanism in the country.

c) The cross holdings exist in TAM Media Research (India). The presence of cross holdings in TAM Media Research (India) raises doubts about the credibility of the data being generated by TAM Media Research.

Comment: We agree that TAM Media Research has failed in providing a credible measurement system and this is true from several angles. However, the cross-holdings of TAM are proven, credible players globally. Both Nielsen and Kantar have proven to provide amongst the best audience measurement systems in most countries they offer services in. Accordingly, cross-holdings cannot be blamed for failure.

BARC did get set up in 2010. To ensure that BARC succeeds, a team that went about studying similar endeavors around the world conducted in-depth research. In particular, BARB, the UK's audience measurement system, which has similar foundations as what the Mitra Committee Report recommended was studied in a fair amount of detail. In addition, several global reports were studied to determine what would work best for India.

The ownership of BARC is not a secret. It is available on the website of its constituent members and will be transparently available to whomsoever it may concern. In addition, as a Company registered under the Companies Act in India, this information is also available with the Registrar of Companies.

It is important to recognize that India is one of the largest democracies in the world, and barring Papua New Guinea, is by far the most diverse nation as well. Accordingly, any establishment of an audience measurement system cannot be done in haste without recognizing, studying and designing what will work for India, and take into solution, best-fit alternatives coming out of best-in-class solutions.

All of these factors have been taken into consideration in establishing BARC. BARC did issue requests for information that will result in requests for proposal in the next few days for key components of establishing the audience measurement and resulting rating system, broken into components in a manner that keeps improving credible measurement and rating, and includes walls between service providers to further governance, reduce dependence and mitigate risks thereof.

2.8 Further MIB requested TRAI to recommend comprehensive guidelines/accreditation mechanism with TRAI as accrediting agency for television rating agencies in India to ensure fair competition, better standards and quality of services by television rating agencies.

Comment: In 1947, India chose to write a constitution that emanates out of the best thinking on democracy from both the United States and France. The need for fair play is correctly defined and all the upgradations (read amendments) of our constitution suggest we want a just, fair, free society. Every attempt at intervention without think-through results in questioning these fundamental tenets of our constitution and we request once again, that as a result of what has gone wrong, guidelines from consultation papers by the Government are most welcome. However, the right to conduct just, fair, equitable business in areas where neither national security nor the tenets of good governance business are not being adhered to, the Government cannot try to pursue a reversal of fundamental constitutional tenets by suggesting such regressive interventions.

Need for Guidelines/Accreditation for Television Rating in India

2.11 Presently television ratings in India are being done by M/s TAM Media Research and have certain deficiencies, many of which have been pointed out by different stakeholders at various forums. Some of these shortcomings in the present rating system are highlighted below:

a) In any rating system the methodology adopted in arriving at the rating of different channels or programs is very important. Also it is equally important that the details of the methodology adopted should be in the public domain and known to all the stakeholders. Apparently this is non-existent in the case of television ratings in India today.

Comment: We agree that the methodology and design should be in the public domain. In fact, there are several ways in which transparency, accuracy and controls against misuse and misbehavior can be established. However, details of the actual rating system cannot be in the public domain lest it gets misused and compromised. To be sure, the details of ANY audience measurement system across the world are not in the public domain.

b) Adequate sample size, representing - complete demographic profile of the country, all delivery platforms, full geographical coverage (both urban and rural markets), is required for statistical accuracy of the ratings. Present television rating system uses a sample size of 8150 which is not adequate to represent the population of 15.5 crore TV households in India. It also does not satisfactorily cover the entire demographic profile of the country e.g. it does not cover rural India and some of the states of India (J&K & North East).

Comment: Even the Census of India has faced significant challenges while attempting to cover parts of our nation impacted by internal insurgencies and similar problems. Having said so, we believe that the BARC audience measurement system will use an extremely robust knowledgebase to cover the populace, diversity, geographic spread and every aspect necessary to get noted in establishing the sample and its spread.

c) The secrecy of the selected panel households is to be maintained to ensure that the ratings are not manipulated. However, today some broadcasters have pointed out that the distributors i.e. MSOs/Cable operators know the location of the panel household (people meter) and demand higher carriage fee for carrying the channels in that area.

Comment: BARC intends to establish much greater secrecy norms for audience measurement to avoid the repeat of this problem.

d) For making the entire process more transparent and credible it is essential that the methodology and the processes should be audited through an independent auditor and the results of such audits published. Such a practice does not exist today.

Comment: Both, an independent audit system that ensures corrective action and helps the system become more robust, and mechanisms established within BARC will ensure gaps are regularly alleviated.

e) Another important issue is of crossholding. Cross holding between the rating agencies and the Broadcasters, Advertisers and the Advertising agencies may result in biased ratings. MIB in its reference has informed the Authority that the cross holdings have continued to exist in TAM Media Research (India), the only operating television rating agency in India.

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Comment: As mentioned in the comment related to point 2.7 above, please understand that neither Nielsen nor Kantar's ownership has ever resulted in questioning the veracity and credibility of measurement systems from about 125+ countries that either or jointly, both these organizations have absolute monopoly in. In fact, neither organization has come short of full disclosure on such ownership.

Having said so, Brazil and the UK chose to establish independent measurement organizations similar to what we are establishing through BARC. In both these nations, advertisers, agencies and broadcasters have come together to provide audience measurement and related analysis.

Our vision is clearly to create the most rock-solid, robust, continuously contemporary audience measurement system the world has ever seen, given its need to correctly measure the vast and diverse nature of our in-letter and in-spirit democracy.

f) Any system of this nature should have a well laid out mechanism to handle complaints from the stakeholders, which may include users of the ratings, consumer organizations and the general public. There is no published procedure that exists today.

Comment: BARC intends to be robust. Complaint management will be treated as a mechanism to keep improving the quality, efficiency, veracity and credibility with which BARC provides audience measurement to its user base. In fact, MRUC's Establishment Survey methodology includes such a sub-process and it can be adapted with inputs from global best-in-class organizations to make it even more robust.

g) The disclosures by the rating agencies and well laid out practices related to sale and use of ratings, helps to improve the credibility of the rating system. These again are not so apparent in the present system.

Comment: In a nation where the common consumer may not be adequately capable as yet of determining the price at which s/he can buy a product or service, it is important to introduce and use Maximum Retail Price to at the very least, stop misuse of consumer ignorance.

Having said so, subscribers to BARC data will include extremely capable organizations such as Doordarshan and other broadcasters, DAVP and other agencies and the Life Insurance Corporation of India and other advertisers. In such a scenario, the market will determine the price, and MRPs and its lookalikes should not be imposed lest they create unfair pricing.

Simultaneously, however, the three co-dependent communities will come together to ensure measurement is truly reflective of the market and will provide robust, true data platforms for analysis and resulting ratings.

h) Today ratings are done by only one agency and it needs to be explored whether more agencies can be brought in to provide competition in the business, which will also result in enhancing the credibility of ratings.

Comment: Every nation uses one currency as its transaction barter. Audience measurement is similarly a currency that will drive improved programming and more accurate underlying transactions between advertisers, broadcasters and agencies. Attempts to split the currency have been made, but proven to be extremely expensive, ineffective and eventually lead to the closure of one or more service provider (aMap in India is a recent example) and would be more so for a developing country such as ours. Accordingly, it is best to learn from what the rest of the world has done, and why a single currency has emerged for each nation (it will be the result of analysis from BARC data in a while).

Chapter IV Issues related to Television Audience Measurement and Rating

4.1 The importance and need for a credible, transparent and representative television audience measurement system is recognized the world over. Continuance with an inadequate television rating system will hamper the growth of TV industry as financial decisions, production of content and its scheduling are largely influenced by television ratings. The effect of error in ratings will get perpetuated in the eco system affecting different stakeholders. Incorrect ratings will lead to selection of programs by broadcasters, which are not sought after and consequently advertisers will end up allocating resources to programs, which will miss the desired target audience. The consumers will also not receive the desired content. It is therefore felt that a credible and transparent system to generate television ratings should be put in place.

Comment: There is no disagreement on the need for a credible audience measurement system. However the argument that consumer interest is somehow affected by the wrong programs being projected is incorrect. Consumers have access to a wide range of programs. The audience measurement system only measures. Audiences are not impacted, at the broadest level, by whether the ratings for a particular show or channel are up or down, Indeed, it would be difficult to randomly find a statistically significant number of consumers that are ratings savvy. Accordingly, it is important to note that while it is paramount from a business standpoint to have the correct rating system so that advertisements and other business parameters get correctly driven, viewers will not be impacted by the kind of rating system a country decides to adopt.

4.2 Television audience measurement is akin to movie reviews, exit polls & credit rating done by credit rating agencies (like CRISIL, Fitch Ratings, ICRA, CARE, Brickwork Ratings & SMERA). Movie reviews are not regulated at all. Though exit polls are not regulated, some restrictions are in place e.g., the results of the exit polls cannot be declared till all phases of voting are over. Credit rating agencies are regulated by the Securities and Exchange Board of India (SEBI), as people invest their hard-earned money based on such credit ratings. Television ratings, to a large extent, influence media consumption and consequently the consumer spend, as

well as the investments made by advertisers. Therefore, one may opine that the importance of regulation of television audience measurement falls somewhere between that of exit polls and credit ratings done by credit rating agencies.

Comment: Please understand that there is no comparison between reviews and ratings. Reviews are the viewpoint of one or a few individuals that choose to critique what they have observed – this is true for restaurants, movies etc. However, ratings are done based on elaborate, standard statistical processes that repeatedly use the same measurement methodology to arrive at a statistically accurate measurement of what a populace or a section of it has viewed.

Comment: While it is true that savvy and highly literate audiences that access a synopsis view of ratings can be influenced by rating systems, there is no statistically accurate sample of data available anywhere that could prove this is true in the case of a service. While this topic is moot and may not be debated, it must be clearly understood that viewership cannot be influenced by ratings. It is always the other way around. Viewership results in a statistically correct audience measurement, which when analyzed gives us ratings. Such ratings result in business decisions on ad-spend, revenue sharing of subscriptions for paid channels and the like.

Please be aware that quality of services to viewers is completely dependent on the quality of programming one gets access to and even then, it is dependent on ones likes and dislikes. Ratings cannot influence audiences. However, ratings, which result from audience measurement, when done accurately, provide the most reliable measure of a nation's or a socially homogenous set of viewers' choices. This is one area where, clearly, the point of view that ratings influence viewership is drawn out too far, and is grossly misplaced.

Comment: When an audience is wrongly being influenced by fascist thoughts or points of view, when an audience is being shown only propaganda, or when an audience is being asked to view programs that are wrong, it may become important to protect consumer interests. Such a situation can become exaggerated in a monopolistic environment. However, in a spiritually and constitutionally democratic society such as ours, where plurality of view and vigorous debate is a part of the national ethos, it has been proven time and again that any such attempt will fall by the way side and given the short shrift rapidly. Accordingly, any statutory regulation would tantamount to revisiting regressive intervention.

Models for regulating television rating system

4.4 As discussed in the previous chapter and based on the study of international practices, the following possible models (Figure 5.1) emerge for a television rating system in India:

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Comment: In a democratic society such as ours, where, as has been said earlier, audiences will not be influenced by ratings but would be the other way around, any attempt to even consider government regulation on rating will tantamount to one of the most regressive acts by any Government in a democracy and would bring back visions of a darker era.

Issue for Consultation

Q1. Which of the model described in paragraph 4.4 should be followed for regulating television rating services in India? Please elaborate your response with justifications.

Guidelines for accreditation of rating agency

Comment: None – television rating services should not be regulated as this would be regressive to being a true in-spirit and in-letter democracy.

Eligibility norms

4.8 In case of self regulation model, where the industry body does the rating itself, the condition of minimum net worth and cross holding mentioned in preceding para may not be applicable.

Comment: All such criteria have been studied in great detail in forming BARC. BARC intends to become the best television audience measurement JIB on the planet and accordingly will strive to create new standards that learn from the best in the world and fit solutions to India's needs. The Broadcast Audience Research Council has been set up as a Section 25 Company under India's Companies Act, fulfills the needs of ownership by the various stakeholders, ensures strict standards on invitation to participate in providing or assisting both measurement and analysis, and will strive to continually use the highest affordable standards of measurement, and as a result, the highest resulting standards in ratings.

However, in the spirit of being the best, BARC will consider such organizations that may be metaphorically start-ups if they provide the wherewithal to address components of its needs that can substantially improve measurement or analysis.

Q2. Please give your comments on the eligibility conditions for rating agencies discussed in para 4.7 above. You are welcome to suggest modifications. Please elaborate your response with justifications.

Comment: We agree with all the points in para 4.7, and in fact, have ensured adherence to these.

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Technology providers such as CISCO, HUAWEI, IBM and several others were never considered directly as companies that could provide the foundation to measurement. The likes of TCS and Infosys were never considered candidates for panel design and deployment and statistical analysis was always thought of as best done by statisticians. We have been pleasantly surprised in the responses to BARC's requests for information that suggest the world has changed from the staid beliefs one had about who can qualify.

We have chosen to give the best companies in each domain an opportunity to bid for components of what measurement will require, keeping confidentiality, governance and robust technologically and analytically advanced solutions.

Q3. Please give your comments on the guidelines for methodology for audience measurement, as discussed in para 4.19 above, for television rating systems. You are welcome to suggest modifications. Please elaborate your response with justifications.

Comment: Firstly, the Establishment Survey must be conducted annually. BARC will ensure this annual exercise is conducted and improved upon regularly.

Establishment studies and ratings panels are sized based on underlying population diversity. The more diverse a population, the larger the sample size. India is by far the second most diverse country in the world, and accordingly, the sample size required will need to be statistically representative of this diversity. Diversity characteristics must take into account every single element necessary. Having taken all these into account, BARC has empanelled MRUC to expand its annual Establishment Survey to include elements necessary to help establish the parameters for sampling the diverse society we are. It must be clearly understood here that MRUC's Establishment Survey emanates out of the extensive work conducted by the Indian Census and the work done by the National Council for Applied Economic Research. Its sample size is much larger than any other in the country, barring the Census, and should establish the correct basis for embarking on a new method for audience measurement.

The audience measurement methodology, the sampling methodology and the rating methodology should be available to a veritable, credible and independent panel of auditors that ensure the veracity of the resulting system. However, any detail thereafter cannot be provided, as it would compromise the important confidentiality of the working of such a system, and result in gross misuse thereafter.

Clearly, the UK, Australia, USA, Brazil, Canada, the Scandinavian countries, Germany and France represent some of the best audience measurement systems in the world. All of these are variations of an industry-formed measurement system. Italy's veracity is suspect as a result of its closeness to the largest media company in that country, its leader and his position as a previous head of the country's government. India needs a system of its own as its diversity is not represented in any one of these countries. BARC recognizes this reality and will adapt and evolve a methodology for its annual survey, its sampling, its measurement and resulting rating

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comprehensively. In fact, it is well on its way to doing so. BARC has chosen to include the National Statistical Survey Office to ensure that all these elements are being correctly addressed by bringing forth the vast knowledge base of conducting such exercises that NSSO is credibly reputed for.

Households chosen to host the people meter or its equivalent will get tired of hosting the meter after a period. A 25% churn is generally expected and accordingly, every four years would work.

It is important to understand that the audience measurement system will result in ratings. It will affect one industry: media. Something that affects one industry and its users should be dealt with through India's judicial system if any misuse occurs. Seeking legislative intervention would effectively suggest that a contractual business arrangement is insufficient in a responsible and conservative legal system such as ours and parliamentary intervention is necessary.

While BARC will start by using people meters to begin with, a combination of surveys and ultimately figuring out a newly emerging technology that can actually use set top boxes as people meters, once perfected will be considered seriously.

Q4. What should be the minimum panel size (in terms of numbers of households) that may be mandated in order to ensure statistical accuracy and adequate coverage representing various genre, regions, demographics etc. for robust television rating system? Should the desired panel size be achieved immediately or in a phased manner? In case of implementing the desired panel size in phased manner, what should be the quantum of increase and periodicity of such increase in size?

Comment: The panel size for our nation has to be definitely larger than the 11,500 meters, TAM claims it has in place. However, today's sampling methodologies are far superior and robust providing measures with error margins of less than 1%. In such a scenario, the Survey will establish what is necessary. The end goal of BARC's system will be to ensure equivalent measuring is established. At this juncture, it is difficult to agree that 30,000 meters are necessary, as there isn't sufficient Survey data used to corroborate the recommendation by itself.

Q5. Please give your suggestions/ views on as to how secrecy of panel homes can be ensured?

Comment: The BARC empanelment criteria ensures that panel provision, panel management design and deployment and the resulting measurement, analysis and ratings are kept sufficiently separate and with varied organizations to remove the first level of confidentiality conflict.

In addition, the kind of metering choice used will be kept separate from the team that actually deploys meters. The second level of confidentiality conflict will get dealt with as a result.

Finally, the deployment team will be managed in such a way that the information will be leak-proof, ensuring a third level of confidentiality conflict management.

We are fully aware, from experience that this can still be compromised and are exploring how other countries do this to ensure greater secrecy is established.

Crossholding

4.23 It is clear that adequate restrictions may have to be imposed on cross holdings in the rating agencies to ensure that the agencies provide independent ratings without any conflict of interest. Some of the possible guidelines in this regard could include the following:

a. There should be no cross holding between the rating agencies and broadcasters, advertisers, media agencies and advertising agencies.

b. This cross-holding restriction should also be applicable in respect of individual promoters besides being applicable to legal entities.

c. No single company/legal person, either directly or through its associates or inter-connected undertakings, shall have substantial equity holding in more than one rating agency. Similarly no single company/legal person, either directly or through its associates or inter-connected undertakings, shall have substantial equity in both, rating agencies and broadcasters/advertisers/media agencies/advertising agencies. Substantial equity could be defined as certain percentage (say 10% or more) of paid equity

d. A promoter company/legal person/directors of the rating agency cannot have stakes in any broadcaster, advertiser and advertising agency either directly or through its associates or inter-connected undertakings.

Comment: BARC itself will publish the ratings. Any vendor will be only a data provider to the system. This system removes many of the infirmities identified in this section. In general, cross holdings can be also managed by a sensible governance structure that builds the right checks and balances into the measurement and reporting system. This is a high priority for BARC.

Q6. Please give your comments on the cross holding restrictions for rating agencies as discussed in para 4.23. You are welcome to suggest modifications. Please elaborate your response with justifications.

Comment: BARC is owned by the three associations that represent advertisers, agencies and broadcasters. In creating such a structure, any holding by an individual or an operating company in any of these areas is eliminated.

BARC will own the data, the measurement and the analysis resulting from it. As a result, BARC will provide the rating as an independent body. Vendors that may be instrumental in anything to do with the data will only be a service provider with no ownership on the data and with seriously binding confidentiality contracts. BARC has by design eliminated many of the infirmities suggestive of delinquencies or irregularities arising from cross holdings. In addition, BARC's governance structure will ensure further robustness in oversight and control, and will put in place additional checks and balances.

Q7. Please give your comments on the complaint redressal mechanism discussed in para 4.25. You are welcome to suggest modifications. Please elaborate your response with justifications.

Comment: Any measurement system, any complaints management system must be designed with complaints redressal as one of its key underlying foundation blocks. BARC has been designed to include such a system and once again, the world of audience measurement is being studied in detail to arrive at what is best fit for India.

Sale & Use of ratings

4.26 The rating agencies are required to maintain the highest possible standards of integrity and to ensure that their findings are not misused / manipulated. Unfair or deceptive practices related to the sale or use of ratings need to be discouraged.

4.27 The rating agencies may also be required to follow certain norms related to sale & use of ratings in order to ensure that this does not bias the views of the stakeholders. It may be desirable that the rating agencies or any of their employees may be barred from rendering, directly or indirectly, any advertisement or advertisement related advice about any channel or channel related program in publicly accessed media. Rating agencies may also be required to ensure that there is no misuse of any privileged information.

Comment: Vendors to BARC will not publish ratings themselves. This issue is obviated.

4.29 Since the rating agency will be selling the data to different users in the ecosystem, it will be desirable that the rates are non discriminatory and transparent. It will also be desirable that such a rate card for different reports is placed on the website of the rating agency to ensure transparency and non-discrimination. For example in UK, BARB publishes the rate card on its website.

4.30 The reports by the rating agency may be required to be made available in a transparent and equitable manner. Apart from the regular users like broadcasters, advertisers and advertising agencies, other users for example institutions, students, press, etc may also like to access the data. However, it is desirable that such an access may be permitted for the limited use of the user in a manner that does not impact the stakeholders of the rating system.

Comment: Commercial arrangements will be designed to maximize access to the measurement products. BARC is a not-for-profit entity.

Q8. Whether the rate card for sale and use of ratings should be published in the public domain by the rating agencies? Please elaborate your response with justifications.

Comment: To emphasize, BARC is a not-for-profit organization whose sole purpose is to provide the best audience measurement system as yet. BARC's commercial structures are designed to maximize access to measurement products. As BARC will be the sole provider of analysis and ratings, its vendors will have no right to publish anything from the work done for BARC.

We have clearly said that the people and companies buying the measurement products BARC will make available are savvy enough that negotiated market mechanisms shall determine prices depending on size and complexity of what is being provided. Accordingly, MRP is arguably more a deterrent to best value and can stifle the ability to arrive at win-win contracts between BARC and its product buyers.

Q9. Whether other users apart from broadcasters, advertisers and advertisement agencies be allowed to obtain the rating data from the rating agencies? If yes, who all should be allowed to obtain and use the data from the rating agencies? What restrictions should be imposed on use of the rating data by users?

Comment : BARC is studying what the developed world and some key countries in the developing world are doing to arrive at what will be best practice for India.

Q10. Whether the user should be allowed to share the data provided by the rating agency with third parties or publically accessed media. Please elaborate your response with justifications.

Comment : A carefully thought-through data sharing between buyers and users of data is being established to ensure robustness, accuracy and alleviation of misuse. We do not have the answers today on what this should become, but do know that access outside of the user system should be restricted to public knowledge of what helps quality.

Q11. Please give your comments with regard to the parameters/procedures, as suggested in para 4.34, pertaining to mandatory disclosures for ensuring transparency and compliance of the prescribed accreditation guidelines by rating agencies. You are welcome to suggest modifications. Please elaborate your response with justifications.

BROADCAST AUDIENCE RESEARCH COUNCIL

Comment: BARC ensures that all the parameters mentioned here are being addressed and as has been repeatedly said in our responses, methodology and design shall be in the public domain, an independent audit system will ensure robustness and transparency, and the rest shall be kept as a well-guarded secret to avoid misuse.

Q12. Please give your comments with regard to the parameters/procedures, as suggested in para 4.37, pertaining to reporting requirement for ensuring effective monitoring and compliance of the prescribed accreditation guidelines by rating agencies. You are welcome to suggest modifications. Please elaborate your response with justifications.

Comment: BARC's reporting requirements to its board, and to an independent audit system will ensure transparency, model behavior, checks and balances, and full disclosure on the elements listed here. However, commercial arrangements will be contractually binding under Indian commercial law and accordingly, any additional restrictions would be moot.

Information requests by any body, constitutional or otherwise ought to be considered from the perspective of its governance implications. All such requests would be responded to with either reports or explanations where governance compromise or its equivalent can result in BARC denying access to related reports.

Q13. Please give your comments on the audit requirements for rating agencies as discussed in para 4.42. You are welcome to suggest modifications. Please elaborate your response with justifications.

Comment: BARC is comprehensively ensuring an independent, robust audit management mechanism that can be tested from time to time to ensure it is helping improve the performance of BARC's audience measurement to remain best in class.

Q14. Who should be eligible to audit the rating process/system?

Comment: Persons of outstanding integrity combined with the best audit managers in India ought to comprise BARC's audit committee and this is being ensured.

Q15. What regulatory initiatives are required to promote competition in rating services? Please elaborate your response with justifications.

Comment: Rating services are extremely expensive to begin with. Ensuring correct delinks in service provision by exclusive vendors will ensure the competitiveness of the construct, and the resulting output. Any suggestion on multiple rating agencies etc will result in complex currencies and an expensive system that defeats its own purpose. Accordingly, BARC should, based on the outstanding merit it shall establish, become the sole currency for broadcast audience measurement in India.

Q16. In case guidelines/ rules for rating agency are laid down in the country, how much time should be given for complying with the prescribed rules to existing entities in the rating services sector, which are not in compliance with the guidelines? Please elaborate your response with justifications.

Comment: Advertisers, agencies and broadcasters chose to use TAM Research and tried for several years to help get accurate measurement and ratings. The failure, to repeat, is not because of its ownership. The failure is TAM's inability to adapt and modify its measurement methodology that is inclusive to India's social, cultural, geographic and economic diversity.

BARC strongly believes that it is important to robustly analyze all elements of what needs to be done to establish a measurement currency that accurately provides ratings thereafter. By doing this in a consultative fashion, BARC believes it will proactively eliminate the need for either rules or regulations but more importantly, become the gold standard to provide measurement and ratings.

Q17. Do you think integrating people meter with set top boxes is a good solution? If yes, how to encourage such systems?

Comment: In time, software solutions will emerge that will ensure set top boxes can double up as meters. It is in process but is far from reality as yet.

Supplementary BARC Comments on Consultation Paper on Guidelines/Accreditation Mechanism for Television Ratings Agencies in India dated 17th April, 2013

Q1 page 19

BARC prefers self regulation by the Industry led body itself. The constitution of BARC is finalized so as to ensure this very fact. BARCs shareholders are IBF (Broadcasters), ISA (Advertisers) and AAAI(Advertising agencies). These are in fact the stakeholders in the value chain for the Ratings. So, the ratings mechanism will be self governed by the Broadcasters (sellers of advertising inventory), and Advertisers and Agencies (buyers of the inventory).

Moreover, as per the Articles of Association of the company, the Technical Committee is responsible for overseeing and guiding the research design of the audience research studies, to be commissioned.

The core Technical Committee is comprised of three members now - Mr Shashi Sinha, CEO IPG Mediabrands, and nominee of the AAAI Chairs the committee. The other members are Mr Paritosh Joshi, Media Consultant and nominee of IBF and Ms Smita Bhosale, from HUL as a nominee of ISA.

The articles further provide that all decisions of the Technical Committee shall be by consensus. Moreover, any modifications to the recommendations of the Technical Committee can only be done by more than 75% voting majority of the Board members. It may be noted here that only 60% of the board members belong to the IBF (sellers of inventory) while 40% belong to the AAAI and ISA (buyers of the inventory). This mechanism will by itself self govern the council and ensure a fair and transparent system acceptable to all stakeholders.

Page 26 q3, 4 and 5

BARC has already commissioned the Establishment survey with around 2.4 lac respondents. It has also issued two RFPs for the Technology and the Research providers for Audience Measurement. This mentions clearly that BARC intends to start with 20,000 households to be measured which will grow substantially with the years based on increase of TV viewing households and requirements of sampling. However, this number could see a substantial rise in case we finalize some technologies, which are not capital expenditure intensive and easier to deploy, and hence allows the economics of the entire deployment.

Geographic representation will not be merely based on TV viewing population. This has to also consider the heterogeneity of the population and the complexities therein. We expect to get much more insights into this post the Establishment survey, results of which are expected by year end.

The selection of households that form a part of the ratings panel from period to period may, in future, be based on meta-sampling. The idea here is this. The actual number of metered households are far more than what the number actually

to publish ratings at specified error levels on a week to week basis. The actual households used in computation for a given period are a sample drawn at random from the overall metered households, or a sample of a sample. The large base sample is therefore called a Meta-sample and the sample used in a given week is the Reporting sample".

Page 29 Q 7

Grievance Committee - The Technical Committee will manage the policy for handling Grievances and oversee the process. There will be a separate Grievance Committee to manage day to day grievances and feedback of users.

Page 30 Q 8,9,10

BARC intends to put in place a transparent and pre defined rate structure for use of its data. Both the prices and discount structures will be available as a public document on the web and will deploy cloud based solutions to host and disseminate the same.

Page 32 Q 12

Audit - Barc recommends that either of the shareholders could appoint the Auditor by rotation to ensure fairness. This could start with ISA, followed by AAAI and then IBF. This would however, need to be ratified by the board of BARC.

BARC commits to start publishing rating numbers by 31st December 2014.