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Subject: Counter comments on C.P. on Tariff issues dt.29-01-2016

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I am offering my counter comments on the above subject.

The Supreme Court of India (in its March 2016 judgement) endorsed the TDSAT judgement dictating that broadcasters must sign fair and transparent RfOs for sale of pay channels to MSOs. The Broadcasters have to publicly declare the actual agreement prices which are being charged and ensure that these are offered to all MSOs with similar connectivity. New RfOs or a complete new TRAI CODE must be implemented by end of April 2016 - Supreme Court directed TRAI.

The Finance Ministry has announced certain incentives for implementing DAS also 1) Basic customs/ excise duty for import of STBs has been reduced to 4% from 12.5 % 2) The import of STB components are fully exempted (from 12.5%) - applicable to Broadband modems and DVRs. 3) Small cable operators benefit from preemptive tax of flat 15% income tax upto Rs.50 lakhs per annum.

As suggested by the consumer associations, the subscriber should be able to choose their pay channels on a la carte basis, the pay channel charges should be affordable for the consumers.

A uniform pay channel rate of maximum of Rs.10 per month per STB on a la carte basis irrespective of genre should be affordable - retail tariff for the subscribers.

From the comments, it is understood that even the large MSOs like Hathway, Den and SITI together are running on a loss of Rs.402 crores in FY14-15 because of the big investment made by them to digitalise their network -FTTH method requires heavy capex. On the other side, the Broadcasters like Zee and SUN together were making a profit of Rs. 1568 crores during the same FY 14-15. Even the small MSOs and LCOs are also investing heavily for DAS implementation. Hence all the large Broadcasters should be helping the MSOs and LCOs by giving at least 50% discounts on the pay channel rate (as per RfO) and they should be willing to pay good carriage fee to the MSOs / LCOs. No increase in the pay channel charges should be allowed till next financial year 2016-17, after DAS is completed by 31st December 2016. Moreover, there will be an increase of Service tax when GST is implemented soon - at least to 18% which will be an additional burden for the subscribers.

A.K.Jose