Subject: **Fwd: Tariff structure in pay TV broadcasting.**
To: Manoj Verma <manoj@trai.gov.in>
Cc: Shreya Jain <shreya@trai.gov.in>
Date: 04/06/16 09:51 AM
From: Group Captain Umesh Kumar <umesh@trai.gov.in>

for incorporation collation and analysis

regards

Umesh

-------- Original Message --------
From: **Sudhish Kumar** <sudhishg@gmail.com>
Date: Apr 5, 2016 10:49:01 PM
Subject: Tariff structure in pay TV broadcasting.
To: pradvbcs@trai.gov.in, umesh@trai.gov.in

To
The Principal Advisor
Telecom Regulatory Authority of India
New Delhi

Sir,
The Basic Fundamental principal of Tariff structure in Pay TV Broadcasting is enumerated as below
The consumers pay monthly subscription for the content I Programme and not for unwanted advertisements inserted in between the programme. The Pay TV Broadcasters earned the advertisement revenue on accounts of the ordinary consumers, subscribing to these pay TV Channels and thereafter these subscribers spending their time and money to get before the TV screen. The Pay TV Broadcasters' advertisement rate card (which is based on per spot of 10 seconds) on the number of viewers/subscribers of that channel.
The Broadcasting services being essential service is regulated. The Subscriber must be subsidized for the advertisement revenue earned by the Pay TV Broadcasters because of viewers. Presently there are more than 150 million Cable TV and DTH TV homes in 'the country and Digitization of Cable TV has been achieved in almost all urban households under Phase- I, II, & III of DAS implementation' and there is no pilferage of subscription revenue with a Set Top Box installed on every TV Set by Subscribers / Consumers provided by the respective DPO, whereas every
Pay TV broadcaster decides their rates of advertisement spot of the 10 seconds based on TAM (Television Audience Measurement) and it's generated TRP (television rating points) which is also based on its number of viewers/subscribers. The said rates are solely dependent on the number of subscribers of TV channel homes 'and goes on to an average of Rs. 2 [Two] lac charged for a 10 second of an advertisement spot in prime time.
The tariff charged to the subscribers of the channels, have three components,
(1) The cost of providing service (which includes reasonable profit) which is the revenue requirement
(2) The revenue from the channel broadcasting which consists of both subscription and advertisement charges
(3) The existing subscribers and ongoing growth. The cost of service, along with reasonable profit is the revenue required by the channel. The said revenue has two main revenue streams namely,
(1) Subscription and (2) advertisement and these two streams are dependent on subscribers and their collected subscription charges. The revenue requirement is to be met by either of these two stream~, which have off setting impact on one another.
In case the cost which includes the element of profit can be recovered from the advertisement revenue then the Pay TV Broadcasters do not have any right to charge monthly subscription from their subscribers through their DPOs. Similarly in case the Pay TV Broadcasters is charging subscription or recover the cost from the subscription charged, then the said Pay TV Broadcasters are not entitled to insert unwanted advertisements. This is the fundamental principle of tariff structure for, essential goods and services.
Therefore the tariff should be fixed keeping in mind the fundamental principal of tariff structure, where:
The existing law on maximum duration of Advertisement permitted in a Clock hour for TV Channels uplinked and Downlinked in India, has been prescribed as 10 Minutes (Commercial Advertisements) and 2 Minutes of Self Promotion (10 + 2) in a Clock Hour.
Subscription Tariff (Wholesale or Retail) fixed for Pay TV Channels. Should be proportionately calculated and fixed keeping in view the Duration of Commercial Advertisements inserted in a Clock Hour. By the respective Pay TV Channel in respect

to the permitted duration of commercial advertisement of 10 Minutes in a Clock hour.

Tariff for these Pay TV Channels to be fixed, also keeping in mind the existing Cable TV and DTH Subscriber base, that has crossed over 150 Million (150 Crore) Households in the Country.
(Even if Re. 1 /- per ordinary Subscriber is charged per month, this amounts to minimum Rs. 150 Crore accrued per month, to the respective pay TV Broadcaster.) Rs, 1800 Crore subscription revenue per Annum.

Pay TV Channels to be only offered on A –La – Carte basis to Subscribers.

We request you to please also incorporate our views on the Consultation process and the Open House Discussion on the Tariff issues related to the TV Services, due to our inability to attend the OHD to be held on 8.04.2016 in Delhi, for we being out station.

Thanking you

Sudhish Kumar
Executive Director
Sagar E Technologies pvt ltd
Bangalore
9845214135

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Your Attitude, not your Aptitude, will determine your Altitude - Zig Ziglar