

In reference to the consultation paper released by TRAI on 25 march 2010

A Report on Tariff Fixing in Non CAS Area

As per order of Honorable Supreme Court, Telecom Regulatory Authority of India (TRAI) is excising hard to fix Cable TV tariff in Non CAS area. For this TRAI is collecting information from all stake holders of this industry. With the help of this collected information TRAI is going to decide cable TV tariff in Non CAS area. In this purpose TRAI even made different questionnaires for different stakeholders of this industry and uploaded it on there website, they even urged all section of this industry to provide there answers, so that they can exploit more precise information. In this matter cable operator provided poorest response, well poorest word may be not right because the expectation made by TRAI towards cable operator was wrong, the 17 page long questionnaires was not that easy for cable operators because they are suffering from illiteracy. TRAI even released a simplified form for cable operators with less than 500 connections to resolve this problem, but operators were not even interested in this form. Cable operator with less than 500 connections were also informed individually, that they should support TRAI in there exercise which they are performing as per the order of Honorable Supreme Court, because if they don't do so TRAI have numerous other ways to complete there process. It's a truth that cable operator are not serious toward there responsibility, because they receives the signals of various channels from M.S.O., which reach consumer through technician. In this way technician are connected to consumer not the operator. It is the technician who collects revenue from consumer, and then hand it over to operator, which is then shared amongst the different section of the industry. In this way role of cable TV operator has diminished. Numerous operators around the union are busy in other business, for them cable TV is just like a pension plan. TRAI should not expect any support from these kinds of operators.

For this purpose if TRAI has urged help from M.S.O. or Entertainment Tax Department, they may have received positive response. TRAI has performed its work very seriously. The data on the consultation paper (164 pg) released by TRAI on 25th March are really amazing. Even after all this the mystery is still unsolved, that how TRAI will fix tariff in NON CAS area?

On 14th January 2003 CAS was passed, but it was implemented on 1st January 2007, that even only in first phase, will this story be repeated in this case? As per Delhi High Court “ for this purpose all stake holders of this industry have to work together then only something can be achieved “.

The exercise of TRAI in fixing cable TV tariff in Non CAS area is becoming more complicated, but in CAS area the tariff of pay channels have been fixed but the question remains the same, What is the meaning of this revenue, for how long operator will not collect revenue from consumer which they pay to the channels? For tariff fixing in Non CAS it is necessary to fix channel revenue in these areas. Some channel charge around 2/



All India Aavishkar Dish Antenna Sangh (Regd.)

B-262, Indra Nagar, Delhi-110033

Tel.: +91-11-27672736 Fax: +91-11-27682112

Mobile: +91-9811110410, 9811120650

some up to 70-80. There are many other ways to earn money. The question is why pay channels, they already have numerous advertisement. Why cable operator should pay? In this whole process TRAI must have witnessed bitter truth of this industry, before fixing tariff we have to understand that what is the per head expense of cable consumer. This question was also raised for CAS area but no one paid attention. Again we have received the chance and this time we should face reality. When we don't have any information about the revenue of the thing which we are selling, then how we can fix tariff for consumer. Even if we do it force fully we will not be able to implement it the story will be the same like CAS.

TRAI need suggestion for channel rate in Whole sale and retail rate. TRAI even need suggestion on domestic and commercial rate. TRAI has even urged suggestion on the expenses which are done to keep channel on visibility frequency along with that they have even asked suggestion on digitalization and addressability. In this way we can say that TRAI is reaching closer to solution, but the solution is not easy, because first they have to come out with the formula to fix tariff for pay channels, without that it's useless to think about retailer or whole seller scheme.

Now if we talk about carriage fees or placing fees this devil has been crated by broadcasters, even government is equally guilty for that because in our country we follow analogue system with a capacity of 106 channels. Why government has permitted 500 channels? Why they didn't try to move towards digital from analogue? Even the broadcasters who provide this kind of fees didn't tries this option, the amount which they have distributed in this form of fees was enough for complete digitalization. In reality we all have to move together then only we can achieve something. It will be better to inform consumer that revenue which they are paying will not be same forever, along with that it is necessary to tell operators that instead of doing theft if they do there job trust fully they will be more satisfied. In last few days many newspaper claimed that DTH has won the race of connection against cable operator, the news seem to be published for some one interest well that's a different story as far as news is concerned it shows that cable operators are loosing this battle, but when we look behind we come to know that DTH is also suffering from price rise. Delhi Govt. has decided to impose an entertainment tax Rs.20 on DTH operator, which will leads to an increase of Rs.240 in the yearly revenue of DTH operator. Whereas cable operator already pay this tax, as it's the era of war between DTH and cable operator, otherwise the tax may have gone up to Rs.600 per annum.

As per news DTH subscriber in Delhi has crossed the mark of 5lakh and whereas the consumer base of cable operators is only 4.5lakhs. According to this data the tax department will enjoy an increment of Rs.1 core in there monthly earning. Govt. has implemented same bar of entertainment tax for both Cable operator and DTH operator, but the basic difference between these two services is that, to satisfy Delhi Govt. Cable operator will not take this tax load to consumer, whereas DTH operator will collect this tax revenue from consumer only, there is a great scope of enlargement of tax window for consumer in both cases, that's why cable operator have to believe that the entertainment tax of Rs.20 will not remain same forever. Even though the tax slab for both services is same both services are same in every state, but the realty is the consumer base of DTH operator is far behind than that of Cable operators.

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It is not at all possible that Govt. is unable to calculate the number of CATV consumer. The whole exercise which TRAI is performing will not be successful until and unless they will not receive the exact and true figure. After all for how long TRAI and I&B ministry will neglect the question that how these cable operators provide these pay channels to consumer at such a low rate? Even at many parts of union capital Delhi Cable operator provide there services at an yearly tariff of Rs.300 to 500 per consumer. Without solving this mystery the whole exercises which are being performed for this industry will be a waste.

We have to remove the curtain from this mystery because it seem that its becoming more and more difficult for Govt. department, famous pay channels and there revenue will be recorded and after adding that it is not difficult to decide the per consumer rate now if we add the revenue which are paid to copy right companies, along with that we add entertainment and service tax, then even the amount will become such big that we can move closer to the solution for Cable operator. Whereas the telephone bill, revenue for films cost of diesel for generator and the cost of maintenance will be added in CATV services. After this whole amount we even have to think about the livelihood of CATV operator. After all this we can decide the amount which should be collected from the consumer.

If this formula is implemented trust fully then not even a single operator will hide there connection. In this way Govt. will receive there complete tax and pay channels and broadcasters will receive there required revenue. Now cable operator are forced to collect low revenue from consumer, then Govt. should make this industry tax free, either Govt. have to pay to operators or they have to decide the revenue for pay channels, other wise this whole industry will become a cactus.

Thanks & Regards

Dr. A.K. Rastogi
President,
All India Aavishkar Dish Antenna Sangh (Regd.)
B-262, Indra Nagar, Delhi-110033
Mobile: +91-9811110410
Email: dr.akrastogi@aavishkarmedia.com



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Tel.: +91-11-27672736 Fax: +91-11-27682112

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