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Respected Sir,

Sub: Counter Comments on Consultation Paper No. 16/2019 on Issues related to Interconnection Regulation, 2017 dated 25 September, 2019

At the outset, we sincerely thank you and entire TRAI team for addressing issue of "Carriage Fees" and other related significant aspects affecting the TV Media Industry. We are sure that TRAI with its capability and sufficient courage can stand to the viewer's and Industry player's expectation under your leadership.

Media Industry is begging for right and timely regulation from TRAI to eradicate present jungle law.

After reading the comments submitted by the distributors and others posted on TRAI website, I am pleased to provide following counter comments based on factual realty setting aside biased emotions:

Unregulated and/or variable Carriage Fees concept per se is a wrong principle/concept as this allows distributor to manipulate both the demand and supply of the Media Industry. A platform/practice/concept which allows manipulation of supply and demand violates the basic principle of healthy economy in terms of choice, quality, price and service. Therefore, not only the two ends of the media Industry i.e Broadcaster and Customer is suffering from more than a decade BUT also the nation's GDP & Social Reform as advertisers/citizens are unable to use the TV platform to its best potential.

The Ideal solution is to delink the supply end of the content i.e Broadcaster from the Distributor as prevailing in other Industries. Interconnection Regulations, 2017 could not make any impact and remained on paper regulation as parallel and proxy fees of placement/marketing/others remained unregulated and variable.

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The Carriage Fees in the current form is not feasible for the 99% of the Broadcasters to pay. Out of 1000 channels only 50 channels can cross 5% of the subscriber base of a distributor which means the following:

Total Annual Carriage fees by TV Channels

= Rs.0.20*12months*20Crs STB*950 channels = Rs. 45,600 Crores (142% of the total Revenues of the Broadcaster)

Total Annual TV Advertising Revenues in India = Rs. 32,000 Crores

Broadcasters Major Expenditures are as follows:

Advertising Agency Commission	=	15% of the Revenues
Rating Fees to BARC	=	0.8% of the Revenues
Fixed Salary & operating expenses	=	Rs. 18,000 Crores (56% of the revenues)
Capital Expenditure depreciation	=	Rs. 2,000 Crores (6.25% of the revenues)

Therefore, the Media Industry in India operates at a Net Margin of 22% of the Advertising revenues from which 142.50% of the carriage fees can- not be paid.

Solution:

Concept: Regulated Fixed Carriage fees including placement/marketing or any other proxy fees with MUST Carry FTA and Regional Channel in Base Pack.

Computation: 6.5% of the total advertising revenues of Rs. 32,000 Crores = Rs. 2,080 Crores= Fixed carriage fees of **Rs. 0.02 per STB per month***12months*20 Crs STB*425 pay channels (for DTH @ Rs. 0.005 per STB per month). No carriage or other form of fees for Free to Air (FTA) Channels.

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Conclusion: Principle of independent demand and supply has to be established by making carriage fees or any other proxy fees levied by distributors to broadcasters fully regulated and fixed. Thus, the content choice, quality, price and service of the Media Industry will be restored thereby customers, broadcasters, distributors, advertisers, industry and society and in turn overall nation can reap the benefits of TV potential.

We look forward to an appropriate effective interconnect regulation at the earliest. We will be happy to provide any other additional inputs, if any.

Thanking you,

Yours faithfully,
For Shreya Broadcasting Private Limited

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