

TELECOM REGULATORY AUTHORITY OF INDIA
A-2/14, Safdurjung Enclave,
NEW DELHI 110 029

NOTIFICATION

No.1-29/2004-B&CS

Dated : 1.12.2004

In exercise of the powers conferred upon it under sub-section(2) and para (ii),(iii) and (iv) of clause (b) of sub-section (1) of section 11 of the Telecom Regulatory Authority of India Act, 1997 read with the Notification No.39 (S.O. No.44(E) and 45(E) dated 09.01.2004 issued from file No.13-1/2004-Restg by the Central Government under clause (d) of sub-section (1) of section 11 and proviso to clause (k) of section 2 of the Telecom Regulatory Authority of India Act, 1997) the Telecom Regulatory Authority of India hereby makes the following Order.

1. Short title, extent and commencement:

- i) This Order shall be called “The Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Second amendment) Order 2004.(8 of 2004)”
- ii) This Order shall apply throughout the territory of India.
- iii) The Order shall come into force with effect from 1.1.2005.

2. The phrase “prevalent as on 26th December 2003 shall be the ceiling” appearing in the second last line of para 3 under the heading titled “Tariff” and before the first proviso under the same para of “The Telecommunication (Broadcasting and Cable) Services (Second) Tariff Order 2004”. (6 of 2004) shall be replaced by “prevalent as on 26.12.2003 plus 7% shall be the ceiling.”

3. Explanatory Memorandum

This Order contains an Explanatory Memorandum for the issue of this Order.

Dr. Harsha Vardhana Singh
Secretary cum Principal Advisor

EXPLANATORY MEMORANDUM

1. TRAI has specified vide the TTO (6 of 2004) that the charges, excluding taxes, payable by

- (a) Cable Subscribers to Cable Operator;
- (b) Cable Operators to Multi System Operators / broadcasters (including their authorised distribution agencies); and
- (c) Multi System Operators to Broadcasters (including their authorised distribution agencies)

prevalent as on 26th December 2003 shall be the ceiling with respect to both free to air and pay Channels. It was also provided in the said Tariff Order that this ceiling could be exceeded, in case if any new pay channel was introduced after 26.12.2003 or an existing FTA channel as on 26.12.2003 was converted to Pay Channel provided that they are offered on a standalone basis and the extent of increase over the ceiling would be limited to the rates for the new channels and the rates on new pay channels or converted FTA channels must be similar to the rates of similar channels as on 26.12.2003. The Tariff Order also provided for reduction in the ceiling on the same principle if the Broadcaster/ MSO/ cable Operator were to reduce the number of pay channels that were being shown as on 26.12.2003.

2. While indicating the regulatory framework for Tariff as stated above it was also indicated in the Recommendations on Issues relating to Broadcasting and Distribution of TV Channels, (sent to the Government on October 1, 2004) that the ceiling shall be reviewed periodically to make adjustments for inflation and that the next review would be undertaken in November 2004 so that the new rates are implemented from 26.12.2004.

3. Accordingly an exercise was undertaken to determine the adjustment rate. For this purpose the Wholesale Price Index (WPI) has been used. The figures for this index are available upto 6.11.2004. The Consumer Price Index figures have not been used, as they do not have the latest information. Also these relate to certain specific consumption baskets. Therefore for the present purpose the WPI would be more appropriate. In deciding the rate of increase to be allowed the Authority has used the figures as on 30.10.2004 on which date the inflation rate was 7.06 %. Although subsequently the rate has increased to 7.64% it is not clear whether this trend would continue in the current month or not –the latest figure as on 13.11.2004 is 7.34%. For purposes of convenience and simplicity the increase has therefore been pegged at 7%.

4. Therefore, it has been decided to issue this amendment Order to allow for inflation, which has been analyzed to be at 7%. This amendment Order will come into effect from 1.1.2005. Thus the new rates will apply for the payments to be made by consumers, cable operators, multi system operators for the month of January 2005. The 7% increase will apply to the charges, excluding taxes, payable as on 26.12.2003. Thus if the payment was Rs 220/- p.m as on 26.12.2003 of which Rs. 20/- was on account of taxes, the 7% increase will be applied on Rs 200/- and an increase of Rs.14/- p.m would be the maximum permissible increase in the basic charges excluding taxes.