

TELECOM REGULATORY AUTHORITY OF INDIA

July 31, 2006

PRESS RELEASE No.73/ 2006

Subject: Amendment to the Tariff Order of 1.10.2004 on the proposal of MSO Alliance.

A proposal from an alliance representing some of the major Multi System Operators was received in TRAI for amending the tariff order of 1.10.2004 for broadcasting and cable services requiring the broadcasters to offer new pay channels only as individual channels. The present position of the Tariff Order of 1.10.2004 is that a broadcaster has an option to offer new pay channels /converted FTA to pay channels either individually or as part of new bouquet on a standalone basis. A process of consultation was undertaken and completed on the proposal of the Alliance as well as related issues. In the meantime it was noted that there have been developments in the area of DTH in terms of likelihood of a competing operator and the decision of the Hon'ble Delhi High Court on implementation of CAS in the Metros of Delhi, Mumbai and Kolkata. In the light of these developments it was considered by the TRAI in March 2006 that for the present there should be no changes in the Tariff Order of 1.10.2004 and it was decided to review the proposal after 3 months.

2. The proposal was reviewed and the Authority has after analyzed the inputs received during the consultation. The Authority has come to the conclusion that the proposal to provide for new pay channels only as individual channel would not lead to better consumer choice in the absence of addressability at the consumer end. The Authority has decided that the only amendment that is required in the Tariff Order of 1.10.2004 is to provide for guidance to benchmark the prices of new pay channels.

3. Accordingly a new section 3 B has been added stating that in determining the similarity of rates of similar channels while benchmarking the price of new pay channel, the factors such as the genre and language of the new pay channel /converted FTA to pay channel, range of prices ascribed to the channel of similar genre and language in the price of bouquets that existed on 26.12.2003, range of prices of individual channels of similar genre and language as existing in CAS areas would be taken into account.

4. A full text of the Tariff Amendment Order along with the detailed explanatory memorandum giving effect to the above decisions is being placed on TRAI's website www.traigov.in