

TELECOM REGULATORY AUTHORITY OF INDIA
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Review of Cable TV Charges for inflation adjustment - Amendment to Tariff Order

1. TRAI, vide its Tariff Order of 1.10.2004, as amended, had frozen the cable charges excluding taxes, payable by Cable Subscribers to Cable Operator, Cable Operators to Multi System Operators / broadcasters (including their authorised distribution agencies), Multi System Operators to Broadcasters (including their authorised distribution agencies) at the level prevailing as on 26th December 2003 in respect of both free to air and pay Channels. The Tariff Order, as amended, also permitted for increase /decrease in ceiling on account of new pay channel(s) launched after 26.12.2003 or on FTA channel(s) existing on that date converting to Pay channel(s) or on reduction in the number of pay channel(s) as shown on 26.12.2003 under certain conditions.
2. TRAI's detailed Recommendations on Broadcasting and Distribution of TV channels of 1.10.2004 while realising the need to give protection for inflation in costs over a period of time, provided that the ceiling shall be reviewed periodically to make adjustments for inflation
3. The first periodical review for inflation adjustment was done during Nov 2004 and a notification was issued on 1.12.2004 further amending the Tariff Order of 1.10.2004 to provide for an increase of 7% over the ceiling cable charges (excluding taxes) prevailing as on 26.12.2003. This increase was made effective from 1.1.2005.
4. As almost a year has passed, another review has become due for the period beginning from 1st Jan 2006. An exercise was undertaken to determine the inflation adjustment rate. For this purpose, the Whole Sale Price Index (WPI) has been used, as was done during the last review. On the basis of analysis done by the Authority the inflation adjustment works out to 4%.
5. An Amendment order has been issued to give effect to the inflation adjustment and will come into effect from 1.1.2006. The new rates will be applicable for the payments to be made by consumers, cable operators, multisystem operators for the month of Jan 2006.
6. This 4 % increase, would be applicable on the cable charges (exclusive of taxes) as enhanced by 7% increase permitted w.e.f. 1.1.2005 vide earlier notification of 1.12.2004. The total % increase on account of inflation (taking into account both

the 7% increase permitted w.e.f. 1.1.2005 and the proposed increase of 4% w.e.f. 1.1.2006) would work out to 11.28% (7%+4%+4% on 7%) when calculated with reference to ceiling cable charges (exclusive of taxes) prevailing as on 26.12.2003.

7. For example, if the cable charges (exclusive of taxes) prevailing as on 26.12.2003 was Rs.200 /- per month the increase in absolute terms on account of inflation adjustment at the permitted rates of 7% w.e.f. 1.1.2005 and 4% w.e.f. 1.1.2006 would work out to Rs.22.56/- $[(7/100 * 200) + (4/100 * 200) + (4/100 * 14)]$. The total cable bill per month as per this example would work out to Rs.222.56 (200+14.00+8.00+0.56). The actual extent of increase in absolute terms with reference to ceiling cable charges as on 26.12.2003 would vary from case to case depending upon the actual cable charges that prevailed as on 26.12.2003 in respect of a consumer /cable operator /multi system operator.
