

**GOVERNMENT OF INDIA
INFORMATION AND BROADCASTING
LOK SABHA**

UNSTARRED QUESTION NO:1414
ANSWERED ON:03.08.2010
LICENCE FEE FOR DTH SERVICES
Majumdar Shri Prasanta Kumar

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

- (a) whether the Telecom Regulatory Authority of India (TRAI) has recommended reduction of licence fee for Direct to Home (DTH) services;
- (b) if so, the details thereof alongwith the action taken by the Government in this regard;
- (c) the total tax levied by the Union Government/State Governments alongwith the tax implication during each of the last three years and the current year on DTH services; and
- (d) the status of rationalisation of licence for DTH services?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI C. M. JATUA)

(a) and (b): Yes, Sir. Telecom Regulatory Authority of India (TRAI) in its recommendations dated 01.10.2004 on the issues relating to broadcasting and distribution of TV channels has recommended reduction of 2% in license fee for DTH service. It has further recommended that the principle of application of license fee on adjusted gross revenue may also be followed as in case of telecom sector. Recommendations of TRAI were considered by the Government and a reference sent back to TRAI on 17.3.2008 intimating that the Ministry did not agree with the recommendations relating to principle of application of license fee on gross adjusted revenue and instead it has decided to reduce the license fee from 10% to 6% of the gross revenue. Subsequently TRAI in response to the Ministry's reference has on 15.4.2008 agreed with the views of the Government and agreed to continue with the calculation of license fee on Gross Revenue basis.

(c): Presently, a DTH Licensee under Article 3 of the License Agreement has to pay an annual license fee to the Government an equivalent to 10% of its Gross Revenue in addition to service tax and entertainment tax. Department of Revenue, Ministry of Finance has informed that no specific data is maintained regarding service tax collected on DTH services. Entertainment tax is a State subject and as such Ministry of Information and Broadcasting does not maintain data about entertainment tax paid by the DTH operators. However total license fee received by the Ministry from all DTH operators for the last three financial years 2007-2008, 2008-2009, 2009-2010 is Rs.345631258/-, Rs.893811734, and Rs.1262539530/-respectively. The license fee for the current financial year will become due after the end of financial year and is received within one month of the end of financial year as per Art 3 of the DTH service license agreement.

(d): A proposal to reduce the license fee has been under examination of the Government in the light of objections of Ministry of Finance on the basis of which the first proposal was turned down by the Ministry of Finance. However, the matter has not progressed further as some of the private DTH operators have been in dispute with Government of India over the applicability of license fee on Adjusted Gross Revenue (AGR) instead of Gross Revenue (GR) as per the terms and conditions of license. They have also sought exclusion of various items under GR including revenue earned from sale of Set Top Boxes (STBs) and the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) has passed an order on 28.5.2010 in favour of the petitioner DTH operators. Further the Government has filed a Civil Appeal in the Supreme Court of India against an earlier order dated 26.8.2008. The matter is sub-judice and presently pending in the Supreme Court of India.