



CENTRE FOR COMPETITION AND CONSUMER PROTECTION LAW

To

The Secretary

Competition Commission of India 10th Floor, Office Block-1 Kidwai Nagar (East)

New Delhi – 110023

1st October, 2026

Subject: Comments, Objections or Suggestions on the Commitment Proposal in Case No. 42 of 2023

Dear Sir,

We are writing in reference to the public comments invited by the Competition Commission of India on the commitment received by it in **The Film and Television Producers' Guild of India Limited and PVR INOX Limited**, Case No. 42 of 2023.

About the Centre

CCCPL is a research centre at **Rajiv Gandhi National University of Law, Punjab (RGNUL)**, dedicated to understanding and advancing the discourse on competition and consumer protection laws in India. The Centre, through its research and outreach activities, endeavors to contribute to the development of sound legal frameworks that effectively protect the interests of consumers and foster healthy competition in the market.

Best Regards,

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Table of Contents

<i>Executive Summary</i>	3
<i>Introduction</i>	4
The 60-Show Threshold Under Option 1 (ESC)	4
The RRS Formulation Under Option 2	5
Service Basis And Cost Support.....	6
The 120-Day Transition	6
The Three-Year Review Mechanism	7
Monitoring And Grievance Redress.....	7
<i>Conclusion</i>	8

Executive Summary

These comments tested PVR INOX commitments application against Regulations 3 and 7, and suggest that the terms may be considered subject to the following modifications:

1. **No fresh obligations.** No fresh VPF or other upfront-payment obligation should be created after acceptance of the commitment, save for clearly defined legacy arrangements strictly necessary for transactions already contractually concluded.
2. **The 60-show threshold.** The 60-show ESC threshold should be empirically validated on granular historical data and precisely defined, including the meaning of ‘theatre’, the prospective or retrospective operation of the reduced rate, and the treatment of cancelled or unplayed shows.
3. **RRS.** The discretionary RRS formulation should be replaced by a binding fixed percentage-point reduction or an objective, disclosed formula.
4. **Producer-specific deviations.** Any producer-specific deviation from the notified framework should rest on objective criteria and be recorded contemporaneously.
5. **Show allocation.** The commitment should expressly prohibit linking a producer’s selection of ESC or RRS, or its invocation of the grievance process, to adverse screen or show allocation, without restricting bona fide demand-based programming.
6. **ESC basis.** The service and cost basis of the ESC should be identified and verified, including the absence of duplicative recovery through the existing revenue share.
7. **Three-year review.** The three-year review should follow a defined, prospective procedure providing for notice, objective cost evidence, producer consultation, upward and downward adjustment, and reporting to the Commission or its monitoring agency.
8. **Monitoring.** An appropriate monitoring and grievance-redress mechanism should be established, including the appointment of a monitoring agency under regulation 9 of the Commitment Regulations

Introduction

1. These comments are submitted pursuant to the notice issued by the Competition Commission of India ('Commission/CCI') inviting comments on the non-confidential summary of the commitment application submitted by PVR INOX Limited ('PVR INOX') under Section 48B of the Competition Act, 2002 ('Act') read with the Competition Commission of India (Commitment) Regulations, 2024 ('Commitment Regulations'). By order dated 30 September 2025 under section 26(1) of the Act, the Commission directed the Director General to investigate alleged contraventions of section 4 of the Act by PVR INOX in relation to the levy of Virtual Print Fee ('VPF/impugned conduct').
2. In paragraphs 70 to 75 of the Prima Facie Order, the Commission recorded its prima facie views on the allegations under section 4(2)(a) (alleged discriminatory conduct), sections 4(2)(b) and 4(2)(c) (alleged limitation or restriction of the production and exhibition of films and denial of market access, particularly for small and medium producers) and section 4(2)(d) (alleged imposition of a supplementary obligation).¹
3. PVR INOX proposes to cease charging VPF, and any upfront payment, from all producers irrespective of the language of the film, with effect from 120 days after acceptance of the commitments.² The cessation of VPF and upfront payments is a substantive correction and is consistent with the direction contemplated in CCI's Market Study³ and international precedent⁴.
4. The substituting framework proposed must be tested against not just the commitment regulations, but also the concerns levelled against VPF itself. The following comments demonstrate certain apparent deficiencies and lack of clarity in the design and administration of the ESC/RRS framework when assessed for discriminatory treatment, creation of barriers and unrelated supplementary obligations, along with requirements of Regulation 7.

The 60-Show Threshold Under Option 1 (ESC)

5. Under Option 1, the ESC is INR 450 per show for standard-format screens and INR 600 for premium-format screens, reducing to INR 250 and INR 350 respectively after a total of 60

¹ *Film and Television Producers' Guild of India Ltd v UFO Movies India Ltd and others*, Case No 42 of 2023 (Competition Commission of India, 30 September 2025) paras 70–75; Competition Act 2002, s 4(2)(a)–(d).

² PVR INOX Ltd, 'Non-Confidential Summary of Prima Facie Opinion and Commitments Offered' (Annexure A to CCI, paras 5(a) and 6).

³ Competition Commission of India, *Market Study on the Film Distribution Chain in India: Key Findings and Observations* (14 October 2022)) paras 78, 104–105.

⁴ Vojtěch Chloupek, 'Czech Republic: Cinema digitalisation fee dropped following an investigation into potential abuse of a dominant position' (Bird & Bird, 20 June 2022) <<https://www.twobirds.com/en/insights/2022/czech-republic/cinema-digitalisation-fee-dropped>> accessed 28 September 2026.

shows per theatre, computed over the entire run-period of the film. Premium and standard shows are aggregated for that purpose.⁵

6. Sufficient data is not available to test the operation and effect of this threshold, for instance, data on the share of small, medium or regional releases that have historically reached 60 shows at a PVR INOX theatre. The Commission in its Prima Facie Order has directed that the investigation must proceed on the basis of ‘more detailed and granular information’,⁶ and this evidentiary approach must continue to apply here.
7. Concerns further arise given that show allocation is at the discretion of the exhibitor, and the Market Study has recorded that a film that is not performing is often dropped from schedule. The commitment is silent on whether a producer's choice between ESC and RRS, or the amount it pays, can affect show allocation. Further, large, well capitalized producers are more likely to prefer fixed ESC, which gives them predictable costs and avoids ongoing revenue-share erosion, whereas, the smaller and cash constrained producers are likely to bear a higher marginal cost per rupee collection, reducing their net realisations and ability to reinvest. Thus, concerns of discriminatory treatment persist.
8. The commitment application also does not specify:
 - a. whether ‘theatre’ means an individual screen or a multiplex property;
 - b. whether the reduced rate operates prospectively from the show at which the threshold is reached or by retrospective true-up, given that the ESC is deducted weekly while the threshold is computed over the run-period; and
 - c. how cancelled, unplayed or under-performing shows are treated.

Without these matters being objectively determined, the threshold is not sufficiently self-executing for the purposes of regulation 7(d), and its application would be difficult to monitor for the purposes of regulation 7(b).

The RRS Formulation Under Option 2

9. Under Option 2, the producers’ or distributors’ share of net box office collections may be reduced by ‘no more than 7.5%’ from the existing rate. PVR INOX states that it considers a uniform percentage reduction to be the most objective, uniform and transparent methodology and will ‘endeavour’ to apply the same percentage reduction to all distributors and producers.⁷
10. ‘No more than 7.5%’ prescribes a ceiling but does not determine the reduction actually applied to any producer. Materially different reductions, each below the ceiling, would therefore remain

⁵ PVR INOX, ‘commitment application’ (n 2) para 5(b) (Option 1) and note 1.

⁶ *Film and Television Producers’ Guild* (n 1) para 74.

⁷ PVR INOX, ‘commitment application’ (n 2) para 5(b) (Option 2).

technically consistent with the present language. The commitment remains silent on safeguard against informal deals, allowing PVR INOX to recreate the same pattern of selective treatment that existed with VPF exemptions⁸ caused by unequal bargaining power. This further interferes with the self-executing character contemplated by regulation 7(d).

Service Basis And Cost Support

11. Paragraph 75 of the Prima Facie Order addresses a distinct concern under section 4(2)(d) of the Act. The Commission observed that the cost of digital cinema equipment is one of several costs of running a multiplex; that a cost charged separately carries an expectation that a separate service is rendered; that PVR INOX had not demonstrated what separate service was rendered in exchange for VPF; and that recoupment of equipment cost alone does not establish the provision of a separate service to producers.⁹
12. The proposed commitment responds by characterising the ESC as a charge for exhibition service linked to demonstrable exhibition-related costs, and the RRS as an adjustment within the existing revenue-sharing structure involving no separate payment.¹⁰
13. However, the material placed in the public domain does not sufficiently identify:
 - a. the precise services covered by the ESC;
 - b. the cost basis supporting INR 450/600 and INR 250/350;
 - c. whether those costs are already recovered through PVR INOX's existing share of box office revenue;
 - d. the methodology preventing duplicative cost recovery; and
 - e. whether GST or any other tax would be charged over and above the ESC.
14. Because PVR INOX would retain its existing share of box office revenue in addition to any ESC deducted from the producer's share, the Commission may also wish to satisfy itself that the ESC does not result in double recovery of costs already reflected in that share. PVR INOX could be asked to identify the services and cost categories to which the ESC relates and to demonstrate, confidentially where necessary, that the quantum does not duplicate costs recovered through the revenue share.

The 120-Day Transition

⁸ Observer Voice, 'PVR INOX Aims to Eliminate VPF for All Films Following Jolly LLB 3 Controversy' (*Observer Voice*, September 2026) <https://observervoices.com/pvr-inox-aims-to-eliminate-vpf-for-all-films-following-jolly-llb-3-controversy-228030/> accessed 28 September 2026.

Times Now Digital, 'Jolly LLB 3 Team Finally Pays VPF Under Protest After Akshay Kumar Involvement: Report' (*Times Now*, 18 September 2026) <[Jolly LLB 3 Team FINALLY Pays VPF Under Protest After Akshay Kumar's Involvement - Report | Times Now](#)> accessed 29 September 2026.

⁹ *Film and Television Producers' Guild* (n 3) para 75; Competition Act 2002, s 4(2)(d).

¹⁰ PVR INOX, 'commitment application' (n 2) para 8(c).

15. The commitment proposes that VPF cease after 120 days from the date on which the Commission accepts the commitments.¹¹ A short implementation period may be administratively justified. It should not, however, become a period in which new long-duration VPF or other upfront-payment obligations may be contracted, and the commitment application does not specify whether such obligations may be entered into during that period.
16. The final commitment should therefore provide that no new VPF or other upfront-payment obligation shall be created after the date of the commitment order, save to the extent strictly necessary for transactions already contractually concluded before that date, consistent with the emphasis in regulation 7(d) on early correction of market distortions.¹²

The Three-Year Review Mechanism

17. Paragraph 7 of the commitment application reserves to PVR INOX the right to re-examine the ESC/RRS quantum every three years, in good faith, on the basis of an objective, data-backed assessment of cost movements and in consultation with producers.¹³ Periodic review of a commitment offered in perpetuity is commercially rational, because costs and revenue structures change over time.
18. The Commitment application does not, however, specify:
- a. the cost methodology;
 - b. the evidentiary standard;
 - c. advance notice to producers;
 - d. whether decreases in relevant costs must result in downward revision;
 - e. whether revisions operate only prospectively; or
 - f. the role of the Commission or a monitoring agency.
19. These matters are of particular importance because the Commission has indicated, in relation to requests to modify commitment orders on account of changed circumstances, that it is not empowered to modify such orders, a material change in facts being addressed through revocation.¹⁴ The manner in which quantum may change over time should therefore be specified within the commitment itself.

Monitoring And Grievance Redress

¹¹ *ibid* para 5(a).

¹² Competition Commission of India (Commitment) Regulations 2024, reg 7(d).

¹³ PVR INOX, 'commitment application' (n 2) para 7.

¹⁴ Competition Commission of India, *General Statement: Competition Commission of India (Commitment) Regulations, 2024* (6 March 2024) para 18; Competition Act 2002, s 48C; Competition Commission of India (Commitment) Regulations 2024, reg 10(1).

20. The commitments will generate a substantial volume of film-specific transactions, given per-show charges and weekly deductions across titles and theatres. Verification of compliance cannot reasonably depend solely on PVR INOX's own certification.
21. Regulation 9 of the Commitment Regulations provides that, where the Commission is of the opinion that implementation of the commitments needs monitoring, it may appoint agencies to oversee that implementation on the terms it specifies.¹⁵ The framework for such appointments, and the responsibilities of an appointed agency, are set out in regulation 54 of the Competition Commission of India (General) Regulations, 2024.¹⁶ Further, Annexure-8 does not contain any clause allowing a producer to report non-compliance or escalate a dispute either to PVR INOX internally or to the Commission. In the absence of these modifications, the proposal retains material discretion on quantum, differentiation and subsequent revision.

Conclusion

22. The cessation of VPF alone may not automatically eliminate the discrimination alleged under Section 4(2)(a); the critical question remains whether the ESC/RRS framework, as implemented in practice, prevents the re-emergence of discriminatory and anti-competitive conditions. It is therefore respectfully prayed that the Commission may consider accepting the commitments under section 48B of the Act if they are appropriately modified to remove material discretion and to improve transparency, objective administration and monitorability.

¹⁵ Competition Commission of India (Commitment) Regulations 2024, reg 9.

¹⁶ Competition Commission of India (General) Regulations 2024, reg 54(1) and (4).