

TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART III, SECTION 4

TELECOM REGULATORY AUTHORITY OF INDIA

NOTIFICATION

New Delhi, the 1st April, 2015.

No. 1-19/2012- B&CS.--- In exercise of powers conferred upon it under sub-section (2) of section 11, read with sub-clause (v) of clause (b) of sub-section (1) of the said section, of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), read with notification of the Government of India, in the Ministry of Communication and Information Technology (Department of Telecommunications), No. 39,-----

(a) issued, in exercise of the powers conferred upon the Central Government by proviso to clause (k) of sub-section (1) of section 2 and clause (d) of sub-section (1) of section 11 of the said Act, and

(b) published under notification No. 39 (S.O. 44 (E) and 45 (E)) dated the 9th January, 2004 in the Gazette of India, Extraordinary, Part II- Section 3- Sub-section (ii),---

the Telecom Regulatory Authority of India hereby makes the following Order, namely:-

THE TELECOMMUNICATION (BROADCASTING AND CABLE) SERVICES

(SEVENTH) (THE DIRECT TO HOME SERVICES) TARIFF ORDER, 2015

(2 of 2015)

PART-I
PRELIMINARY

1. Short title, extent and commencement.---(1)This Order may be called the Telecommunication (Broadcasting and Cable) Services (Seventh) (the Direct to Home Services) Tariff Order, 2015 (2 of 2015).

(2) This order shall come into force sixty days after the date of its publication in the Official Gazette.

2. Applicability.---This order shall be applicable to direct to home operators providing direct to home services throughout the territory of India.

3. Definitions.--- In this order, unless the context otherwise requires,-

(a) “Act” means the Telecom Regulatory Authority of India Act, 1997 (24 of 1997);

(b) “Authority” means the Telecom Regulatory Authority of India established under sub-section (1) of section 3 of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997);

(c) “bundled scheme” means a scheme for the customer premises equipment, offered by a direct to home operator, at specified rate which includes the charges for TV channels or bouquet or bouquets of TV channels, for a specified period;

(d) “customer premises equipment” means the equipment, components and accessories installed at the premises of the subscriber to enable the reception of any broadcasting service offered through an addressable system and includes ----

- (i) the set top box and the remote control for set top box;
 - (ii) Low Noise Block Converter with Feedhorn (LNBF), Cable, Connectors; and
 - (iii) the dish antenna, where such dish antenna is essential for such services,
- but shall not include a television receiver set, computer or any such end equipment;

(e) “direct to home operator” or “DTH operator” means an operator licensed by the Central Government to distribute multi channel TV programmes in Ku band by using a satellite system directly to the premises of the subscriber without passing through any intermediary such as a cable operator or any other distributor of TV channels;

(f) “direct to home service” or “DTH service” means distribution of multi channel TV programmes by using a satellite system by providing TV signals directly to the premises of the subscriber without passing through an intermediary such as a cable operator or any other distributor of TV channels;

(g) “lock-in period” means a minimum period of use of services of DTH operator by the subscriber for which, on surrender of connection, the subscriber shall not be entitled for refund of payments made towards customer premises equipment;

(h) “Order” means the “Telecommunication (Broadcasting and Cable) Services (Seventh) (The Direct to Home Services) Tariff Order, 2015 (No. -- of 2015)”;

(i) “set top box” means a device, which is connected to a television and which allows a subscriber to receive in unencrypted and descrambled form subscribed channels through an addressable system;

(j) all other words and expression used in this order but not defined, and defined in the Act and rules and regulations made thereunder or the Cable Television Networks (Regulation) Act, 1995 (7 of 1995) and the rules and regulations made thereunder, shall have the meaning respectively assigned to them in those Acts or the rules or regulations, as the case may be.

PART II
TARIFF FOR SUPPLY AND INSTALLATION OF
CUSTOMER PREMISES EQUIPMENT

4. Tariff for supply and installation of the Customer Premises Equipment --- (1) Every DTH operator shall specify the price of all types of the customer premises equipment offered by it to the subscriber alongwith the installation charge, the activation charge and taxes, if any.

(2) Every DTH operator shall offer the customer premises equipment to every subscriber on outright purchase basis at the price and charges specified under sub-clause (1) which shall be called the standard scheme for customer premises equipment:

Provided that the price of customer premises equipment, under the standard scheme, shall not exceed two times the lowest price of the same type of customer premise equipment offered under any other scheme.

(3) The DTH operator shall offer the customer premises equipment on rental basis and shall specify the refundable security deposit, installation charge, activation charge and the monthly rental charge for such equipment.

(4) The DTH operator may, in addition to the standard scheme and rental scheme, offer other schemes for the supply and installation of customer premises equipment including bundled scheme and shall specify separately for such schemes, the charges for the customer premises equipment, installation charges, activation charges, charges for channels or bouquet of channels or bouquets of channels bundled with customer premises equipment and the applicable taxes and duties, if any.

(5) The DTH operator may specify a lock-in period not exceeding six months from the date of activation of the service for all the schemes for the customer premises equipment offered by it.

(6) For all schemes for the customer premises equipments offered by DTH operators, the charges:-

- (a) for installation of the customer premises equipment shall not exceed rupees three hundred and fifty;
- (b) for activation of the customer premises equipment shall not exceed rupees one hundred.

5. Refund on surrender of connection – (1) The DTH operator shall give to every subscriber an option to return the customer premises equipment in all schemes and for all types of the customer premises equipment:

Provided that there shall be no obligation on DTH operator to take back the customer premises equipment if it is tampered with or is not in a working condition at the time of its return.

(2) On return of the customer premises equipment by the subscriber, DTH operator shall refund,-

- (a) if the customer premises equipment has been acquired under the standard scheme, the total depreciated value of the said equipment;

Provided that if the subscriber discontinues DTH services during the lock-in-period and returns the customer premises equipment, DTH operator may deduct, from

the amount paid by the subscriber, the depreciation charges for the entire lock-in-period.

(b) if the customer premises equipment has been acquired under a rental scheme, the amount paid by the subscriber as the interest free refundable security deposit.

(c) if the customer premises equipment has been acquired in a scheme other than the standard scheme and rental scheme, the amount paid by the subscriber for the customer premises equipment, after deducting the amount of depreciation applicable on such customer premises equipment under the standard scheme:

(3) The depreciation on the price of the customer premises equipment specified by the DTH operator under clause 4 shall be calculated using straight line method at the rate not exceeding 1.7 per cent for every completed calendar month or part thereof.

(4) The DTH operator shall designate one collection centre in every district headquarter for surrender of customer premises equipment.

(5) Every DTH operator shall provide a toll-free telephone number for registering the request of the subscriber for return of the customer premises equipment and shall display the details of such toll-free telephone number on its website.

(6) The DTH operator shall, on the request of the subscriber, collect the customer premises equipment from the premises of the subscriber and may deduct an amount not exceeding rupees three hundred as the collection charge from the amount refundable to the subscriber.

Provided that the DTH operator shall not charge any amount as collection charge from the subscriber if the subscriber deposits the customer premises equipment at the designated collection centre of DTH operator.

(7) The DTH operator shall not deduct any other charges by any other name from the amount refundable to the subscriber on return of the customer premises equipment.

(8) There shall be no obligation on the DTH operator to make any payment to the subscriber for the return of customer premises equipment after five years from the date of its purchase by the subscriber.

(9) Every DTH operator shall, within fifteen days of receipt of a request from the subscriber, collect the customer premises equipment from the premises of the subscriber.

(10) Every DTH operator shall, within fifteen days of the receipt of the customer premises equipment, ensure payment of the amount refundable to the subscriber.

6. Publication.--- (1) Every DTH operator shall publish on its website the details of all schemes for customer premises equipment along with their terms and conditions.

(2) Every DTH operator shall, before entering into a subscription agreement with the subscriber, explain to the subscriber the details of the schemes for customer premises equipment and obtain a declaration from the subscriber on the subscription agreement acknowledging that details of each of the schemes have been explained to him.

(3) Every DTH operator shall, on entering into a subscription agreement with the subscriber, provide to the subscriber, the details of the scheme opted by him, as specified in Schedule I to this order.

(4) Every DTH operator shall specify the details of the amount refundable to the subscriber on the return of the customer premises equipment as specified in Schedule II to this order and publish them on its website.

7. Repair and maintenance of the customer premises equipment.---Every DTH operator shall, in the subscription agreement with the subscriber, provide the details of repair and maintenance services offered by it to the subscriber and the charges thereof, if any:

Provided that the DTH operator shall repair and maintain the customer premises equipment without any charge for a period of three years from the date of its activation.

Provided further that under the outright purchase or hire purchase scheme, after the expiry of the warranty period of the customer premises equipment, the DTH operator may charge an amount not exceeding rupees two hundred and fifty as visitation charge per complaint.

PART-III
MISCELLANEOUS

8. Reporting Requirement.----Every DTH operator shall report to the Authority, within fifteen days of launch of any new scheme or any modification in the existing schemes, all details of the scheme along with its terms and conditions.

9. Power of Authority to intervene.----The Authority may, by an order or a direction made or issued by it, intervene in order to ensure compliance of the provisions of this tariff order, or to protect the interests of the subscribers and the service providers.

(Sudhir Gupta)
Secretary, TRAI

Note: The Explanatory Memorandum annexed to this order explains the objects and reasons of “The Telecommunication (Broadcasting and Cable) Services (Seventh) (The Direct to Home Broadcasting Services) Tariff Order, 2015 (2 of 2015)”.

Details of the Scheme for customer premises equipment to be provided to the subscribers

Name of the scheme		Signature of the subscriber	Signature of the DTH Operator/Authorised agent or franchisee of the DTH operator
Installation & activation charges (Rs.)	A		
Taxes, if any (Rs.)	B		
Charges towards CPE (Rs.)	C		
Charges towards bundled programme, if any (Rs.)	D		
Total charges paid by the subscriber (Rs.)	$=(A+B+C+D)$		
Lock-in period (Months)		<div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div>
Make/Model/Sl. No./Year of manufacture of the STB offered as part of the CPE/...../...../.....		
Ownership of the entire CPE ¹ (excluding the viewing card)	Subscriber/ DTH operator (Tick the chosen option and strike out the other)		
Toll free No. for registration of requests for surrender of connection and availing the buy-back/refund			

¹ excluding the viewing card, ownership of the entire CPE should be either with the DTH operator or the subscriber.

Schedule II**Month wise refund Table**

(The table should specify the month by month refund amount till the time any refund is admissible and due to the subscriber as per the scheme applicable to him)

Month	Refund Amount (Rs.)	Month(To be mentioned)	Refund Amount (Rs.)
Last month of the Lock-in period .		--	
First Month after Lock-in period		--	
Second month after lock-in period		--	
--		--	
--		--	
--		--	
--		--	

Explanatory Memorandum

1. The Authority has instituted several measures, from time to time, to protect the interests of consumers, facilitate availability of broadcasting and cable television services at affordable prices while ensuring that the Quality of Service being provided to consumers is in accordance with prescribed norms.
2. The Authority has noted that a DTH subscriber gets tied down to an operator once he is subscribed to that service provider. This is because generally, the consumer premises equipment (CPE) of one operator is incompatible with network of another operator/platform. Therefore, if a subscriber wishes to migrate to another operator/platform, he has to again procure a new CPE that is compatible with the network that he wishes to migrate to and the existing CPE is of no use to him. The Authority has also observed that there is a lack of transparency in various schemes offered by operators in the market and the charges levied on the subscriber. The Authority believes that a subscriber must be aware of all the terms and conditions of various schemes and the charges levied therein by the DTH operators. This empowers him to choose his platform/operator for reception of TV signals and also have the flexibility to migrate between operators/platforms without being tied down to a single operator/platform.
3. To address all these issues, there needs to be a mechanism wherein the subscriber has the option to return the earlier CPE back to the erstwhile operator and claim an appropriate refund/payback. This can partially offset the cost of the new CPE that needs to be acquired by him. The erstwhile operator can also reuse this returned CPE in his network. A framework for commercial interoperability enables an effective mechanism to be put in place to achieve this objective. Commercial interoperability is also expected to promote fair competition and discourage monopolistic practices among DTH operators thereby enabling orderly growth of the sector. Given this background and the objective, the Authority has decided to notify this Tariff Order on commercial interoperability of CPEs for DTH services enabling subscriber to choose operator/platform of his choice and enhancing transparency of charges levied.
4. Earlier, a Tariff Order (TO) namely the Telecommunication (Broadcasting and Cable) Services (Sixth) (The Direct-to-Home Broadcasting Services) Tariff Order, 2013 (No. 2 of 2013) was notified by the Authority. The intent of this TO was, amongst others, to provide an easy exit option to subscribers and, at the same time, to protect the interests of the service providers. The said TO, inter-alia, prescribed standard tariff packages for CPEs, to be offered mandatorily by all DTH operators. However, this TO was

challenged by a few of DTH operators in the Hon'ble Telecom Disputes Settlement Appellate Tribunal (TDSAT). The Hon'ble TDSAT through its order dated 1st October 2014, while maintaining that TRAI has jurisdiction under section 11 of the TRAI Act to regulate the tariff of the STB along with other elements of CPE, set aside the said TO. The operative part of the said order states as under:

“.....we find that some elements of cost have not been taken into account and issues raised by the appellants have not been fully addressed by the respondent while passing the impugned tariff order and the same is, therefore, not tenable. The impugned tariff order is accordingly set aside. However, we make it clear that it will be open to the respondent-TRAI to issue a fresh tariff order after taking into consideration the inputs provided by the appellants and addressing the issues raised by them.”

5. In the judgment of 1st October, 2014, Hon'ble TDSAT has stated that, in its view, the following issues, raised by the appellants in their appeals, have not been satisfactorily addressed by TRAI:
 - (a) Certain important elements of costs of the consumer-premises-equipment (CPE) such as antenna, LNBF, viewing card and connectors, and factors such as foreign exchange rate variations and custom duty have not been taken into account by TRAI in the TO;
 - (b) TRAI has not considered the 'modicum of profit' to the operator over the procurement cost of the CPE while making it available to its subscribers;
 - (c) Aspect of financing of the subsidy, which the operators give on the price of STB and is required to be recovered from subscribers, has not been considered by TRAI in its Tariff order;
 - (d) In the Tariff Order there is no protection to the appellants (DTH operators) in the event a customer defaults before paying off all the instalments;

6. Subsequently, through an order dated 24th October 2014, TRAI sought the following information from all the pay DTH operators:
 - (a) Details of various schemes regarding offering CPEs by an operator to its subscribers;
 - (b) Terms and conditions associated with the schemes, referred to above, and the manner of communicating these terms and conditions to the subscribers;
 - (c) Costs of various elements of CPE offered by the operator to its subscribers;
 - (d) Profit margins over the input cost of the CPE; and details of subsidy given, method of recovery of the subsidy, inbuilt protection against defaulting subscribers with respects to CPEs etc.

7. The information obtained from the operators and all other relevant aspects were analysed. The Authority prepared a Draft Tariff Order (hereinafter referred to as draft TO) which was uploaded on TRAI's website on 27th Feb 2015 for consultation with the stakeholders. The stakeholders were given an opportunity to put forth their comments/views by 13th Mar 2015. This date was extended by the Authority up to 19th Mar 2015 on requests from the stakeholders. In response, 11 stakeholders offered their comments/views. Taking into account these comments/views and analysis of the relevant issues, the Authority has notified this TO.
8. This Tariff Order intends to ensure effective commercial interoperability as well as suitably address the observations of Hon'ble TDSAT.
9. The salient features of the T.O are given below :-
 - a. DTH operators shall declare the price of all types of brand new CPEs offered by them along with installation and activation charges and the applicable taxes and duties, if any, to be levied on the subscriber towards the CPE.
 - b. DTH operators shall offer an outright purchase scheme called the Standard Scheme for new CPE, for each type of the brand new CPE, giving details of all the charges viz price of CPE, installation and activation charges, along with applicable taxes and duties.
 - c. Similarly, DTH operators intending to give refurbished CPEs to the subscribers shall also give the details of all the charges as above in respect of each type of refurbished CPE and offer a similar scheme called the Standard Scheme for refurbished CPE for each type of refurbished CPE.
 - d. Standard Schemes shall be stand-alone schemes for CPEs and shall not have any programmes (channels or bouquets of channels) bundled with them.
 - e. There shall be a buy-back/refund mechanism built into every scheme offered by the DTH operators.
 - f. Standard Schemes shall be mandatorily offered **in addition to any other schemes** that the DTH operators may offer for CPEs including bundled scheme(s) if any.
 - g. DTH operators shall provide for an inbuilt buy-back/refund mechanism for **all** the schemes offered, including the bundled scheme(s), as also for all types of CPE. The rationale for the buyback/refund mechanism shall be governed by the rationale prescribed in the Standard Scheme for that type of CPE. However, in case of rental

schemes, the only refund to the subscriber shall be the one-time interest free security deposit paid by him while enrolling into such a scheme.

- h. DTH operators shall furnish details of all the schemes for CPEs offered by them prominently on their websites. These details shall also be made available to a subscriber at the time of registration.
10. The analysis of various issues raised by the stakeholders during the consultation process is dealt with in the succeeding paragraphs.

Analysis of Issues

Jurisdiction of TRAI to regulate the price of CPEs

Stakeholder comments

11. The DTH association as well as some DTH operators have questioned the jurisdiction of TRAI to fix the tariff of CPEs. The DTH association has stated that the TRAI Act does not confer the power to fix retail rates of the goods to be supplied for accessing the services like broadcasting/DTH/telecom. .

Analysis

12. CPE and the programming service being provided by DTH operators cannot be viewed in isolation from each other. It is only together that any effective service can be rendered to a subscriber. Moreover, due to variegated technologies deployed by different operators, a consumer desiring services of a particular operator will need to get a CPE from that operator. Therefore, CPE forms an integral part of the services provided by the operator which is a licensed activity.
13. As mentioned in para 4 above, TRAI had earlier issued TO namely the Telecommunication (Broadcasting and Cable) Services (Sixth)(The Direct to Home Broadcasting Services)Tariff Order,2013 (No. 2 of 2013) which was challenged in Hon'ble TDSAT by some DTH operators. The appellants while questioning the said TO, had also challenged the jurisdiction of TRAI to regulate the price of CPE. The Hon'ble TDSAT in its order dated 1st October 2014, while setting aside the said TO maintained that TRAI has jurisdiction under Sec 11 of the TRAI Act to regulate the tariff of the STB along with other elements of CPE. The relevant portions of the judgment are introduced below:

“-----There being no technical operability between STBs provided by different service providers, the same has to be compulsorily taken from the DTH operator as part of the DTH service and is therefore part and parcel of the service provided by the DTH operator. That being the case, the respondent- TRAI has jurisdiction of the TRAI Act to regulate the tariff of the same alongwith other elements of the CPE.”

“-----However, we make it clear that it will be open to the respondent-TRAI to issue a fresh tariff order after taking into consideration the inputs provided by the appellants and addressing the issues raised by them.”

14. In view of the above, the issue of the Authority’s jurisdiction to regulate the price of the CPE has been settled and the notification of this TO by the Authority is therefore in order.

Level playing field with other platforms.

Stakeholder comments

15. The DTH association and some DTH operators have stated that the DTH segment is entirely regulated while the Digital Cable is entirely unregulated resulting in the absence of a level playing field among similar service providers.

Analysis

16. The Authority has laid down the regulatory framework for **both** the DTH as well as Digital Addressable Cable TV Systems (DAS). In fact, the tariff order is common for all digital addressable systems including DTH services. As far as the aspect of commercial interoperability is concerned, the Tariff Order namely - The Telecommunication (Broadcasting and Cable) Services (Fifth) (Digital Addressable Cable TV Systems) Tariff Order, 2013 is already in place for DAS.

Price of CPE

Standard Scheme

17. In the draft TO, no pre-determined prices were assigned by TRAI to CPEs that are offered by DTH operators. It was left to the service providers to specify the price after keeping an appropriate modicum of profit as per their business plan. It further provided that the DTH operators shall offer a Standard Scheme for each type of new CPE offered

clearly specifying the CPE price, also indicating, separately, the charges for installation and activation and the applicable taxes and duties if any.

Schemes other than Standard Scheme

18. In the draft TO, it was provided that in schemes other than the standard one, the operator shall clearly specify the charges being levied towards the CPE and programmes charges shall be specified separately. Moreover, if the subscriber, having a particular type of CPE, wants to surrender the connection and return the CPE, then the amount of refund shall be arrived at by considering the price of same type of CPE, specified under the Standard Scheme.

Stakeholder comments

19. DTH operators have contended that TRAI has failed to consider certain cost elements like CPE refurbishment and call center costs etc. Further, cost of certain CPE elements which cannot be reused once installed, have also been suggested for deduction from the refund amount. It was also averred by them that there should be no compulsion on them to offer a Standard Scheme as this will interfere with their existing service based business models where no amount is recovered towards CPE but depend upon long term association of a service provider with the subscriber.

Analysis

20. As per the information submitted by the DTH operators, the expenditure incurred by them for procuring a CPE varies from Rs. 2,582 to Rs. 3,252 and the total customer acquisition cost (including CPE cost, dealer/distributor margin, installation charges, secondary freight, Service Tax, Finance Charges etc.) varies from Rs. 3,557 to Rs. 4,605. It is observed from the details provided that costs of different elements of CPEs and also the various charges levied for providing CPE has marked variation from one operator to another and even for the same operator from one scheme to another. Moreover, certain elements of CPEs are imported and, thus, the price of the CPE would vary with a variation in the foreign exchange rates. Therefore, the Authority has decided to leave the pricing of the CPEs for new as well as refurbished varieties to the DTH operators. DTH operators are at liberty to price the CPEs within their schemes while taking into consideration the various aspects of costs and an appropriate modicum of profit. DTH operators are free to offer other schemes also wherein they may specify different prices for the CPEs. Therefore in order to ensure that the prices of CPEs declared in other schemes are not skewed, the Authority has also decided that the price of CPEs specified in the Standard Schemes shall not be more than two times the

lowest declared price of that type of CPE in any of the schemes offered by the DTH operator.

Installation and activation charges

21. At the time of providing a new connection, DTH operators incur certain expenditure to install the CPE at the subscriber premises and activate the subscribed services. The costs involved for carrying out installation and activation of a new connection are – (i) transportation cost of CPE and the installation team and (ii) wages for the team which carries out the said job. Generally, a team of two skilled workers is required for carrying out installation and activation. As per the Order dated 29.9.2014 of the Office of the Chief Labour Commissioner (C) under the Ministry of Labour and Employment, GOI, the minimum wages for a skilled worker, as applicable w.e.f. 1.10.2014, varies from Rs. 312 to Rs. 404 per day, depending upon the area. Accordingly, the average minimum wage is Rs. 358 per day. Considering that one team can install, on an average, 3 connections in a day and transportation cost is say Rs. 200, the average installation cost comes out to be roughly Rs. 300 per connection. This is within the broad range of values as reported by three DTH operators in response to the TRAI order dated 24th October 2014. These three DTH operators have quoted installation charges in the range of Rs.250 to Rs.375. The others have not reported the same explicitly.
22. In addition, activation charges reported by operators vary widely from scheme to scheme and operator to operator. In some cases activation charges are NIL but for others it may go up to Rs.1600. The activation basically refers to creation/configuration of subscription details in the operator's system. Therefore, it stands to reason that the costs of activation should be more or less the same across various schemes and operators. It would, therefore, seem that the activation charges reported/levied by various operators do not actually represent costs incurred on activation but involve some extraneous considerations. The activation cost should actually be a nominal amount of say Rs. 50 or so to an operator.
23. Based on the above, it was proposed in the draft TO, to cap the combined charges for installation and activation at Rs.350. For clarity and ease in buy-back/refund amount calculations, it was further proposed that DTH operators should indicate any such charges separately in all their offered schemes. It was also envisaged that these caps may be reviewed by the Authority as and when warranted.

Stakeholder comments

24. DTH operators' association and some DTH operators have stated that the assumptions of TRAI in calculation of installation /activation charges also need to cater for factors such as skill set of the installation engineers, transportation etc. And, as these would vary amongst operators, the charges should remain uncapped. A DTH operator has submitted that the cap may be stipulated only on outright purchase schemes.
25. A federation of cable operators has suggested that there should be no activation charges, and only installation charges should be levied on the subscriber. One consumer organisation has submitted that no rental/installation/activation charges should be permitted.

Analysis

26. In calculating the quantum of installation charges, the Authority has taken into account the standard prevailing rates for skilled technicians. It has also taken into account an appropriate number of technicians to carry out the installation activity. While there may be minor variations in the installation cost depending upon the type of dwelling units and the distances to be traversed, the aggregated cost for a team per installation shall even out when averaged out over a period. In regards to activation charges it may be noted that activation of the STB is done by command from SMS. Initially the details of the subscriber particulars along with choice of the channels have to be filled in the system. It is simple process not taking much time. Considering that such operations have to be done by trained staff, and not many activations happen every day, the cost of real activation activity is a minimal. However, considering the continued need of trained staff, the one-time activation cost at the most may be capped at Rs. 100 to an operator.
27. Keeping in view the stakeholders comments and the analysis above, the Authority is of the opinion that, the installation and activation charges should be capped at Rs. 350 and Rs. 100 respectively with a provision to review these charges as and when warranted. Accordingly, the Authority has presently decided to cap at Rs. 450, the consolidated charges on installation and activation. These charges shall be uniform for all the schemes being offered by DTH operators.

Lock-in period

28. Having chosen to avail DTH services of a particular operator a subscriber should be able to migrate to another operator if he wishes to do so for any reason. However, for a subscriber to make an informed decision regarding migration, he should experience the services of the operator for an adequate time period. However, if this lock-in period is too long, it would effectively deny the benefit of commercial interoperability to subscribers. In the draft TO, a lock-in period of a maximum of 3 months was proposed for all schemes.
29. Accordingly, in all schemes where the CPE is offered on a standalone basis, it was proposed in the draft TO that, if a subscriber surrenders his connection before the specified lock-in period has elapsed, the DTH operator need not refund the charges attributable towards CPE, for the lock-in period duration. Similarly, in case of bundled schemes, charges attributable to the CPE and the bundled programmes need not be refunded by the operator if the connection is surrendered within the lock-in period. The refund calculation mechanism in case a subscriber surrenders his connection during the lock-in period, was explained through Examples given in Annexure-A to the draft TO.

Stakeholder comments

30. The association of DTH operators has contended that the operators can recover the costs towards subsidy, distribution margins etc only if the subscriber stays on the platform for 3-4 years. A lock-in period of less than 12 months is against the interests of the DTH industry.
31. The DTH operators have in general expressed disagreement with the proposed lock-in period of 3 months. They have suggested a lock-in period in the range of 6-12 months.

Analysis

32. DTH operators and their association have brought out that CPEs are provided to subscribers at highly subsidized rates. To recover their costs, the present business models are based on a long term engagement with the subscribers. They have demanded that the lock-in period be in the range of 6-12 months. The Authority is of the view that, while the interests of subscribers are to be safeguarded, the concerns of DTH operators also need to be addressed. In order to strike a judicious balance between the two, the Authority has decided to specify a lock-in period of six months. This will enable a subscriber to experience the service of an operator for a reasonable period before taking an informed decision regarding migration, while at the same time, afford a reasonable time for the operator to make up for a service lapse, if any. The

mechanism for calculation of refund, in case a subscriber surrenders his connection within the lock-in period, has been explained through Examples given in Annexure-A to this TO.

Rate of depreciation

33. As per the Annual Reports² of the respective DTH operators, the declared useful life of CPE taken by DTH operators ranges from 5 years to 7 years except for one operator who has taken it as 3 years. Therefore, in the draft TO, the useful life of CPEs for the purpose of calculation of depreciation was taken as 5 years. Taking the useful lifetime as 5 years and using the straight line method for calculating depreciation, annual rate of depreciation works out to be 20%. Accordingly, in the draft TO, the rate of depreciation was proposed to be taken as 1.7% for every completed calendar month (or a part thereof) for the standard scheme. It was further clarified in the draft TO, that there will be no refund on account of charges paid by the subscriber towards CPE after a period of 5 years has elapsed.
34. In order to ensure that all the other schemes are not rendered illusory to the subscribers, in the draft TO, it was proposed that the refund/buy-back mechanism in all other schemes offered by the DTH operators shall be governed by the rationale of the refund/buy-back mechanism as proposed in the Standard Scheme for the corresponding type of CPE. This, in effect, meant that the rate of depreciation applicable for all schemes shall be the same i.e. 1.7% for every completed month (or a part thereof) on the price of the CPE indicated by the DTH operator offered under the standard scheme.

Stakeholder comments

35. A DTH operator has dissented that the proposed depreciation period cannot be fixed at 5 years and also suggested that the depreciation of CPE as goods should be based on the periods prescribed under accounting rules followed by different companies regarding the depreciation and amortization of assets.

Analysis

36. The rate of depreciation (1.7% per month or a part thereof) for the CPEs that was proposed in the draft TO was based on the lifetime declared by the DTH operators for the CPEs in their annual reports. Moreover, the proposed life of CPE is broadly in consonance with the standard life for IT equipment of similar type. The depreciation

² Source: Annual Reports of respective DTH operators- Operator 1 – 5 to 6 years. (FY 2013-14), Operator 2 – 5 years (FY 2013-14), Operator 3 – 3 years (FY 2013-14), Operator 4- 5years (FY 2012-13), Operator 5- 7 years (FY 2012-13), Operator 6- 5 years (FY 2012-13).

method used for such equipment is based on straight-line method. Therefore, the Authority has decided to retain the straight-line method for depreciation of the CPEs @ not exceeding 1.7% per calendar month or a part thereof.

Repair and maintenance of CPE

37. In the draft TO, it was envisaged that the operator is responsible for repair and maintenance of CPE till the time any refund is due to the subscriber. And, the mechanism for repair and maintenance and charges thereof, if any, thereafter shall be clearly specified by the operator at the time of providing the connection.
38. It was also prescribed in the draft TO, that it is up to the DTH operator to either carry out the repair/maintenance at the subscriber premises or at its own service centre. However, in case the DTH operator carries out repair and maintenance at his own service centre, the to and fro transportation charges including visiting charges of its personnel shall be borne entirely by the operator. And, in either case, the DTH operator shall not charge anything extra beyond the charges specified in the offered schemes.

Stakeholder comments

39. DTH operators' association and some operators have brought out that faults in CPE may develop due to multiple factors. All these factors need not necessarily be attributable to the service provider alone. Costs towards service visits to clear the faults either by the operator or a third party technician have to be borne by the operator. In addition to the visitation charges, there might also be a cost for components.
40. Most operators have voiced reservations against the proposed five year free maintenance period. It has also been requested by an operator that, should such a long free maintenance arrangement be envisaged, then it should not exceed 3 years. And, post-expiry of the free maintenance period, the extended maintenance arrangement should be as per the customer's choice.
41. An association of cable operators has suggested that, in the warranty, the life of the outdoor equipment must be specified separately from the life of the STB. Free maintenance/ replacement facility within the warranty period must be given without any delay.
42. A consumer organisation has submitted that all maintenance/ replacement/upgradation should be done by the service provider without any charge to the consumer. Similarly, an individual has suggested that repair and maintenance charges for CPE as well as any

other charges like visit charges, spares/equipment replacement charges should not be levied on the subscriber for five years.

Analysis

43. The CPE for DTH services consists of the STB with its remote control, Low Noise Block Converter with Feedhorn (LNBF), Cables, Connectors, and the dish antenna. The last three components are passive and, hence are not subjected to the vagaries of power supply fluctuations. The STB and the LNBF are low power active equipments that are sufficiently robust to overcome the variations if any in the power supply. It goes without saying that the DTH operators have to factor in such requirements while sourcing the equipment so that it is capable of operating in Indian conditions. Moreover, the DTH operators have to ensure that the equipment meets BIS standards.
44. Most DTH operators have themselves declared that the life of CPEs (both outdoor and indoor equipment) under normal use to be five years. It is a logical expectation that CPEs would have on an average trouble free life of at least three years. Therefore, the Authority has decided that the DTH operators shall maintain a CPE for three years without any cost to the subscriber. However, beyond the warranty period, in case of outright and hire purchase schemes, the operator can charge a visitation fee of not more than Rs. 250 per complaint with a provision that the Authority may review this fee as and when warranted. The mechanism and charges for repair and maintenance of CPEs, after three years, shall be clearly specified by the DTH operator at the time of providing the connection and shall also be mentioned in the subscriber agreement and also provided in Schedule I.

Buy-back/refund option can only be availed for CPEs in a working condition

45. It was proposed in the draft TO, that, to avail the benefits of buy-back /refund option and receive a refund towards CPE on surrender of the connection, a subscriber needs to ensure that the CPE returned has not been tampered with and is in a working condition.

Stakeholder comments

46. A DTH operator has brought out that in case a customer churns and returns the CPE in a partially working condition, or any part is found to be damaged, then there may be a practical difficulty in ascertaining the amount of buyback and will result in numerous consumer disputes.

Analysis

47. The Authority has mandated refund/buyback in all the schemes that shall be offered by the DTH operator. It is therefore expected that the DTH operators will refurbish the returned CPEs and redeploy the same for acquiring new customers. It is imperative that the CPEs returned are in working condition and have not been tampered with by the subscribers. Therefore, the Authority has decided that for subscribers to avail the benefits of refund/buyback option, they shall ensure that the CPEs being returned are not tampered with and are in working condition.

Buy-back/refund mechanism

Standard Scheme

48. The installation and activation charges levied by a DTH operator are one-time charges for costs that the operator bears at the time of providing a new connection. Therefore, in the draft TO, it was proposed that these charges need not be refunded at the time of surrender of the connection. A similar proposition was made in respect of taxes and duties, if any, pertaining to the CPE. In the draft TO, it was also prescribed that an operator shall not levy any other charges such as porting charge, exit charge or any other charge by any other name. It was further proposed that, the amount of refund, at the time a subscriber surrenders his connection, shall be the total depreciated value of the CPE calculated up to that point in time. To illustrate the computation of the refund amount, an Example (Example 1) was given in Annexure-A of the draft TO.

Schemes other than Standard Scheme

49. In the draft TO, it was also proposed that the buy-back/refund for CPEs in any scheme other than the Standard Scheme shall also be governed by the rationale in the buy-back/refund mechanism prescribed in the standard scheme for the corresponding type of CPE. It was also proposed that in case of bundled schemes, charges towards both, the CPE and the programmes must be specified separately. It was further prescribed that the refund amount for charges levied towards CPE, at the time of surrender of connection, shall be equal to the difference between total charges that have been paid by the subscriber, towards the CPE (excluding installation and activation charges and taxes and duties if any levied on the subscriber), and the amount by which the CPE of that type would get depreciated, under its standard scheme, at the same point in time. And, in case, the difference is zero or negative, no refund/payment shall be made by either party. Further, it was also clarified that, no refund on account of CPE shall be made by the DTH operator to the subscriber if a period of 5 years has elapsed since the date of activation of the connection in schemes other than rental schemes. To illustrate

the computation of the refund amount, an example (Example 2) was given in Annexure-A of the draft TO.

Stakeholder comments

50. The DTH association has averred that the Authority has not taken into consideration the fact that in case of buyback and refund provision of the CPE there will be a double taxation burden on operators without any revenue accruing due to it.
51. The DTH association and some of the DTH operators have stated that for refurbished CPEs, the Authority has not taken into consideration the refurbishing cost of CPEs which will not be less than Rs 500-600 per CPE. They further stated that besides this cost, the cost of providing new remote, antenna, cables, connectors and other consumables and loss on account of dealer and distributor commission has also not been factored in. The DTH association has also expressed its apprehension that dealers will not promote refurbished CPEs if the margin is reduced and also that such schemes might lead to unethical and illegal practices across intermediate dealers and distributors. In this context, they have also opined that DTH operators will not be able to redeploy/sell returned CPEs to any new subscriber.
52. One of the DTH operators has submitted that the recovery from the subscriber will be less in the case of refurbished CPEs while the consumer acquisition cost will remain the same resulting in additional losses.

Analysis

53. The Authority has decided to leave pricing of the CPEs for new as well as refurbished varieties to the discretion of DTH operators. DTH operators are at liberty to price the CPEs within their schemes while taking into consideration various aspects of the costs.
54. The guaranteed quality of the service mandated as per the regulations is to be delivered by the DTH operators to the satisfaction of the subscribers, with both new and refurbished CPEs alike. With refurbished CPEs lowering the entry cost barrier, more subscribers are likely to avail DTH services. DTH services will now be able to better attract diverse market segments.
55. Therefore, the Authority has thus decided to retain the provisions of the draft TO as stated in paras 48 and 49 above. As far as issues raised by stakeholders about taxation are concerned, the applicable tax laws in force that govern such transactions shall apply.

56. To illustrate the computation of the refund amount, examples (Examples 1 and 2) have been given in Annexure-A of this TO.

Bundled schemes

57. DTH operators offer different bundled schemes where the CPE along with programmes (package/channels) is offered in bundled form.
58. The draft TO have proposed that appropriate refund both for the CPE and bundled programmes shall be made by the operator in case of surrender of connection before the specified period of bundling has elapsed. It was also proposed that as far as the refund/ buy-back for CPE is concerned, the same rationale as in case of Standard schemes explained above, is to be adopted i.e. the amount of refund, at the time when a subscriber surrenders his connection, shall be equal to the difference between total charges that have been paid by the subscriber, towards the CPE (excluding installation and activation charges and taxes and duties if any levied on the subscriber), and the amount by which the CPE of that type would have got depreciated, under its standard scheme, at the time of surrender of connection.
59. DTH operators in bundled schemes offer programmes at rates that are discounted as compared to the rates of the same programmes when offered independent of bundling. Subscribers opt for such schemes knowing in advance that the rates for programmes in bundled schemes are valid only when there is a commitment from them to avail the services for a certain minimum specified period. Therefore it was prescribed in the draft TO that, in case, a subscriber surrenders his connection before the said minimum specified period, the refund towards programmes in the bundled schemes should be calculated by deducting an amount, equal to the average monthly charge towards programmes in the bundled schemes for an additional month beyond the actual number of completed calendar months or a part thereof, for which the subscriber availed the services, from the total charges specified for the programmes in the bundled scheme. To illustrate the computation of the refund amount, an example (Example 3) was given in Annexure-A of the draft TO.
60. It is imperative that in case of bundled schemes, the pricing of CPEs is not skewed in such a manner that the subscriber gets no refund in case of an early surrender of connection and is in effect unable to utilize the benefits of commercial interoperability. For example, such a situation can arise if the charges towards CPE in a bundled scheme are kept unrealistically low. To preclude such a situation, DTH operators were mandated in the draft TO, to specify the charges and terms and conditions for the CPE separately. Draft TO also mandated that the DTH operators shall also offer independent

schemes for CPEs at the same charges and terms and conditions that they had specified for the same type of CPEs in their bundled schemes.

Stakeholder comments.

61. One DTH operator has suggested that the programming cost in a bundled offering should be kept out of the purview of the buyback/refund as it will curb the DTH operator's freedom of pricing at retail level. They will therefore be forced to reduce the discounts offered to the customers. This in effect will adversely affect customers.
62. A cable operator's association has suggested that the bundled charge must be clearly specified giving breakdown of costs of the STB and the bundled content.

Analysis

63. Bundled schemes are opted for by the subscribers knowing fully well that the charges and the terms and conditions are applicable only in case there is a commitment from the subscriber to stay in the scheme for a minimum period that is specified. Therefore the Authority has decided that the DTH operators shall be under no obligation to refund the charges toward the programmes in bundled schemes, to a subscriber who surrenders the connection before expiry of specified period of bundled programmes. However the Authority has decided to retain the provisions of the draft TO regarding refund towards CPE.
64. To illustrate the computation of the refund amount, an example (Example 3) has been given in Annexure-A of this TO.

Rental Schemes

65. The Authority has decided that for the rental schemes, DTH operators shall specify the interest-free refundable security deposit that is to be deposited by the subscriber while enrolling into a rental scheme, for each type of customer premises equipment being offered by them, along with uniform one-time, non-refundable installation and activation charges. DTH operators shall also specify the monthly rental charges for each type of consumer premises equipment offered by them. The monthly rental charges shall not be varied during the currency of the rental schemes. Also, the DTH operators shall not levy any other charges on the subscriber during the currency of the rental schemes opted for by the subscriber. The standard lock-in period of six months as specified for other schemes shall also apply to the rental schemes. On surrender of connection, the security deposit shall be refunded to the subscriber. Collection charges of Rs. 300 may be deducted from the refund amount if applicable.

66. To illustrate the computation of the refund amount, an example (Example 4) has been given in Annexure-A of this TO.

Applicability of provisions of TO to all types of CPE

67. So far, the tariff orders prescribing commercial interoperability covered only those subscribers having CPEs with plain vanilla STBs. The percentage of subscribers having a plain vanilla STB as a part of their CPE is around 90% for a majority of operators (with approx. 67% for only one operator). Presently, DTH operators offer a wide variety of STBs like SD, SD with DVR, HD and HD with DVR. Due to continuous advancements in technology, more STB varieties may be introduced in future. Also, some DTH operators do not offer plain vanilla STBs. As, in the draft TO, pricing and packaging of all types of CPEs was proposed to be left to the DTH operators, its provisions were proposed to be made applicable to all types of CPEs.

Stakeholder comments

68. DTH association and some operators have averred that in the proposed draft TO, HD STBs have been included despite the fact that the HD services till date are under forbearance. They have further stated that till release of the draft TO, the Authority has considered all applicable criteria to be for a vanilla STB along with its CPE without any reference to HD CPE.

Analysis

69. One of the prime objectives of this TO is to give the subscriber the flexibility to migrate between operators or platforms in case he wishes to, for any reason. There can be no case to deny this flexibility to the subscriber who opts for a HD CPE or for that matter, any other type of CPE. Moreover, the HD CPEs are presently used for reception of both HD as well as SD content. The deployment of HD CPEs has been rising steadily. Further, the Authority has decided to leave the pricing of the all types of CPEs, for new as well as the refurbished varieties, to the discretion of the DTH operators. DTH operators are at liberty to price all types of CPEs within their schemes while taking into consideration the various aspects of the costs. Therefore the Authority has decided that the provisions of this TO shall be applicable to all types of CPEs.

Options regarding surrender of CPEs

70. In the draft TO, it was proposed that the following two options shall be offered by DTH operators to their subscribers for surrender of the CPEs and it would be up to the subscriber to avail either of these options:
- (i) The subscriber can surrender the CPE and obtain the refund at his premises. In this case, the operator shall arrange for the same and can deduct a maximum of Rs. 150 on account of CPE collection charges. The quantum of this charge may be reviewed by the Authority from time to time.
 - (ii) The subscriber can himself deposit the CPE and obtain the refund at designated centre(s) of the DTH operator. Accordingly, the DTH operators shall ensure that there is at least one such conveniently located centre preferably within every city, and, in any case, in every district headquarter.

Stakeholder comments

71. Some DTH operators have suggested that the CPE collection charges should not be less than Rs 350 to Rs 450 as similar to installation, collection of CPE would include de-installation cost, delinking cost from the system and transportation.
72. Some DTH operators have also pointed out that setting up of collection centres would be at an additional cost to the DTH operators. Hence, a certain minimum charge towards should be allowed for deduction from the refund amount.

Analysis

73. The Authority is of the view that for CPE collection includes de-installation, packing, transportation and carriage back to the DTH operator. De-installation also requires skilled technicians to ensure that equipment is not damaged during the process. Though the time required to de-install will be less than the time required to install the CPE. The process of installation and de-installation are quite similar. Moreover, keeping in view the comments of stakeholders, the Authority has decided to fix collection charges at Rs. 300 for the present with a provision to review the collection charges as and when warranted.

DTH operator to specify toll-free number for surrender of connection

74. To ensure that the consumer is able to avail the benefit of commercial interoperability in a convenient manner, in the draft TO, operators were mandated to specify and widely publicise (on its website, barker channel and subscriber agreement form) a toll-free number on which the subscribers can register their request for surrender of their connections. And, the number may be the same as the toll-free number that a DTH operator specifies as mandated under the Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulation, 2007 (8 of 2007).

Analysis

75. None of the stakeholders have offered any comment on this issue. Therefore, the Authority has decided to retain the proposed provision of the draft TO in the present TO.

Time limit to settle buy-back /refund claims of the subscribers

76. It is expected that operators will devise suitable mechanisms to settle refund/buy-back claims of subscribers who wish to avail the benefit of commercial interoperability. However, a reasonable time frame needs to be allowed to DTH operators. Accordingly, in the draft TO, it was proposed that every DTH operator shall, within fifteen days of receipt of such a request from the subscriber collect the CPE from the premises of the subscriber. And, as regards payback of refund amount, it was proposed that every DTH operator shall ensure payment of the refund amount at the premises of the subscriber within seven days of receipt of the CPE at the designated centre.

Stakeholder comments

77. A DTH operator has submitted that seven days is too short a period in view of the refund process and even the QoS regulations provide for a longer period for refund and billing related issues. Another DTH operator has contended that there is no need to mandate DTH operators to make collection centres at each district HQ.

Analysis

78. The provision in the QoS regulations pertains to settlement of billing related disputes. The Authority is of the view that the processing of refund does not require any dispute settlement and is a rather straightforward process once the CPE has been returned to the DTH operator. The establishment of collection centres at every district HQ shall enable quick and convenient collection of the CPEs. Therefore, the Authority has decided that all operators shall establish a collection center at least in each district HQ and preferably in each city. It is further mandated in the TO that, the DTH operator shall, within fifteen days of receipt of such a request from a subscriber collect the CPE from the subscriber's premises. And, as regards payback of refund amount, every DTH operator shall ensure that the payment of the refund amount at the premises of the subscriber is completed within fifteen days of receipt of the CPE at the designated centre.

Terms and conditions to be clearly spelt out in the offer/ subscriber agreement form

79. As per the draft TO, every DTH operator shall publish in an unambiguous and clear manner on its website, details of all its schemes for CPEs along with the corresponding terms and conditions. Further, DTH operators shall also ensure that, before entering into a subscription agreement with the subscriber, details of all its schemes for acquisition of CPE are explained to the subscriber. Accordingly, it was also mandated that DTH operators shall take a declaration from the subscribers on the subscription agreement, acknowledging that details of each of the offered schemes have been explained to them. DTH operators were also mandated to ensure that, while entering into a subscription agreement, the operator provides to the subscriber all details pertaining to the scheme opted for, as specified in Schedule I of the draft TO. And, the DTH operators shall also display the refund tables alongwith the corresponding schemes on their websites.

Analysis

80. None of the stakeholders have offered their comments on this issue. The Authority has decided to retain the provisions of the draft TO in the present TO.

No other charges to be levied by operators

81. In the draft TO, the pricing of CPEs was proposed to be left to the DTH operators. Moreover, since, as per the present regulatory regime, the pricing and packaging of channels is also to be done by DTH operators only, subject to certain conditions that link the relative pricing between bouquet rate and a-la-carte rate of channels ('twin conditions'). DTH operators are also allowed to prescribe a minimum monthly subscription charge up to Rs. 150 (excluding taxes) for availing their services. Therefore, in the draft TO, it was proposed that no other charges, by any name, other than installation and activation charges, taxes and duties can be levied on the subscriber towards CPE.

Stakeholder comments

82. Some DTH operators have contended that TRAI has failed to consider certain elements of the CPE which cannot be reused once installed and suggested that costs associated with these elements (approx Rs. 550) should be deductible from the refund amount. They have further stated that, additional costs that will be incurred due to refurbishment, call center support etc also need to be factored into the calculation.

Analysis

83. The Authority has decided to leave the pricing of the CPEs for the new as well as refurbished varieties to the discretion of the DTH operators. DTH operators are at liberty to price the CPEs within their schemes while taking into consideration the various aspects of the costs. Therefore the Authority has decided that no other charges by any name, other than installation and activation charges, taxes and duties levied on the subscriber towards CPE, CPE collection charges (where applicable), bundled programme charges, charges towards CPE rental charges, charges for hire-purchase, charges for outright purchase and repair & maintenance charges (wherever applicable) shall be levied by DTH operators under any scheme offered by them.

Reporting requirements

84. In order to monitor compliance of the provisions of this TO, certain reporting requirements were also prescribed in the draft TO.

Stakeholder comments

85. One of the DTH operators has suggested that the present practice of quarterly PMRs should continue. Some other operators have submitted that the reporting requirement should be made quarterly instead of 15 days.

Analysis

86. The reporting requirements have been prescribed to ensure effective monitoring and compliance with the provisions of this TO. The report has to be submitted within 15 days from the date of launch of any new scheme for CPE. Therefore, a quarterly reporting is too infrequent to effectively gauge and monitor compliance. Hence, the Authority has decided that within fifteen days of launch of any scheme for CPE by the DTH operator, details of the scheme shall be reported to the Authority.

BUY-BACK/REFUND MECHANISM FOR CPEs**Example 1: Standard Scheme**

<u>Assumptions:-</u>	
<ul style="list-style-type: none"> • CPE price specified by an operator under the Standard Scheme A = Rs. 5000; • Specified lock-in period Y = 6 months; • Additional one time charges paid by the subscriber:- <ul style="list-style-type: none"> ▪ Charges for installation and activation = Rs. 450; ▪ Taxes levied = Rs. 50; • Rate of depreciation R= 20% per annum or 1.7% per month or a part thereof. • Collection charges for CPE collection C = Rs. 300 in case the operator collects the CPE from the premises of the subscriber. 	
Case 1	<p><u>When the surrender takes place after the six month lock-in period has elapsed</u></p> <ul style="list-style-type: none"> ▪ Subscriber surrenders his connection in the 7th month which is beyond the six month lock-in period. CPE collected by DTH operator from customer premises. <p><u>Refund calculation:-</u> Refund amount= A - (A x R x 7) - C = [5000 – (5000 x 0.017 x 7)] - 300 = Rs. [5000 – 595] – 300 = Rs. 4405- 300 = Rs. 4105</p>
Case 2	<p><u>When the surrender takes place within the six month lock-in period</u></p> <ul style="list-style-type: none"> ▪ Subscriber surrenders his connection anytime in the 2nd, 3rd, 4th, 5th or 6th month. CPE collected by DTH operator from customer premises. <p><u>Refund calculation:-</u> Refund amount= A - (A x R x 6) - C = [5000 – (5000 x 0.017 x 6)] - 300 = Rs. [5000-510] – 300 = Rs. 4490 – 300 = Rs. 4190</p>

Annexure-A (Continued)

Example 3: Bundled Scheme

<p>Assumptions:-</p> <ul style="list-style-type: none"> • CPE price specified by an operator under a Standard Scheme A = Rs. 5000; • Initial charges levied by an operator under Bundled Scheme C = Rs. 8000 (inclusive of charges levied towards CPE P = Rs. 3600) • Hence, cost of bundled programmes D = Rs. (8000- 3600) = Rs. 4400 • Specified lock-in period Y = 6 months; • Additional charges paid by the subscriber:- Charges for installation and activation = Rs. 450; Taxes levied = Rs. 50; • Collection charges for CPE collection C = Rs. 300 in case the operator collects the CPE from the premises of the subscriber. • Rate of depreciation. R= 20% per annum or 1.7% per month or a part thereof. 	
Case 1	<p><u>When the surrender takes place after the six month lock-in period has elapsed</u></p> <ul style="list-style-type: none"> ▪ Subscriber surrenders his connection in the 8th month which is beyond the specified lock-in period. CPE collected by DTH operator from customer premises. <p><u>Refund calculation:-</u> Refund on programmes = NIL</p> <p>Refund on CPE = { P – [8 x R x A]}-300 = Rs. {3600 –[8 x 0.017 x 5000] }-300 = Rs. {3600-680} -300 = Rs. 2920 – 300 = Rs. 2620</p> <p>Total Refund = Rs. 2620</p> <p>Note:- There is no refund on programme charges.</p>
Case 2	<p><u>When the surrender takes place within the lock-in period</u></p> <ul style="list-style-type: none"> ▪ Subscriber surrenders his connection in the 2nd, 3rd, 4th, 5th or 6th month. This is within the specified lock-in period. CPE collected by DTH operator from customer premises. <p><u>Refund calculation:-</u> Refund on programmes = NIL</p> <p>Refund on CPE = {P – [6 x R x A]}-300 = Rs. {3600 –[6 x 0.017 x 5000] }-300 = Rs. {3600 – 510} -300 = Rs. 3090 – 300 = Rs. 2790</p> <p>Total Refund = Rs. 2790</p>

Annexure-A (Continued)

Example 4: Rental Scheme

<p>Assumptions:-</p> <ul style="list-style-type: none"> • CPE price specified by an operator under a Standard Scheme A = Rs. 5000; • Refundable interest free security deposit to be paid by subscriber to operator under Rental Scheme X = Rs. 8000 (all inclusive). • Specified lock-in period Y = 6 months; • Additional charges paid by the subscriber:- Charges for installation and activation = Rs. 450; Taxes levied = Rs. 50; • Monthly rental payable for CPE = Rs. 100 • Monthly programme charges payable for the selected scheme = Rs 450 • Total monthly charges T = Rs 550 • Collection charges for CPE collection C = Rs. 300 in case the operator collects the CPE from the premises of the subscriber. 	
Case 1	<p><u>When the surrender takes place after the six month lock-in period has elapsed</u></p> <ul style="list-style-type: none"> ▪ Subscriber surrenders his connection in the 8th month which is beyond the specified lock-in period. CPE collected by DTH operator from customer premises. <p><u>Refund calculation:-</u></p> <p style="text-align: center;">Total Refund = Rs. X-C = Rs.8000-300 = Rs. 7700</p>
Case 2	<p><u>When the surrender takes place in 1st month which is within the lock-in period</u></p> <ul style="list-style-type: none"> ▪ Subscriber surrenders his connection in the Zth month (where Z =1,2,3,4, 5 or 6th) which is within the specified lock-in period. CPE collected by DTH operator from customer premises. <p><u>Refund calculation:-</u></p> <p style="padding-left: 20px;">i. Refund on programme charges = NIL</p> <p style="padding-left: 20px;">ii. Total Refund = [X- [T x {Y- (Z-1)}]]- C</p> <p style="text-align: center;">Total Refund = Rs. [8000- 550 x 6] -300 = Rs 4400</p>