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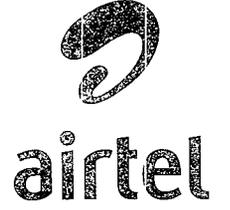
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RP/FY 21-22/075/084

February 8, 2022

To,

Mr. Anil Kumar Bharadwaj

Advisor(B&CS)-II

Telecom Regulatory Authority of India,

Mahanagar Doorsanchar Bhawan,

Jawahar Lal Nehru Marg,

Old Minto Road,

New Delhi-110002

Sub: Response to TRAI Consultation Paper on "Promoting Local Manufacturing in the Television Broadcasting Sector"

Ref: TRAI Consultation Paper dated 22.12.2021.

Dear Sir,

In reference to the captioned consultation paper, we are pleased to enclose our response for your perusal.

We hope that our submissions will merit your kind consideration.

Thanking You

Yours Sincerely

For Bharti Telemedia Limited

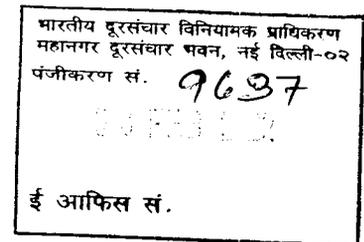
Rahul Vatts

Chief Regulatory Officer

Encl: As mentioned above.

Copy to:

Principal Advisor(B&CS), TRAI.





CP on "Promoting Local Manufacturing in the Television Broadcasting Sector"

Annexure 1

Preamble

We would like to thank the Telecom Regulatory Authority of India (TRAI) for giving us the opportunity to submit comments on the consultation paper on 'Promoting Local Manufacturing in the Television Broadcasting Sector', released on 22 December 2021.

Broadcasting sector in India has been highly dependent upon the imports of equipment from the other countries. The Consultation paper rightfully captures the issues and the bottlenecks and the intended measures needed to promote local manufacturing in India to meet the objectives of Atmanirbhar Bharat.

From the standpoint of Broadcasting industry, we observe that TRAI has come up with this present consultation after analyzing the actual needs of the broadcasting industry. The focus of present consultation is rightfully centered to promote the objective of "Make in India". The CP also enumerates various opportunities available to local manufacturers to contribute to the Indian Broadcasting sector.

Issues and Challenges in the Broadcasting Industry:

The TRAI has rightly pointed out the various issues and challenges in the Local Manufacturing in the Broadcasting industry e.g. low value addition being a major issue. In India, OEM/ODM (Original Equipment Manufacturing /Original Design Manufacturing) and local suppliers of components are still in their nascence, and most of OEMs currently with limited value addition are focusing primarily on last-mile assembly

This leads to another important issue in the local manufacturing sector i.e. over reliance **on components from other countries through imports**, specially from China and Southeast Asia dominating the supply chain in the television broadcasting industry, Infrastructure being a crucial part of the manufacturing industry is another major concern area. Freight and logistics costs as well as challenges in availability of quality power, land, and labour at affordable rates, also create impediments for effective and high value local manufacturing.

In order to promote the local manufacturing, the Government should ensure availability of basic resources at economical costs, to help domestic manufacturers compete in global market and keep pace with evolving technologies to meet global standards.

While Government has brought in various PLI schemes to encourage domestic manufacturing in telecom, and recent focus on semiconductors, we believe that equipment of the DTH industry shall also be covered under this scheme.

DTH Industry Perspective: The aspect of the headend is rightly captured by TRAI in the CP *"With the completion of the digitalization of the Cable TV network in 2017, the demand for headend equipment has tapered off. There is some demand now caused by expansion (adding more channels), upgrade (adding HD channels), any replacement, etc."*



CP on "Promoting Local Manufacturing in the Television Broadcasting Sector"

In the entire television distribution chain, STBs are the devices generating maximum demand after the completion of digitalization of the Cable television sector in India. TRAI has, in its data specified that the estimate annual STB demand to be around 28 million per year, however the India's STB Production Capacity is 19.7 million per year which is comparatively way too low as per the demand. The only option available with the service providers is to employ cheaply available STBs imported from other countries at the premises of the end user. As per TRAI¹ estimate, India, with close to 7 Crore DTH subscribers, and almost 4.8 Crore subscribers of the MSOs (who work directly and through Local Cable Operators or LCOs), has huge scope for DTH industry's growth. The STB industry (including DTH and Cable operators) in India is approx. INR 7,500Cr (\$1bn and growing). (Source: ¹ TRAI's Consultation Paper on 'Market Structure/Competition in Cable TV services', 25 October 2021)

Given the size of Indian DTH market and limited manufacturing, till recent past, almost all the STB demand in India was met by imports from China, Thailand, Vietnam etc. However, due to Atmanirbhar Bharat initiative, the transition to Make-in-India has now commenced but due to unavailability of any incentives, this has resulted in the increased cost of end product.

Clearly, from DTH industry standpoint, the domestic manufacturing should focus on the **Consumer Premises Equipment i.e. the Set-top box.**

The major DTH operators have committed their full support in the Government's initiative to promote the local manufacturing of the STBs through assembly lines after importing components in the SKD form.

Airtel is fully committed in our support to the Government's initiative of promoting domestic manufacturing of STB's in India. We have already initiated action for placing orders for procuring STB's manufactured in India and we understand that as per the existing manufacturing capability/process OEMs will bring components in CKD version and manufacture it with Indian Origin / Based EMS partner.

While Airtel has started its journey on Make in India Initiatives, it might take some time for local OEM's to match the current standard on quality and ramp up the quantity to meet the current level of demand and hence partial quantity of import must be allowed to the local manufacturers to avoid regular business operations.

The major issue faced by local entities in manufacturing the STBs is the current global shortage of chip-sets.

Realizing this shortage, the government has already approved a Rs.76,000-crore scheme to boost semiconductor and display manufacturing in the country to position India as a global hub for hi-tech production, and attract large chip makers.

We recommend that in the interim, there must be some contingency measures in place to deal with any shortage in components.



CP on "Promoting Local Manufacturing in the Television Broadcasting Sector"

PLI Scheme for STBs:

The PLI for Promoting Telecom & Networking Products Manufacturing in India was notified vide Gazette Notification No. 13-01/2020-IC dated Feb 24, 2021. The scheme was designed to incentivize manufacturing of Telecom and Networking Products in India.

The list of specified Telecom and Networking products included in addition to other Telecom equipment Access and Customer Premise Equipment (CPE) and Access Devices. It further authorized the Empowered Group of Secretaries (EGoS) to include any other product as they may decide.

The STBs by nature are nothing but a CPE only and the assembly lines are very similar to what other CPEs need and hence they are fully eligible to be considered under the said scheme. However, it is not covered under the PLI scheme yet.

Considering nearly 12 Crore domestic DTH and Cable TV subscribers, inclusion of the STB under Telecom PLI scheme should be a natural extension to help industry propel the domestic component manufacturing and self-reliance. This will also boost the employment in the country.

We believe that with a mix of right government policies and incentives the industry is capable to boost domestic manufacturing and make India a net-exporter of the STBs to the world.

Alternatively, the Government should also consider notifying a new PLI scheme for broadcasting sector to cover all the broadcasting equipment's including STBs as there is a huge potential keeping in view the current imports of around \$20 billion.

It is imperative that the STBs should be covered under PLI scheme either by notifying a separate PLI scheme for Broadcasting sector including new players under the new PLI if it comes for broadcasting sector or an option be provided to telecom PLI companies to go for it.

Therefore, we recommend that STBs should be included in the Telecom PLI scheme in either of the modes suggested above. This must be taken on priority considering the increasing demand of STBs and furthering the concept of "Atmanirbhar Bharat".

We also recommend that this endeavor of "Make in India" to promote domestic STB's must be equally supported by all the Distributor Platform Operators without any exception. Lastly, we would like to highlight that domestic manufacturers have access to technical know-how to keep pace with rapidly evolving technologies. In this regard, promotion of R&D hubs by the Government should be considered. Such hubs can ensure quality standards and technological advancements are adequately and regularly met to be future ready and competitive in global market.
