

Date: 03<sup>rd</sup> May 2013

To

**Mr. Wasi Ahmad,**

Advisor (B&CS), Telecom Regulatory Authority of India,

Mahanagar Doorsanchar Bhawan, Jawahar Lal Nehru

Marg, New Delhi – 110002,

(Tel No.011-23237922, Fax No.011-23220442)

**“Without Prejudice”**

**Subject:** Response to Draft Tariff order Prescribing Standard Tariff Package for Set Top Box (STB) for Digital Addressable System (DAS).

Dear Sir,

We, Kable First India Private Limited, operating as MSO in the city of Bangalore, Taverekere and Haveri write with reference to the aforementioned Draft Tariff order Prescribing Standard Tariff Package for Set Top Box (STB) for Digital Addressable System (DAS).

We herewith submit the following response to the consultation paper:

1. **Regulation (1) Short Title, extent and Commencement:** We have no comments in this regard
2. **Regulation (2) Definitions:** We have no comments in this regard
3. **Tariff for Supply of Set Top Boxes:**  
**Regulation 3(1)**

**Our Submission1:**

We submit that any regulation should be prescribed only where in the absence of such regulation shall render the subscriber / public at large under disadvantage position. We kindly submit that leaving the tariff for set top box to market forces to decide will put the subscriber in advantage position. Because the competition provided by DTH operators and other multi number of addressable platforms would keep the prices charged by Multi System Operators (MSOs) and Local Cable Operators (LCOs) for set top boxes in DAS areas under check. More than one addressable system is available to subscribers to choose from and competition amongst these platforms and amongst service providers within the same platform will help to keep prices of set top boxes in check. Prices for set top boxes are already exhibiting a downward trend with growth in the market and rise in volumes. The present system should be continued as it offers adequate options to subscribers as per their convenience and spending power.

**Our Submission 2:**

Further features offered by each MSO and quality of STB provided by MSO to cater the need of features are different and the cost of STBs are also variable depends upon the technical quality of the same. In recent times, the market has witnessed the emergence of a number of specialized channels such as HD TV channels that require high quality set top boxes. In

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case of such channels requiring high quality set top box, such channels have recently appeared in the market and all equipment relating to HD programs including the set top box and TV set are relatively costly as compared to standard definition TV sets etc.

Further we would like to submit that the STBs are manufactured by different manufacturers wherein the features, quality and life time of STBs shall differs depends upon the manufacturers and the price of the STBs also differs based on the same. Hence equating all STBs in one line and prescribing the Standard Tariff for the same will not promote the quality products to be provided to the subscribers. The option of availing different or high quality set top boxes to be left to the market forces for the subscribers to avail the maximum benefits and superior quality on the same.

**Our Submission 3:**

We would like to submit that like mobile industry the Set Top box is nothing but hardware equipment like mobile handsets that decrypts the signal supplied by operators. Since the STBs are not manufactured in India the supply of STBs are carried through the operators. Once the Market in India is open for selling of STBs in open market the subscribers will have number of options to purchase the require STBs at their desire. Hence like mobile industry the Tariff for STB in cable Sector should be left to the market forces which shall give higher benefit to the subscribers.

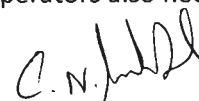
**Our Submission 4:**

We humbly bring to the notice of the authority that recommendations made by TRAI on ***Implementation of Digital Addressable Cable TV Systems in India*** dated 05.10.2010 as follows:

**In para no 2.74:** *"The Authority recommends that all service providers who have set up a digital addressable distribution network before the sunset date(s) indicated in paragraph 3.11, be treated similar to telecom service providers and be eligible for income tax holiday for the period from the date of setting up of the network, or 1.04.2011 whichever is later, till 31.03.2019. For this purpose, the date of certification by M/s BECIL or any other agency authorised by TRAI will be reckoned as the date of setting up of the network."*

**In para no 2.75:** *"The Authority further recommends that the basic custom duty on digital head-end equipments and STBs be reduced to zero for the next 3 years to give a boost to conversion of the broadcast distribution network to digital addressable."*

No such tax holidays or reduction in custom duty on STB or head-end equipments is provided by the Government and MSO are incurring huge investments for procurement of STBs from abroad including Airlifting charges. FDI limits in the distribution sector (with the exception of local cable Operators) have recently been allowed at the level of 74% for addressable systems for MSOs desirous of bringing in Digitalization. But the same in operational level has not attracted such foreign direct investments. Further the loans and or financing by Banks to MSO/LCO are also not at attractive levels. While the subscriber interest to be protected under regulations, the interest of operators also needs to be



protected considering the investment made by them and sustainability of their business in the country. Leaving the Tariff for the STBs to market forces will give an impetus to the rapid growth of the DAS system in India. With growth in volumes, prices of set top boxes are likely to fall further.

**Regulation 3(2):**

We submit that the regulation number 3 in STANDARDS OF QUALITY OF SERVICE (DIGITAL ADDRESSABLE CABLE TV SYSTEMS) REGULATIONS, 2012 is regulating about Procedure for connection, disconnection, reconnection, transfer and shifting of cable connection to the subscriber under DAS system along with STBs. In view of our above submission and our comments on regulation 3(1) this regulation does not require.

**Regulation 3(3):**

We submit our comments as above mentioned against regulation 3(2).

**Regulation 3(4) Communication of technical or operational non-feasibility:**

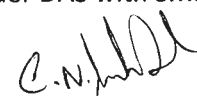
We submit that the regulation number 5 in STANDARDS OF QUALITY OF SERVICE (DIGITAL ADDRESSABLE CABLE TV SYSTEMS) REGULATIONS, 2012 is regulating about Response time and time limit for providing connection of cable connection to the subscriber under DAS system along with STBs. In view of our above submission and comments on regulation 3(1) this regulation does not require.

**4. Reporting Requirement:**

In view of our above submission and comments on regulation 3(1) this regulation does not require.

**5. Schedule: Standard Tariff Package for Set Top Box for Digital Addressable Cable TV Systems.**

- a. **Option 1 to Option IV:** We hereby submit that in view of our above submission and comments on regulation 3(1) the said four options provided by TRAI on standard tariff package for STBs has to be left to market forces and our specific comments on the following conditions under Notes in schedule as follows:
- b. **No repair or maintenance charges upto the period of five years:** The 5 year warranty on set top box should be done away with and it should be brought at par with DTH. Further the manufacturers are providing warranty on set top boxes only for one year from the date of purchase, hence it is impossible for the operators to provide 5 year repair or maintenance free on STBs.
- c. **No installation charges or re-installation charges or activation charges or smartcard/viewing card charges to be levied:** MSO has already incurred huge installation on establishment of network and procurement of STBs and viewing cards. Further activating the subscriber under DAS with SMS system enabled STB involves cost and expenses to it. At the MSO level investment of Rs.4 to 5 lakh per channel depending upon the grade of hardware. Further providing a connection to the subscriber under DAS with SMS system



enabled STB would require Rs. 750 to Rs.1000 from cable operator (LCO) level per subscriber and from MSO Level Rs.1800-Rs.2000 per new customer.

Further there is cost, time and manpower involved in training the subscribers on how to use STBs and the same has to be borne by MSO. Variable one-time cost in reaching out to the subscriber making him conversant with the STB features, remote and Navigation of Electronic Programme Guide and troubleshooting process if any – which involves sales, technical and call center personnel time and effort. The same involves cost into it and the operators should be allowed to pass it on to the subscribers as the benefit of the same is received by subscribers.

Thanking You,  
Yours Sincerely,  
For Kable First India Private Limited.



Authorized Signatory