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PART III, SECTION 4

TELECOM REGULATORY AUTHORITY OF INDIA

**THE TELECOMMUNICATION (BROADCASTING AND CABLE) SERVICES (FIFTH)
(DIGITAL ADDRESSABLE CABLE TV SYSTEMS) TARIFF ORDER, 2013
(No. 1 of 2013)**

NOTIFICATION

New Delhi, the 27th May, 2013.

No. 1-19/2012- B&CS.--- In exercise of powers conferred by sub-clauses (ii), (iii), (iv) and (v) of clause (b) of sub-section (1) and sub-section (2) of section 11 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:-

PART-I

PRELIMINARY

1. Short title, extent and commencement.---(1) This Order may be called the Telecommunication (Broadcasting and Cable) Services (Fifth) (Digital Addressable Cable TV Systems) Tariff Order, 2013 (No. 1 of 2013).

(2) This Order shall come into force from the date of its publication in the Official Gazette.

2. Applicability.---This order shall be applicable to cable TV services provided to the subscribers through digital addressable systems, 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) "digital addressable systems" means an electronic device (which includes hardware and its associated software) or more than one electronic device put in an integrated system through which signals of digital addressable system can be sent in encrypted form, which can be decoded by the device or devices, having an activated Conditional Access System at the premises of the subscriber within the limits of authorisation made, through the Conditional Access System and the

subscriber management system, on the explicit choice and request of such subscriber, by multi-system operator;

(d) “multi-system operator” means a cable operator who has been granted registration under rule 11C of the Cable Television Networks Rules, 1994 and who receives a programming service from a broadcaster or its authorised agencies and re-transmits the same or transmits his own programming service for simultaneous reception either by multiple subscribers directly or through one or more local cable operators and includes his authorised distribution agencies, by whatever name called;

(e) “set top box” means a device, which is connected to, or is part of a television and which allows a subscriber to receive in unencrypted and descrambled form subscribed channels through an addressable system and includes-----

(i) the set top box and the remote control for set top box; and

but shall not include a television receiver set, computer or any such end equipment ;

(f) “order” means the Telecommunication (Broadcasting and Cable) Services (Fifth) (Digital Addressable Cable TV Systems) Tariff Order, 2013 (No. 1 of 2013);

(g) “ordinary subscriber” means any subscriber who receives a programming service from a service provider and uses the same for his domestic purposes;

(h) “standard tariff package” means a tariff determined by the Authority for supply and installation of a set top box to the ordinary subscriber of cable TV services provided through digital addressable systems for receiving programmes;

(i) 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 SET TOP BOXES

4. Tariff for supply and installation of set top boxes.--- (1) Every multi system operator shall, without prejudice to the provisions of the Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff Order, 2010 (No.1 of 2010), offer to every ordinary subscriber the standard tariff package, for supply and installation of the set top box, conforming to the Indian Standard, if any, set by the Bureau of Indian Standard, specified in the Schedule.

(2) In addition to the option available under the Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff Order, 2010 (No.1 of 2010), the ordinary subscriber shall have option to acquire the set top box at the rate and the terms and conditions specified in the Schedule and the multi system operator shall, on receipt of request from the ordinary subscriber, supply and install the set top box at the premises indicated by the subscriber.

PART-III

MISCELLANEOUS

5. Reporting Requirement.--- (1)Every multi system operator shall report to the Authority by the 15th of June 2013, the details of all tariff packages and other terms and conditions for supply and installation of the set top box.

(2) Any change in the tariff package reported under sub-clause (1) and the introduction of a new tariff package for supply and installation of set top box shall be reported to the Authority at least seven days prior to such change or introduction, as the case may be.

(Sudhir Gupta)
Secretary(I/C), TRAI

Note: The Explanatory Memorandum annexed to this order explains the objects and reasons of “The Telecommunication (Broadcasting and Cable) Services (Fifth) (Digital Addressable Cable TV Systems)Tariff Order, 2013 (No. 1 of 2013)”.

**Standard Tariff Package for supply and installation of set top box
for cable TV services provided through digital addressable systems
(see clause 4)**

OPTION – I

Sl.	Particulars	Tariff
1	Rent per month per set top box for the first three years	Rs. 55.66 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The set top box shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Refundable)	Rs. 400/-
4.	Deduction from Refundable Security Deposit	Nil
5.	Installation Charges	Nil
6.	Activation charges	Nil
7.	Smart Card/Viewing Card Charges	Nil
8.	Repair and Maintenance Charges for three years from the date of installation	Nil

Note :-

1. After the expiry of three years from the date of installation of set top box, the entire security deposit shall be refunded to the ordinary subscriber without any deductions.
2. The full security deposit without any deduction shall be refunded to the subscriber, if he returns the set top box, at any point of time, within a period of three years, provided that the set top box has not been tampered with.
3. There shall be no installation charges or re-installation charges except in case of shifting of connection.

OPTION – II

Sl.	Particulars	Tariff
1	Rent per month per set top box for the first three years	Rs.50.66 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The set top box shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Refundable)	Rs. 800/-
4.	Deduction from Refundable Security Deposit	Nil
5.	Installation Charges	Nil
6.	Activation charges	Nil
7.	Smart Card/Viewing Card Charges	Nil
8.	Repair and Maintenance Charges for three years from the date of installation	Nil

Note :-

1. After the expiry of three years from the date of installation of set top box, the entire security deposit shall be refunded to the ordinary subscriber without any deductions.
2. The full security deposit without any deduction shall be refunded to the subscriber if he returns the set top box, at any point of time, within a period of three years, provided that the set top box has not been tampered with.
3. There shall be no installation charges or re-installation charges except in case of shifting of connection.

OPTION – III

Sl.	Particulars	Tariff
1	Rent per month per set top box for the first three years	Rs.46.80 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The set top box shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Adjustable)	Rs. 400/-
4.	Amount of Security Deposit refunded on return of the Set Top Box	As per attached Table-A
5.	Installation Charges	Nil
6.	Activation charges	Nil
7.	Smart Card/Viewing Card Charges	Nil
8.	Repair and Maintenance Charges for three years from the date of installation	Nil

Note: -

1. If the ordinary subscriber returns the set top box, any time before the completion of three years from the date of installation of set top box, the Security Deposit shall be refunded as per the amount specified in the Table-A, provided that the set top box has not been tampered with.
2. In case of disconnection of service before the last day of the month, balance security deposit shown as refundable at the end of that month, in Table-A shall be refunded on return of set top box.
3. There shall be no installation charges or re-installation charges except in case of shifting of connection.

Table-A (OPTION-III)*Figure in Rs.*

Year	End of Month	Security deposit refundable
First year	First	391.13
	Second	382.16
	Third	373.07
	Fourth	363.86
	Fifth	354.55
	Sixth	345.11
	Seventh	335.56
	Eighth	325.89
	Ninth	316.10
	Tenth	306.18
	Eleventh	296.14
	Twelfth	285.98
Second year	Thirteenth	275.69
	Fourteenth	265.27
	Fifteenth	254.72
	Sixteenth	244.03
	Seventeenth	233.22
	Eighteenth	222.27
	Nineteenth	211.18
	Twentieth	199.95
	Twenty first	188.59
	Twenty second	177.08
	Twenty third	165.43
	Twenty fourth	153.63

Third year	Twenty fifth	141.68
	Twenty sixth	129.59
	Twenty seventh	117.34
	Twenty eighth	104.94
	Twenty ninth	92.39
	Thirtieth	79.67
	Thirty first	66.80
	Thirty second	53.77
	Thirty third	40.58
	Thirty fourth	27.22
	Thirty fifth	13.69
	Thirty sixth	0.00

OPTION – IV

Sl.	Particulars	Tariff
1	Rent per month per set top box for the first three years	Rs.32.93 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The set top box shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Adjustable)	Rs. 800/-
4.	Amount of Security Deposit refunded on return of the Set Top Box	As per attached Table-B
5.	Installation Charges	Nil
6.	Activation charges	Nil
7.	Smart Card/Viewing Card Charges	Nil
8.	Repair and Maintenance Charges for three years from the date of installation	Nil

Note: -

1. If the ordinary subscriber returns the set top box, any time before the completion of three years from the date of installation of set top box, the Security Deposit shall be refunded as per the amount specified in the Table-B, provided that the set top box has not been tampered with.
2. In case of disconnection of service before the last day of the month, balance security deposit shown as refundable at the end of that month, in Table-B shall be refunded on return of set top box.
3. There shall be no installation charges or re-installation charges except in case of shifting of connection.

Table-B (OPTION-IV)*Figure in Rs.*

Year	End of the Month	Security deposit refundable
First year	First	782.27
	Second	764.31
	Third	746.14
	Fourth	727.73
	Fifth	709.09
	Sixth	690.23
	Seventh	671.12
	Eighth	651.78
	Ninth	632.19
	Tenth	612.36
	Eleventh	592.29
	Twelfth	571.96
Second year	Thirteenth	551.37
	Fourteenth	530.53
	Fifteenth	509.43
	Sixteenth	488.07
	Seventeenth	466.44
	Eighteenth	444.54
	Nineteenth	422.36
	Twentieth	399.91
	Twenty first	377.17
	Twenty second	354.16
	Twenty third	330.85
	Twenty fourth	307.25

Third year	Twenty fifth	283.36
	Twenty sixth	259.17
	Twenty seventh	234.68
	Twenty eighth	209.88
	Twenty ninth	184.77
	Thirtieth	159.35
	Thirty first	133.61
	Thirty second	107.55
	Thirty third	81.16
	Thirty fourth	54.44
	Thirty fifth	27.39
	Thirty sixth	0.00

Explanatory Memorandum

1. The cable TV sector in India, at present, is primarily analog in nature. The inherent limitation of the analog cable TV systems has posed several challenges in the cable TV sector, mainly due to capacity constraints and non-addressable nature of the network. The evolution of technology paved way for bringing about digitization with addressability in the cable TV sector. Accordingly, after studying the subject at length and undertaking a public consultation process, TRAI, on 5th August 2010, gave its recommendations to the Government of India for implementation of Digital Addressable Cable TV Systems (DAS) across the country along with a roadmap to achieve the same. The Government has accepted the recommendations of TRAI and on 25th October, 2011, promulgated an Ordinance amending the Cable Television Networks (Regulation) Act, 1995, enabling the implementation of Digital Addressable Cable TV Systems in India. Thereafter, the Government also issued a notification dated 11th November, 2011 and its amendment dated 21st June 2012, which laid down the roadmap for implementation of Digital Addressable Cable TV Systems in the country in a phased manner in four phases, with the first phase scheduled for 31st Oct. 2012 and the final phase to be completed by 31st December 2014. This will lead to sunset of Analogue Cable TV Systems in the entire country. The Ordinance dated 25th October, 2011, subsequently, on 30th December, 2011, became an Act.
2. In Digital Addressable Cable TV Systems, a subscriber needs a set-top-box (STB) to be connected with his TV set for reception of TV programmes as the signal received at his premises is in digital and encrypted form. Since variegated technologies co-exist, the STBs deployed by one operator may not be practically compatible with the network of another operator, hampering easy migration of the subscriber from one operator to another, in case the subscriber wishes to do so, without re-investing in a new STB.
3. Consumer protection is one of the focus areas of Telecom Regulatory Authority of India (TRAI). The Authority has taken several measures to protect the interest of the consumers, facilitate availability of broadcasting and cable television services at affordable price and to ensure that Quality of Service being provided to the consumer in the broadcasting and cable television sector is in accordance with the prescribed norms.
4. To provide an easy exit option to the subscribers, ensure availability of STBs at reasonable price and terms and conditions and, at the same time, to protect the interest of the service providers, a draft tariff order prescribing standard tariff package for offering of STBs on rental basis was put up for consultation with the stakeholders. The draft tariff order was uploaded on TRAI website on 11th April 2013, inviting the comments from the stakeholders. In response to this consultation process, a total of 13 comments were received from the stakeholders, including consumers.

Comments of Stakeholders

5. MSOs and HITS operator are of the opinion that the current practice of provisioning of hardware by distributors /MSOs is working well and there is no need to bring in any tariff order in this regard. It has been further stated that the prices of STBs are showing downward trend with growth in market and rise in volumes. DTH operators have

questioned the jurisdiction of TRAI to fix the tariff of STBs as STBs come under the category of goods and not services.

6. Regarding the cost of STB, it has been stated that the cost of STB could go up to Rs.3000 for an MPEG4 model. Also, if other costs like installation, activation, maintenance etc. are added it could go up to Rs.4000.
7. On the issue of lifespan of STBs, it has been stated that the manufacturers of STBs or components thereof, give warranty only up to 12 to 18 months and so the operators should be allowed to charge repair charges beyond that period. Another comment is that as per Companies Act, the assets, having value less than Rs.5000, shall be depreciated annually @100% and therefore, the lifespan of STB should not be considered more than 1 year.
8. Regarding security deposit, the apprehensions of MSOs are – i) the security amount of Rs.400/Rs.800 is too low, ii) Customer may not return the STB when he moves out. They have also mentioned that insurance companies are not willing to cover such products or services. It has been suggested that the security should be at least Rs.1500 and the security deposit is to be refunded after deducting depreciation @2.5% in addition to rental etc.
9. Consumers have supported the provisions of the draft tariff order and stated that the practices being adopted by the MSOs, at present, are detrimental to the subscribers All maintenance/replacement/upgradation should be done by the service provider, without any charge to the consumer. This will take care of the portability issue as well, as consumer will know the cost of changing service provider.

Analysis of Comments

Jurisdiction

10. The quality of service regulations for DTH and DAS as well as tariff order applicable for all the addressable systems, clearly provides that the service providers providing broadcasting and cable TV services using an addressable system are required to give option to the subscribers for procuring the consumer premises equipment/STB on outright purchase basis or hire purchase basis or rental basis as per the scheme, if any, made by the Authority in this regard. Moreover, due to variegated technologies deployed by different operators, a consumer desiring services of a particular operator generally needs to get the STB from that operator and so, the STB forms an integral part of the services provided by the operator. The Authority is of the view that the standard tariff package prescribed for STB is part and parcel of tariff dispensation. Therefore, in accordance with the provisions already made in the regulations and tariff order, the Authority has come up with this standard tariff package for the STBs which is to be mandatorily offered by all the MSOs to their subscribers.

Need for prescribing the standard tariff package

11. An STB is necessarily required at the consumer end for receiving the services offered by a service provider offering broadcasting and cable TV services using addressable system. However, different service providers are deploying different technologies and as a result, the STBs deployed by one operator may not be practically compatible with the network of another operator, hampering easy migration of the subscriber from one operator to another, in case the subscriber wishes to do so, without re-investing in a new STB.

12. The Authority is of the view that the interests of the consumers in this regard can be largely protected through the provision for commercial interoperability of STB. Commercial interoperability provides an exit option for a subscriber in case the subscriber wishes to change the operator/platform for any reason. Accordingly, in the relevant Regulations/ Tariff orders of TRAI, it was mandated that the operators of Digital Addressable Systems shall give an option to every subscriber to procure the STB either on outright purchase basis or hire purchase basis or rental basis, or in accordance with the scheme, if any, prescribed by the Authority.
13. As mentioned above, in case of DTH services, the schemes for Customer Premises Equipments (CPEs) offered to the subscribers by the DTH operators, have wide variations and at times are such that no viable exit option is available to the subscribers. Instead the consumer has to re-invest in new hardware in case of migration from a particular operator or platform. It is not unlikely that the same experience is replicated in the upcoming DAS.
14. In view of the above, to provide an easy exit option to the subscribers, ensure availability of STBs at reasonable price and terms and conditions and, at the same time, to protect the interest of the service providers, this tariff order, prescribing standard tariff package for offering of STB on rental basis, is being prescribed.
15. In addition to the standard tariff packages prescribed by the Authority, operators are free to offer their own schemes for supply of STB to its subscribers in accordance with their business plan and within the existing Regulations/ Tariff Orders. Subscribers shall have option to choose from the standard tariff package prescribed by the Authority and the alternative schemes offered by the operators. The prescribed standard tariff package enables the subscriber to procure the STB with clear, easy to understand, terms and conditions and meets the requirement of consumers as well as the service providers. Therefore, the Authority is of the view that prescribing the standard tariff package would benefit the sector as a whole and would provide effective commercial interoperability.
16. Authority has observed that the operators are offering to its subscribers various types of STBs having different features/ capabilities such as “recording facility”, “Internet / broadband compatibility”, “ High definition/ 3D reception capability” etc., in addition to the basic functionalities. Since for such STBs there would be wide variations in terms of features and cost and hence the Standard Tariff Package is provided only for the basic/ vanilla STBs meant for reception of Standard Definition TV signals (SDTV) conforming to the relevant Indian Standard, if any, set by the Bureau of Indian Standards.
17. The Authority is of the view that prescription of a standard tariff package would promote healthy competition amongst the operators to provide better viewing experience to the consumers at an affordable price so as to retain the existing consumers as well as to rope in new ones. Such competition would ultimately benefit all the stakeholders of the sector, including the consumers.

Cost of STB considered for prescribing the standard tariff package

18. In the comments received in response to the consultation paper, the cost of the STB suggested ranges from Rs.3000 to Rs.4000, including the installation and activation

charges. In response to a query from TRAI, prior to formulation of the draft tariff order, three major MSOs had informed the cost of the STB to be ranging from Rs.1635 to Rs.1939. This cost included the costs of the STB, CAS, smart card, middleware, and the custom duty and the charges for royalty transportation, freight and insurance. The cost of electronic items, in general, and STB in particular, is consistently falling with time. In view of the above, the cost of STB has been taken as Rs 1750/- for formulating the Standard Tariff Package.

Lifespan of STB

19. The stakeholders in their comments have stated that that the manufacturer of STBs or components thereof, give warranty only upto 12 to 18 months. The Authority has taken note of this and also the fact that with passage of times the technology and therefore the robustness of electronic devices has improved considerably. However, at the same time, the technology is changing at a fast pace and continuously there is improvement in terms of performance and features of the electronic items and with introduction of better electronic products the older ones tend to become obsolete. The same holds good for the STBs also . Therefore, taking these factors into account the lifespan of the STBs has been taken as three years.

Returning of STBs

20. A STB in an addressable system can only be used by a subscriber if it has been duly authorised by its service provider for use in its network. It is unlikely that a subscriber would withhold the STB without any utility for him. More so, when it is linked to the refund of the security deposit in the event of migration to other operator/platform or quitting from the subscription of that operator's services. In view of this the apprehensions of the operators with respect to the non-retuning of STBs are not tenable.

Parameters used to formulate the standard tariff package

21. The Standard Tariff Package has been worked out on the basis of the following parameters:-
 - i. The total cost of STB has been taken as Rs. 1750/-
 - ii. Life span of STB has been taken as 3 years.
 - iii. The residual value has been taken as nil.
 - iv. Rental per month is based on cost of STB on Equated Monthly Instalment (EMI) Basis @15% per annum (@1.25% per month) for a period of 36 months.
 - v. In options where the security deposit is to be refunded, the interest on security deposit has been adjusted in the rental.
 - vi. In options where the security deposit is to be adjusted the interest per month on balance security deposit has been adjusted in the rental.
