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VIDEOCON (d2h)

Date: 12<sup>TH</sup> Jan 2012

To,

Mr. Wasi Ahmad  
Advisor (B & CS)  
The Telecom Regulatory Authority of India  
Mahanagar Doordarshan Bhavan  
Jawahar Lal Nehru Marg  
New Delhi-110 002

Sub: Comments on the Consultation Paper on "Issues related to Implementation of Digital Addressable Cable TV Systems" issued on 22<sup>nd</sup> December 2011

Dear Sir,

In response to the captioned Consultation Paper, we are pleased to offer our brief comments as follows:-

At the outset we would like to put our appreciation on record for all endeavors successfully undertaken by the Authority in respect of bringing about complete digitalization in the country.

We would like to state that we are a manufacturing company having expertise in the production of Set Top Boxes which are used for providing the Direct to Home Services by the DTH Service Providers and other similar service providers in the country. Complete digitalization would mean watching television will be not only digital but also addressable.

We are one of the largest Set Top Boxes manufacturing company in the Country. Apart from us there are few other Set Top Box manufacturers in the country.

As in our organization major manufacturing activity is of Set Top Boxes, we would like to limit our comments to various aspects related to customs duty on Set Top Boxes & its components.

In the process of completing the digitalization the supply of Set Top Boxes will be very crucial to meet the deadlines. In respect of production and manufacturing of Set Top Boxes for completing the process of digitalization expeditiously, it will be ideal if indigenous production and manufacturing of Set Top Boxes is given boost to bolster the entire process of digitalization as such encouragement and incentives to Indian Companies will act as a panacea to all impediments of demand and supply of Set Top Boxes across the country.

We are of the firm view that there is no need to scrap Customs Duty on import of Set Top Boxes as it will discourage the indigenous manufacturing companies in the country. It is widely reported that the Government is contemplating subsidies, duty drawbacks, abolition of customs duty on Set Top Box -

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*Imports and other support to the cable industry as a part of implementation and execution of complete digitalization in the country. We would like to put on record our strong objection to any such step of withdrawal or drawbacks or subsidizing or reduction of Customs Duty on import of Set Top*

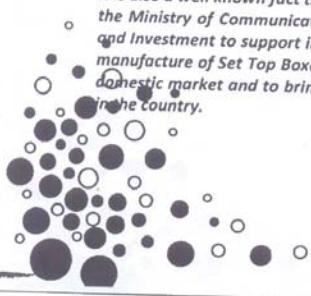
*Boxes in CBU form as it will discourage our own indigenous manufacturers and will end in disastrous results for such industries in the country.*

*Full exemption from Customs duty was provided on Set Top Boxes in the year 2006 to enable their free import for smooth introduction of Conditional Access System in the country. Thereafter since the Set Top Box production capacity had gone up in the country, the Government levied a nominal 5% customs duty to encourage domestic value addition. After this imposition in 2009-10, the production capacity has further increased to such an extent that the indigenous companies are confident that given a right market and commercial environment they are ready and capable to satisfy the needs of the market by supplying the requisite number of Set Top Boxes. In this context, now, to once again consider either the reduction or complete abolition of customs duty will be a step backward in the context of our aim of encouraging domestic manufacturing. This will hamper and may jeopardize the interests of all local and domestic manufacturers in the country and will culminate into a deterrent to the business itself.*

*India is well known for its software prowess. But on the hardware front the progress is rather slow and tardy. However, the country has been making gains in this sector also. Presently, approximately only 20% Set Top Boxes are being manufactured indigenously against total requirement & rest of the quantities are being imported which is causing heavy outflow of foreign currency from our country. It will be ideal that this momentum is not tilted against the indigenous manufacturers by abolishing the customs duty. However, in fact it will be a step forward if the customs duty on the specified components of such Set Top Boxes is either reduced further or made zero in order to boost local manufacturer which in turn will generate and create employment opportunities & develop technical expertise for our youths. Similarly, custom duty needs to be reduced to zero on all allied component being used to install & activate Set Top Box e.g. LNB (Low Noise Block). This move will enable and encourage the domestic manufacturing companies to produce more and thus, cater to the market demands which will grow in the process of complete digitalization. The Ministry of Communications Technology had also confirmed that more than 20 million Set Top Boxes will be required when the process starts getting momentum.*

*It is also a well known fact that ahead of the migration from analogue to digital broadcasting by 2014, the Ministry of Communications Technology is going to go hand in hand with the Ministry of Trade and Investment to support indigenous Information and Communications Technology companies in the manufacture of Set Top Boxes in the country. In our view this is a correct step forward to promote the domestic market and to bring about equilibrium to the graph of demand and supply of Set Top Boxes in the country.*

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*In our view and in the context of the digitalization the usage of "non addressable Set Top Boxes" is not relevant. There will be no place for such non addressable Set Top Boxes in future. The definition of "Addressable System" as given in The Telecommunication (Broadcasting and Cable Services (Fourth) (Addressable Systems) Tariff Order, 2010 dated 21<sup>st</sup> July 2010 clearly includes digital addressable cable services and thus the reference of non addressable set top boxes in the consultation paper seems to be misplaced.*

Thanking you

Yours faithfully,

For end Electronics Ltd.,  
  
Authorized Signatory

