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PART III, SECTION 4

TELECOM REGULATORY AUTHORITY OF INDIA

**THE TELECOMMUNICATION (BROADCASTING AND CABLE) SERVICES (Sixth)
(THE DIRECT TO HOME SERVICES) TARIFF ORDER, 2013
(No. 2 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 (Sixth) (The Direct to Home Services) Tariff Order, 2013 (No. 2 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 direct to home services provided to the subscribers 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) “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; and

(ii) the dish antenna, where such dish antenna is essential for availing such service,----- but shall not include a television receiver set, computer or any such end equipment;

(d) “direct to home 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 subscriber’s premises without passing through intermediary such as cable operator or any other distributor of TV channels;

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

(f) “order” means the “Telecommunication (Broadcasting and Cable) Services (Sixth) (The Direct to Home Services) Tariff Order, 2013 (No. 2 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) “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;

(i) “standard tariff package” means a tariff determined by the Authority for supply and installation of a customer premises equipment to the ordinary subscriber of direct to home service for receiving programmes;

(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 Customer Premises Equipment.--- (1) Every direct to home 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 Customer Premises Equipment, 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 Customer Premises Equipment at the rate and the terms and conditions specified in the Schedule and the direct to home operator shall, on receipt of request from the ordinary subscriber, supply and install the Customer Premises Equipment at the premises indicated by the subscriber.

PART-III

MISCELLANEOUS

5. Reporting Requirement.--- (1) Every direct to home 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 Customer Premises Equipment.

(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 the Customer Premises Equipment 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 (Sixth) (The Direct to Home Broadcasting Services) Tariff Order, 2013 (No. 2 of 2013)”.

**Standard Tariff Package for Supply and Installation of
Customer Premises Equipment for DTH service
(see clause 4)**

OPTION – I

Sl.	Particulars	Tariff
1	Rent per month per Customer Premises Equipment for the first three years	Rs. 71.75 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The Customer Premises Equipment shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Refundable)	Rs. 500/-
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 Customer Premises Equipment, 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 Customer Premises Equipment, at any point of time, within a period of three years, provided that the Customer Premises Equipment 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 Customer Premises Equipment for the first three years	Rs. 65.50 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The Customer Premises Equipment shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Refundable)	Rs. 1000/-
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 Customer Premises Equipment, 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 Customer Premises Equipment, at any point of time, within a period of three years, provided that the Customer Premises Equipment 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 Customer Premises Equipment for the first three years	Rs. 60.66 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The Customer Premises Equipment shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Adjustable)	Rs. 500/-
4.	Amount of Security Deposit refunded on return of the Customer Premises Equipment	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 Customer Premises Equipment, any time before the completion of three years from the date of installation of Customer Premises Equipment, the Security Deposit shall be refunded as per the amount specified in the Table-A, provided that the Customer Premises Equipment is not tampered with.
2. In case of disconnection of direct to home 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 Customer Premises Equipment.
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	488.92
	Second	477.70
	Third	466.33
	Fourth	454.83
	Fifth	443.18
	Sixth	431.39
	Seventh	419.45
	Eighth	407.36
	Ninth	395.12
	Tenth	382.73
	Eleventh	370.18
	Twelfth	357.47
Second year	Thirteenth	344.61
	Fourteenth	331.58
	Fifteenth	318.40
	Sixteenth	305.04
	Seventeenth	291.52
	Eighteenth	277.83
	Nineteenth	263.98
	Twentieth	249.94
	Twenty first	235.73
	Twenty second	221.35
	Twenty third	206.78
	Twenty fourth	192.03
Third year	Twenty fifth	177.10
	Twenty sixth	161.98
	Twenty seventh	146.67
	Twenty eighth	131.18
	Twenty ninth	115.48
	Thirtieth	99.59
	Thirty first	83.51
	Thirty second	67.22
	Thirty third	50.72
	Thirty fourth	34.03
	Thirty fifth	17.12
	Thirty sixth	0.00

OPTION – IV

Sl.	Particulars	Tariff
1	Rent per month per Customer Premises Equipment for the first three years	Rs. 43.33 (exclusive of taxes)
2.	After three years from the date of installation	No rent. The Customer Premises Equipment shall become the property of the subscriber except smart card/viewing card
3.	Security Deposit (Adjustable)	Rs. 1000/-
4.	Amount of Security Deposit refunded on return of the Customer Premises Equipment	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 Customer Premises Equipment, any time before the completion of three years from the date of installation of Customer Premises Equipment, the Security Deposit shall be refunded as per the amount specified in the Table-B, provided that the Customer Premises Equipment is not tampered with.
2. In case of disconnection of direct to home 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 Customer Premises Equipment.
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 Month	Security deposit refundable
First year	First	977.83
	Second	955.39
	Third	932.67
	Fourth	909.66
	Fifth	886.37
	Sixth	862.78
	Seventh	838.90
	Eighth	814.72
	Ninth	790.24
	Tenth	765.45
	Eleventh	740.36
	Twelfth	714.95
Second year	Thirteenth	689.22
	Fourteenth	663.17
	Fifteenth	636.79
	Sixteenth	610.09
	Seventeenth	583.05
	Eighteenth	555.67
	Nineteenth	527.95
	Twentieth	499.88
	Twenty first	471.47
	Twenty second	442.70
	Twenty third	413.56
	Twenty fourth	384.07
Third year	Twenty fifth	354.20
	Twenty sixth	323.97
	Twenty seventh	293.35
	Twenty eighth	262.35
	Twenty ninth	230.97
	Thirtieth	199.19
	Thirty first	167.01
	Thirty second	134.43
	Thirty third	101.45
	Thirty fourth	68.05
	Thirty fifth	34.24
	Thirty sixth	0.00

Explanatory Memorandum

1. 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.
2. Direct to home (DTH) services in India have been growing at a rapid pace since its inception in the year 2003, and, as on December 2012, the number of registered pay DTH subscribers has reached a figure of 54.52 million. The number of private DTH operators has also grown from two in the year 2003 to six operators now. These operators have launched their services at different points of time, deploying different transmission and compression standards and encryption solutions.
3. In DTH services, a subscriber need Customer Premises Equipment (CPE) 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 CPEs 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 new CPE.
4. To provide an easy exit option to the subscribers, ensure availability of CPEs at reasonable price and terms and conditions and, at the same time, to protect the interests of the service providers, a draft tariff order, prescribing standard tariff package for offering of CPE 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 7 comments were received from the stakeholders.

Comments of stakeholders

5. Some of the DTH operators have questioned the jurisdiction of TRAI to fix the tariff of CPEs as CPEs come under the category of goods and not services.
6. DTH operators have argued that as the DTH market is highly competitive and consumer already has choice to get CPE on outright purchase or hire-purchase or rental basis, therefore, there is no need for TRAI to intervene at this stage to regulate the prices of CPE. DTH association has stated that the proposed tariff order would add to the accumulated losses being suffered by the DTH sector. It has further stated that DTH operators are providing CPE to customers at subsidised rates due to intense competition between the service providers.
7. On the aspect of cost of CPE, the operators have stated that the cost of CPE considered in the draft tariff order is lesser than the actual cost in procuring, activating and installing of CPE at the subscriber's premises and also there is wide variation in the prices. It has been mentioned that DTH operators are offering CPEs between Rs.1600 to Rs.2200 and the subsidy on CPE is in the range of Rs.2200 to Rs.2700. It has also been stated that the

hardware cost of CPE works out to be Rs. 2250 and installation cost, dealer margin and cost of smart card should be taken as Rs. 1250.

8. On the aspect of life span of CPE, some of the DTH operators have stated that the life span of CPE should be taken as 1 year instead of 5 years since under the Companies Act, 1956 and Income Tax Act, 1961, the annual depreciation rate, allowed on any asset whose actual cost does not exceed Rs.5000, is 100%.
9. Some of the DTH operators have stated that the amount of security deposit is not sufficient to protect the operators against risk of loss, damage, theft of CPE at the consumer end and this will lead to increase in consumer defaults in returning the CPE. It has been stated that there should be a provision of early termination charges as the "used" CPEs do not have any acceptance in the market.
10. Consumers have supported the provisions of the draft tariff order. It has been mentioned that 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

Analysis of the comments

Jurisdiction

11. 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 CPE/STB on outright purchase basis or hire purchase basis or rental basis as per the scheme, if any, made by the Authority in this behalf. Moreover, due to variegated technologies deployed by different operators, a consumer desiring services of a particular operator generally needs to get the CPE from that operator and so, the CPE forms an integral part of the services provided by the operator. The Authority is of the view that the standard tariff of package prescribed for CPE 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 CPEs which is to be mandatorily offered by all the DTH operators to their subscribers.

Need for prescribing the standard tariff package

12. CPE 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 CPEs deployed by one operator may not be 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 CPE.
13. 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 CPE. The commercial interoperability provides an exit option for a subscriber in case the subscriber wishes to change the operator 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 CPE either on outright purchase basis or hire purchase basis or rental basis, or in accordance with the scheme, if any, prescribed by the Authority.

14. As mentioned above, in case of DTH services, the schemes for 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.
15. In view of the above, to provide an easy exit option to the subscribers, ensure availability of CPEs at reasonable cost 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 CPE on rental basis is being prescribed.
16. In addition to the standard tariff packages prescribed by the Authority, the operators are free to offer their own schemes for supply of CPE to its subscribers in accordance with the existing Regulations/ Tariff Orders and the 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 CPE 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.
17. The 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.
18. 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 consumer at an affordable price so as to retain the existing consumer as well as to rope in new ones too. Such competition would ultimately benefit all the stakeholders of the sector including the consumers.

Cost of STB considered for prescribing the standard tariff package

19. In the comments received in response to the consultation paper, the cost of the CPE suggested, ranges from Rs.3500 to Rs.5000, including the installation and activation charges. However, in response to a query from TRAI, prior to formulation of the draft tariff order, the DTH Association informed the cost of the CPE to be around Rs.2860, including the costs of CAS/middleware and installation. In the latest PMR, filed by the DTH operators to the Authority, one DTH operator has reported to be offering CPE (MPEG4, DVBS2) under outright purchase within Rs.2500, including other upfront charges like installation charges, etc. The cost of electronic items, in general, is consistently falling with time. In view of the above, the cost of CPE has been taken as Rs 2250/- for the purpose of formulation of the Standard Tariff Package.

Lifespan of CPEs/STBs

20. The stakeholders particularly DTH operators have stated that the lifespan of CPEs should be taken as one year instead of five years, Since under the Companies Act, 1956 and Income Tax Act, 1961, the annual depreciation rate, allowed on any asset whose actual cost does not exceed Rs.5000, is 100%. In case of Digital Addressable Cable TV Systems (DAS), the stakeholders during the consultation process, have stated that the manufacturers are generally providing warranty for a period ranging from 12 to 18 months for the STBs. It is expected that the same should also hold good in case of the STBs /CPEs for DTH platform. The Authority has also 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 CPEs/ STBs also . Therefore, taking these factors into account the lifespan of the CPEs has been taken as three years.

Returning of CPEs

21. A CPE in an addressable system can only be used by a subscriber if it has been duly authorized by its service provider for use in its network. It is unlikely that a subscriber would withhold the STB and other components of CPE 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 non-returning are not tenable.

Parameters used to formulate the standard tariff package

22. The Standard Tariff Package has been worked out on the basis of the following parameters:-
- i. The total cost of CPE has been taken as Rs.2250/-
 - ii. Life span of CPE has been taken as 3 years.
 - iii. The residual value has been taken as nil.
 - iv. Rental per month is based on cost of CPE on Equated Monthly Installment (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.
