

Consultation Paper on “Promoting Local Manufacturing in the Television Broadcasting Sector

Q1. What is your assessment in respect of local manufacturing in the television broadcast sector of India? Is there requirement for a focused action in promoting local manufacturing in the television broadcast sector? Please elaborate.

ANS- The previous chapters have touched upon the evolution of the television broadcast sector in India. The transformation and the exponential growth witnessed in the sector post digitalization have been discussed. The existing level of local manufacturing in the television broadcast sector, extant government policies and initiatives to assist the domestic electronic manufacturing sector have also been dealt with. Based on these discussions, few important observations emerged.

Q2. Do you think there is an adequate opportunity, market, and/or demand for the manufacturing of television broadcasting (headend, back haul transmission, CPE and others) equipment in India? Please provide your comments with supporting inputs and data. What are specific requirements of special interfaces and features needed in transmission equipment used in Television broadcasting sector? Elaborate with respect to specific equipment like headend interface equipment and CPE/STB.

ANS-Although the STB manufacturing ecosystem is fairly established in India, with only about 40% of components being obtained locally, manufacturers face production cost challenges, where they get competition from global companies. Components that are predominantly imported include ICs, PCBs, remote control cards, software components like CAS.

Q3(a). Do Indian manufacturers have adequate capabilities to meet the broadcasting (headend, transmission, CPE and others) equipment demand of the Indian cable television sector? Q3(b). If yes, then what new measures, if any, are required for the local manufacturing sector to capture a greater market share? Q3(c). If your answer to Q3(a) is negative, then please comment what measures can enable local industry to consider manufacturing of equipment for broadcasting (headend, transmission, CPE and others) segment? Please provide supporting inputs with relevant details.

ANS-As a consequence of India being a party to ITA (Information Technology Agreement), WTO treaties, and Foreign Trade Agreements (FTA), the import costs became lower than the local manufacturing costs for many products. This, in turn, made it harder for the domestic.

Q4. What are the reasons for the limited market share of local STBs? Do the local manufacturers face any entry/exit barriers such as, but not limited to cost competitiveness, and/or technology-related issues? Please elaborate with supporting inputs.

ANS-Most cable TV networks deploy RF-based HFC (Hybrid Fibre Coax) networks consisting of components such as EDFA, optic transmitters, optic nodes, and RF amplifiers, etc. Most of these devices are manufactured in India by the MSME sector.

Q5. What measures do you suggest for improving the competitiveness of local manufacturers? Please elaborate your comments with supporting inputs and data.

ANS-The transmission equipment used for back haul connectivity and access connectivity to the customer premises in television broadcasting sector are broadly same as those being used in Telecom Sector. TRAI is working on a separate paper for promoting local manufacturing of Telecom Transmission Equipment.

Q6. What other measures can be taken to encourage the adoption/usage of domestically produced STBs and other Consumer Premises Equipment among the distribution platform operators?

ANS-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. Industry sources estimate annual STB demand to be around 28 million, as can be seen in Table 2.4. The demand for around 45% of households still lacking television reach, replacement of boxes completing their useful life, upgrade from SD to HD, etc., are considered as main factors to drive this demand.

Q7. MeitY supported development of local CAS, which has been available for more than two years. What further measures, if any, should be undertaken to enable increase the market share of local STBs, that are designed in India, running on Indian CAS and made in India? Please elaborate with reasoning.

ANS-Dixon Technologies and Handan, aims to domestically manufacture 50% of STBs by the first quarter of 2021 in a bid to promote and support the 'Made in India' initiative of the government. The work of procuring the locally manufactured components and accessories of STBs from Indian manufacturers is already in progress.

Q8(a). As per the estimates, yearly broadcasting imports in India amount to more than USD 20 billion. Do you think this market size reflects high potential for local manufacturers for broadcast equipment? Q8(b) If yes, why the television broadcast sector is still dependent on imports for deployment in networks? Please elaborate.

ANS-3 In November 2014, the Ministry of Electronics and Information Technology (MeitY), through a novel Public-Private Partnership (PPP) model, funded a project for the development and implementation of Indian Conditional Access System (iCAS) for Set Top Boxes (STBs). The development of iCAS was completed in November 2015. As per the terms of the project, the iCAS was made available to domestic STB manufacturers for a duration of three years at a price of USD 0.5 per license, as against a price of USD 3-5 per license for other CAS vendors. As per MeitY, over 1.8 million STBs had been deployed with iCAS up to 2019-20

Q9(a). Looking beyond local markets, can Indian industry gear itself to export television broadcast equipment for export markets? Q9(b). If yes, what specific measures may be required to enable local manufacturers to compete in global market for television broadcast equipment? Please elaborate with relevant figures and inputs.

ANS-The Authority sought some information from MSOs as regards the classification (domestic vs. imports) of equipment deployed. Sample information received from few MSOs is presented in Tables 2.8 and 2.9. Following inferences are visible: i) In terms of value, the level of local manufacturing is around

20% of the total deployment, and; ii) While there is a trend of some deployment of locally manufactured STB/CPEs, headend and core equipment are imported.

Q10. Is there potential for promoting local manufacturing of all types of broadcasting equipment more specific to television broadcasting equipment, e.g. head-end, transmission, CPE etc. or at this stage the industry should focus on specific segment like Customer Premises Equipment / Set-Top Box? Please specify the segment (if any) and support your answer with relevant market size in terms of value.

ANS-Distinct categories of equipment deployed in television distribution networks have different procurement cycles. For instance, the headend equipment is generally procured at the time of roll-out. Further procurement, if any, occurs only when major expansions or upgrades are undertaken. Whereas Consumer Premise Equipment are required on a regular and recurring basis. Several factors drive the demand of STBs, such as i) extension of television services to uncovered TV households; ii) upgrade from SD to HD; iii) replacement of boxes completing useful life; iv) launch of converged services through hybrid STBs. This can be gauged from the estimated annual demand of 26 million STBs as mentioned in Tabl