

**GOVERNMENT OF INDIA
INFORMATION AND BROADCASTING
LOK SABHA**

UNSTARRED QUESTION NO:6411
ANSWERED ON:15.05.2012
TAX HOLIDAY TO CABLE INDUSTRY
Owaisi Shri Asaduddin

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

- (a) whether the Government proposes tax holiday and customs concessions to the cable industry for purchasing equipments and set top boxes from abroad;
- (b) if so, whether the Committee of Secretaries (CoS) has rejected the financial incentives proposed for this sector,
- (c) if so, the reasons therefor;
- (d) whether the CoS has agreed for a ceiling hike in foreign direct investment in the sector;
- (e) if so, the details thereof and the extent to which the rejection of tax holiday is likely to affect transition from analog to digital system; and
- (f) the steps taken/being taken by the Government to ensure that the cable industry is not pushed back thereby affecting the digitalization of cable TV in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI C. M. JATUA)

(a) to (f) Based on the recommendations of the Telecom Regulatory Authority of India (TRAI) on "Implementation of Digital Addressable Cable TV systems in India" dated 05.08.2010, the Ministry had formulated a proposal for grant of certain fiscal incentives /tax concessions to broadcasting industry for the implementation of Digital Addressable Systems (DAS) in the country . The proposal , inter-alia, included that all digital addressable broadcast distribution service providers who set up a digital addressable distribution network before the sunset date(s), be treated as infrastructure service providers similar to Telecom services and be eligible for benefits under section 80-IA and section 72A of the Income Tax Act as also income tax holiday from 1.04.2012 to 31.03.2019 and that basic custom duty on all digital headend and networking equipments as also on the STBs to be reduced to zero till complete sunset is achieved for digitalization i.e Decemember,2014.

The Committee of Secretaries (CoS), in its meeting held on 10.2.2012, considered the proposal of the Ministry, but did not support the proposal primarily on account of the need to promote and encourage domestic manufacturing industry. No proposal regarding foreign direct investment in the broadcasting sector was taken up by the CoS.

In spite of the fact that CoS did not support the fiscal incentives, the industry stakeholders have shown their readiness for digital transition in various interactions they have had with the Ministry. The Ministry has been holding regular consultations with all stakeholders to ensure that the task of digitalization is completed on time