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D.O.No.9/2/2005-BP&L

सचिव
SECRETARY
सूचना एवं प्रसारण
INFORMATION & BROADCASTING
भारत सरकार
GOVERNMENT OF INDIA

नई दिल्ली-1, तारीख January 18, 2008
Dated New Delhi-1, the 21 200

Dear Sir,

Please refer your D.O. letter No.14-2/2007-B&CS dated October 17, 2007 vide which recommendations of Telecom Regulatory Authority of India on Headend in the Sky(HITS) have been made available to the Government. The recommendations have been considered in the Ministry and the Ministry broadly agrees with the recommendations. However, in respect of Recommendation No. 3.2, 3.7, 3.9 & 3.13, the Ministry has a different view point. The Ministry's views on the aforesaid recommendations are enclosed for reconsideration by TRAI.

2. TRAI has not made any recommendations in respect of M/s. ASC Enterprises Ltd. and M/s. Noida Software Technology Park Ltd. who were granted HITS permissions in the year 2003 and have not started operations till now. It is understood that M/s. ASC Enterprises Ltd. is now in a state of readiness to start operations and has sought permission from the Government for change of satellite. In view of the cross holding restrictions proposed and other requirements with respect to eligibility and entry fee etc. TRAI is requested to send its recommendations on whether they should be allowed to start operations or not and if so on what terms and conditions.

3. It is requested that as per provisions of Section 11 of the Telecom Regulatory Authority of India Act, recommendations of TRAI be made available after reconsideration of the suggested modifications for the Government to take a final decision in the matter.

with regards,

Encl: As above

Yours sincerely,

ASHA SWARUP
(ASHA SWARUP)

Shri Nripendra Mishra
Chairman
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhavan
Jawaharlal Nehru Marg(Old Minto Road)
NEW DELHI-110002.

Views of the Government on Recommendations of TRAI on HITS

Recommendation	Summary	Views of the Government
3.2	There should not be any transmission band restriction for HITS operators.	<p>Government is of the view that HITS operations should be permitted in C Band only for the following reasons:-</p> <ul style="list-style-type: none"> (a) The frequencies in the Ku Band are known to be severely affected by rain, snow, hail, storm and atmospheric moisture thus affecting the quality and visibility to receive the signals. (b) While making a choice for a country as vast and diverse as India of an appropriate technology Government should not choose technologies which prima facie seem to be suffering from irreparable defects. (c) Though we have allowed uplinking in both C Band and Ku Band but most of the uplinks are being carried out in C Band to ensure quality reception across India. None of the stakeholders or the broadcasters would agree to have the benefits of C Band transmission stripped off by the final leg of transmission of cable operators being in the Ku Band through

		<p>HITS.</p> <p>(d) Though it is being mandated that HITS operator will not be allowed to deliver signal directly to the subscriber, Ku Band receiving dish being similar in size there are greater chances of a mischief being committed by the HITS operator in Ku Band in supplying the signals directly to subscribers.</p>
3.7	<p>For faster digitalization of cable services, the HITS policy should not impose any restrictions regarding uplinking from India only. The HITS operator should be free to choose the uplinking location.</p>	<p>TRAI's point of view as reflected from para 2.57 (page 13/C) of recommendation paper seems to be that since there is a perceived shortage of Ku-band transponders therefore, tying up the HITS operators to satellites available through ISRO by mandating uplinking from India may hamper roll out of HITS services because of fluctuating availability of transponders, both in C band and Ku band . But then this argument is more relevant for the policy on satellites rather than on where the uplink location should be. Under the DTH policy we have permitted both Indian as well as foreign satellites, stating further that proposals envisaging use of Indian</p>

		<p>satellites will be extended preferential treatment (clause 11.1). A similar provision should be there for HITS also.</p> <p>TRAI has also recommended that subscriber management system (SMS) and encryption system should be located on Indian soil for an effective control over distribution and the monitoring of contents. But the practical aspect is that if SMS and CAS are to be done in India then the encrypted signal will have to be taken to the outside location either through fibre or via satellite and then uplinked again. Since the policy on satellites should be uniform no distinct advantage seems to be gained by uplinking from outside.</p> <p>Another argument given in its para 2.57 is that if channels uplinked from outside can be permitted to be downlinked why can't HITS operators be permitted. It may be mentioned here that there is an important distinction between the two. HITS is going to become the backbone of nationwide distribution of channels to cable operators. Stoppage of a channel uplinked from outside is not going to make any material difference to our national</p>
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	<p>system should be based on Indian soil for control over distribution and the security of contents. The HITS operator should provide monitoring facility as prescribed by the Government from time to time. Appropriate conditions should also be stipulated for keeping records of the uplinked/downlinked channels.</p> <p>A minimum networth requirement of Rs. 50 crore at the time of the immediate preceding financial year should be made a qualifying condition for issuing a HITS license.</p>	<p>interest. But if a HITS operator uplinked from outside decides to stop the services on its own or on directions from the Government of country of origin our distribution backbone will get paralysed. It is also to be noted that clause 9.1 of schedule to DTH licence agreement empowers the Government to take over the entire services and networks of the Licensee or revoke / cancel / suspend the License in the interest of national security or in the event of an emergency / war or low intensity conflict or similar type of situations. This will not be possible if uplinking is being done from outside.</p> <p>Thus we need to provide that on the lines of clause 7.5 of DTH all content provided by the HITS platform to the cable operators, shall pass through the encryption and conditional access system, located <u>within the Earth Station, situated on Indian soil</u> and not permit uplinking of HITS services from outside.</p>
3.9	Further, in order to ensure proper monitoring, it should be compulsory that only an Indian company should be granted the license for HITS operations. Moreover, the subscriber management system (SMS) and encryption	Accepted along with modification suggested for 3.7 above

	<p>system should be located on Indian soil for an effective control over distribution and the monitoring of contents. The HITS operator should provide monitoring facility as prescribed by the Government from time to time. Appropriate conditions should also be stipulated for keeping records of the uplinked/downlinked channels.</p>	
3.13	<p>A minimum networth requirement of Rs. 40 crores at the close of the immediately preceding financial year should be made a qualifying condition for applying for a HITS license.</p>	<p>Since an entry fee of Rs 10 Crores is being taken along with a Bank Guarantee of Rs 40 Crs the apprehension that a fly by night operator will apply gets taken care of . Hence a networth requirement of only Rs 10 Crores instead of 40 Crores may suffice.</p>