



**Telecom Regulatory Authority of India
(TRAI)**

Recommendations

on

Restructuring of Cable TV Services

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Preface

There has been an exponential growth in the Indian Cable TV industry in the past two decades. The Cable TV transmission in the country is predominantly analog and limited to provisioning of TV channels only. Due to technological developments, existing Cable TV operators are likely to face fierce competition from operators employing advance distribution technologies like DTH, HITS, IPTV etc.

The Cable TV homes in India have risen to 78 million at the end of year 2007. Although the physical spread of Cable TV sector has been significant, the sector in its present form is experiencing challenges of technological upgradation, appropriate addressability and resources. The regulatory framework needs to address the issues of transparency, addressability, vertical restructuring, fragmented distribution chain, low digitalisation of TV Networks and technological up-gradation.

The huge potential of Cable TV Network is presently limited to provisioning of transmission of TV channels. While 52% of Internet connections in North America are provided by Cable TV operators resulting in fierce competition between telecom operators and Cable TV operators in provisioning of various value-added services; contribution of Cable TV operators in India in this regard is abysmal. The effective and appropriate utilization of new technological advancements in Cable TV sector will enable a much wider scope for Cable TV services in comparison to what exists today. Such up-gradations will require huge investments in the sector; necessitating a supportive and positive regulatory environment to facilitate such a constructive growth.

The Authority initiated consultation process on various issues suo-motu under section 11(1)(a) of TRAI Act 1997 in March 2008. Based on the views of the stakeholders, International experience and in-depth internal study these draft recommendations have been evolved. The Authority has kept in view that most of the existing Cable TV operators are not having huge funds and have already invested considerably in their Cable TV Network. Therefore proposed regulatory framework has facilitated migration of existing Cable TV operators and all forms of entry barriers have been discouraged. Emphasis has been laid on long term stable, organized, and supportive licensing framework to encourage innovation and investments in the sector.

These recommendations are a step forward to restructure Cable TV Networks to ensure effective licensing compliance, attract investment, facilitate new value added services and encourage digitalisation.

It is hoped that these forward looking recommendations will help orderly growth of the Cable TV services in the country and will also provide new business opportunities to Cable TV operators for reaping the benefits of technological advancements.

(Nripendra Misra)
Chairman, TRAI

Chapter 1

Introduction

- 1.1 Cable television came into existence in India in 1983 when Doordarshan started its services on cable networks in rural areas of Rajasthan. In 1989 few entrepreneurs setup small Cable TV Networks and started local video channels showing movies & music videos after obtaining rights from film & music distributors. The international satellite television was introduced in India during 1991 with the live coverage of the Gulf War by CNN. The spread of Cable TV received a boost during 1992 with the launch of Cable TV program networks from Zee telefilms and STAR group for beaming India specific content. From just 410,000 Cable TV subscriber households in early 1992, the number of Cable TV homes have soared to 78 millions by the end of December 2007. The Indian cable and satellite TV industry has become one of the fastest growing industries in the world.
- 1.2 The cable and satellite TV broadcast business was largely driven by small Cable TV operators, each catering to the needs of local subscribers ranging from approximately 50 –1000. These Cable TV Operators were using dedicated antennae to receive the signals from broadcasters and coding it locally before sending it through cable Network to the subscriber premises. According to industry estimates, 60,000 Cable TV operators were functional in 2006 in the country.
- 1.3 The model was good as long as number of broadcast channels received by Cable TV Operators were limited; however phenomenal increase in number of broadcast channels created operational

problem to Cable TV operators. They neither have sophisticated encoding equipment nor enough space to put large number of dishes to receive all broadcast signals before sending to their subscribers.

1.4 An entity called Multi System Operators (MSOs) became functional as middle point in the hierarchy of transmission. These MSOs have established their headends in metros and major towns to receive TV signals from different TV broadcasters, aggregate and distribute these signals to Cable TV operators. Some of the contemporary Cable TV Operators became their franchisee and rest had commercial agreements with such MSOs to receive signals and distribute it to their subscribers using their own Cable TV Network. As the number of TV broadcast channels increased, the Cable TV operators also upgraded their network to add more bandwidth in their cable network, hence supporting higher channel carrying capacity. In spite of such consolidation in urban and semi-urban areas, some of the local Cable TV operators (LCOs) in rural areas continue to function independently by taking TV signals directly from broadcasters and providing it to their subscribers but number of channels so provided are generally limited in number.

1.5 As per Media Partners Asia Ltd.'s report on Asia Pacific Pay-TV & Broadband Markets 2008 India has around 225 million households out of which 128 million households already have TV. Report also says that there were around 78 million households receiving Cable TV services at the end of December 2007. They project that 61 % of the total TV households in the country get Cable TV feed. Also there were approximately 3.2 million pay DTH

subscribers by the end of December 2007. This indicates that there is a huge scope for future expansion of Cable TV Networks.

- 1.6 The present Television industry market size is estimated to be approximately Rs.23000 Crores. The remarkable growth of the industry to its present level is largely due to the entrepreneurial skills of the Cable TV operators. However, the basic framework of the cable industry is weak and not fully equipped to face new challenges. Ministry of Information & Broadcasting's working group estimates that presently there are 30000 registered Cable TV operators in the country, broadcasting over 339 cable and satellite TV channels in national and regional languages, but authenticated record of Cable TV operators is not available. The unconfirmed reports even put number of Cable TV operators around 60,000 indicating an average of just 1200 subscribers per Cable TV operator.
- 1.7 Most of the present Cable TV Networks are analog in nature and hence have limited capacity (approximately 40 to 80 TV channels) to deliver number of TV channels as available presently. As more and more TV channels get introduced, there is an urgency to upgrade the Cable TV Networks & systems through digitalisation.
- 1.8 Cable TV Subscribers are demanding various value added services like Video on Demand (VoD), Interactive TV, Time shifted TV and Interactive gaming, which are technically feasible on present alternative technologies such as DTH, HITS, IPTV etc. In addition convergence of technologies in telecom and broadcasting has also made it possible to provide service like internet, broadband and internet telephony over Cable TV Networks. However, for meeting the above challenges, present Cable TV Networks need to be upgraded which will require substantial investment.

- 1.9 As stated earlier, the Cable TV sector in India has developed mainly for a limited purpose of providing broadcast channels to the subscribers. Even there, a huge capacity constraint is being felt. A comparison of Indian Cable TV Network with Cable TV Networks in developed countries indicate that full potential of such cable networks have not been exploited. While most of the Cable TV operators worldover are providing advance services like Internet (56% of Internet subscribers are on Cable TV Networks in North America and 23% of total Internet subscribers worldover are being served by Cable TV operators) and Internet enabled services to their subscribers; in India, this percentage is miniscule. As per Cable and Satellite Broadcasting Association of Asia (CASBAA) report titled 'India Digital Strategy', only 10% of the existing Cable TV homes are served by upgraded two way digital Cable TV Networks though very few Cable TV operators are providing Internet and other value added services.
- 1.10 The broadband penetration in India is very low. We have just 4.15 Million broadband subscribers at present. The Authority is concerned to boost broadband penetration and several actions have been initiated in this direction. Very recently the Authority has floated a consultation paper on "Issue related to Internet Telephony" to examine and address issues to encourage Internet Telephony. The increasing convergence and likely introduction of NGN will require high speed broadband access to subscribers. Cable operators can contribute a lot in this direction as it will not only increase broadband penetration but will drastically improve cable operators business model. This will require upgradation of present Cable TV Networks to two-way digital cable networks.

- 1.11 In above context, present fragmented Cable TV Network, lack of technological up-gradation, limited capital inflow, and slow digitalisation process are some of the key concerns for the Authority. The Authority is of the view that a supportive regulatory framework and proper supervisory guidance is necessary in order to provide viable business model, attract investments, encourage digitalisation, explore full capabilities of Cable TV Networks, and ensure overall growth of well organized Cable TV sector. The Authority is aware that many of the existing Cable TV operators are not financially strong and have made significant investments. Therefore, while bringing reform in the sector, interest of all such operators have been protected and attempt has been made to promote a stable, predictable and user friendly regulatory framework to give boost to the Cable TV sector.
- 1.12 The Authority had suo-motu initiated consultation process with Stakeholders by floating a detailed consultation paper to develop a regulatory framework that will allow the Cable TV industry to grow in an organized manner and to address the issues of technological advancement, convergence, and increasing competition. Open House Discussions were held at Bhopal (M.P.) and Pune (Maharashtra) with stakeholders to get their views. TRAI also placed draft recommendations on its website and sought stakeholders' comments.
- 1.13 The Authority deliberated on various issues that emerged from the written submissions of the stakeholders (Annexure-II) and Open House Discussions (OHD) keeping in view the International practices (Annexure-I). The recommendations have been structured in chapters one to five. Chapter 2 deals with present functioning & scope. Chapter 3 deals with licensing framework relating to Local

Cable TV Operators (LCOs). Chapter 4 deals with licensing framework relating to Multi System Operators (MSOs). Recommendations on certain licensing terms and conditions for LCOs & MSOs are common and hence have been repeated in respective chapters for completion of licensing conditions. Chapter 5 summarizes all the recommendations.

Chapter 2

Present Functioning and Scope

2.1 Most of the Cable TV Networks in India deliver TV channels in analog mode to the subscribers. In the beginning Cable TV operators were able to show only 6-14 analog channels on their networks due to limited bandwidth of contemporary Cable TV Network. Since then, the capacity has been enhanced by extending the bandwidth of the Cable TV distribution system. From a bandwidth of 225 MHz in the early days of Cable TV, the networks has progressively enhanced their capacity to 300 MHz, 450 MHz, 550 MHz, 750 MHz and now to 860 MHz, which is the largest available bandwidth for Cable TV Networks worldwide. In the future this could get enhanced to 1000 MHz. The bandwidth of cable systems and maximum possible analog channels on such systems are given in Table1:

Table 1

Bandwidth	Maximum Number of analog Channels
300 MHz	36
450 MHz	54
550 MHz	67
750 MHz	92
860 MHz	106

2.2 Digitalisation of Cable TV Networks

2.2.1 In Metro cities most of the Cable TV homes receive 65 to 90 channels using a combination of Optical fibre and coaxial cables. These Fibre-Coaxial cable networks are being gradually introduced throughout the country. In fact presently Cable TV services in most

of the cities serve upto 60 channels over a 550 MHz bandwidth. These networks often cater to typically 5000 customers per head end. The smallest Cable TV Networks in the country may typically deliver up to 30 channels over a 300 MHz bandwidth.

2.2.2 As per the data available on the website of Ministry of Information & Broadcasting, there are 339 cable and satellite TV channels in national and regional languages. Since channel carrying capacity of the cable network even in its highest bandwidth slot of 860 MHz is just 106 channels, only feasible option left to enhance the channel carrying capacity is digitalisation of the network.

2.2.3 A single analog video signal occupies 8MHz of bandwidth on the cable. By using bandwidth efficient digital modulation techniques such as Quadrature Amplitude Modulation (QAM), data rates in excess of 56Mb/s can be transmitted within 8MHz band. Using Motion Picture Expert Group (MPEG) compression techniques, a high quality video signal can be compressed into 3-4Mbps data stream. Therefore, by upgrading a cable plant from analog to digital TV transmission, one can achieve more channel capacity. The 800 MHz of available downstream bandwidth in a modern cable plant could, in theory, support over a thousand channels of video services with MPEG and other compression techniques.

2.2.4 It can thus be seen that digitalisation is not just the desired path to improve the quality of service and support various value added services, it is becoming the necessity to support ever increasing number of the channels on the Cable TV Network. Hence there is an urgent need to encourage digitalisation. Cable TV operators will require huge investments for digitalisation of their cable network.

2.3 **Operation of Multi System Operators (MSOs)**

2.3.1 Initially a Cable TV operator had to install separate dish antenna for receiving signals from each broadcaster. With the increasing number of broadcasters, number of such antennae also increased and most of the Cable TV operators were not able to install required number of dish antennae due to shortage of space and huge finance requirements. This necessitated an aggregator resulting in the entry of new entity called as Multi System Operator (MSO). The MSO aggregates the signals obtained from different broadcasters and provide these aggregated signals to Cable TV operators either themselves or through their franchisees/distributors.

2.3.2 Presently the distribution chain in the Cable TV industry consists of two independent paths:

- (i) Broadcasters <-> Multi System Operators (MSOs) <-> Franchisees/distributors <-> Local Cable TV operators (LCOs);
- (ii) Broadcasters <-> Independent local Cable TV operators.

The distribution chain is depicted in Fig. 2.

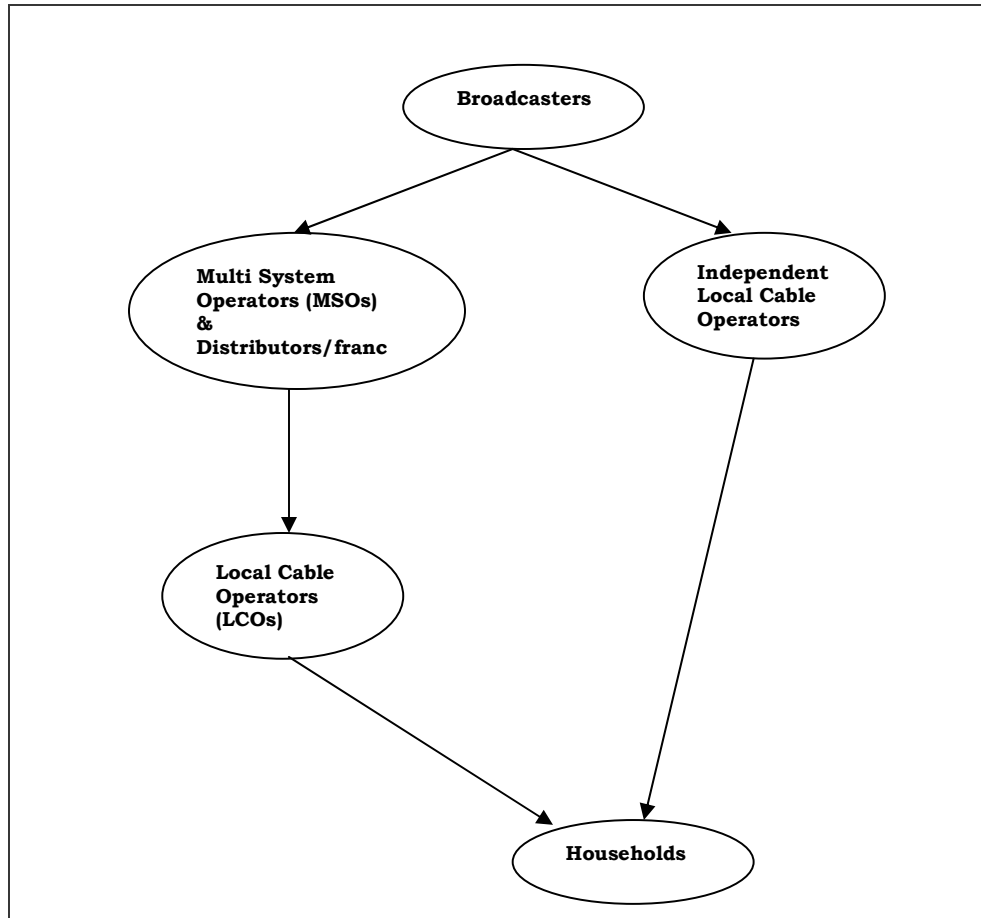


Fig 2: Cable TV distribution chain

2.3.3 The dependency of the Cable TV operators on MSOs has increased significantly. Cable TV operators can provide those signals to their customers as received from the MSOs. Therefore if capacity of the cable networks have to be enhanced by digitalisation, similar efforts are also required at MSO level to ensure availability of the digital signal to Cable TV operators and ultimately to the subscribers. This will require considerable investments.

2.3.4 Some of the stakeholders also pointed out that increasing dependency of Cable TV operators on MSOs is being misused. Sometimes distributors/ franchisees of MSOs may disconnect signals to Cable TV operator without any prior notice and seek undue enhanced commitment for subscriber base & higher

payments. It was pointed out that present regulatory framework does not envisage any franchisee or distributor of MSO and as such there are no prescribed obligations for Cable TV operators towards such entities. Cable TV operators sought this issue to be deliberated and appropriate action to be proposed in overall regulatory framework.

2.4 Conditional Access System (CAS):

2.4.1 Conditional Access System is utilised to introduce addressability in Cable TV Networks along with providing signals in digital format. A Conditional Access System (CAS) ensures that only duly authorized subscribers are able to view a particular programming package. A Conditional Access System mainly consists of an integrated receiver decoder also called as set-top box (STB) at subscriber premise. This is an electronic box, which contains the necessary hardware, software, and interfaces to select, receive, unscramble and view the programmes. Since signals are scrambled in CAS, only those viewers with a valid signed contract with CAS service providers are authorized to unscramble and view the chosen programmes. Moreover, when the viewer chooses a pay channel or a programme, the information related to subscriber details, method of payment, and services purchased is stored and updated in a database. Apart from selecting pay channels a CAS may be used for provisioning of other services, like Video on Demand (VoD), etc. In some cases, encrypted programmes may also be received from different mechanisms like cable, satellite, terrestrial broadcasting etc on the same STB.

2.5 Technological advancements

2.5.1 There are some other competing technologies like Headend in The Sky (HITS), Direct To Home services (DTH), Internet Protocol TV

(IPTV), which are used to provide TV broadcasting services. Cable TV operators have to compete with upcoming technologies and therefore there is a need to consolidate the present service platform to support provision of different services. Such robust platform with digitalisation can not only provide higher broadcast channels, music, games, but can also support plethora of other IP based services like Internet telephony, Internet TV, Games, Internet access etc.

2.5.2 Head end In The Sky (HITS)

2.5.2.1 Functionally, a typical HITS operator performs like a MSO. In the HITS, the operator downlinks the channels of various broadcasters at his earth station, de-encrypts the channels wherever necessary and forms a bundle. Thereafter, the HITS operator re-encrypts the pay channels segment of his bundle and then uplinks the entire bundle to his HITS satellite in the sky. The HITS satellite then beams down the bundle of channels with a footprint spreading across the whole country. Thus the Cable TV operators all over the country can downlink this bundle of channels using a single dish and a few trans-modulators. Thereafter, these digital channels are re-transmitted by the Cable TV operators in the conventional way to the subscribers, who use a set top box to de-encrypt the pay channels, as in the case of CAS areas. The subscriber management system (SMS) and the Quality of Service (QoS) remain the responsibility of the HITS operator. TRAI has already sent its recommendations on HITS on 17th Oct 2007 and it is expected that Ministry of Information and Broadcasting will notify it soon. This will facilitate local Cable TV operators to get digital signals in any part of the country and facilitate good quality reception by subscribers.

2.5.3 Direct To Home Services (DTH)

2.5.3.1 DTH is a distribution platform for multi-channel TV programmes using a satellite system that transmits the programmes/provides TV signals directly to subscribers' premises. The reception of signals/programmes requires a small dish antenna and a Set Top Box. The Set Top Box contains software, which together with the viewing card unscrambles the digital TV signals and allows the viewer to watch the TV service. The viewing card acts as a key to access any DTH platform for authorizing the service. These services are becoming popular. Hence, Cable TV operators have to upgrade their network to meet the challenges posed by DTH operators.

2.5.4 Internet Protocol TV (IPTV)

2.5.4.1 Provision of the television channels to subscribers using high speed Internet protocol (IP) technology is normally called as IPTV. IPTV system delivers digital television service using Internet Protocol (IP) over various multimedia access technologies supporting high speed Internet. IPTV platform can also provide services like Video on Demand (VoD), Time shifted TV, Live Video and gaming etc. IPTV is also considered within umbrella of triple play services and it also encompasses Voice, Video and data. The transmission network of a Cable TV operator (if designed to support two way operations) is capable to provide IPTV services. In order to provide IPTV service Cable TV operators can utilize their existing transmission infrastructure, customer resource manager (CRM) and invoicing system. These developments will help local Cable TV providers to have options to provide various value added services.

2.5.5 Broadband and Internet Telephony through Cable TV Network

2.5.5.1 New technological developments like internet and other value added services require two way communications in Cable TV Networks. It is possible to provide broadband over these Cable TV Networks using cable modem technologies like Data over Cable Service Interface Specifications (DOCSIS), which permits two way communications. DOCSIS system packetises the data and sends it over the network at high speed, in a way quite similar to IP networks. Along with broadband, Internet telephony can also be provided over upgraded two-way Cable TV Networks. Provisioning of Broadband and Internet Telephony over a Cable TV Network is depicted in fig 3. Digitalisation of Cable TV Network and launch of such services by Cable TV operators will enhance the revenue potential and make better & viable business model.

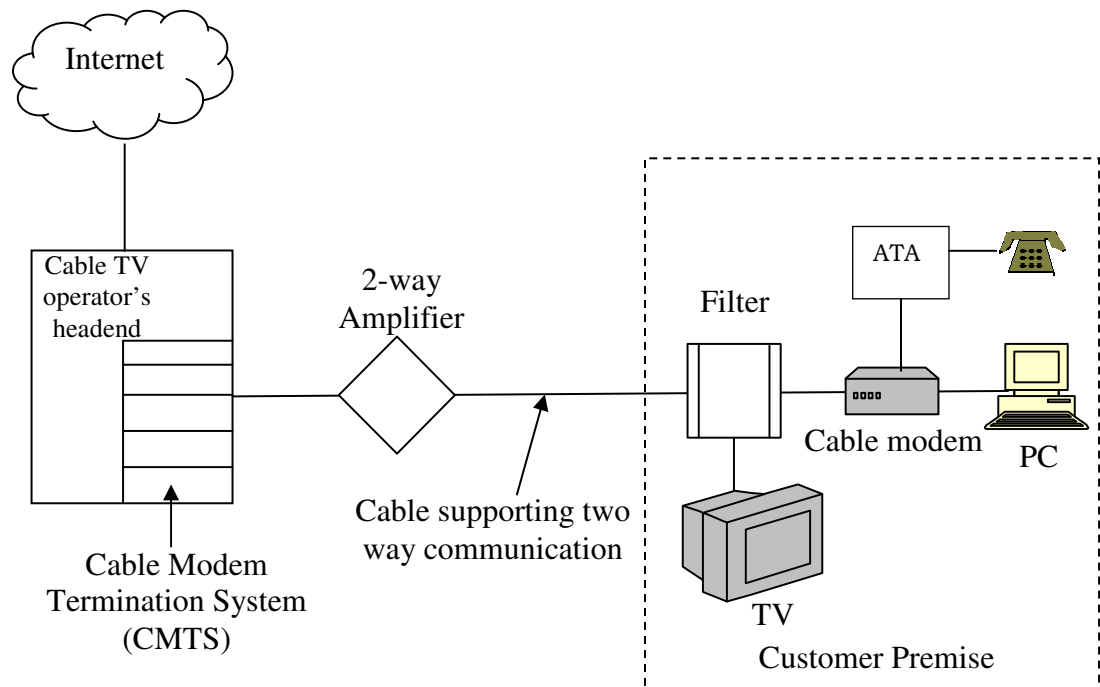


Fig 3: Broadband & Internet telephony through Cable TV Network

2.6 **Future scope for Cable TV operators:**

2.6.1 Digitalisation is a growth driver for upgradation of present analogue Cable TV Networks into Digital mode. Digital transmission offers a number of advantages over analogue broadcasting. Deployment of digital Cable TV Networks help to provide not only internet and broadband services but several interactive services like Video on Demand, Gaming and time shifted TV etc. These networks have the potential to ultimately provide converge services similar to the telecom networks. Many companies in USA and a few other developed countries have started providing voice and internet services on these networks and are competing directly with the telecom companies. This presents an attractive business model for Cable TV operators.

2.6.2 As per Media Partners Asia Limited's report on Asia Pacific Pay-TV & Broadband Markets, the estimate for Dec 2007 for digital Cable TV & analog subscribers in India are around 1.4 million and 77 million respectively. The report indicates a big gap between digital and analog services, indicating enormous scope for existing Cable TV operators having analog networks to upgrade their networks. In case Cable TV operators do not upgrade their networks in near future, there is a likelihood of their customers migrating to other digital platforms like DTH, IPTV etc., for good quality signals and latest value added services.

Chapter 3

Licensing Framework relating to Local Cable TV Operators (LCOs)

3.1 The Indian cable and satellite TV broadcast business is one of the largest cable markets in the world. Low-tech, homegrown cable operators have become ubiquitous as the key carriers of broadcast channels. Some of the systemic and structural weaknesses due to lack of clear roadmap and under investment is distinctly apparent. This chapter analyses such weaknesses and recommends remedial action for supportive user-friendly regulatory environment for all-round development of Cable TV Sector.

3.2 Present Legal provisions and Regulatory Framework

3.2.1 The Cable TV industry was provided legal framework through the promulgation of the Cable Television Networks (Regulation) Ordinance, 1994 on September 29, 1994, which was converted into the Cable Television Networks (Regulation) Act, 1995 (7 of 1995) on 25th March 1995 and the Cable Television Network Rules, 1994 framed under the said Ordinance. Some of the major provisions of the Cable Television Networks (Regulation) Act, 1995 (7 of 1995) and the Cable Television Network Rules, 1994 are as follows:

- To operate a cable television network, the operator has to be registered with the registering authority (head post-master of the head post office of the area) as a Cable TV operator. (Section 3 of the Cable Television Networks (Regulation) Act, 1995).

- Registration is renewable after every twelve months at an annual fee of rupees five hundred. (Rule 3 of the Cable Television Networks Rules, 1994).
- The person intending to register as Cable TV operator can be
 - (i) an individual who is a citizen of India;
 - (ii) an association of individuals or body of individuals, whether incorporated or not, whose members are citizens of India;
 - (iii) a company in which not less than fifty-one percent, of the paid-up share capital is held by the citizens of India;
 (Clause (e) of section 2 of the Cable Television Networks (Regulation) Act, 1995)
- No person can transmit or retransmit programmes and advertisements through the Cable TV Network unless they conform to the programming code and the advertisement code respectively prescribed under the rules (section 5 & section 6 of the Cable Television Networks (Regulation) Act, 1995).
- Cable TV operators have to use equipments that conform to the standards prescribed by the Bureau of Indian Standards, on and from the expiry of a period of three years from the date of establishment and publication of such standards (section 9 of the Cable Television Networks (Regulation) Act, 1995).
- The Cable Television Networks (Regulation) Act, 1995 provides for seizure and confiscation of equipment of Cable TV operators if they are unregistered or breach programming or advertisement code or fail to transmit Doordarshan channels as prescribed under the Cable Television Networks (Regulation) Act, 1995 or violate provisions relating to transmission of programmes of pay channels through

addressable system as required under section 4A of the Act in States, cities, towns or areas notified by the Central Government under the provisions of section 4A (Section 11 of the Cable Television Networks (Regulation) Act, 1995).

- Contravention of any of the provisions of the Cable Television Networks (Regulation) Act, 1995 could result in imprisonment upto two years and/or fine up to one thousand rupees for the first offence and imprisonment upto five years and fine upto five thousand rupees for every subsequent offence (section 16 of chapter 4 of the Cable Television Networks (Regulation) Act, 1995).
- In terms of section 18 of the Cable Television Networks (Regulation) Act, 1995, no court shall take cognizance of any offence punishable under the Act unless there is a written complaint by an authorised officer.
- Every Cable TV operator in a Conditional Access System (CAS) notified area is required to submit information regarding the number of total subscribers, subscription rates, number of subscribers of basic tier and other pay channels to the Central Government (sub-section 9 of section 4A of the Cable Television Networks (Regulation) Act ,1995).

3.3 Upgradation of networks in Cable TV sector through induction of new technologies will require significant investments. The investments flow in a sector which is well organized and has well defined predictable and stable regulatory framework. Cable TV sector urgently needs restructuring to encourage its modernization and effective functioning. The thrust should be to encourage investment in the sector for upgradation of

networks and technologies to provide various services, applications and content including digitalisation and addressability thus moving towards greater transparency. This will require a supportive framework and regulatory guidance to boost the growth of the industry in this age of fierce competition.

3.4 As per the Cable Television Networks (Regulation) Act, 1995, a local cable operator is required to register with the Head Post Master of the Head Post Office of the concerned area for giving services to the subscribers/TV viewers. The process of registration is simple and the scrutiny is restricted to the submission of certain basic information with corroborative documents. It is not expected of the postal authorities to conduct any verification.

3.5 The present procedure of registration has several weaknesses. There is no system to track renewal. The data regarding grant of registration are also not available in Ministry of Information & Broadcasting or its allied offices. There is no clarity regarding performance obligations of the cable operators. Accordingly, the scheme for de-registration or any other form of supervisory intervention is totally lacking. The Authority is of the view that the short-comings can be effectively addressed by replacing present registration procedure with a licensing regime.

3.6 In a changed scenario, the Cable TV operators may offer more than one services under growing convergence regime. A certain minimum technical knowledge and financial strength backed with organizational ability is required. Therefore, it would be advisable to bring the Cable TV functionary/ service provider under a progressive, predictable and transparent licensing

regime. This would also enable introduction of light touch regulation.

3.7 The present provisions of the Cable Television Networks (Regulation) Act, 1995 and the Cable Television Networks Rules 1994 neither provide a separate role for Multi System Operators (MSOs) nor recognise the MSO as an entity in non CAS area. The entity of MSO has been recognized in the CAS regime and permission to existing MSOs is granted by Ministry of Information & Broadcasting for providing cable services with addressable system in CAS notified areas. The functions of MSOs in both CAS and non-CAS areas are quite similar. An MSO functions in close coordination with broadcasters as content aggregator and its onwards distribution to local cable operators. To perform these functions, the MSOs have to make substantial investments for infrastructure development including setting up of head-ends. In areas notified under CAS, MSOs have additional responsibilities relating to addressability and subscriber management system (SMS). It is thus evident that MSOs have distinct functional role at higher level in transmission system hierarchy whereas LCO is primarily entrusted with the responsibility for providing TV signals to the customers. *Thus, a separate licensing framework is required for MSOs which has been addressed in chapter 4.* This is also in tune with the comments and view points of the stakeholders.

3.8 **In view of the above, the Authority recommends:**

(a) The present system of registration for Cable TV operators should be replaced by a licensing framework.

(b) A separate licensing provision for Multi System Operators (MSOs) should be introduced thus recognizing them as an entity separate from Cable TV operators. (Please refer to Chapter 4)

3.9 Licensing framework for Local Cable TV operators

3.9.1 The licensing framework seeks effective compliance with reporting requirements, attract investments and to encourage digitalisation on long term basis. The Authority is conscious of the contributions made by present LCOs. It also recognizes the investments made by the Cable TV operators in terms of time, manpower and money. Therefore, the framework being suggested encourages a continuing role for the present Cable TV operators.

3.9.2 Definition of person and eligibility

3.9.2.1 The Cable Television Networks (Regulation) Act, 1995 defines a person as

“an individual who is citizen of India; an association of individuals or body of individuals, whether incorporated or not, whose members are citizen of India; and a company in which not less than fifty-one percent of the paid up share capital is held by the citizens of India.”

3.9.2.2 The definition of ‘person’ in relation to a company requires clarification in present context. The expression citizen of India as defined presently needs further clarification. This creates a doubt whether a company (Indian or multinational) in which Indian financial institutions, corporate or Non Resident Indians (NRIs) have more than fifty-one per cent of the paid-up share

capital is eligible to apply for the registration for Cable TV operations or not.

3.9.2.3 The draft Broadcasting Services Regulation Bill 2007 defines the person as:

- **An individual who is a citizen of India;**
- **An association of individuals or body of individuals, whether incorporated or not, whose members are citizens of India;**
- **A company as defined in section 3 of the Companies Act, 1956 (1 of 1956) with such eligibility conditions as may be specified by the Central Government or the Authority;**

(Note: It would thus appear to be possible for the central Government to notify Foreign Investment limits as may be decided by it from time to time.)

3.9.2.4 The above definition provides clarity regarding the definition of “person” and therefore **the Authority recommends this definition (para 3.9.2.3) of “person” to be adopted for the license for Cable TV operators. It is clarified that there is no bar for MSOs to get the license for LCOs if they fulfill the eligibility conditions as defined for LCOs.**

3.9.3 Service Area

3.9.3.1 Presently a person providing Cable TV service has to be registered with the Head Post Master of the concerned area. However, area of operation of a Cable TV operator has not been clearly defined. A Cable TV operator may have to seek multiple registrations from the post offices in order to provide service in the entire area of a district. This is avoidable as it hampers the growth of the business of Cable TV operators.

3.9.3.2 The future belongs to convergence of different Information and Communication Technology (ICT) sectors which will open

enormous opportunities to the Cable TV operators to provide services like Internet & Broadband. A larger service area is justified for a viable business model of Cable TV operators.

3.9.3.3 During the course of open house discussions, the weaknesses in the present system of registration of Cable TV Operators were highlighted. As already mentioned, there is a lack of clarity as to whether a Cable TV Operator registered with a Head Post Office can provide Cable TV services outside the jurisdictional area of the Head Post Office with which it is registered. Further, many small Head Post Offices in remote areas are not properly equipped to handle the registration of Cable TV operators. Sometimes the prescribed forms are not available with these small Head Post Offices. There is lack of clarity about the documents to be attached with the application for registration. Moreover, the criterion for acceptance or rejection of application of Cable TV Operators for registration is not clearly defined. There is no appellate authority for an applicant aggrieved by rejection/ delay in grant of the registration. In the present dispensation, compilation of records and data about registration of Cable TV operators is almost non-existent. These weaknesses can be effectively addressed by having a larger service area of license and having licensing of Cable Operators at the District level so that the Postal Authorities are also properly equipped by way of trained manpower and requisite forms etc to handle the applications for grant of license to Cable Operators.

3.9.3.4 Accordingly, the Authority is of the view that the service area of license of a Cable TV Operator should be the revenue district. Moreover, there should be State level licenses also for those cable operators who wish to provide services in more than one

districts of a State. The service area of license for such State level licenses should be the entire State. The license both for district and state level should however be on non-exclusive basis.

3.9.3.5 **Accordingly, the Authority recommends**

- **The service area for Cable TV service license should be the Revenue District or the geographical boundaries of the State, as the case may be, in accordance to the license.**
- **The cable TV operator can operate in any/ all locality/ localities of the service area of license (District or the State as the case may be) on non-exclusive basis. There will be no restriction on cable TV operators to provide service in any part of the service area of license (District or the State, as the case may be) on the ground of existence of incumbent Cable TV operator(s) in such part of the service area. Thus it is envisaged that once a Local Cable Operator (LCO) obtains the license, he will have complete freedom to operate in any part of licensed service area.**

3.9.4 **Licensing Authority**

3.9.4.1 The Cable TV operator is defined in The Cable Television Network (Regulation) Act 1995 as

“Cable Operator’ means any person who provides cable Service through a Cable television network or otherwise controls or is responsible for the management and operation of a cable television Network.”

Under the new dispensation, no person should be permitted to operate a cable television network before being granted a license as a Cable TV Operator.

3.9.4.2 As the service area for the recommended license is the Revenue District or the geographical boundaries of the State, the licensing authority should be having jurisdiction over the entire Revenue District or the State, as the case may be, and should be accessible to the applicants. While recommending larger service area for license, it has to be kept in mind that there may be more than one Head Post Offices in a Revenue District and there are many revenue districts in each State. Therefore, in the new system, the Senior Superintendent of Post Offices (Division Head) in whose area the revenue district falls is being recommended as the Licensing Authority for District Level licenses. Further, for State level license for cable operation, the Chief Post Master General of the Circle or any other officer nominated by the Chief Post Master General for the purpose should be the licensing authority.

3.9.4.3 The offices of most of the Senior Superintendents of Post Offices (Division Head) in the districts are presently computerized. The offices of the Chief Post Masters General of different Circles are also computerized. Department of Posts is also in the process of creating their own network to connect the large number of post offices in the country. In case licenses at Revenue District level are given through the Senior Superintendents of Post Offices (Division Head) of the district and for State level are given through the Chief Post Master General of the Circle, presence of nationwide computer network of the Postal Department will

make it easier to maintain computerized information of the Cable TV operators.

3.9.4.4 The Authority therefore recommends

- **No person shall operate a cable television network unless he is licensed as a cable operator.**
- **The Senior Superintendent of Post Offices (Division Head) in whose area the revenue district falls shall grant District Level licenses to Cable TV operators on receipt of application form, entry fee, other supporting documents as defined and after fulfilling other formalities.**
- **Further, for State level license for cable operation, the Chief Post Master General of the Circle or any other officer nominated by the Chief Post Master General for the purpose shall grant licenses to Cable TV operators on receipt of application form, entry fee, other supporting documents as defined and after fulfilling other formalities.**
- **Department of Posts may be required to devise an appropriate code numbering plan for the whole country so that each licensor will allot a unique license number to every licensee. Such License number should consist of separately identifiable digits for particular state code, area code, LCO unique identity and validity. This will facilitate Computer-based scrutiny of Cable TV operators, their renewal etc.**

3.9.5 List of documents to be submitted along with application

3.9.5.1 The Cable Television Network (Regulation) Act, 1995 does not clearly specify the list of documents to be submitted alongwith

the application for registration for Cable TV operators. There are instances of unrelated documents being sought by the Post Master for registration of Cable TV Operators in existing framework.

3.9.5.2 It is appropriate to clearly list out the documents to accompany with the application form so that the licensing procedure is transparent and license seekers do not face any harassment. The licensing authority will check the validity of all such documents before granting the license.

3.9.5.3 **The Authority, therefore, recommends: Following documents shall be submitted along with the application for grant of license for Cable TV services:**

a) In case of individual

- (i) ID proof**
- (ii) Proof of residence**
- (iii) PAN number**
- (iv) Copy of current Income Tax Return**
- (v) Service Tax registration number (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license)**
- (vi) Affidavit stating that he has not been convicted for any criminal offence**

[Note: Individuals convicted for any criminal offence shall not be eligible for the license]

b) In case of association or body of individuals

- (i) Document by which the association or body of individuals has come into existence, including address and other details**
- (ii) PAN number**
- (iii) Copies of current Tax returns for Income Tax and Service Tax. In case of newly constituted association or body of individuals which have not filed any such returns, the Service Tax registration number should be furnished (If the number is not available at the**

time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license).

c) In case of companies

- (i) A copy of the certificate of incorporation of the company alongwith copies of Memorandum of Association and Articles of Association**
- (ii) PAN number**
- (iii) Copies of current Tax returns for Income Tax and Service Tax. In case of new companies which have not filed any such returns, the Service Tax registration number (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of licence).**

[Note: Any change in the Memorandum of Association and/or Articles of Association shall be intimated to the licensing authority within seven days of such change.]

- d) It is further recommended that an applicant whose license has been cancelled/ terminated earlier shall not be eligible for a fresh license.**

3.9.6 Duration of License

3.9.6.1 Presently duration of registration for Cable TV operator is only one year, with a provision for renewal. The duration of one year is grossly inadequate for making a long term investment and business plan by a Cable TV operator. A proper business plan will help Cable TV sector for attracting inflow of investment which may be crucial for the upgradation of existing Cable TV Networks. Some of the stakeholders have also favored a longer duration of license for Cable TV operators.

3.9.6.2 In view of above the Authority recommends

- The duration of license for Cable TV services should be five years.**

3.9.7 **Entry Fee and the Administrative Cess**

3.9.7.1 Presently the registration fee for Cable TV operators is Rs 500/-, which is valid only for one year. After one year Cable TV operator has to renew his registration by paying additional Rs 500/-. This fee has not been revised since 1995. There is a strong case to revise the entry fee to ensure that only serious applicants come forward for license.

3.9.7.2 Considering that many Cable TV operators are serving small areas, stipulated license fees should not impose unnecessary costs on such existing operators. Higher entry fee may also act as entry barrier and may not provide a viable business model for them. The goal of the Authority is to encourage faster growth of Cable TV sector. Accordingly, keeping in view the enhanced license period of five years, an entry fee of Rupees Ten Thousand (Rs. 10,000/-) for District level license and Rupees One Lakh (Rs. 100,000/-) for State level license is recommended.

3.9.7.3 As mentioned earlier, there are approximately 60,000 Cable TV operators. Presently they have obtained registration from different head post offices. Maintenance of the records for such a large number of Cable TV operators is a gigantic task. There is also limited record of renewed registrations. It is probable that some cable operators could be functioning without obtaining renewal of the registration. In case the licensing regime is introduced, the Department of Posts will be required to maintain the updated records of all the licenses both at the licensor level and also at the identified central level. This would need appropriate funds for effective discharge of the licensing functions. Therefore, the Authority recommends that an

additional administrative cess of ten percent of license fee may be realized from license seekers and such a fund should be kept at the level of Sr. Superintendent of Post Offices responsible for the grant of revenue district licenses. Similarly, the cess collected from the applicants seeking state level license may be maintained at the Chief Post Master General of the circle.

3.9.7.4 Some of the stakeholders opined that a reduced entry fee may be levied from LCOs providing services in rural areas. Since area of the operation for LCOs has been prescribed as district and the state, then to monitor whether LCO is providing Cable TV service only in a rural area will be difficult and effective monitoring to limit the operational area of such LCOs to rural area only will be almost impossible.

3.9.7.5 Stakeholders' comments have also been received to reduce the entry fee of LCOs and MSOs in regions like north East, J&K etc. It was pleaded that operations of cable TV networks in such areas may be commercially less viable due to geographical conditions, low population, difficult terrain and socio-economic background etc. Therefore reduction in the entry fee has been suggested.

3.9.7.6 It may be noted that NE and J&K regions are classified as special category states for plan purpose considering various socio-economic parameters. An encouragement for the development of cable TV networks in such areas may be desirable for the limited period. In view of the above, the Authority is of the view that 50% reduction in the entry fee for LCOs may be granted for application received during the initial period of three years from the date of notification of this revised

licensing framework. The decision may be reviewed after three years by Ministry of Information and broadcasting.

3.9.7.7 In view of above the Authority recommends

- **An entry fee of Rupees Ten Thousand (Rs 10,000/-) (non refundable) may be fixed for obtaining District level Cable TV service license.**
- **An entry fee of Rupees One Lakh (Rs. 100,000/-) (non refundable) may be fixed for obtaining State level Cable TV service license.**
- **A scheme for administrative cess, amounting to ten percent of license fee, should be evolved to meet the contingency needs of the Department of Posts for maintenance of records etc., of Cable TV operators. Such a cess should be imposed on the licenses. This should be retained at the licensing authority level and should not be credited to the Consolidated Fund of India. The licensing authority may levy, in addition to the entry fee of Rupees Ten Thousand or Rupees One lakhs, as the case may be, the administrative cess at the rate of 10 per cent of the entry fee. The guidelines for collection, maintenance of records, utilization and audit of such an administrative cess may be evolved by the Ministry of Information & Broadcasting in consultation with Department of Posts.**
- **There will be no annual license fee.**
- **The entry fee for LCOs may be reduced to 50 % for their license in NE and J&K region for the applications received during initial period of three years from the date of notifications of new licensing regime. The**

decision may be reviewed after three years by Ministry of Information and broadcasting.

3.9.8 Timeframe for processing of license application

3.9.8.1 Stakeholders have expressed the views that there should be a specified authority for registering complaint or for making representation on matters relating to issue of the licenses for Cable TV Network. Stakeholders also suggested well defined timeframe for issue of the license for operation of Cable TV Networks. Presently the Cable Television Networks (Regulation) Act, 1995 and Cable Television Networks Rules, 1994 do not prescribe any time limit for grant of registration. There have been cases where head post master of concerned post office has neither granted the registration nor communicated any reasons for the delay in processing of the applications. Even though the Cable Television Networks Rules, 1994 (the proviso to rule 5) mandates that the registering authority shall inform the applicant in the prescribed form (Form IV) the reasons for refusal of registration, but the very purpose of the said provision may be defeated if there is no time limit for such a communication. Also, there is no provision for the appellate authority in the Cable Television Network (Regulation) Act 1995, to whom one can appeal in case he does not get registration as a cable operator in a reasonable time.

3.9.8.2 In a well defined, supportive regulatory framework, the approval process for a license should have a reasonable and definite time frame. The license should either be granted or reasons for not granting the license should be communicated to the concerned applicant within the stipulated time frame. The reasons for refusal should be clear. Applicant should also be

given an opportunity to appeal in case he is not satisfied with the reasons for refusal of the license. Provision for an appellate authority should also be built into the licensing framework.

3.9.8.3 As the licensing authority is the Senior Superintendent of Post Offices (Division Head) for District Level licenses and the Chief Post Master General or any other officer nominated for the purpose for State level license, it will be appropriate that the appellate authority for District Level licenses should be the Chief Post Mater General of the circle having jurisdiction over the Senior Superintendent of Post Offices (Division Head) or any other suitable officer nominated by him. The appellate authority for the state level licenses shall be CPMG/Pr. CPMG as the case may be.

3.9.8.4 The provisions regarding appellate authority as proposed above should be in addition to, and not in derogation of, any other law for the time being in force.

3.9.8.5 **In view of above discussions, the Authority recommends**

- **Licensing authority shall grant license for operation of Cable TV Network within 45 days from the date of the receipt of the application accompanied with all the required documents and payment of applicable entry fee.**
- **In case of refusal to grant license for operation of Cable TV Network, the reasons for the same shall be communicated to the applicant within 45 days.**
- **The appellate authority for District Level licenses shall be the Chief Post Master General of the circle having jurisdiction over the Senior Superintendent of Post Offices (Division Head) or an officer nominated by him.**

- **For the State level licenses, the CPMG/Pr. CPMG shall be the appellate Authority, as the case may be.**
- **Applicant shall have option to appeal to Appellate Authority within 30 days of receipt of such refusal or within 90 Days from the date of receipt of submission of application seeking license to operate Cable TV Network by the licensing authority, as the case may be.**
- **The provisions regarding appellate authority as proposed above should be in addition to, and not in derogation of, any other law for the time being in force.**

3.9.9 **Renewal process**

3.9.9.1 Presently a Cable TV operator for renewal of the registration has to apply to the registering authority in the form similar to that used for new registration along with a fee of Rs 500/-. The Cable Television Networks (Regulation) Act, 1995 and the Cable Television Networks Rules 1994 do not provide for verification before renewal as to whether the operator has committed any breach of terms & conditions and paid the requisite levies. As such even a defaulter may succeed in renewal of its registration.

3.9.9.2 It is reasonable to assume that licenses will be renewed, subject to satisfactory compliance with license conditions. The licensee must apply for renewal well in advance before the expiry of the current license so that sufficient time is available for the authorities to verify the requisite conditions for renewal process. Smooth and well defined renewal process is also important for efficient service to subscribers. It will also be desirable to collect details of total numbers of subscribers, area of operation, type of TV signal feed (analog/digital) to have a holistic view of Cable TV Sector

3.9.9.3 In view of the above, the application for renewal of license should be made by a cable operator at least 3 months in advance from the date of expiry of license. On receipt of application, the Licensing Authority will verify that the licensee has not breached the terms and conditions of the license. For this purpose, he will seek information from the authorised officer of the district as provided in the Cable Television Network (Regulation) Act 1995. The comments, if any, should reach the licensing authority within a period of four weeks from the receipt of the letter. If no reply is given by the authorised officer within the stipulated period, it will be assumed that there is nothing adverse against the said Cable TV operator. The licensing authority will renew the license for further period of 5 years on payment of prescribed fee of Rupees Ten Thousand (Rs. 10,000/-) for renewal of District level license and Rupees One Lakh (Rs. 100,000/-) for renewal of State level Cable TV license, as the case may be. Department of Post will also collect 10 % of the total renewal fee collected as administrative cess. In case the licensing authority is notified of serious breach of licensing conditions, then the request for renewal of the license shall be withheld and a show cause notice shall be communicated to the concerned Cable TV operator. The decision on show cause notice shall be taken in six weeks in accordance with the guidelines issued by Ministry of Information and Broadcasting / TRAI from time to time. The concerned Cable TV operator can appeal to the appellate authority within 30 days of date of communication of rejection, in case renewal is denied.

3.9.9.4 Accordingly the Authority recommends

- **Application for renewal of Cable TV license shall be made to the Licensing Authority (The Senior Superintendent of Post Offices (Division Head) for District Level licenses and the Chief Post Master General of the circle for State level license) by the concerned Cable TV operator 3 months in advance of the date of expiry of license.**
- **License shall also provide details of total number of their subscribers, area of operation, type of signal feed (Analog/Digital) along with the request for renewal.**
- **An LCO seeking renewal will also submit details regarding area of operation and number of subscribers to the licensing authority.**
- **LCO shall submit the following documents along with application for renewal of license:**
 - **Copy of current Income Tax, Entertainment tax and Service Tax returns filed;**
 - **Details of the authorised officer of the area to whom the licensee is reporting;**
- **Self certification that the licensee has neither been penalized nor debarred by authorized officer from providing service for any breach of licensing terms and conditions or any other unlawful activity.**
- **The Licensing Authority shall seek comments from the concerned authorised officer specified in the Cable Television Network (Regulation) Act, 1995, to ascertain about any breach of the licensing conditions.**
- **If no reply is received from the authorised officer within four weeks, it will be assumed that there is nothing adverse against the said Cable TV operator and licensing**

authority shall renew the license for a further period of 5 years on payment of prescribed fee.

- **The fee for renewal of District level Cable TV license should be Rupees Ten Thousand (Rs. 10,000/-).**
- **The fee for renewal of State level Cable TV license should be Rupees One Lakh (Rs. 100,000/-).**
- **Department of Post may levy, in addition to the applicable renewal fee, an amount calculated at the rate of ten per cent of the total renewal fee as administrative cess.**
- **In case the licensing authority is informed of serious breach of licensing conditions by the authorised officer, then the request for renewal of the license shall be withheld and a show cause notice shall be issued to him. The licensing authority shall take decision within six weeks in accordance with the guidelines issued by Ministry of I&B / TRAI from time to time. If the renewal is denied then the reasons for such rejection shall be communicated to the concerned Cable TV operator. Such Cable TV operator can appeal to the appellate authority within 30 days of such rejection.**
- **Ministry of I&B/TRAI shall frame guidelines indicating the nature of breaches which will be treated as serious, warranting refusal of renewals or cancellation of license and such guidelines may be made binding on the licensee.**

3.9.10 Suspension and Termination of License

3.9.10.1 The licensed Cable TV operator must comply with provisions of Cable Television Network (Regulation) Act, 1995 and the Rules

thereunder and the licensing provisions. Penalty provisions are necessary as a deterrent for breach of licensing terms and conditions and to ensure smooth cable service and for streamlining of Cable TV operations.

3.9.10.2 While authorised officers have been given certain powers to control breach of the provisions of the Cable Television Networks (Regulation) Act, 1995 and the Cable Television Networks Rule 1994, it is also necessary to ensure that Cable TV operators violating the licensing and other regulatory provisions are suitably penalised. Accordingly, it is necessary that the license must have provision to terminate the license for breach of terms and conditions of license. In case of violation of any of the provisions of the Cable Television Networks (Regulation) Act, 1995 or any provisions in TRAI's Regulations, Directions or Orders, such penalty shall be without prejudice to any action which may be initiated against the licensee under the relevant provisions of the Cable Television Networks (Regulation) Act, 1995 or the Telecom Regulatory Authority of India Act, 1997, as the case may be.

3.9.10.3 The cable operator needs to be given an opportunity to defend itself in case of any breach noticed against it.

3.9.10.4 In order to deter tendencies of violation of licensing terms and conditions, licensing framework must prescribe adequate penalties. The license should clearly set out what sanctions the licensing authority/regulator may apply for non-compliance. The range of sanctions includes fines, immediate suspension of license, shortening or termination/cancellation of a license. The amount of fine should take into account various factors such as

the seriousness of the breach, the licensee's past record of breaches, etc.

3.9.10.5 Accordingly, the Authority recommends

- **The license should have a provision for termination/cancellation of license if there is any breach of terms and conditions of the license, or of the provisions of the Cable Television Networks (Regulation) Act, 1995 or the Rules made thereunder or TRAI's regulations/directions/orders. Such termination/cancellation of the license shall be without prejudice to initiation of appropriate proceedings against the licensee under the relevant provisions of the Cable Television Networks (Regulation) Act, 1995 or the Telecom Regulatory Authority of India Act, 1997, as the case may be.**
- **Any breach of licensing terms and conditions (given in Annex V) may be reported by the authorised officer, entertainment tax and service tax authorities to the concerned licensing authority (Senior Superintendent of Post Offices (Division Head) for District Level licenses and the Chief Post Master General of the State for State level license).**
- **The licensing authority shall issue a notice to the licensee and seek his explanation on the reported breach of licensing terms and conditions giving him reasonable time, not exceeding 15 days, and requiring him to show cause as to why the license should not be terminated/cancelled or why any penalty as contemplated in the terms and conditions of the license should not be imposed on the licensee.**

- **Upon receipt of the explanation of the licensee within the time so allowed or if the licensee fails to respond to such notice, after the expiry of the time so allowed, the licensing authority shall take a final view in the matter in accordance with the guidelines issued, by Ministry of I&B/ TRAI from time to time, after taking into account all the facts and circumstances of the case including the explanation, if any, offered by the licensee and convey its decision to the concerned cable operator in writing.**
- **In case of termination/cancellation of a license, but there is no suspension of the license already in force, the licensee shall be given one month's time to close down his operations and to suitably notify his customers.**
- **In case of termination/cancellation/suspension of license, the licensing authority shall intimate the same to the authorized officer of the area for enforcing these orders.**
- **The license for a local cable operator shall include, as part of the terms and conditions of license, provisions for levy of a penalty by TRAI or by licensing authority, of upto Rupees one lakh for each violation of licensing terms and conditions (as given in Annex V), where the violations noticed do not fall under the classes of violations warranting termination/cancellation of the license, as indicated in the guidelines issued by the Ministry of I&B or for violation of TRAI's regulations/directions/orders. The imposition of such penalty by the TRAI shall be without prejudice to initiation of appropriate proceedings against the licensee under the**

relevant provisions of the Telecom Regulatory Authority of India Act, 1997.

3.9.11 Migration of existing Cable TV operators

3.9.11.1 As mentioned earlier, there are approximately 60000 LCOs in the country. In order to effect the systematic and planned growth of Cable TV Networks, the existing cable operators have to be brought under the proposed licensing regime.

3.9.11.2 The Authority recognises the services rendered by existing cable operators and therefore it is of the view that license should be given to all the existing Cable TV operators who have valid Cable TV registration as on 31st March of the year in which revised procedure is notified, on completion of all other formalities.

3.9.11.3 All those functional cable operators who do not possess a valid cable registration as on 31st March of the year, in which revised procedure is notified, shall be treated as new applicants.

3.9.11.4 The Authority therefore recommends

- **All existing valid Cable TV operators holding valid registration would be permitted to migrate to new license regime within a period of 12 months from 31st March of the year in which the revised procedure is notified or from the date of expiry of existing registration, whichever is earlier.**
- **All existing Cable TV operators who have valid registration as on 31st March of the year in which the revised procedure is notified will be granted license on receipt of application for license, requisite entry fee and**

subject to fulfillment of other terms & conditions prescribed in the license.

- **Cable operators who do not possess a valid registration as on 31st March in that year will be treated as new applicants.**

3.9.12 Subscriber complaint redressal mechanism

3.9.12.1 Presently there is no standard mechanism for subscriber complaint redressal and guidance to subscribers for getting new Cable TV connection. The Cable Television Networks (Regulation) Act, 1995 and Cable Television Networks Rule 1994 also do not mention any specific mechanism for handling of subscribers' complaints. This sometimes results in long fault durations, leading towards higher consumer dissatisfaction.

3.9.12.2 There is a need to have explicit provisions about the customers' right including the redressal of consumer grievances. Some consumer advocacy groups wanted well defined consumer grievance redressal mechanism as they felt that present system of customer complaint handling is not effective.

3.9.12.3 In order to effectively handle consumers complaints, the Authority recommends

- **Each LCO will provide the telephone number to all the subscribers for making complaint. Such numbers must be printed on the payment receipt.**
- **In case of a complaint from a subscriber, LCO will**
 - **provide the complaint number**
 - **Keep record of date & time of booking of such complaints in a register.**
 - **Treat the complaint as disposed of only after confirmation from subscriber.**

- **Keep record of date and time of rectification of such complaints in the register or in the electronic form.**
- **Such records shall be maintained neatly and shall be presented if asked by Authorized officer or any other competent agency so prescribed.**

3.9.13 **Subscribers' billing**

3.9.13.1 Presently many Cable TV operators maintain cards for the purpose of keeping the record of collection of monthly subscription fee from its subscribers. There are complaints that no monthly receipts are given to the customers for the subscription given by them. Cable TV operators charge a monthly consolidated amount from their consumers and it does not clearly reflect separate charges for the service and applicable taxes on different heads.

3.9.13.2 Cable TV operators are required to pay entertainment tax and service tax, which are linked to the number of subscribers. The Consolidated amount charged from consumers does not give any details. Firstly receipt is not provided. Even if they provide receipt, it does not clearly reflect separate charges related to service and applicable taxes. In such a scenario Cable TV operators may evade taxes by under declaring their subscribers.

3.9.13.3 TRAI in the Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Eighth Amendment) Order, 2007, dated 4th October 2007, has stipulated the requirements of mandatory billing with necessary details and issue of receipts for payments made. However, details of impact of implementation are not available at present. There is a need to

develop a proper system of billing and monitoring so that the taxes can be regularly collected.

3.9.13.4 In view of above, the Authority recommends

- **LCO shall maintain the details of its subscribers.**
- **LCO shall provide receipts for payments received from subscribers as specified by TRAI from time to time. Such receipts must be serially numbered and bear name, telephone number, Service Tax number and Entertainment Tax number (if applicable) of LCO.**
- **Such receipt should provide details of subscription charges & taxes separately.**

3.9.14 Quality of Service

3.9.14.1 In India, Cable TV has developed in a lightly regulated environment and has registered impressive growth. However, this unregulated growth of the industry is likely to impact quality of services, if it not properly regulated.

3.9.14.2 TRAI in its recommendations on “Issues relating to Broadcasting and Distribution of TV channels” dated 1st October 2004 suggested certain QoS codes and guidelines for the Cable TV industry, which included Information to be provided to consumer at the time of installation of cable TV connection, Complaint handling procedure, benchmarks to redress complaints and Billing Procedure (refer Annex-III). TRAI also issued Regulation on the Standards of Quality of Service (Broadcasting and Cable services) for Cable TV in CAS areas on 23rd August 2006 and Regulation on Quality of Service and Redressal of Grievances for Direct to Home Broadcasting Services on 31st August 2007. TRAI is responsible to issue QoS

regulation and may consider the same for non CAS areas at appropriate time. The technical parameters for Cable TV transmission have already been prescribed by Bureau of Indian Standards from time to time, and these need to be followed by Cable TV operators.

3.9.14.3 **In view of above, The Authority recommends**

- **The licensee shall abide by section 9 of Cable Television Network (Regulation) Act 1995, relating to use of standard equipment in Cable TV Networks.**
- **Licensed cable operators should comply with BIS Standard IS – 13420, Part I (Revised) relating to system performance, and ensure delivery of proper signal at subscriber premises as given under:**
 - C/N > 44 dB
 - Minimum Carrier level 60 dB(μ V)
 - Maximum Carrier level 80 dB(μ V)
 - Slope < 12 dB
 - X-Mod > 57 dB
 - CSO > 57 dB

C/N – Carrier to Noise ratio

CSO - Composite Second Order Interference

X-Mod – cross modulation

Slope is caused by 'SKIN EFFECT', wherein signal attenuation increases with frequency of the channel

(Parameters mentioned above are indicative only and subjected to any change by BIS from time to time without any notice)

3.9.15 **Other Licensing conditions**

- 3.9.15.1 Apart from specific licensing issues as discussed earlier, there are other issues related to LCOs such as data collection. This section covers general issues related to Cable TV sector.

3.9.15.2 **Data collection of LCOs**

- 3.9.15.2.1 Data collection related to licensed LCOs is very important for supervisory guidance and proper regulation of the Cable TV sector. The present mechanism of data collection seems to be inefficient as any authenticated details regarding number of LCOs, their location their areas of operation and the validity of their registrations are not readily available. Unconfirmed industry reports indicate that the number of operational LCOs is higher than the registered LCOs. This not only impacts the proper regulation of the Cable TV sector but also results in revenue loss to the government.
- 3.9.15.2.2 The regulation of LCOs through proper licensing by clearly demarcating their area of operation will be important to attract capital investments in the sector, develop effective consumer grievance redressal mechanisms and curb anarchy in the sector. These issues have been kept in mind while framing the licensing conditions & procedure for LCOs in previous section. With new licensing framework envisaged, licensing authority shall be in best position to provide authenticated data on LCOs.
- 3.9.15.2.3 Data collection in respect of LCOs is a difficult task in view of the fact that number of LCOs is very high (approximately 60000) and they are scattered in large geographical area throughout the country. Since the Senior Superintendent of Post Offices of concerned Postal Division is being given the responsibility to give license to LCOs, he will maintain the record of the licensed LCOs as per the format given at annexure IV. All the Senior Supdts. of Post Offices will make adequate arrangements to give such information to Ministry of I&B and TRAI as and when required. This information will

also be available to any stakeholder on payment of the prescribed fee as may be decided by Ministry of I&B from time to time. This is being recommended to bring transparency and ease of availability of information, which may also be required for development of Cable TV sector as a whole.

3.9.15.2.4 As recommended earlier, the Postal Department will be provided administrative charges by way of levy of administrative cess (at the rate of ten per cent of entry fee and renewal fee as discussed earlier) to meet the administrative expenses in order to carry out the licensing data reporting and monitoring work.

3.9.15.2.5 **In view of above, the Authority recommends**

- **The Licensing Authority will maintain the records of the licensed LCOs as per the format given at annexure IV.**
- **The Licensing Authority will make adequate arrangements to furnish such information to Ministry of I&B and TRAI in such form and at such intervals as desired by them.**
- **The Department of Post will be provided administrative charges by way of levy of administrative cess (at the rate of ten per cent of entry fee and renewal fee as discussed earlier) to meet the administrative expenses in order to carry out the licensing data reporting and monitoring work.**

3.9.15.3 **Right of Way (RoW)**

3.9.15.3.1 Cable TV operators lay cables in their area of operation for provisioning of service to their consumers. Presently Cable TV operators mostly rely on hanging the cables over the roof

tops and electric & telephone poles. This adversely affects the safety as well as aesthetic look of the area as several cables hang improperly on electric and telephone poles. However, the Cable TV operators have no alternative because they are not entitled to seek right of way (RoW) in many states. It is sometimes argued that as Cable TV Operators are not licensed under Section 4 of the Indian Telegraph Act 1885, they are not eligible for seeking RoW. Some State Governments or utilities ask Cable TV operators to pay large amount for hanging the cables on electric poles etc. These charges vary from state to state and district to district. There is a need to make provision for non-exclusive permission to Cable TV operators for laying the cables in a structured manner over poles/ underground. Overhead cables are more prone to fault due to improper installation and also they are exposed to extreme weather conditions. Sometimes overhead cable is stolen or even cut down by rival operators. This not only affects the QoS, but also causes disruption of services. Such environment is not conducive for digitalisation of networks. The cost to provide digital cable services per user can be brought down substantially in case service from a digital head end is supplied to a larger area through optical fibre cable network.

- 3.9.15.3.2 TRAI has already recommended in its recommendations on “Digitalisation of Cable Television” dated 14th September, 2005 that licensee of digital transmission systems be provided Right of Way on the lines of provisions contained in The Communication Convergence Bill 2001 by making appropriate amendments in the Cable Television Networks (Regulation) Act, 1995.

3.9.15.3.3 The stakeholders were unanimous to demand RoW for laying Cable TV Networks. They explained various adverse situations at ground level and wanted urgent action on this account.

3.9.15.3.4 As the LCOs will be required to seek license for operation of their Cable TV Network. They may be entitled to see Right of Way.

3.9.15.3.5 **In view of above discussions, the Authority recommends**

- **Cable TV operators shall be made eligible for seeking RoW for laying Cable/Optic fiber both underground as well as over poles on non exclusive basis.**
- **Concerned State Governments/ local bodies may consider formulating a RoW policy for Cable TV operators.**
- **Ministry of I&B may initiate a dialogue with the State Governments to facilitate the formulation of uniform RoW policy for Cable TV operators.**

3.9.15.4 **Addressability related issues**

3.9.15.4.1 Generally the Cable TV operators in Non-CAS area are not properly maintaining records of subscribers, channels given to different subscribers, billing details etc.

3.9.15.4.2 The absence of addressability makes the situation more complex and leads to certain forms of market aberrations. Addressability is most crucial issue and frequently results in legal disputes. There are complaints from LCOs that broadcasters insist on certain minimum guaranteed connectivity levels and insist on enhancement of the

subscribers' base frequently. The broadcasters complain that LCOs do not declare their full subscriber base. The exact determination of subscribers' base is almost impossible in absence of addressability. Tax authorities are also concerned with actual revenue potential since taxation is related to the number of the subscribers served.

- 3.9.15.4.3 The growth of DTH, HITs and IPTV may churn the subscribers of cable operators. The present RIO between local cable operators and MSOs is mostly on negotiated subscriber base. There is no method in Non CAS area to determine degree of churning and effective subscriber base. In such a situation while LCOs may insist on reduction of subscriber base in view of likely churning of subscribers, MSOs may insist on increase of the subscriber base to increase their revenues. Therefore there is an immediate case for establishing an effective verifiable record system.
- 3.9.15.4.4 There is a need to develop a proper system to effectively audit and verify subscriber base.
- 3.9.15.4.5 In view of above, it is desirable that LCOs maintain details of the subscribers in auditable form. The MSOs shall incorporate provision in RIO to review the subscriber base of such LCOs once in six month where such auditable subscriber base has been maintained. The LCOs should get relief if the subscriber base has declined. Also the additions must influence the obligation of LCO to pay higher contribution to MSO. This can be effected annually or six monthly as per RIO.

3.9.15.4.6 Preparation of such database shall be useful for monitoring purposes and to ascertain actual tax potential.

3.9.15.4.7 **In view of above discussions Authority recommends**

- **Every Cable TV operator should be required to maintain a register giving details of its subscribers, details of bills, details of tax collected and paid with date, in verifiable & auditable form. LCOs will produce this register for examination by concerned enforcement agencies (such as the authorized officers, authorized functionaries of the Departments of the Government concerned with entertainment tax, service tax, etc.) as & when required.**
- **The MSOs shall incorporate provision in RIO to review the subscriber base of such LCOs on half yearly basis where such auditable subscriber base has been maintained.**
- **Every Cable TV operator will submit an annual statement to the authorized officer giving details of its subscribers, specific area of operations etc.**

3.9.15.5 **Content related responsibility in the case of signals received from MSOs**

3.9.15.5.1 Cable TV operators are permitted to show broadcast television signals as defined in the Cable Television Network (Regulation) Act, 1995 and are required to adhere to the program code, the advertisement code and other guidelines issued from time to time. Majority of the content shown by Cable TV operators are TV channels obtained from broadcasters. For broadcasting of TV channels broadcasters are already bound by the up-linking/ down-linking guidelines. However MSOs too sometimes distribute local

news & video channels to Cable TV operators. These channels are not obtained from broadcasters; therefore such channels are not subjected to up-linking/ down-linking guidelines. However, these channels are subjected to the program code, the advertisement code and other such guidelines issued from time to time. MSOs are responsible for content of such local channels. Apart from TV channels from broadcasters & MSOs, Cable TV operators can also show locally developed content.

3.9.15.5.2 For all content and channels obtained from broadcasters/MSOs; responsibility must completely rest with broadcaster/MSO as regard to provisioning of such content to end-users. It has been contested by LCOs during discussions that even for content related violation by broadcasters/MSOs, Cable TV operators are being penalized. In their view Cable TV operators should be held responsible for observing program code and advertisement code only for content produced by them or transmitted by them locally and they should not be held responsible for content being provided by MSOs/broadcasters.

3.9.15.5.3 The authorized officer is empowered to prohibit transmission of certain programmes in public interest and impose penalties as per the existing provisions of section 19 of the Cable Television Network (Regulation) Act, 1995. However, some of the stakeholders mentioned that it is not technically feasible to block any particular channel through their system, if the signal feed is being received from the MSO.

- 3.9.15.5.4 Accordingly, the Authority is of the view that an LCO shall block the transmission of channel as per instructions of the authorised officer to the extent possible subject to technical feasibility. In case it is not technically feasible to block the content of a particular channel by LCO, the District administration will decide the future course of action in consultation with LCO and MSO concerned.
- 3.9.15.5.5 Some of the stakeholders pointed out that DD channels are not being carried by many MSOs and LCOs in prime bands and the quality of signals is not of the requisite standard though it is mandated by clause 8 of the Cable Television Network (Regulation) Act, 1995. It was suggested that officers preferably from Prasar Bharti may be permitted to inspect the office premises, equipment and set up of LCOs/MSOs to monitor the mandatory carriage of notified DD Channels in the prime bands. The inspection report would be submitted to the concerned authorized officer of the area.
- 3.9.15.5.6 The Cable Television Network (Regulation) Act, 1995 defines authorised officer and casts responsibility for effective implementation of the provisions stipulated in the Cable Television Network (Regulation) Act, 1995. Section 11 to 20 of the Cable Television network (Regulation) Act, 1995 defines the powers and penalty provisions of the authorised officer. Carriage of the DD channels is one of the provisions to be monitored and implemented by the authorised officers. In order to strengthened the effective compliance of section 8 of the Cable Television Network (Regulation) Act, 1995, Prasar Bharti officers (Assistant Engineer and above) may

inform authorised officer wherever it comes to their notice that provisions of section 8 are being violated. It will be incumbent on part of authorised officer to take immediate necessary action and ensure compliance of the provisions of the Cable Television Network (Regulation) Act, 1995.

3.9.15.5.7 Some of the stakeholders mentioned that LCOs transmit local community based programmes through their local ground based channels. These channels are very effective in showing functions of schools, various local bodies and important messages from District administration during natural calamities like flood, earth quake, tsunami etc. It was also mentioned that LCOs also earn revenues through advertisements on such local channels making a viable business model for them.

3.9.15.5.8 In light of the above, the Authority is of the view that LCOs may also be permitted to transmit their ground based channels, which will be subjected to Program code, Advertisement code as prescribed in the Cable Television Network (Regulation) Act, 1995 and any other instructions issued by Ministry of I&B from time to time. Ministry of I&B is requested to issue guidelines for provision of ground based channels by LCOs.

3.9.15.5.9 **The Authority recommends**

- **LCOs shall not be responsible for the content provided by MSOs/ Broadcasters, but they will effectively block such content whenever they are required to do so by the authorized officer under section 19 of the Cable Television Networks (Regulation) Act, 1995 subjected to**

technical feasibility. In case it is not technically feasible to block the content by LCO, the LCO shall immediately inform the same to the authorised officer. The authorised officer will decide the future course of action in consultation with LCO and MSO concerned.

- LCOs shall be permitted to transmit their ground based channels, which will be subjected to Program code and Advertisement code as prescribed in the Cable Television Network (Regulation) Act, 1995 and any other instructions issued by Ministry of I&B from time to time. Ministry of I&B is requested to issue detailed guidelines for provision of ground based channels by LCOs.**
- District Magistrate will have full powers to immediately stop the privilege to transmit local ground based channels by any LCO at any point of time in public interest. Transmission of such ground based channels will have to be discontinued immediately.**
- In order to ensure mandatory carriage of notified DD Channels in the prime bands, officers of the rank of Assistant Engineer and above from Prasar Bharti may inform authorised officer wherever provisions of section 8 of the Cable Television Network (Regulation) Act, 1995 are being violated. It will be incumbent on part of authorised officer to take immediate necessary action.**

3.9.15.6 Encouragement for digitalisation

3.9.15.6.1 Most of the cable operators are providing Cable TV service using analog medium at present in non CAS area. The emphasis is now shifting to digital transmission from existing analog transmission. With the advancement of technology Cable TV operators may like to provide Internet,

Internet telephony and other interactive value added service like Video on Demand (VoD), Interactive TV, Time shifted TV & Interactive gaming etc after obtaining appropriate license/ permission. For this purpose Cable TV operators are required to upgrade their existing network. It is advocated that such upgradations will require detailed network planning and significant expenditure. Unless suitable business model is conceived, the existing Cable TV operators may not upgrade their network and find it difficult to compete in changing environment.

- 3.9.15.6.2 Telecom service providers are likely to start providing triple play services which may include IPTV, VoD, etc. Other platforms like Direct to Home (DTH), HITS, and Mobile TV are likely to be available and competing in the same segment. In order to compete and co-exist, it will be necessary that Cable TV operators upgrade their network.
- 3.9.15.6.3 TRAI while fixing the tariff ceiling for non-CAS area have not put any embargo on Cable TV operators providing addressable digital signals in non-CAS areas. This is a step to encourage Cable TV operators to upgrade and digitalise their networks. Services like IPTV have also been permitted to Cable TV operators.
- 3.9.15.6.4 The digitalised cable networks with two way transmission capability will be very useful for provisioning of broadband and other value added services over it after obtaining appropriate license. The government is concern to increase the broadband penetration in rural and remote areas. Universal services Obligation fund (USOF) may provide certain subsidy/ other support to ISPs to provide broadband

services in rural and far flung areas. It is envisaged that similar subsidy shall be extended to such cable TV operators also who shall be providing the broadband in these areas and fulfill terms and conditions laid by USOF. No discrimination shall be done based on the type of network and technology used to provide a particular service.

- 3.9.15.6.5 It was also suggested by the stakeholders that digitalisation and voluntary CAS activities can be boosted if price of such digital channels in non CAS areas are also regulated. It is argued that since TRAI has already provided framework to determine each broadcast channel price for addressable systems, similar pricing may also be extended to non CAS areas to Cable TV operators providing voluntary CAS.
- 3.9.15.6.6 It was also argued that digitalisation in India must be encouraged. Some stakeholders felt that digitalisation must be driven through regulations.
- 3.9.15.6.7 The pricing of channels is regulated by the Telecommunication (Broadcasting and Cable) Services (Second) Tariff (Eighth Amendment) Order, 2007, issued by TRAI on the 4th October, 2007 and is not covered under the present reference.
- 3.9.15.6.8 Some other stakeholders mentioned that the broadcasters are not willing to provide their signals on the digital platform to the LCOs and MSOS, who are voluntarily digitalizing their network/headend. It was also mentioned that agreements signed by broadcasters with MSOs/LCOs clearly prohibits transmission of their channels on digital platform.

3.9.15.6.9 The Authority has viewed this very seriously and is of the opinion that any constraint affecting the digitalisation of cable TV sector should be immediately removed.

3.9.15.6.10 In view of the above, **the Authority recommends that**

- **Each broadcaster shall provide signals on digital platform to LCOs and MSOs, who are voluntarily digitalizing their networks.**
- **The new LCOs may be mandated to digitize their networks in three years from date of issue of license as part of their performance obligations.**
- **Existing LCOs may be mandated to digitize their network in five years from the date of notification of new licensing regime.**
- **Digitalisation shall imply stopping of analog transmission altogether including Free to Air Channels.**
- **No license for new LCOs will be given for analog transmission from a date, which will be five years from the date of such notification.**
- **LCOs providing the broadband services after obtaining appropriate license in rural and far flung areas using two way digitalised cable networks shall be entitled for USOF subsidy/ support given to telecom operators for providing similar services if they fulfill terms and conditions laid by USOF. No discrimination shall be done based on the type of network and technology used to provide a broadband service.**

3.9.15.7 **Foreign Direct Investment (FDI)**

3.9.15.7.1 Presently, the cable infrastructure in the country is predominantly one way analog network. This has resulted in

limitation on channel carrying capacity of the network and is limited to use for carriage of TV channels only. There is increasing convergence of technologies in telecom and broadcasting sectors. Technically, it is possible for cable TV networks to provide voice telephony and broadband (including Internet). Upgradation of cable TV networks would help in spreading broadband penetration and other telecom services in the country. To harness the advantages of advancement in technology, it is very important to upgrade the existing cable infrastructure in the country and augment its capacity by digitalisation and increasing use of optical fiber links. This would require large amount of investment as well as technological inputs.

3.9.15.7.2 Although numerically the number of households receiving cable television services in the country is very large (about 78 million households), technologically, the country is trailing behind other advanced countries, where the cable networks are digital two-way networks which support triple play services.

3.9.15.7.3 An estimate of the investment required for digitalisation of cable television networks in the country was given by the Authority in its recommendations on Headend-In-The-Sky (HITS) sent to the Government on October 17, 2007. Extracts of the relevant para of the recommendations are as under:-

“2.25 *...If such a vast cable network, serviced by 6000 MSOs and nearly 60,000 last mile cable operators, is to be digitalised in a conventional manner by setting up digital headends for each MSO in each city/town, then it will require an investment of more than Rs 15,000 crores, apart from a very long time required for the same...”*

3.9.15.7.4 This estimate of Rs. 15,000 Crores is for the cost of conversion of existing one way analogue cable network to one way digital cable network. If the cable networks are to be upgraded to two-way 750-850 MHz broadband digital cable networks, then the cost of upgradation would work out to a still higher amount. This cost has been estimated in the range of US\$ 200 per home in publications by Media Partners Asia, Ltd., STAR Group, Macquarie Media Group and Liberty Global, Inc. This cost covers an upgrade to a two-way 750-850 MHz broadband digital cable network; cable modem deployment, and merger and acquisition related costs relating to last mile consolidation. This would translate into a sum of Rs. 64,000 Crore for 80 million cable homes in the country (at a conversion rate of Rs. 40 per US\$). Thus, it is clear that enormous amount of investment is required for upgrading the cable networks in the country.

3.9.15.7.5 Some of the stakeholders have advocated the increase in FDI limit in the cable TV sector to 74% from existing limit of 49% emphasizing that if the FDI limit is not enhanced, it will have catastrophic impact on the industry, where MSOs and LCOs will be mandated to migrate to full digitalisation without financial backing.

3.9.15.7.6 **The Authority in its recommendation on “Foreign Investment Limits for Broadcasting Sector” dated 26th April 2008 has already recommended enhancement of FDI limit from present level of 49% to 74% to meet the requirement for the upgradation of the cable network cost. This will be necessary to boost the cable TV sector**

for bringing in addressability and technological advancement. It is envisaged that enhancement in FDI limits will be implemented in case of LCOs on priority basis. Also it will be unfair to cable TV sector if other transmission modes are being permitted 74% FDI.

3.9.15.8 Amendment in the Cable Television Networks (Regulation) Act, 1995 and the Rules framed thereunder

3.9.15.8.1 Presently the Cable TV operators are regulated as per the provisions of the Cable Television Networks (Regulation) Act, 1995 (7 of 1995) and the Cable Television Networks Rules, 1994. Para number 3.8, 3.9.2.4, 3.9.3.5, 3.9.4.4, 3.9.5.3, 3.9.6.2, 3.9.7.7, 3.9.8.5, 3.9.9.4, 3.9.10.5, 3.9.12.3, 3.9.13.4 3.9.15.4.7; 3.9.15.5.9, 3.9.15.7.6 of the recommendations made in this chapter would require amendment in the Cable Television Networks (Regulation) Act, 1995 and the Rules framed there under. The para numbers given above are indicative and not exhaustive. Consequential amendment may also be made appropriately in Cable TV Networks (Regulation) Act 1995 and Cable TV rules there under in view of above recommendations.

Chapter 4

Licensing Framework relating to Multi System Operators (MSOs)

- 4.1 The number of broadcasters were limited initially when cable TV services were started. The cable TV operators used to install small number of dish antennae for receiving signals from different broadcasters. The ever increasing number of broadcasters forced the cable TV operators to install multiple dish antennas. The huge space requirement to install multiple antennae favored content aggregator, resulting in entry of Multi System Operators (MSOs). These MSOs have established their headends for receiving signals from broadcasters and distributing it signals to cable TV operators. Cable TV operators either became their franchisee or had commercial agreements with them.
- 4.2 Presently an MSO is registered as a cable TV operator though their operations and business model is different as discussed in chapter 3. Still, there is no separate framework for registering and regulating MSOs in non CAS areas. Functioning, responsibilities and the volume of investment required for an MSO necessitate a separate regulatory framework for MSOs.

4.3 Definition of Multi System Operator (MSO)

- 4.3.1 There is no separate definition of “Multi System Operator (MSO)” in the Cable Television Networks (Regulation) Act, 1995. Presently, MSOs are registered as “cable operators” under the Cable Television Networks (Regulation) Act, 1995. However, the Cable Television Networks Rules, 1994 contains a definition of “Multi System Operator (MSO)” which reads as under:-

“Multi-System Operator (MSO)” means a cable operator who receives a programming service from a broadcaster or his authorized agencies and re-transmits the same or transmits his own programming service for simultaneous reception either by multiple subscribers directly or through one or more local cable operators (LCOs), and includes his authorized distribution agencies by whatever name called;”

4.3.2 The draft Broadcasting Services Regulation Bill 2007 also defines a “Multi System Operator” and “Multi-System Cable Television Network” as under:-

“Multi System Operator (MSO)” means any person who manages and operates a multi-system cable television network to provide a cable television service to multiple subscribers, which may or may not include other value added services including telecommunications and Internet;” .

“Multi-System Cable Television Network” means a system for multi-channel downlinking and distribution of television programmes by a land based transmission system using wired cable or wireless cable or a combination of both for simultaneous reception either by multiple subscribers directly or through one or more local cable operators;” .

4.3.3 As per above definitions, an MSO can also provide services directly to subscribers. However, the function and nature of business of an MSO is entirely different. The MSO’s main function is to aggregate content from different broadcasters and to provide it to the LCOs. Therefore, the regulatory framework for the MSOs should be different from LCOs. However, MSO can get a separate license as a “cable TV operator” and provide services to customers also.

Unambiguous definition of MSOs will demarcate responsibilities and functional areas of MSOs and reduce likely disputes between MSOs and LCOs.

4.3.4 The Authority is of the view that MSO may be clearly defined in the Cable Television Networks (Regulation) Act, 1995. **Accordingly, the Authority recommends**

Adoption of following definition of Multi System Operator (MSO) and Multi-System Cable Television Network in the Cable Television Networks (Regulation) Act, 1995:

- **“Multi System Operator (MSO)” means any person who manages and operates a multi-system cable television network to provide cable television service to one /multiple local cable TV operator(s) or to any other distribution platform permitted and licensed by the Government”.**
- **“Multi-System Cable Television Network” means a system for multi-channel downlinking and distribution of television programmes by a land based transmission system using wired cable or wireless or a combination of both”.**

4.4 Service Area

4.4.1 As per the provisions of the Cable Television Networks (Regulation) Act, 1995, an MSO (who is essentially “a cable TV operator” under the present disposition) can provide signals within the area of jurisdiction of the Head Post Office in which he is registered. There are several multi-city MSOs, which require registration in multiple post offices. Monitoring and compilation of data in respect of such MSOs is difficult. Sometimes, an MSO situated in the bordering

area of a district may provide feed to an LCO situated in the bordering area of another district where no other MSO is available. This situation may be prevalent in rural and semi-urban areas.

4.4.2 MSOs play an important role in aggregating and providing contents including ground based channels. Stakeholders are also of the view that MSOs must be registered separately and there should be no ceiling on number of MSOs in any service area.

4.4.3 Looking at the functionality and business model of the MSOs, a sufficiently large service area will not only attract financially and technically sound entities but will also enable digitalisation and increased availability of MSO signals in uncovered and rural areas. In order to promote effective competition, there should be no restriction on the number of MSOs in any particular service area and MSO license shall be given on a non-exclusive basis.

4.4.4 **In view of above, the Authority recommends**

- **The license area of an MSO may be the area of a revenue district, geographical boundaries of a State or the entire country as a whole, as the case may be.**
- **There will be no restriction on the number of MSOs in any particular area. MSOs will be permitted to operate anywhere within the service area of their license as per their business plan, without any roll out obligations.**

4.5 Definition of person and eligibility

4.5.1 Present regulatory framework treats MSOs at par with LCOs. There is no separate definition of “Person” for MSOs in the Cable Television Networks (Regulation) Act, 1995.

4.5.2 The definition of person has been [proposed for LCO In para 3.9.2 in the previous chapter. Same definition may be adopted for MSOs also.

4.5.3 Looking at the functioning, responsibilities and the volume of investment required for a MSO, it is expected an individual or an association/body of individuals or a company can effectively function as district level MSO; but state level and country wide MSO licenses shall be preferred by a company. As digitalisation spreads, the quality of service responsibilities will shift more and more from LCOs to MSOs. In such a scenario, a well structured, financially & technically sound entity such as a company will be suitable to carry out the business of a MSO at the State or across the country.

4.5.4 **Accordingly, the Authority recommends**

- **For the license of MSO, the eligible “person” will be**
 - **An individual who is a citizen of India;**
 - **An association of individuals or body of individuals, whether incorporated or not, whose members are citizens of India;**
 - **A company as defined in section 3 of the Companies Act, 1956 (1 of 1956) with such eligibility conditions as may be specified by the Central Government;**

- **License for Multi System Operator (MSO) will be granted only to an Indian company as defined in section 3 of the Companies Act, 1956 (1 of 1956) with such eligibility conditions as may be specified by the Central Government) as far as state level or country wide**

licenses are concerned. However, licenses for district level operations can be granted to a “person” as per the proposed definition.

4.6 Licensing Authority

4.6.1 MSOs at present need to register as ‘cable TV operator’ as per the Cable Television Networks (Regulation) Act, 1995.

4.6.2 Since MSOs are effectively working as content aggregators and content is regulated by Ministry of Information and Broadcasting (MIB), it will be desirable that MSOs are licensed by Ministry of Information and Broadcasting (MIB) or an agency under it. MIB may work out its own administrative arrangements to grant license to MSOs at different levels. One such option could be to use the Press Information Bureau as their infrastructure is present in all State Capitals. We may note that permissions to MSOs operating in CAS notified areas have been granted by Ministry of I&B under the Cable Television Networks Rule, 1994.

4.6.3 Accordingly, the Authority recommends

- **Licenses to MSOs shall be granted by Ministry of Information & Broadcasting (MIB) either directly or through any other administrative unit under its direct control. One such arrangement could be through Press Information Bureau (PIB).**
- **Ministry of I&B may clearly define the licensing authority for MSOs desirous to operate at the district, state and country level.**
- **Ministry of I&B will allot a unique code/ registration number to every such licensee. The structure of unique code should consist of separately identifiable digits for**

particular state code, area code, MSO's unique code and validity. This will facilitate computer based scrutiny of MSOs and renewals of their licenses.

- **Any MSO, who desires to work as LCO, shall have to apply to the concerned licensing authority for grant of such license separately.**

4.7 List of documents to be submitted along with application

4.7.1 A comprehensive list of documents to be submitted along with the application form for MSO license will be desirable to bring in transparency. Looking at functioning and responsibilities of MSOs, proper scrutiny of the antecedents of the applicants will be desirable. The licensing authority will check all such documents before granting the license. This will ensure that license is granted to only those entities who fulfill eligible conditions.

4.7.2 The Authority accordingly recommends

- **A “person” desirous to get MSO license shall submit following documents along with the required entry fee to appropriate licensing authority:**
 - (a) **In case of individual –**
 - (i) **ID proof**
 - (ii) **Proof of residence**
 - (iii) **PAN number**
 - (iv) **Copy of current Income Tax Return**
 - (v) **Service Tax registration number (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license)**
 - (vi) **Affidavit stating that he has not been convicted for any criminal offence**

[Note: Individuals convicted for any criminal offence shall not be eligible for the license]

- (b) In case of association or body of individuals –**
 - (i) Document by which the association or body of individuals has come into existence, including address and other details**
 - (ii) PAN number**
 - (iii) Copies of current Tax returns for Income Tax and Service Tax. In case of newly constituted association or body of individuals which have not filed any such returns, the Service Tax registration number will be submitted (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license).**

- (c) In the case of companies, -**
 - (i) A copy of the certificate of incorporation of the company along with copies of the Memorandum of Association and Articles of Association.**
 - (ii) PAN number**
 - (iii) Copies of current returns for Income Tax and Service Tax. In case of new companies which have not filed any such returns, the Service Tax registration number (If these numbers are not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of licence).**

[Note: Any change in the Memorandum of Association and/or Articles of Association shall be intimated to the licensing authority within seven days of such change.]

 - (iv) Entertainment Tax registration number**
 - (v) Details of CEO & other directors**
 - (vi) Details of proposed network architecture**
 - (vii) Proof of networth in the form of certificate from the statutory auditor.**

4.8 Duration of License

4.8.1 MSOs typically develop a long term business relationship with the broadcasters and the LCOs. Any business plan becomes viable only if it is implemented for duration appropriate for that business.

A long term business plan also facilitates the inflow of investment in any sector.

4.8.2 **Accordingly, the Authority recommends**

- **The duration of MSO license shall be 5 years for all the three types of licenses (i.e. District level, State level and country level).**

4.9 Entry Fee

4.9.1 MSOs have to make substantial investment for setting up their headends and to spread their network. In addition they may also provide content through ground based channels. This may require significant responsibility on part of the MSOs and warrants that only serious and financially sound entities should enter in this sector. Accordingly entry fee should be such as to restrain non-serious player from entering into this field. At the same time, the entry fee should not be so high that it becomes a barrier for existing MSOs.

4.9.2 Stakeholders' comments have also been received to reduce the entry fee of LCOs and MSOs in regions like north East, J&K etc. It was pleaded that operations of cable TV networks in such areas may be commercially less viable due to geographical conditions, low population, difficult terrain and socio-economic background etc. Therefore reduction in the entry fee has been suggested.

4.9.3 It may be noted that NE and J&K regions are classified as special category states for plan purposes considering various socio-economic parameters. An encouragement for the development of cable TV network in such areas may be desirable for the limited period. In view of the above, the authority is of the view that 50% reduction in the entry fee for MSOs may be granted for application

received during the initial period of three years from the date of notification of this revised licensing framework. The decision may be reviewed after three years by Ministry of Information and Broadcasting.

4.9.4 In view of above, the Authority recommends

- **The entry fee for district level MSO license shall be Rs. 100,000 and networth will be Rs. 5 lakhs.**
- **The entry fee for state level MSO license shall be Rs. 10 lakhs and networth will also be Rs. 10 lakhs.**
- **The entry fee for country Level MSO license shall be Rs 25 lakhs and networth will also be Rs. 25 lakhs.**
- **There will be no annual license fee.**
- **The entry fee for MSOs providing services in NE and J&K region may be reduced to 50% for applications received during initial period of three years from the date of notifications of new regime. This may be reviewed after three years by Ministry of Information and Broadcasting.**

4.10 Timeframe for grant /refusal of license

4.10.1 In a well organized regulatory framework, the approval process for a license should be reasonable and definite in reference to time frame. In the absence of a prescribed time limit for grant/refusal of license, it may happen that licensing authority neither grants the license nor communicates any reasons for rejection to the applicants. Such a situation is undesirable and may hamper the business plan of an applicant aspiring to start operations as an MSO.

4.10.2 In case of refusal, the reasons for the refusal should be clearly communicated to the applicant within the stipulated time. There should also be a provision for appeal in case of refusal of a license to an applicant.

4.10.3 **In view of the above, the Authority recommends**

- **Licensing authority shall convey grant/refusal of license to an applicant within 3 months from the date of the receipt of the application complete in all respects. In case of refusal, the reasons shall be communicated to the applicant within this stipulated time frame.**
- **Ministry of I&B will also designate specific appellate authorities for entertaining appeals against refusal by the licensing authorities. The procedure for filing appeal shall be in addition to, and not in derogation of any other law for the time being in force.**

4.11 Renewal process

4.11.1 Since considerable investments are required by MSOs to start operations, a definitive renewal process is desirable for long term viable business plans. While easy license renewal framework may be desirable, renewal process should also take into consideration the status of compliance of license conditions by licensees. The licensee must start renewal process well in advance so that sufficient time is available to collect pre-requisite information and take informed decision.

4.11.2 In view of the above, the application for renewal of license should be made at least 3 months before the date of expiry of a current license. On receipt of application, Ministry of Information and Broadcasting or its designated agency will follow a suitable

verification procedure as regards breach of terms and conditions of license, if any, on the part of the concerned licensee. Based on the results of such verification, the licensing authority will take an informed decision. In case the licensing authority is notified of serious breach of licensing conditions, then the request for renewal of the license shall be withheld and a show cause notice shall be communicated to the concerned MSO. The decision on show cause notice shall be taken in six weeks. The concerned MSO can appeal to the appellate authority within 30 days from the date such decision is conveyed, in case renewal is denied.

4.11.3 **The Authority accordingly recommends**

- **MSO shall apply for renewal of License to licensing authority atleast three months before the date of expiry of license.**
- **Every MSO shall submit following documents alongwith application for renewal of license:**
 - **Copy of current Income Tax, Entertainment tax and Service Tax returns filed;**
 - **Details of the authorised officer to whom the licensee is reporting;**
 - **Self certification that the licensee has neither been penalized nor debarred by authorized officer from providing service for any breach of licensing terms and conditions or any other unlawful activity.**
- **Ministry of I&B or its designated agency shall follow a suitable verification procedure as regards breach of terms and conditions of license, if any, on the part of the concerned licensee.**

- **Licensing Authority shall renew the license for further period of 5 years on receipt of applicable fee (Rs 100,000/- for district level, Rs 10 lakhs for state level and Rs. 25 lakhs for the country level licenses or as decided by Ministry of I&B from time to time) unless refused for reasons to be recorded in writing.**
- **Licensing Authority shall inform renewal/ refusal to the applicant atleast one month before the date of expiry of the current license to facilitate him to make appropriate arrangements and inform LCOs and broadcasters as the case may be.**

4.12 License suspension and Termination

- 4.12.1 Any sector will be able to sustain growth for longer duration only when it is subjected to adequate supervisory control and monitoring to ensure adherence to licensing terms & condition. Strict provisions are desirable to deter the licensees from violating the terms & conditions of the license like financial penalties or termination of license or both as the case may be.
- 4.12.2 The LCOs during open house discussions brought out certain issues in which violation of Interconnection regulations are alleged. Without going into the details, it is obvious that effective implementation of regulations issued by TRAI/ Licensing authority is a ensured. It is argued that licensing framework must prescribe adequate penalties, which deter tendencies to violate licensing terms and conditions.
- 4.12.3 The license should clearly set out what sanctions the licensor/regulator can apply for non-compliance. The range of sanctions should include fines, suspension, shortening or

termination/revocation of a license. The amount of the fine should take into account various factors such as: the seriousness of the breach, the licensee's record of breaches etc. Fines should be proportionate to the offence. In general, it is very important to foster a sound compliance system than to punish violations. However, such provisions for penalty are desirable.

4.12.4 In view of above discussions, the Authority recommends

- **The license for a multi system operator shall include, as part of the terms and conditions of license, provisions for levy of a penalty, either by TRAI or by the licensing authority, of upto rupees five lakh for district level license and upto rupees twenty lakhs for State and country level licenses for each violation of licensing terms and conditions or of TRAI's regulations/orders/directions. The imposition of such penalty by the TRAI shall be without prejudice to the revocation/termination of the license by the licensing authority and the initiation of appropriate proceedings against the licensee under the relevant provisions of the Telecom Regulatory Authority of India Act, 1997.**
- **TRAI shall examine the alleged violations on case to case basis and impose penalties on MSOs based on the seriousness of the offence and other conditions as applicable.**
- **The licensor shall reserve the right to cancel/ terminate the license issued to an MSO without prejudice to any other action as deemed fit in case of violation of terms and conditions of the license.**

4.13 Migration procedure

4.13.1 MSOs in non-CAS notified areas

4.13.1.1 Presently MSOs in the non CAS areas are registered as cable TV operator only. A new licensing regime has been envisaged for MSOs and all existing MSOs shall have to obtain license as per new guidelines within one year from the date of such notification or from the date of expiry of existing registration as cable TV operator, whichever is earlier. For migrating to new regime all such MSOs have to apply for license to the concerned licensing authority.

4.13.2 MSOs in CAS notified areas

4.13.2.1 According to the amendments made on 31st July 2006 in the Cable Television Network Rules, 1994, for providing services with addressable systems in the CAS notified areas, existing MSOs have to seek permission from Ministry of Information and Broadcasting. For this purpose MSOs have to apply in a prescribed form (Form 6) alongwith a processing fee of Rs. 10,000/-. Any Individual/firm/company/association of persons/body of individuals is eligible for seeking permission to provide service as MSO in CAS notified area and following documents are required to be submitted alongwith the application for permission:

- (i) Copy of the Registration Certificate as a Cable TV operator.
- (ii) Copy of Certificate of Incorporation and Memorandum and Article of Associations for Companies.
- (iii) Board of Directors (List of Directors along with bio-data of each Director giving date of birth, place of birth, parentage, nationality, permanent address, residential

address, official address, passport No. (if any), qualification, experience, etc.

- (iv) List of key executives including CEO/MD along with details as above.
- (v) Copy of the audited Balance Sheet and Profit and Loss Account for the immediate preceding year and certificate of Net Worth on the basis of these documents by a Chartered Accountant.
- (vi) Details of availability/ arrangement of funds (sufficient proof to be enclosed)

4.13.2.2 Permission is granted by Ministry of I&B on the basis of information given in respect of its existing operational area, number of subscribers, its local cable TV operators in CAS notified areas, financial strength, management capability, security clearance, preparedness to supply and maintain adequate number of set top boxes for its subscribers, installation of its subscriber management system and compliance with all other quality of service standards as may be specified by the Authority.

4.13.2.3 It may be noted that as per present provisions, MSOs in both CAS and non-CAS areas have to get registered as cable TV operator for providing services. However, MSOs have to get permission from Ministry of I&B for providing cable TV services in CAS notified area by paying a processing fee. The permission so granted to MSOs in CAS areas is coterminous to their registration as cable TV operator.

4.13.3 The Authority has envisaged a new licensing regime for MSOs as discussed in preceding sections and all the MSOs, both in CAS and non-CAS areas will be required to migrate to the new regime.

Since functions of MSO are similar in both the areas, therefore the regulatory regime should also be identical for all MSOs. MSOs in the CAS notified areas are subjected to provisions regarding quality of service, standard interconnection agreements and suspension of permission/license in the event of violation. In order to harmonize the provision relating to MSOs in CAS and non-CAS area to bring harmony, the Authority will frame appropriate regulations for the MSOs once the recommendations for new regime are accepted.

4.13.4 It is envisaged that all the existing MSOs in the sector will be brought under the new licensing regime. For this purpose a reasonable timeframe should be given to all existing MSOs in order to fulfill the terms and conditions of the new licensing regime. Presently there are approximately 6000 MSOs in the country and migration of all of them to new regime will require adequate time.

4.13.5 **In view of above, the Authority recommends**

- **All existing MSOs shall have to obtain license as per new guidelines within one year from the date of such notification or from the date of expiry of existing registration as cable TV operator, whichever is earlier. Till such time, the existing valid registration shall be treated as “deemed license”.**
- **Telecom Regulatory Authority of India (TRAI) shall bring appropriate regulations for MSOs operating in non-CAS areas to bring harmony in functions of MSOs both in CAS and non-CAS areas.**

4.14 Complaint redressal mechanism

4.14.1 MSOs provide aggregated signals to LCOs. MSOs are an important link in the distribution chain in the cable TV industry. Non-availability of signal/ poor quality of signal must be attended to on priority basis as it impacts LCOs operations and ultimately the subscribers.

4.14.2 During consultation process, it was brought to the notice of the Authority that some MSOs do not have well defined complaint redressal mechanism for LCOs. In the absence of such complaint redressal mechanism, LCOs have to struggle to get their problems redressed, which sometimes take unduly long time.

4.14.3 The lack of complaint redressal mechanism at MSO level ultimately impacts the end consumer as he suffers and may either not get TV signals at all or get poor quality of signals.

4.14.4 In order to avoid such situations, all MSOs should also be required to have an effective complaint redressal mechanism to address the complaints of LCOs.

4.14.5 **In view of above, the Authority recommends**

- **All MSOs shall be required to maintain 24x7 complaint handling and technical support system at the location of their headends and at other convenient points, depending upon the area of operation of the MSOs.**
- **Each MSO shall provide details of the telephone numbers to all the connected LCOs for making complaints. Such numbers must be printed on the bills and payment receipts also.**
- **In case of a complaint from a LCO, MSO will-**

- **Register the complaint by providing it a complaint number;**
- **Record and provide date & time of booking of complaint;**
- **Redress the complaint within reasonable time;**
- **Consider the complaint as redressed only after confirmation from LCO;**
- **Record date and time of clearance of fault.**
- **The MSO shall maintain records of the registration and redressal of complaints. Such records shall be made available for inspection as and when desired by authorized officer as specified in the Cable Television Networks (Regulation) Act, 1995, licensing authority, TRAI or any of their authorised representatives/agencies as the case may be.**

4.15 Quality of Service

4.15.1 The responsibility to provide the required quality of service lies mainly with the LCOs in analog transmission. However, LCOs will not be able to provide good quality of service, unless they get good quality signals from MSOs.

4.15.2 This issue was brought to the notice of the Authority during consultation process. It was argued that some times MSOs or their franchisees degrade the signal quality to such an extent that good quality TV program cannot be received, though technically signal feed is not disconnected. It was suggested that specific signal levels should be fixed at different point in the network to ensure proper receipt of the TV signals.

4.15.3 The Authority has examined the issue. It is noted that Bureau of Indian Standards (BIS) has already prescribed transmission standards under IS 13420 (revised). The Cable Television Networks (Regulation) Act, 1995 presently requires the MSOs and LCOs to comply with BIS standards relating to equipments only and there is no stipulation regarding transmission standards, which also need to be specified as has been recommended for LCOs (para 3.8.14.3).

4.15.4 **Accordingly the Authority recommends**

- **The terms & conditions of license should cast an obligation upon the licensees to follow Bureau of Indian Standards (BIS) standard IS 13420 (revised) or any other standard regarding transmission in cable TV networks as defined from time to time.**

4.16 Other Licensing Obligations

4.16.1 The transparent functioning of MSOs is important for smooth functioning of the entire cable TV industry. During consultation process it was brought to the notice of the Authority that many MSOs work as franchisee/ distributor/ agent of broadcasters and therefore they use their strength for competing with other MSOs/ LCOs. Here it is important to note that Hon'ble Supreme court of India in appeal (Civil) no 5524 of 2005 in case of Star India Pvt. Limited and sea T.V. Networks and Others observed as under:-

“..... It is clear that Although a broadcaster is free to appoint an agent under the proviso to clause 3.3 such agent cannot be a competitor or part of the network, particularly when under the contract between the broadcaster and the designated agent-cum-distributor

exclusivity is provided for the sense that the signals of the broadcaster shall go through the cable network owned and operated by such an agent-cum-distributor”.

- 4.16.2 Stakeholders also pointed out that some MSOs are also having their exclusive franchisees/ distributors/ agents who further negotiate with LCOs. Since the Cable Television Networks (Regulation) Act, 1995 does not recognize such agents in the distribution chain, they use their power to pressurize LCOs and disconnect signals without following prescribed procedures. They requested TRAI to look into this issue as well.
- 4.16.3 It may not be out of place to mention that Interconnections are regulated as per the provisions of relevant regulations as specified by TRAI from time to time. MSOs must be obliged to comply with all rules/ regulations/ directions as specified by TRAI from time to time.
- 4.16.4 Adequate control on unlicensed LCOs is another important issue of concern. MSOs can play important role in ensuring the registration of the LCOs, as most of LCOs take TV signals from MSOs (leaving aside the Independent LCOs). Therefore, while giving contents to LCOs, MSOs can ensure that TV signals are given only to those LCOs who are licensed and make sure that license number of such LCOs is one of the items to be mentioned in their agreement while providing content. This would help in ensuring order in cable TV sector and force un-licensed LCOs to come under the regulatory framework.

4.16.5 **In view of above the Authority recommends**

- **Within his licensed area of operation, an MSO shall not function as an exclusive franchisee/ distributor/ agent of any broadcaster.**
- **If an MSO appoints any franchisees/ distributors/ agents in any area to negotiate and function as an intermediary on his behalf while dealing with the LCOs, then in all such cases, such intermediaries acting on behalf of MSOs shall be considered to be acting on behalf of and with the authorization of the MSO and the MSO shall be fully responsible for all their acts of commissions and omissions.**
- **MSOs shall be obliged to comply with all rules/ regulations/orders/ directions as specified by TRAI from time to time and also to comply with all Acts, Rules, Regulations and Directions of the Government.**
- **MSOs will provide TV signal feed only to licensed LCOs and other distribution platforms permitted and licensed by the Government.**

4.16.6 **Interconnection and Billing**

4.16.6.1 During the open house discussion it has been brought to the notice of the Authority that sometimes the MSOs neither provide periodic bills nor provide the receipt for the payment made by LCOs. In absence of proper billing mechanism, settlement of payments becomes a bone of contention between LCOs and MSOs. This often becomes an issue of dispute. A proper billing mechanism would be desirable in order to avoid such disputes. Further, complaints have also been received that some MSOs do not provide signed copies of the

interconnection agreements to the LCOs, as a result of which the LCOs are not able to enforce their rights in case of disputes.

4.16.6.2 Presently, interconnection between MSOs and LCOs are regulated in accordance with Regulations issued by TRAI from time to time. However, it is important to bring out certain procedural clarity in execution of interconnection agreements between MSOs and LCOs. An appropriate regulatory framework based on the necessity will be prescribed by TRAI; still it is desirable that certain general guidelines are included in the licensing framework of MSOs to protect the interests of LCOs.

4.16.6.3 **In view of above, the Authority recommends**

- **All agreements between MSOs and broadcasters and between MSOs and cable operators shall be in writing.**
- **It shall be the responsibility of the MSOs to compulsorily provide a signed copy of the interconnection agreement to the LCOs and to retain an acknowledgement thereof obtained from LCOs before the MSOs commence supplying of signals to the LCOs. In addition, MSOs will also attempt to provide a translated copy of the interconnection agreement in the local language.**
- **MSOs shall provide a monthly bill to LCOs giving details of current demand and past outstandings, if any, separately.**
- **All such bills must be serially numbered and must bear name, telephone number, Service Tax number, Entertainment Tax number (if applicable) of MSO.**
- **MSOs shall issue receipts to LCOs for the payments received clearly indicating date of receipt of payment.**

- **MSOs shall be required to maintain a register (in paper form or electronic form) indicating the names of LCOs connected to them, the monthly billing details, taxes charged (if any), tax payment details, details of payment received from LCOs in auditable and verifiable form.**
- **MSO shall make available such register on demand for inspection/verification to the licensing authority, the Ministry of I&B, the TRAI, the authorised officer and to the concerned tax authorities or to any person or agency duly authorised by them.**

4.16.7 **Data Collection regarding the MSOs**

4.16.7.1 Data collection related to licensed MSOs is very important for supervisory guidance and proper regulation of the Cable TV sector. The present mechanism of data collection seems to be inefficient as any authenticated details regarding number of MSOs, their location, area of operation and the validity of their registrations at different places etc. are not readily available. These issues have been kept in mind while framing the draft licensing conditions and regulatory framework for MSOs in previous sections. It is proposed that data collection should be done by licensing authority under the MIB to facilitate holistic view of the sector.

4.16.7.2 The licensing authority shall submit the information regarding number of licensed MSOs to MIB which will make suitable arrangements to publish the names of the licensed MSOs on MIB website along with their address, operational area and validity period of the license. This may not be difficult as number of MSOs is likely to be approximately 6000 or so. All the MSOs will be bound by various regulations, directions and

orders issued under the Telecom Regulatory Authority of India Act, 1997 by TRAI from time to time and would, in particular, be required to abide by the provisions of relevant Interconnection Regulations, tariff orders, and reporting requirements as prescribed by TRAI from time to time. In addition to this broadcasters will give broadcast TV signals only to a licensed MSO for the area and the time period for which the MSO is licensed. This will help availability of correct data related to licensed MSOs to Government agencies and other stake holders which may require such information from time to time.

4.16.7.3 In view of above, the Authority recommends

- **The licensing authority responsible to grant licenses to MSOs shall provide the details of licensed MSOs, their operational area and the period of validity etc to Ministry of I&B and to the TRAI.**
- **Ministry of I&B shall place the information on their website for information of all stake holders.**
- **All the MSOs shall be bound by various regulations, directions and orders issued by the TRAI from time to time under the Telecom Regulatory Authority of India Act, 1997.**
- **Ministry of I&B may issue suitable guidelines to all Broadcasters to give broadcast TV signals only to licensed MSO for the area and the time period for which the MSO is licensed.**

4.16.8 **Content generated and distributed by MSOs**

4.16.8.1 Majority of the content delivered by MSOs are TV channels obtained from broadcasters. TV channels broadcasting are already bound by the up-linking/ down-linking guidelines. However MSOs sometimes distribute local news & video channels to cable TV operators. These channels are not obtained from broadcasters; therefore such channels are not subjected to up-linking/ down-linking guidelines issued from time to time. However, these channels are required to be in conformity with the program code, the advertisement code and other such guidelines. MSOs are to be held fully responsible for the strict compliance with all the regulations/program code/advertisement code/guidelines as prescribed by Ministry of I & B from time to time in respect of the content of such local channels.

4.16.8.2 For all contents and channels obtained from broadcasters; responsibility must completely rest with the broadcasters. However for violation of any regulations/program code/advertisement code/guidelines in respect of content generated or transmitted by MSOs, they (MSOs) should be held fully responsible.

4.16.8.3 **In view of above, the Authority recommends**

- **MSOs shall, in respect of all content generated or transmitted by them, be responsible for compliance of the program code, the advertisement code or any other requirements as prescribed by the Government of India, Ministry of I&B or any other competent authority from time to time.**

- **MSOs will not be responsible for transmission or retransmission of content provided by the broadcasters, for which the broadcaster alone would be held responsible in accordance with the Uplinking/Downlinking guidelines. However, MSOs will effectively block any programme or channel whenever they are ordered to do so by the authorized officer under section 19 of the Cable Television Networks (Regulation) Act, 1995.**

4.16.9 **Encouragement for digitalisation**

4.16.9.1 Most of the MSOs and cable TV operators are providing cable TV service using analog medium at present in non CAS area. The emphasis is now shifting to digital transmission from existing analog transmission. With the advancement of technology MSOs may like to provide content related to value added service like Video on Demand, Interactive TV, Time shifted TV & Interactive gaming etc. For this purpose, MSOs are required to upgrade their existing network. It is advocated that such upgradations will require detailed network planning and significant investment. Unless suitable business model is conceived, the existing cable TV operators may find it difficult to proceed with digitalisation.

4.16.9.2 It was also argued that digitalisation in India must be encouraged. Some stakeholders felt that digitalisation must be driven through regulatory mandate.

4.16.9.3 The digitalisation process is mainly driven by MSOs. The new MSOs may be mandated to digitize their signals in three years from date of issue of license as part of their performance

obligation. If any new MSO starts his operations as total digital networks and provides only digital signals from the start of his operations, such MSOs shall be given 50% reduction on the applicable entry fee for the first term. Considering the legacy of analog networks, the existing MSOs may be permitted to digitize their network in five years from the date of notification of new licensing regime. Existing MSOs shall also be eligible for reduction of 50% in entry fee if they transform their operation into digital network completely on the date of notification of new licensing regime.

4.16.9.4 In view of above, the Authority recommends

- **The new MSOs may be mandated to digitize their cable TV network within three years from the date of issue of license as part of their performance obligations, or within five years from the date of notification of the new licensing regime, whichever is earlier.**
- **The new MSOs who are starting their operations with digital networks and who provide only digital signals from the beginning of their operations shall be refunded 50% of their applicable entry fee for the first term after their successful operation for six months, subject to certification by Broadcast Engineering Consultants India Limited (BECIL), where the licensee will meet the cost of such certification.**
- **Existing MSOs may be mandated to digitize their cable TV network within five years from the date of notification of new licensing regime.**
- **Existing MSOs shall also be eligible for reduction of 50% in entry fee if they transform their operation into digital**

network completely on the date of notification of new licensing regime.

- **No license should be issued to any MSO who operates with analog headends and gives analog signals after expiry of a period of five years from the date of the notification of the new licensing regime. No renewals should be granted for MSOs operating with analog systems after this date.**

4.16.10 Right of Way to MSOs

4.16.10.1 MSO is an important entity in the cable TV channels' distribution chain, which aggregates the signals obtained from different broadcasters and provide these aggregated signals to LCOs. For LCOs, quality of service parameters have been stipulated (refer para 3.9.14.3) for signals delivered to subscribers. Since MSOs provide signals to LCOs, they will be required to deliver signals with good quality to LCOs.

4.16.10.2 Some of the stakeholders also suggested that MSOs should be made eligible to seek RoW in order to facilitate them to create infrastructure to deliver good quality signals to LCOs.

4.16.10.3 In view of above, the Authority recommends

- **MSOs shall be made eligible for seeking RoW on non exclusive basis for laying Optic fiber.**
- **Concerned State Governments/ local bodies may consider formulating a RoW policy for MSOs.**
- **Ministry of I&B may initiate a dialogue with the State Governments to facilitate the formulation of uniform RoW policy for MSOs.**

4.16.11 **Software standardization**

4.16.11.1 While adopting digitalisation, MSOs will use different type of software for encryption of the digital signals and subscriber management. At present, there are no set standards recognized by Ministry of I&B for these software.

4.16.11.2 During consultation process, some stakeholders mentioned that different broadcasters insist for particular encryption software and want that their channel signal be protected using only specific software. This warrants that some industry body may look into it and standardize the software considering all aspects so that one can choose appropriate software from authorized software list. Since the issue of encryption and subscriber management software mainly affects the broadcasters, it would be advisable that an industry body such as Indian Broadcasting Federation (IBF) comes out with an appropriate list of such software generally acceptable to the broadcasters, in consultation with Broadcast Engineering Consultant (India) Limited (BECIL), which is a PSU under the Ministry of I&B.

4.16.11.3 With a view to encouraging digitalisation and voluntary CAS, **the Authority recommends**

- **Indian Broadcasting Federation (IBF) may be requested to maintain an indicative list of accepted Encryption and Subscriber Management softwares which can be deployed by MSOs. This would be done in consultation with Broadcast Engineering Consultant (India) Limited (BECIL), which is a PSU under the Ministry of I&B.**

4.16.12 **Foreign Direct Investment (FDI)**

4.16.12.1 Presently, the cable infrastructure in the country is predominantly one way analog network. This has resulted in limitation on channel carrying capacity of the network and limited to use for carriage of TV channels only. There is increasing convergence of technologies in telecom and broadcasting sectors. Technically, it is possible for cable TV networks to provide voice telephony and broadband (including Internet). Upgradation of cable TV networks would help in spreading broadband penetration and other telecom services in the country. To harness the advantages of advancement in technology, it is very important to upgrade the existing cable infrastructure in the country and augment its capacity by digitalisation and increasing use of optical fiber links. This would require large amount of investment as well as technological inputs.

4.16.12.2 Although numerically the number of households receiving cable television services in the country is very large (about 78 million households), technologically, the country is trailing behind other advanced countries, where the cable networks are digital two-way networks which support triple play services.

4.16.12.3 An estimate of the investment required for digitalisation of cable television networks in the country was given by the Authority in its recommendations on Headend-In-The-Sky (HITS) sent to the Government on October 17, 2007. Extracts of the relevant para of the recommendations are as under:-

“2.25 ...If such a vast cable network, serviced by 6000 MSOs and nearly 60,000 last mile cable operators, is to be

digitalised in a conventional manner by setting up digital headends for each MSO in each city/town, then it will require an investment of more than Rs 15,000 crores, apart from a very long time required for the same...”

4.16.12.4 This estimate of Rs. 15,000 Crores is for the cost of conversion of existing one way analogue cable network to one way digital cable network. If the cable networks are to be upgraded to two-way 750-850 MHz broadband digital cable networks, then the cost of upgradation would work out to be still higher. This cost has been estimated in the range of US\$ 200 per home in a publication by Media Partners Asia, Ltd., STAR Group, Macquarie Media Group and Liberty Global, Inc. This cost covers an upgrade to a two-way 750-850 MHz broadband digital cable network; cable modem deployment, and merger and acquisition related costs relating to last mile consolidation. This would translate into a sum of Rs. 64,000 Crore for 80 million cable homes in the country (at a conversion rate of Rs. 40 per US\$). Thus, it is clear that enormous amount of investment is required for upgrading the cable networks in the country.

4.16.12.5 **The Authority in its recommendation on “Foreign Investment Limits for Broadcasting Sector” dated 26th April 2008 has already recommended enhancement of FDI limit from present level of 49% to 74% to meet the requirement for the upgradation of the cable network cost. This will be necessary to boost the cable TV sector for bringing in addressability and technological advancement. In the present regulatory regime MSOs are registered as LCOs, therefore no separate provisions for the FDI limit for MSOs have been stipulated in the above**

mentioned recommendations. It is envisaged that once the new regime is in place, enhanced FDI limits will also be implemented for MSOs on priority basis. Also it will be unfair to cable TV sector if other transmission modes are being permitted 74% FDI.

4.16.13 Amendments in the Cable Television Networks (Regulation) Act, 1995 and the Rules framed thereunder

4.16.13.1 Presently MSOs are regulated as per the provisions of the Cable Television Networks (Regulation) Act, 1995 (7 of 1995) and the Cable Television Networks Rules, 1994. Para number 4.3.4, 4.4.4, 4.5.4, 4.6.3, 4.7.2, 4.8.2, 4.9.4, 4.10.3, 4.11.3, 4.12.4, 4.14.5, 4.16.5, 4.16.8.3 and 4.16.12.5 of the recommendations made in this chapter would require amendment in the Cable Television Networks (Regulation) Act, 1995 and the Rules framed thereunder. The para numbers mentioned above are indicative and not exhaustive. Consequential amendment may also be made appropriately in the Cable Television Networks (Regulation) Act, 1995 (7 of 1995) and the Rules framed thereunder in view of the above recommendations.

Chapter 5

Summary of Recommendations

5.1 Change in present Legal provisions and Regulatory Framework (para 3.8)

- The present system of registration for Cable TV operators should be replaced by a licensing framework.
- A separate licensing provision for Multi System Operators (MSOs) should be introduced thus recognizing them as an entity separate from Cable TV operators. (Please refer to Chapter 4)

5.2 Licensing framework for Local Cable TV operators (LCOs)

5.2.1 Definition of person and eligibility (para 3.9.2)

- An individual who is a citizen of India;
- An association of individuals or body of individuals, whether incorporated or not, whose members are citizens of India;
- A company as defined in section 3 of the Companies Act, 1956 (1 of 1956) with such eligibility conditions as may be specified by the Central Government or the Authority;

5.2.2 Service Area (para 3.9.3)

- The service area for Cable TV service license should be the Revenue District or the geographical boundaries of the State, as the case may be, in accordance to the license.
- The cable operator can operate in any/ all locality/ localities of the service area of license (District or the State as the case may be) on non-exclusive basis. There will be no restriction on cable operators to provide service in any part of the service area of license (District or the State as the case may be) on the ground of existence of incumbent Cable TV

operator(s) in such part of the service area. Thus it is envisaged that once a Local Cable Operator (LCO) obtains the license, he will have complete freedom to operate in any part of the service area of license.

5.2.3 Licensing Authority (para 3.9.4)

- No person shall operate a cable television network unless he is licensed as a cable TV operator.
- The Senior Superintendent of Post Offices (Division Head) in whose area the revenue district falls shall grant District Level licenses to Cable TV operators on receipt of application form, entry fee, other supporting documents as defined and after fulfilling other formalities.
- Further, for State level license for cable operation, the Chief Post Master General of the Circle or any other officer nominated by the Chief Post Master General for the purpose shall grant licenses to Cable TV operators on receipt of application form, entry fee, other supporting documents as defined and after fulfilling other formalities.
- Department of Posts may be required to devise an appropriate code numbering plan for the whole country so that each licensor will allot a unique license number to every licensee. Such License number should consist of separately identifiable digits for particular state code, area code, LCO unique identity and validity. This will facilitate Computer-based scrutiny of Cable TV operators, their renewal etc.

5.2.4 List of documents to be submitted along with application (para 3.9.5)

- Following documents shall be submitted along with the application for grant of license for Cable TV services:

- a) In case of individual
 - (i) ID proof
 - (ii) Proof of residence
 - (iii) PAN number
 - (iv) Copy of current Income Tax Return
 - (v) Service Tax registration number (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license)
 - (vi) Affidavit stating that he has not been convicted for any criminal offence

[Note: Individuals convicted for any criminal offence shall not be eligible for the license]

- b) In case of association or body of individuals
 - (i) Document by which the association or body of individuals has come into existence, including address and other details
 - (ii) PAN number
 - (iii) Copies of current returns for Income Tax and Service Tax. In case of newly constituted association or body of individuals which have not filed any such returns, the Service Tax registration number should be furnished (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license).
- c) In case of companies
 - (i) A copy of the certificate of incorporation of the company alongwith copies of Memorandum of Association and Articles of Association
 - (ii) PAN number
 - (iii) Copies of current Tax returns for Income Tax and Service Tax. In case of new companies which have not filed any such returns, the Service Tax registration number (If these numbers are not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of licence).

[Note: Any change in the Memorandum of Association and/or Articles of Association shall be intimated to the licensing authority within seven days of such change.]

- It is further recommended that an applicant whose license has been cancelled/ terminated earlier shall not be eligible for a fresh license.

5.2.5 Duration of License (para 3.9.6)

- The duration of license for Cable TV services should be five years.

5.2.6 Entry Fee and the Administrative Cess (para 3.9.7)

- An entry fee of Rupees Ten Thousand (Rs. 10,000/-) (non refundable) may be fixed for obtaining District level Cable TV service license.
- An entry fee of Rupees One Lakh (Rs. 100,000/-) (non refundable) may be fixed for obtaining State level Cable TV service license.
- A scheme for administrative cess, amounting to ten percent of license fee, should be evolved to meet the contingency needs of the Department of Posts for maintenance of records etc., of Cable TV operators. Such a cess should be imposed on the licenses. This should be retained at the licensing authority level and should not be credited to the Consolidated Fund of India. The licensing authority may levy, in addition to the entry fee of Rupees Ten Thousand or Rupees One lakhs, as the case may be, the administrative cess at the rate of 10 per cent of the entry fee. The guidelines for collection, maintenance of records, utilization and audit of such an administrative cess may be evolved by the Ministry of Information & Broadcasting in consultation with Department of Posts.

- There will be no annual license fee.
- The entry fee for LCOs in NE and J&K region may be reduced to 50 % for applications received during initial period of three years from the date of notifications of new regime. The decision may be reviewed after three years by ministry of Information and broadcasting.

5.2.7 Timeframe for processing of license application (para 3.9.8)

- Licensing authority shall grant license for operation of Cable TV Network within 45 days from the date of the receipt of the application accompanied with all the required documents and payment of applicable entry fee.
- In case of refusal to grant license for operation of Cable TV Network, the reasons for the same shall be communicated to the applicant within 45 days.
- The appellate authority for District Level licenses shall be the Chief Post Master General of the circle having jurisdiction over the Senior Superintendent of Post Offices (Division Head) or an officer nominated by him.
- For the State level licenses, the CPMG/Pr. CPMG shall be the appellate Authority, as the case may be.
- Applicant shall have option to appeal to Appellate Authority within 30 days of receipt of such refusal or within 90 Days from the date of receipt of submission of application seeking license to operate Cable TV Network by the licensing authority, as the case may be.
- The provisions regarding appellate authority as proposed above should be in addition to, and not in derogation of, any other law for the time being in force.

5.2.8 Renewal process (para 3.9.9)

- Application for renewal of Cable TV license shall be made to the Licensing Authority (The Senior Superintendent of Post Offices (Division Head) for District Level licenses and the Chief Post Master General of the circle for State level license) by the concerned Cable TV operator 3 months in advance of the date of expiry of license.
- License shall also provide details of total number of their subscribers, area of operation, type of signal feed (Analog/Digital) along with the request for renewal.
- An LCO seeking renewal will also submit details regarding area of operation and number of subscribers to the licensing authority.
- LCO shall submit the following documents alongwith application for renewal of license:
 - Copy of current Income Tax, Entertainment tax and Service Tax returns filed;
 - Details of the authorised officer of the area to whom the licensee is reporting;
- Self certification that the licensee has neither been penalized nor debarred by authorized officer from providing service for any breach of licensing terms and conditions or any other unlawful activity.
- The Licensing Authority shall seek comments from the concerned authorised officer specified in the Cable Television Network (Regulation) Act, 1995, to ascertain about any breach of the licensing conditions.
- If no reply is received from the authorised officer within four weeks, it will be assumed that there is nothing adverse against the said Cable TV operator and licensing authority

shall renew the license for a further period of 5 years on payment of prescribed fee.

- The fee for renewal of District level Cable TV license should be Rupees Ten Thousand (Rs. 10,000/-).
- The fee for renewal of State level Cable TV license should be Rupees One Lakh (Rs. 100,000/-).
- Department of Post may levy, in addition to the applicable renewal fee, an amount calculated at the rate of ten per cent of the total renewal fee as administrative cess.
- In case the licensing authority is informed of serious breach of licensing conditions by the authorised officer, then the request for renewal of the license shall be withheld and a show cause notice shall be issued to him. The licensing authority shall take decision within six weeks in accordance with the guidelines issued by Ministry of I&B / TRAI from time to time. If the renewal is denied then the reasons for such rejection shall be communicated to the concerned Cable TV operator. Such Cable TV operator can appeal to the appellate authority within 30 days of such rejection.
- Ministry of I&B /TRAI shall frame guidelines indicating the nature of breaches which will be treated as serious, warranting refusal of renewals or cancellation of license and such guidelines may be made binding on the licensee.

5.2.9 Suspension and Termination of License (para 3.9.10)

- The license should have a provision for termination/ cancellation of license if there is any breach of terms and conditions of the license, or of the provisions of the Cable Television Networks (Regulation) Act, 1995 or the Rules made thereunder or TRAI's regulations/directions/orders. Such termination/ cancellation of the license shall be

without prejudice to initiation of appropriate proceedings against the licensee under the relevant provisions of the Cable Television Networks (Regulation) Act, 1995 or the Telecom Regulatory Authority of India Act, 1997, as the case may be.

- Any breach of licensing terms and conditions (given in Annex V) may be reported by the authorised officer, entertainment tax and service tax authorities to the concerned licensing authority (Senior Superintendent of Post Offices (Division Head) for District Level licenses and the Chief Post Master General of the State for State level license).
- The licensing authority shall issue a notice to the licensee and seek his explanation on the reported breach of licensing terms and conditions giving him reasonable time, not exceeding 15 days, and requiring him to show cause as to why the license should not be terminated/cancelled or why any penalty as contemplated in the terms and conditions of the license should not be imposed on the licensee.
- Upon receipt of the explanation of the licensee within the time so allowed or if the licensee fails to respond to such notice, after the expiry of the time so allowed, the licensing authority shall take a final view in the matter in accordance with the guidelines issued, by Ministry of I&B / TRAI from time to time, after taking into account all the facts and circumstances of the case including the explanation, if any, offered by the licensee and convey its decision to the concerned cable operator in writing.
- In case of termination/cancellation of a license, but there is no suspension of the license already in force, the licensee

shall be given one month's time to close down his operations and to suitably notify his customers.

- In case of termination/cancellation/suspension of license, the licensing authority shall intimate the same to the authorized officer of the area for enforcing these orders.
- The license for a local cable operator shall include, as part of the terms and conditions of license, provisions for levy of a penalty by TRAI or by licensing authority, of upto Rupees one lakh for each violation of licensing terms and conditions (as given in Annex V), where the violations noticed do not fall under the classes of violations warranting termination/cancellation of the license, as indicated in the guidelines issued by the Ministry of I&B or for violation of TRAI's regulations/ directions/orders. The imposition of such penalty by the TRAI shall be without prejudice to initiation of appropriate proceedings against the licensee under the relevant provisions of the Telecom Regulatory Authority of India Act, 1997.

5.2.10 Migration of existing Cable TV operators (para 3.9.11)

- All existing valid Cable TV operators holding valid registration would be permitted to migrate to new license regime within a period of 12 months from 31st March of the year in which the revised procedure is notified or from the date of expiry of existing registration, whichever is earlier.
- All existing Cable TV operators who have valid registration as on 31st March of the year in which the revised procedure is notified will be granted license on receipt of application for license, requisite entry fee and subject to fulfillment of other terms & conditions prescribed in the license.

- Cable operators who do not possess a valid registration as on 31st March in that year will be treated as new applicants.

5.2.11 Subscriber complaint redressal mechanism (para 3.9.12)

- Each LCO will provide the telephone number to all the subscribers for making complaint. Such numbers must be printed on the payment receipt.
- In case of a complaint from a subscriber, LCO will
 - Provide the complaint number
 - Keep record of date & time of booking of such complaints in a register.
 - Treat the complaint as disposed of only after confirmation from subscriber.
 - Keep record of date and time of rectification of such complaints in the register or in the electronic form.
- Such records shall be maintained neatly and shall be presented if asked by Authorized officer or any other competent agency so prescribed.

5.2.12 Subscribers' billing (para 3.9.13)

- LCO shall maintain the details of its subscribers.
- LCO shall provide receipts for payments received from subscribers as specified by TRAI from time to time. Such receipts must be serially numbered and bear name, telephone number, Service Tax number and Entertainment Tax number (if applicable) of LCO.
- Such receipt should provide details of subscription charges & taxes separately.

5.2.13 Quality of Service (para 3.9.14)

- The licensee shall abide by section 9 of Cable Television Network (Regulation) Act 1995, relating to use of standard equipment in Cable TV Networks.

- Licensed cable operators should comply with BIS Standard IS – 13420, Part I (Revised) relating to system performance, and ensure delivery of proper signal at subscriber premises as given under:

- C/N > 44 dB
- Minimum Carrier level 60 dB(μ V)
- Maximum Carrier level 80 dB(μ V)
- Slope < 12 dB
- X-Mod > 57 dB
- CSO > 57 dB

C/N – Carrier to Noise ratio

CSO - Composite Second Order Interference

X-Mod – cross modulation

Slope is caused by ‘SKIN EFFECT’, wherein signal attenuation increases with frequency of the channel

(Parameters mentioned above are indicative only and subjected to any change by BIS from time to time without any notice)

5.2.14 Data collection of LCOs (para 3.9.15.2)

- The Licensing Authority will maintain the records of the licensed LCOs as per the format given at annexure IV.
- The Licensing Authority will make adequate arrangements to furnish such information to Ministry of I&B and TRAI in such form and at such intervals as desired by them.
- The Department of Post will be provided administrative charges by way of levy of administrative cess (at the rate of ten per cent of entry fee and renewal fee as discussed earlier) to meet the administrative expenses in order to carry out the licensing data reporting and monitoring work.

5.2.15 Right of Way (RoW) (para 3.9.15.3)

- Cable TV operators should be made eligible for seeking RoW for laying Cable/Optic fiber both underground as well as over poles on non exclusive basis.
- Concerned State Governments/ local bodies may consider formulating a RoW policy for Cable TV operators.
- Ministry of I&B may initiate a dialogue with the state governments to facilitate the formulation of uniform RoW policy for Cable TV operators.

5.2.16 Addressability related issues (para 3.19.15.4)

- Every Cable TV operator should be required to maintain a register giving details of its subscribers, details of bills, details of tax collected and paid with date, in verifiable & auditable form. LCOs will produce this register for examination by concerned enforcement agencies (such as the authorized officers, authorized functionaries of the Departments of the Government concerned with entertainment tax, service tax, etc.) as & when required.
- The MSOs shall incorporate provision in RIO to review the subscriber base of such LCOs on half yearly basis where such auditable subscriber base has been maintained.
- Every Cable TV operator will submit an annual statement to the authorized officer giving details of its subscribers, specific area of operations etc.

5.2.17 Content related responsibility in the case of signals received from MSOs (para 3.19.15.5)

- LCOs shall not be responsible for the content provided by MSOs/ Broadcasters, but they will effectively block such content whenever they are required to do so by the

authorized officer under section 19 of the Cable Television Networks (Regulation) Act, 1995 subjected to technical feasibility. In case it is not technically feasible to block the content by LCO, the LCO shall immediately inform the same to the authorised officer. The authorised officer will decide the future course of action in consultation with LCO and MSO concerned.

- LCOs shall be permitted to transmit their ground based channels, which will be subjected to Program code and Advertisement code as prescribed in the Cable Television Network (Regulation) Act, 1995 and any other instructions issued by Ministry of I&B from time to time. Ministry of I&B is requested to issue detailed guidelines for provision of ground based channels by LCOs.
- District Magistrate will have full powers to immediately stop the privilege to transmit local ground based channels by any LCO at any point of time in public interest. Transmission of such ground based channels will have to be discontinued immediately.
- In order to ensure mandatory carriage of notified DD Channels in the prime bands, officers of the rank of Assistant Engineer and above from Prasar Bharti may inform authorised officer wherever provisions of section 8 of the Cable Television Network (Regulation) Act, 1995 are being violated. It will be incumbent on part of authorised officer to take immediate necessary action.

5.2.18 Encouragement for digitalisation (para 3.9.15.6)

- Each broadcaster shall provide signals on digital platform to LCOs and MSOs, who are voluntarily digitalizing their networks.

- The new LCOs may be mandated to digitize their networks in three years from date of issue of license as part of their performance obligations.
- Existing LCOs may be mandated to digitize their network in five years from the date of notification of new licensing regime.
- Digitalisation shall imply stopping of analog transmission altogether including Free to Air Channels.
- No license for new LCOs will be given for analog transmission from a date, which will be five years from the date of such notification.
- LCOs providing the broadband services after obtaining appropriate license in rural and far flung areas using two way digitalised cable networks shall be entitled for USOF subsidy/ support given to telecom operators for providing similar services if they fulfill terms and conditions laid by USOF. No discrimination shall be done based on the type of network and technology used to provide a broadband service.

5.2.19 Foreign Direct Investment (FDI) (para 3.9.15.7)

- The Authority in its recommendation on “Foreign Investment Limits for Broadcasting Sector” dated 26th April 2008 has already recommended enhancement of FDI limit from present level of 49% to 74% to meet the requirement for the upgradation of the cable network cost. This will be necessary to boost the cable TV sector for bringing in addressability and technological advancement. It is envisaged that enhancement in FDI limits will be implemented in case of LCOs on priority basis. Also it will be unfair to cable TV

sector if other transmission modes are being permitted 74% FDI.

5.3 Licensing framework for Multi System Operators (MSOs):

5.3.1 Definition of Multi System Operator (MSO) (para 4.3)

Adoption of following definition of Multi System Operator (MSO) and Multi-System Cable Television Network in the Cable Television Networks (Regulation) Act, 1995:

- “Multi System Operator (MSO)” means any person who manages and operates a multi-system cable television network to provide cable television service to one /multiple local cable TV operator(s) or to any other distribution platform permitted and licensed by the Government”.
- “Multi-System Cable Television Network” means a system for multi-channel downlinking and distribution of television programmes by a land based transmission system using wired cable or wireless or a combination of both”.

5.3.2 Service Area (para 4.4)

- The license area of an MSO may be the area of a revenue district, geographical boundaries of a State or the entire country as a whole, as the case may be.
- There will be no restriction on the number of MSOs in any particular area. MSOs will be permitted to operate anywhere within the service area of their license as per their business plan, without any roll out obligations.

5.3.3 Definition of person and eligibility (para 4.5)

- For the license of MSO, the eligible “person” will be
 - An individual who is a citizen of India;

- An association of individuals or body of individuals, whether incorporated or not, whose members are citizens of India;
 - A company as defined in section 3 of the Companies Act, 1956 (1 of 1956) with such eligibility conditions as may be specified by the Central Government;
- License for Multi System Operator (MSO) will be granted only to an Indian company as defined in section 3 of the Companies Act, 1956 (1 of 1956) with such eligibility conditions as may be specified by the Central Government) as far as state level or country wide licenses are concerned. However, licenses for district level operations can be granted to a “person” as per the proposed definition.

5.3.4 Licensing Authority (para 4.6)

- Licenses to MSOs shall be granted by Ministry of Information & Broadcasting (MIB) either directly or through any other administrative unit under its direct control. One such arrangement could be through Press Information Bureau (PIB).
- Ministry of I&B may clearly define the licensing authority for MSOs desirous to operate at the district, state and country level.
- Ministry of I&B will allot a unique code/ registration number to every such licensee. The structure of unique code should consist of separately identifiable digits for particular state code, area code, MSO’s unique code and validity. This will facilitate computer based scrutiny of MSOs and renewals of their licenses.

- Any MSO, who desires to work as LCO, shall have to apply to the concerned licensing authority for grant of such license separately.

5.3.5 List of documents to be submitted along with application (para 4.7)

- A “person” desirous to get MSO license shall submit following documents along with the required entry fee to appropriate licensing authority:
 - (a) In case of individual –
 - (i) ID proof
 - (ii) Proof of residence
 - (iii) PAN number
 - (iv) Copy of current Income Tax Return
 - (v) Service Tax registration number (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license)
 - (vi) Affidavit stating that he has not been convicted for any criminal offence

[Note: Individuals convicted for any criminal offence shall not be eligible for the license]

- (b) In case of association or body of individuals –
 - (i) Document by which the association or body of individuals has come into existence, including address and other details
 - (ii) PAN number
 - (iii) Copies of current Tax returns for Income Tax and Service Tax. In case of newly constituted association or body of individuals which have not filed any such returns, the Service Tax registration number shall be furnished (If the number is not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license).

- (c) In the case of companies, -
- (i) A copy of the certificate of incorporation of the company along with copies of the Memorandum of Association and Articles of Association.
 - (ii) PAN number
 - (iii) Copies of current returns for Income Tax and Service Tax. In case of new companies which have not filed any such returns, the Service Tax registration number (If these numbers are not available at the time of application, the same can be allowed to be submitted within two months. Applicant shall be required to file an affidavit to this effect along with the application for grant of license).
[Note: Any change in the Memorandum of Association and/or Articles of Association shall be intimated to the licensing authority within seven days of such change.]
 - (iv) Entertainment Tax registration number
 - (v) Details of CEO & other directors
 - (vi) Details of proposed network architecture
 - (vii) Proof of networth in the form of certificate from the statutory auditor.

5.3.6 Duration of License (para 4.8)

- The duration of MSO license shall be 5 years for all the three types of licenses (i.e. District level, State level and country level).

5.3.7 Entry Fee (para 4.9)

- The entry fee for district level MSO license shall be Rs. 100,000 and networth will be Rs. 5 lakhs.
- The entry fee for state level MSO license shall be Rs. 10 lakhs and networth will also be Rs. 10 lakhs.
- The entry fee for country Level MSO license shall be Rs 25 lakhs and networth will also be Rs. 25 lakhs.
- There will be no annual license fee.
- The entry fee for MSOs providing services in NE and J&K region may be reduced to 50% for applications received

during initial period of three years from the date of notifications of new regime. This may be reviewed after three years by Ministry of Information and Broadcasting.

5.3.8 Timeframe for grant /refusal of license (para 4.10)

- Licensing authority shall convey grant/refusal of license to an applicant within 3 months from the date of the receipt of the application complete in all respects. In case of refusal, the reasons shall be communicated to the applicant within this stipulated time frame.
- Ministry of I&B will also designate specific appellate authorities for entertaining appeals against refusal by the licensing authorities. The procedure for filing appeal shall be in addition to, and not in derogation of any other law for the time being in force.

5.3.9 Renewal process (para 4.11)

- MSO shall apply for renewal of License to licensing authority atleast three months before the date of expiry of license.
- Every MSO shall submit following documents alongwith application for renewal of license:
 - Copy of current Income Tax, Entertainment tax and Service Tax returns filed;
 - Details of the authorised officer to whom the licensee is reporting;
 - Self certification that the licensee has neither been penalized nor debarred by authorized officer from providing service for any breach of licensing terms and conditions or any other unlawful activity.
- Ministry of I&B or its designated agency shall follow a suitable verification procedure as regards breach of terms

and conditions of license, if any, on the part of the concerned licensee.

- Licensing Authority shall renew the license for further period of 5 years on receipt of applicable fee (Rs 100,000/- for district level, Rs 10 lakhs for state level and Rs. 25 lakhs for the country level licenses or as decided by Ministry of I&B from time to time) unless refused for reasons to be recorded in writing.
- Licensing Authority shall inform renewal/ refusal to the applicant atleast one month before the date of expiry of the current license to facilitate him to make appropriate arrangements and inform LCOs and broadcasters as the case may be.

5.3.10 License suspension and Termination (para 4.12)

- The license for a multi system operator shall include, as part of the terms and conditions of license, provisions for levy of a penalty, either by TRAI or by the licensing authority, of upto rupees five lakh for district level license and upto rupees twenty lakhs for State and country level licenses for each violation of licensing terms and conditions or of TRAI's regulations/orders/directions. The imposition of such penalty by the TRAI shall be without prejudice to the revocation/termination of the license by the licensing authority and the initiation of appropriate proceedings against the licensee under the relevant provisions of the Telecom Regulatory Authority of India Act, 1997.
- TRAI shall examine the alleged violations on case to case basis and impose penalties on MSOs based on the seriousness of the offence and other conditions as applicable.

- The licensor shall reserve the right to cancel/ terminate the license issued to an MSO without prejudice to any other action as deemed fit in case of violation of terms and conditions of the license.

5.3.11 Migration procedure (para 4.13)

- All existing MSOs shall have to obtain license as per new guidelines within one year from the date of such notification or from the date of expiry of existing registration as cable TV operator, whichever is earlier. Till such time, the existing valid registration shall be treated as “deemed license”.
- Telecom Regulatory Authority of India (TRAI) shall bring appropriate regulations for MSOs operating in non-CAS areas to bring harmony in functions of MSOs both in CAS and non-CAS areas.

5.3.12 Complaint redressal mechanism (para 4.14)

- All MSOs shall be required to maintain 24x7 complaint handling and technical support system at the location of their headends and at other convenient points, depending upon the area of operation of the MSOs.
- Each MSO shall provide details of the telephone numbers to all the connected LCOs for making complaints. Such numbers must be printed on the bills and payment receipts also.
- In case of a complaint from a LCO, MSO will-
 - Register the complaint by providing it a complaint number;
 - Record and provide date & time of booking of complaint;
 - Redress the complaint within reasonable time;

- Consider the complaint as redressed only after confirmation from LCO;
- Record date and time of clearance of fault.
- The MSO shall maintain records of the registration and redressal of complaints. Such records shall be made available for inspection as and when desired by authorized officer as specified in the Cable Television Networks (Regulation) Act, 1995, licensing authority, TRAI or any of their authorised representatives/agencies as the case may be.

5.3.13 Quality of Service (para 4.15)

- The terms & conditions of license should cast an obligation upon the licensees to follow Bureau of Indian Standards (BIS) standard IS 13420 (revised) or any other standard regarding transmission in cable TV networks as defined from time to time.

5.3.14 Other Licensing Obligations (para 4.16)

- Within his licensed area of operation, an MSO shall not function as an exclusive franchisee/ distributor/ agent of any broadcaster.
- If an MSO appoints any franchisees/ distributors/ agents in any area to negotiate and function as an intermediary on his behalf while dealing with the LCOs, then in all such cases, such intermediaries acting on behalf of MSOs shall be considered to be acting on behalf of and with the authorization of the MSO and the MSO shall be fully responsible for all their acts of commissions and omissions.
- MSOs shall be obliged to comply with all rules/ regulations/orders/ directions as specified by TRAI from

time to time and also to comply with all Acts, Rules, Regulations and Directions of the Government.

- MSOs will provide TV signal feed only to licensed LCOs and other distribution platforms permitted and licensed by the Government.

5.3.15 Interconnection and Billing (para 4.16.6)

- All agreements between MSOs and broadcasters and between MSOs and cable operators shall be in writing.
- It shall be the responsibility of the MSOs to compulsorily provide a signed copy of the interconnection agreement to the LCOs and to retain an acknowledgement thereof obtained from LCOs before the MSOs commence supplying of signals to the LCOs. In addition, MSOs will also attempt to provide a translated copy of the interconnection agreement in the local language.
- MSOs shall provide a monthly bill to LCOs giving details of current demand and past outstandings, if any, separately.
- All such bills must be serially numbered and must bear name, telephone number, Service Tax number, Entertainment Tax number (if applicable) of MSO.
- MSOs shall issue receipts to LCOs for the payments received clearly indicating date of receipt of payment.
- MSOs shall be required to maintain a register (in paper form or electronic form) indicating the names of LCOs connected to them, the monthly billing details, taxes charged (if any), tax payment details, details of payment received from LCOs in auditable and verifiable form.
- MSO shall make available such register on demand for inspection/verification to the licensing authority, the Ministry of I&B, the TRAI, the authorised officer and to the

concerned tax authorities or to any person or agency duly authorised by them.

5.3.16 Data Collection regarding the MSOs (para 4.16.7)

- The licensing authority responsible to grant licenses to MSOs shall provide the details of licensed MSOs, their operational area and the period of validity etc to Ministry of I&B and to the TRAI.
- Ministry of Information and Broadcasting shall place the information on their website for information of all stake holders.
- All the MSOs shall be bound by various regulations, directions and orders issued by the TRAI from time to time under the Telecom Regulatory Authority of India Act, 1997.
- Ministry of I&B may issue suitable guidelines to all Broadcasters to give broadcast TV signals only to licensed MSO for the area and the time period for which the MSO is licensed.

5.3.17 Content generated and distributed by MSOs (para 4.16.8)

- MSOs shall, in respect of all content generated or transmitted by them, be responsible for compliance of the program code, the advertisement code or any other requirements as prescribed by the Government of India, Ministry of I&B or any other competent authority from time to time.
- MSOs will not be responsible for transmission or retransmission of content provided by the broadcasters, for which the broadcaster alone would be held responsible in accordance with the Uplinking/Downlinking guidelines. However, MSOs will effectively block any programme or channel whenever they are ordered to do so by the

authorized officer under section 19 of the Cable Television Networks (Regulation) Act, 1995.

5.3.18 Encouragement for digitalisation (para 4.16.9)

- The new MSOs may be mandated to digitize their cable TV network within three years from the date of issue of license as part of their performance obligations, or within five years from the date of notification of the new licensing regime, whichever is earlier.
- The new MSOs who are starting their operations with digital networks and who provide only digital signals from the beginning of their operations shall be refunded 50% of their applicable entry fee for the first term after their successful operation for six months, subject to certification by Broadcast Engineering Consultants India Limited (BECIL), where the licensee will meet the cost of such certification.
- Existing MSOs may be mandated to digitize their cable TV network within five years from the date of notification of new licensing regime.
- Existing MSOs shall also be eligible for reduction of 50% in entry fee for first term if they transform their operation into digital network completely on the date of notification of new licensing regime.
- No license should be issued to any MSO who operates with analog headends and gives analog signals after expiry of a period of five years from the date of the notification of the new licensing regime. No renewals should be granted for MSOs operating with analog systems after this date.

5.3.19 Right of Way to MSOs (para 4.16.10)

- MSOs shall be made eligible for seeking RoW on non exclusive basis for laying Optic fiber.
- Concerned State Governments/ local bodies may consider formulating a RoW policy for MSOs.
- Ministry of I&B may initiate a dialogue with the State Governments to facilitate the formulation of uniform RoW policy for MSOs.

5.3.20 Software standardization (para 4.16.11)

- Indian Broadcasting Federation (IBF) may be requested to maintain an indicative list of accepted Encryption and Subscriber Management Softwares which can be deployed by MSOs. This would be done in consultation with Broadcast Engineering Consultant (India) Limited (BECIL), which is a PSU under the Ministry of I&B.

5.3.21 Foreign Direct Investment (FDI) (para 4.16.12)

- The Authority in its recommendation on “Foreign Investment Limits for Broadcasting Sector” dated 26th April 2008 has already recommended enhancement of FDI limit from present level of 49% to 74% to meet the requirement for the upgradation of the cable network cost. This will be necessary to boost the cable TV sector for bringing in addressability and technological advancement. In the present regulatory regime MSOs are registered as LCOs, therefore no separate provisions for the FDI limit for MSOs have been stipulated in the above mentioned recommendations. It is envisaged that once the new regime is in place, enhanced FDI limits will also be implemented for MSOs on priority basis. Also it will

be unfair to cable TV sector if other transmission modes are being permitted 74% FDI.

International Experience

1. USA

1.1 In US Cable TV services are regulated under the 1992 Cable Act. Under this act the Federal Communication Commission (FCC) has adopted, a regulatory plan allowing local and/or state authorities to select a cable franchisee and to regulate in any areas that the Commission did not preempt. Local franchising authorities have adopted laws and/or regulations in areas such as subscriber service requirements, public access requirements and franchise renewal standards. Under the 1992 Cable Act, local franchising authorities have specific responsibility for regulating the rates for basic cable service and equipment.

The Communications Act requires that no new cable operator may provide service without a franchise and establishes several policies relating to franchising requirements and franchise fees. The Communications Act authorizes local franchising authorities to grant one or more franchises within their jurisdiction. However, a local franchising authority may not grant an exclusive franchise, and may not unreasonably withhold its consent for new service. Included in the grant of a franchise to a cable system are rights relating to the construction of the system, including the local franchising authority's authorization to use public rights-of-way, easements, and to establish the areas to be served. Moreover, franchising authorities are required to ensure that access to cable service is not denied to any group of potential residential cable subscribers on the basis of income class. Although the Communications Act also generally precludes the regulation of cable systems as common carriers, it authorizes the Commission, to require, if it chooses, the filing of informational tariffs for intrastate communications services, other than cable service, which is provided by a cable system.

Franchising authorities may charge the cable operator a fee for the right to operate a cable system in that franchise area; however, the franchise fee paid by the cable system can be no more than five percent of its annual gross revenue. A franchising authority may use the money collected from this fee for any purpose. A cable operator must list any applicable franchise fee as a separate item on the subscriber's bill.

1.2 REGISTRATION OF A CABLE SYSTEM

Before commencing operation, a cable system operator must send the following information to the Secretary of the Commission for each community to be served:

- (1) The legal name of the operator, the entity identification or social security number, and whether the operator is an individual, private association, partnership or corporation. If the operator is a partnership, the legal name of the partner responsible for communications with the Commission;
- (2) The assumed name (if any) used for doing business in the community;
- (3) The mailing address, including zip code, and the telephone number to which all communications are to be directed;
- (4) The date the system provided services to 50 or more subscribers;
- (5) The name of the community or area served and the county in which it is located;
- (6) The television broadcast signals to be carried;

A registration statement must be signed by an authorized representative of the cable television company. The Commission issues a public notice setting forth the details of each registration statement as it is received. The cable television operator is not required to serve the registration statement on any party and may begin operation immediately upon filing the registration statement. However, commencement of operation is entirely at the risk of the system operator. If violations of the rules are subsequently discovered, appropriate regulatory sanctions, including imposition of a monetary forfeiture and/or the issuance of a cease and/or desist order, may be employed.

1.3 Customer service Guidelines

After the passing of 1992 Cable Act, the FCC in the United States adopted federal guidelines, which provide a standard for improving the quality of customer service rendered by cable operators. These guidelines provide minimum levels of service, which should be provided by a cable operator like:

- **Subscriber Calls to a Cable System:** each cable system must maintain a local, toll-free or collect-call telephone line available 24 hours a day, 7 days a week. The customer service center and bill payment locations must be conveniently located and must be open at least during normal

business hours and should include at least one night per week and/or some weekend hours.

A call to a cable system must be answered -- including time the caller is put on hold -- within 30 seconds after the connection is made. If the call is transferred, the transfer time may not exceed 30 seconds. Also, cable system customers may receive a busy signal no more than three percent of the time.

- **Installations, Service Interruptions and Service Calls:** Federal guidelines state that standard installations -- which are those located up to 125 feet from the existing distribution system -- must be performed within seven days after an order has been placed. Except in situations beyond its control, the cable operator must begin working on a service interruption no later than 24 hours after being notified of the problem. A service interruption has occurred if picture or sound on one or more channels has been lost. The cable operator must begin to correct other service problems the next business day after learning of them. Cable operators may schedule appointments for installations and other service calls either at a specific time or, at a maximum, during a four-hour time block during normal business hours. Cable operators may also schedule service calls outside of normal business hours for the convenience of the customer. No appointment cancellations are permitted after the close of business on the business day prior to the scheduled appointment. If the cable installer or technician is running late and will not meet the specified appointment time, he or she must contact the customer and reschedule the appointment at the convenience of the subscriber. These requirements concerning installations, outages and service calls must ordinarily be met at least 95 percent of the time, measured quarterly, under normal operating conditions.

- **Changes in Rates or Service and Billing Practices:** Thirty days advance written notice (using any reasonable written means) must be given to subscribers and local franchising authorities of any changes in rates of programming services or channel positions, if the change is within the control of the cable operator. Bills must be clear, concise and understandable, with full itemization. Cable operators should respond to written complaints about billing matters within 30 days. Refunds, if any, must be issued no later than either the customer's next billing cycle or 30 days.

- **Information to Customers:** The information about products and services offered; prices and options of programming services and conditions of subscription to programming and other services; installation and service maintenance policies; instructions on how to use the cable service; channel positions of programming carried on the system; and billing and complaint procedures, including the address and

telephone number of the local franchising authority's office must be provided to the customer.

- **Home Wiring:** The home wiring rules are intended to encourage competition between multichannel video delivery services by allowing a consumer who voluntarily terminates cable service to use the wiring to receive a competing multichannel video delivery service, such as direct broadcast satellite, wireless cable ("MMDS"), or a different cable service, without the expense and inconvenience of installing new wire.

1.4 Technical Requirements

Cable systems distribute TV signals either through optical fiber or through coaxial cable strung on existing poles owned by telephone or electric utility companies. Cable operators also may use their own poles, place their cable underground or use transmission facilities or rights-of-way owned or controlled by a utility or municipality. Some may use combinations of these arrangements. Sometimes conflicts arise between cable television systems and utility companies over pole attachment issues, particularly the rates for use of utility facilities. The Communications Act Amendments of 1978 authorized the Commission to resolve such disputes by regulating the rates, terms, and conditions for Cable TV pole attachments to ensure they are just and reasonable unless a state regulates such factors.

In 1985, the Commission adopted rules requiring each state to certify that: it has issued, and made effective, rules implementing the state's regulatory authority over pole attachments; its rules and regulations include a specific methodology for regulating pole attachments, and; the methodology has been made publicly available in the state. Local pole attachment requirements may be obtained from local franchising authorities. The amended rules also require that jurisdiction revert to the Commission unless a state acts on a complaint in a timely fashion. The Commission periodically issues public notices listing those states which have filed pole attachment regulation certifications.

The 1996 Act made the existing maximum just and reasonable pole attachment rate formulas temporary applicable to telecommunications carriers and cable operators providing telecommunications services. The 1996 Act also created a distinction between pole attachments used by cable operators solely to provide cable service and pole attachments used by cable operators or by any telecommunications carrier to provide any telecommunications service. The Act prescribed a new methodology for determining pole attachment rates for the latter group. The new formulas will require that, in addition to paying their share of a pole's usable space, these telecommunications service providers also must pay

their share of the fully allocated costs associated with the unusable space of the pole, duct, conduit, or right-of-way. In order to implement these new formulas, Congress directed the Commission to issue new pole attachment regulations relating to telecommunications carriers within two years after the date of enactment of the 1996 Act, to become effective 5 years after enactment.

1.5 Technical Standards

To ensure the delivery of satisfactory television signals to cable subscribers, the Commission has adopted various technical performance standards which local franchising authorities are generally authorized to enforce through their franchising process. Cable operators are required to establish a complaint resolution process and to advise their subscribers about it annually.

In addition to establishing new standards for the delivery of color signals and of closed captioned data, the Commission generally preempted conflicting local standards. Cable systems with fewer than 1,000 subscribers, as well as those serving rural areas, may negotiate with their respective franchising authorities for certain lower standards.

2. Pakistan

Cable TV industry in Pakistan is regulated by the provisions of Pakistan Electronic Media Regulatory Authority (PEMRA) Ordinance, 2002. A company registered with the Security and Exchange Commission of Pakistan under the Companies Ordinance, 1984 or the Registrar of the Firm, is only eligible to apply for Cable TV Licence. For seeking license one has to submit the application form along with all the necessary documents to the Regional office or Sub office of PEMRA in their respective area. After scrutiny of the application form and documents, the Regional Office will forward the application to Cable TV Wing and that Wing on receipt of all the mandatory documents issue Cable TV licence. License fee varies according to the number of subscribers and can be as low as Rs.10,000/- and as high as Rs.1,750,000/-.

PEMRA has issued “Standards for Cable TV” Regulations 2003 for mandating technical and other QoS standards of Cable TV Networks.

2.1 Technical Standards

1) A Cable Television Operator shall ensure that the signal leakage from a cable television system shall be within the limits specified below:

Frequencies (MHz.)	Signal leakage limit ($\mu\text{V}/\text{meter}$)	Distance (meters)
Upto and including 54	15	30
Over 54	20	3

2) The carrier-to-noise ratio for each television channel received at subscriber's end of the subscriber's drop shall not be less than 45 dB.

2.2 System/Equipment Layout and Location

1) A Cable Television Operator shall establish the head-end facilities in an area which is easily accessible to its subscribers and authorised officers, and does not cause nuisance to people living in residential areas.

Provided that no objection certificate (NOC) has been obtained from all relevant organisations, where required.

(2) A Cable Television Operator shall ensure that the distribution cable does not become nuisance to the public and does not pose a hazard to people, animals and the environment, besides the security of the medium itself

(a) In case where the distribution cable has to be buried in ground, the following specifications shall be complied with:

Area	Standard
In case of public areas, where the distribution cable has to be buried under road, footpaths etc.	PVC pipes shall be used which shall be buried at least one foot below the ground level.
In all other areas	The distribution cable shall be passed in trenches with bricks on three sides (two sides and on top) and is filled with sand.

(b) In case where the medium has to be laid overhead, the Cable Television Operator shall ensure that the distribution cable is installed at a sufficient height, out of reach of people and vehicles passing under it and that it is properly clamped to the poles. The clearance of the distribution cable shall at least be as follows:

In case:	Minimum Ground Clearance
Where vehicles, people, animal etc pass under it	14 feet
All other areas	11 feet

Provided that HT electricity poles (on which 11 kV and above live lines are strung) are not used for the purpose of laying the distribution cable.

Provided further that in case of using electricity/telephone/railway poles, disturbance from external sources i.e. electricity, telephone lines etc. does not cause interference in the distribution cable which may result in the inferior quality of service to the subscribers and that all the requirements laid down in Section 6(2)(b) are fulfilled. The following clearance between the lines and the distribution cable shall be maintained.

In case:	Minimum clearance between the distribution cable and the lines
Where the distribution cable has to be strung on LT live lines poles(400/220 V)	3 feet
Where the distribution cable has to be strung on communication lines.	2 feet

3)A Cable Television Operator shall ensure that its cable system does not cause interference or harm to the equipment of subscribers and other systems that may be connected to its system.

4) In case of an expansion/construction of the cable system, the Cable Television Operator shall ensure that the work is undertaken only after obtaining proper permission/ NOC from the relevant agencies/offices in case of digging roads and using other utilities poles etc.

2.3 Quality of Service

(a) Service Reliability

- A Cable Television Operator shall take all necessary steps to avoid interruption of cable service to its subscribers.

(b) Maintenance of Record

- A Cable Television Operator shall maintain a record, which shall be available for inspection by the Authority or its authorized officer with all the relevant information.

(c) New Connection

- Ensure cable service is provided to an applicant within 48 hours after payment of installation fee and completion of all other formalities:

(d) Monthly Billing Procedure

- Bill to be delivered in the first week of the following month.
- One month advance notice in case of a variation in the monthly charges.
- Convenient process for collection with proper receipt
- Representative of Cable Operator should carry proper identification documents along with his photograph.
- Seven days notice for disconnection in case of default by subscriber for two consecutive months after serving the notice of Termination of Service with reasons.

(e) Procedure for change in Television Channels

- 48 hours notice, in writing, in case of any change within the eligible television channels.

(f) Complaints Handling Procedure

- A Customer Service Center operating 24 hours a day, with adequate and trained staff, within its defined area of service, which is easily accessible to all its subscribers.
- Maintenance of record containing all complaints and submit to the Authority as when required to do so.
- Redressal of complaints within 48 hours or two working days.
- For the purpose of maintenance/repair, a Cable Operator shall ensure that its representative(s) carry proper identification documents along with a photograph.

(g) Fine for Violation

- In case of a violation of Standards a fine of Rs.10,000/- may be imposed.
- In case of continuous violation of these Standards, proceeding against the Cable Operator under Section 33 of the PEMRA Ordinance 2002.

3. Japan

3.1 In Japan Cable TV services are regulated under the Cable Television Broadcast Law that protects the interests of receivers of cable television broadcasts and also to foster the sound development of cable television broadcasting by ensuring proper installation of cable television broadcasting facilities and operation of service, and thereby to contribute to the promotion of public welfare.

3.2 Permission to Install Facilities

- (1) Any person who intends to install cable television broadcasting facilities and to provide cable television broadcasting service through said facilities shall obtain permission from the Minister of Public Management, Home Affairs, Posts and Telecommunications to install the facilities. This shall not apply, however, to cable television broadcasting facilities whose scale does not exceed the standard stipulated in the applicable ordinance of the Ministry of Public Management, Home Affairs, Posts and Telecommunications.
- (2) Any person who intends to obtain permission under the preceding paragraph shall file with the Minister of Public Management, Home Affairs, Posts and Telecommunications an application form describing the area where the facilities are to be installed and other installation plans, the frequency to be used, an outline of the cable television broadcasting facilities, and the other matters stipulated in the applicable ordinance of the Ministry of Public Management, Home Affairs, Posts and Telecommunications.

3.3 Permission Standards

- (1) The Minister of Public Management, Home Affairs, Posts and Telecommunications shall grant permission under Paragraph (1) of the preceding Article if he determines that an application for permission under the same Paragraph conforms to each of the following items:
 - i) The installation plan for the cable television broadcasting facilities shall be reasonable, and also its implementation shall be feasible.
 - ii) The cable television broadcasting facilities shall conform to the technical conditions stipulated in the applicable ordinance of the Ministry of Public Management, Home Affairs, Posts and Telecommunications.
 - iii) The applicant shall possess the financial basis and technical capabilities sufficient for reliable installation and operation of the cable television broadcasting facilities.

- iv) In addition, installation of the cable television broadcasting facilities shall be necessary and suitable in the light of the natural, social and cultural circumstances of the area in question.

4. Canada

4.1 The members of the Canadian Cable Television Association (CCTA) have voluntarily developed and adopted these Cable Television Customer Service Standards to ensure high quality service to their customers. These are administered by the Cable Television Standards Foundation, and apply to all members of the Foundation. Members report regularly to the Foundation on their performance against the service standards. These are summarized below:

4.2 Commencement of Service

Each member company will:

- offer a comprehensive array of entertainment and informational video and audio products, from which the customer will be given the maximum opportunity to select those services which he/she wants, consistent with prudent consideration of regulatory, financial and marketing requirements;
- provide the basic service upon payment by the customer as follows:
 - (i) an amount not exceeding the amount of the non-recurring costs to be reasonably incurred by the cable TV operator for the installation or reconnection of the subscriber drop;
 - (ii) the fee for basic service for one month;
 - (iii) any overdue debt of basic service that the customer owes to the cable company.

4.3 Continuation of Service

Each member company will:

- continue to provide the services to a customer as long as the customer pays the service fees for each month the services are received;
- waive the requirement for a deposit on service equipment for customers who have established satisfactory credit information;
- maintain high-quality signals in accordance with the Technical Standards Guidelines established by the CCTA and complete any necessary repairs in a timely and effective manner;

- provide service credits on request to customers who have experienced complete and extended interruption of service;
- inform customers of the hours of operation and telephone numbers for the company's business office and service department (including after hours telephone numbers);
- promptly answer inquiries from customers and the public in a friendly, courteous and knowledgeable manner
- make available convenient methods of payment recognizing that the customers generally pay one month in advance for basic service;
- ensure that, at least once annually, all customers receive an invoice or other appropriate notification, clearly identifying, in plain and easily-understood language, those services that are part of the basic service and those services that are discretionary services, the fee for each service or package of services and for extra-cost equipment, including additional outlets and taxes, and the actions a subscriber needs to take to subscribe to or discontinue the services.

The invoice, or other notification, as the case may be, shall show separately non-recurring costs for installations;

- upon request, provide a detailed breakdown of the customer's balance;
- indicate clearly on invoices the address, telephone number and hours of operation for both the business office and the service department;
- inform customers at least 60 days in advance of any increases to the monthly rate for the basic service. For some increases to the basic service the CRTC requires that cable companies provide at least 90 days notice before the increase comes into effect. (Cable systems not subject to rate regulation will inform customers at least 30 days in advance of any increase to the monthly rate for the basic service.);
- inform customers 30 days in advance of any increase to the monthly rate for services other than basic service;
- provide customers with reasonable advance notice of any channel lineup changes when the timing of such changes is within the cable company's control;
- ensure that all cable company employees provide identification, including a photograph, when requesting entrance to customers' premises;
- inform customers of the person within the system to whom complaints may be addressed if any inquiry or request has not been handled to the satisfaction of the customer in the ordinary course of business;

- upon request by a customer, remove his/her name from listings for mail and telephone solicitation.

4.4 **Termination of Service**

Each member company will:

- arrange disconnection of basic service for the customer and refund within 45 days any prepaid funds remaining upon receipt of notice (not to exceed one month), and the return of all company-owned equipment in satisfactory operating condition, excepting normal wear and tear;
- where service is to be disconnected for non-payment of amounts owing, provide written notice to the customer at least five business days in advance of the disconnection, indicating the reason for the disconnection and the amount owed; the final payment date; the reconnection charge, and a telephone number to call for further information or comment. The five-day notice does not apply to services invoiced on a usage basis (i.e. Pay-Per-View);
- restore service after disconnection upon payment of monies owing on the account, including any applicable administration or reconnection fees;
- where service has been disconnected in error or without justification, restore service on the next working day following discovery of the error, or as soon as practicable thereafter, without payment of a reconnection or administrative charge. Provide customer with appropriate refund or credit for the period during which the service was disconnected.

Gist of Stakeholders' Comments.

The comments of stakeholders on consultation paper “Restructuring of Cable TV Services” are compiled and given below. The comments are classified under each issue raised in the consultation paper.

Q1. The technological advancements, convergence, and increasing popularity of value added services and applications require more vibrant and effective regulation for Cable TV industry. Present eligibility criteria do not clearly define a person and also do not take into account financial strength, technical strength and experience of the applicant to provide Cable TV services. Do you feel that present regulatory framework requires change? Please give suggestions with justifications.

Requirement for change in the Regulatory Framework.

Majority of the stakeholders are of the view that present regulatory framework should be strengthened. Cable operators for registration be classified into two categories in the non-CAS area- franchisee of MSO's & independent cable operators. For the former, the requirement for technical knowledge and financial strength may not be stringent but for the later, it must be mandated. Some stakeholders are of the view that existing registration process may continue for LCOs. The eligibility norms should be enforced on the Multi system operators (MSOs), would be aggregating entities for providing signals to LCOs. The LCOs should be treated as a franchisee of MSOs. Onus of Regulatory compliance should be put on MSOs as this will lead to better administrative and regulatory control over cable services. There was also a suggestion to amend regulatory framework (i) to define a special category of cable operator (say Master Multi System Operator – MMSO), (ii) to impose strict entry norms on such MMSO, including higher registration fees, net worth, etc., and (iii) to permit such MMSO to operate across India (like DTH/ISP).

Requirement Financial, Technical strengths and experience of applicant.

Some of the stakeholders are of the view that there should not be any need to define the eligibility criteria pertaining to financial strength, technical strength and experience of the applicant. But some stakeholders have expressed views that with the advent of digitization, it is desirable to have technical qualifications for the applicants and the

Local Cable Operator (LCO) needs to be a skilled technical entity with reasonable availability of capital.

Q2. The registering authority may refuse the grant of registration in case of non submission of any document required by him as the application form does not clearly list out the documents to be submitted. In view of this should a comprehensive list of documents required to be submitted along-with the application of registration be mentioned in the application form itself? Similarly is there a need to make provisions for the appellate authority in case of refusal of registration by the registering authority?

Many of the stakeholders are of the view that there should be a comprehensive list of documents required to submit along with the application. Registration should not be granted by the registering authority without complete verification of the documents and information submitted. Registration/licensing process should be absolutely transparent by laying down the eligibility criteria with points given to each criterion and should be done in a time bound manner. The nodal agency can prescribe a comprehensive list of documents to be submitted along with the application form for registration of new cable operators. The documents should include information such as the net worth criteria, undertaking for disclosure of subscriber numbers, penalty / suspension for non adherence etc. There should be distinction between the process of registration of LCO and MSO in terms of mandatory documents required for registration. The registration can be denied in case of non-submission of required document.

There are views which suggest creation of a Broadcasting Authority or Appellate Authority to hear appeals in case of refusal of grant/renewal of registration.

Q3. The present Cable TV industry is subjected to minimum supervisory guidance and control. Do you feel that there is a need to streamline registration process, data collection and monitoring to ensure better Cable TV services to customers? Is there a need to have a centralized/ decentralized authority where all the information relating to Cable TV sector and also monitoring is managed? If yes, then what should be the structure and scope of work of such an agency? Please, give suggestions with justification.

Monitoring & Supervisory Control.

Stakeholders are of the view that the registering authority must have monitoring powers and responsibility of identifying the illegal operators who operate any licence/registration and take appropriate

action. Authorized Officer as defined under the Cable TV Act should be made the registering authority and they should be appointed by the State Government. There should be a central authority having its authorized officers in every state. The agency will be authorized to audit and carry out surprise checks of the cable operators, and will also have the authority to cancel the license if any deviance is found.

Some stakeholders have also suggested that a Broadcasting Authority at the state level should be established to deal with grant of licenses, deal with disputes resulting from refusal of registration, monitoring of regulatory compliance, collection of various reports like customer data, tariffs, number of LCO/MSO's and handling customer grievances etc. There is a need for a centralized nodal authority assisted by local and regional level officers. The nodal officers should have the powers to inspect the premises of the LCOs/MSOs to ensure compliance within the provisions of the Cable Act, TRAI Regulations and any other law which are in force.

It has also been suggested that a decentralized authority having representatives from the consumers and preferably from Voluntary Consumer Organizations functioning at district level controlled by a centralized authority.

Data Collection.

Stakeholders have suggested that State level decentralized agencies on the lines of Registrar of Companies can be set up to record all the data of subscriber base. Some have mentioned that along with registration with post office the operators should be given option to register with TRAI. TRAI should allot a 16 digit cable operator Identification number and maintain an online database of all cable operators. Few stakeholders have said that compulsory reporting to a specified nodal agency/authority should be made mandatory. The data thus collected should be open to all in a transparent manner by way of a website access.

Some stakeholders have different opinion and expressed apprehension that the data collected should not be used for any unauthorized purposes.

Q4. Present Cable TV registration, the Cable Act and the Cable Rules do not cast any specific responsibility for effective customer grievance redressal. What changes do you suggest to bring in effective consumer grievance redressal mechanism?

Many of stakeholders have said that there already exists infrastructure for redressal of consumer grievances in the form of central and local vigilance bodies. Every cable operator/MSO should maintain the complete and accurate records of redressal of grievances of the subscribers through the Call Centers and Nodal Offices. Consumers may be made aware of Consumers Grievances redressal, on a regular basis through Government Awareness Activity such as Print Media, Electronic media and any other public addressable system as deem fit. MSOs should be required to establish effective consumer redressal mechanism for LCO customers with responsibilities similar to that of Telecom Operators and DTH Operators. It has also been suggested that for an effective consumer grievance redressal mechanism, a nodal agency such as the Collector or the Superintendent of police of the District may be created, where consumers can lodge their complaints.

Q5. At present by and large only one Cable TV operator is providing service in a locality. Is there a need to introduce competition with more than one operator? Please give your suggestions with justifications.

Some stakeholders have expressed that there should be competition by allowing more than one LCO in an area, while some have said that there is already competition exists in an area from other operators such as DTH, IPTV, HITs etc. Distributors of MSOs create monopolies by taking feed from all MSOs so as not to leave any option with the operator to change the MSO. Few stakeholders have also expressed that with the present framework it is difficult to impose mandatory competition in a locality because of the industry's unique characteristics. Some stakeholders have expressed view that a last mile operator (LCO) is too small an entity to create a Monopoly.

Q6. Any other regulatory reform.

The following suggestions have been made by the stakeholders.

- Many Stakeholders have mentioned that the Central Government should take all necessary measures to incentivise digitalisation.
- Applicable regulation should be amended to mandate to the extent that in cases of piracy, where the broadcaster can provide evidence, disconnection by channel may be carried out without any notice.
- Cable Operator providing convergence service should be rated at par with telecommunication in terms of FDI

- Cable Operators can be considered as utility service providers.
- The details of spectrum usage by the local head ends of a LCO or ICO should be subject to regular reporting , like the satellite channels with clearance of down linking or uplinking , only are allowed to be broadcasted

Q7. Is there a need to modify provisions of the Cable Act/ Cable Rules? Please give your suggestions with justifications.

Many stakeholders have said that there is a need to broaden the scope of the Cable Act/Cable Rules so as to look into the problems faced by LCOs. Broadcasters should be brought under the ambit of the Cable TV Act immediately till the broadcasting services bill gets the clearance. At present they don't come under any law. Only guidelines are there for them. Few stakeholders have mentioned that Broadcasters to provide content to MSOs only and not to LCOs. LCOs shall have to obtain license in case they wish to aggregate TV channels.

There are also views expressed supporting separation of Cable Service into Carriage Service and Content Service. The programme code and advertising code should be applicable to content providers only.

Q8. In particular, suggestions may be given for a proper regulatory framework on the following issues, among others:

- (i) Correct determination of subscriber base**
- (ii) Laying a good quality network**
- (iii) Permission and monitoring of ground-based channels offered by MSOs and LCOs.**

Subscriber figures.

Most of the stakeholders have suggested that correct determination of subscriber base is possible only by introduction of addressability or digitalisation. CAS is to be implemented in a phased manner which will entail the correct determination of subscriber base. The data pertaining to determination of correct subscriber base can be self certified by the Cable Operators with the proviso that the Broadcasting Authority has the right to check the records from time to time and any discrepancies will lead to penalties and cancellation of the registration of the cable operator

Laying of Good Quality Network

Many stakeholders have suggested that the Laying a good quality network needs RoW and financial support and andating free availability of “Right of Way” (ROW) from central and state governments, municipalities and housing societies will help the service providers to a great extent.

Some stakeholders have suggested that besides BIS standards fixed for equipments there should be Uniform cable laying procedure and design with both prior and post approval of same.

Permission and Monitoring of Ground Based channels by MSOs/LCOs.

There are views that ground based content should be allowed to be shown by MSOs, and for such content, MSO should be responsible for adherence to IPR laws, programming code and advertising code. Some have opined that there should be a system of registering the ground based video channels with the local authorized officer who should further provide information to the broadcasting authority for a central record.

It also has been suggested that heavy penalties should be prescribed for violation of the Codes and Copyright law.

Q9. Presently MSOs are also registered as Cable TV operators. Do you feel the need for a different regulatory framework for MSOs? Give your suggestions with justification. The suggestions may specifically cover, among others, the issues relating to registration of multi-city MSOs, monitoring mechanism, number of MSOs in a city/state etc.

Stakeholders are divided in their opinion regarding different regulatory framework for MSOs. Many stakeholders feel that there should be separate registration and regulation process for MSOs. They have suggested a need for separate MSO license at national, zonal/regional and state/circle levels and the MSOs should be governed by different regulatory framework as they are not dealing with customers directly. While some of the stakeholders have said that difference in the operations of MSOs and LCOs does not warrant an altogether separate regulatory (registration) framework.

Q10. What QoS parameters should be prescribed for non CAS areas to address concerns of the customers keeping in view the present status of networks? What should be the points in the network to define various signal parameters such signal strength, S/N ratio

etc? What should be the monitoring mechanism to ensure effective implementation?

Many of the stakeholders are of the view that the QoS parameters are to be fixed to address picture, sound quality and may also include parameters such as complaints handling procedure, number of complaints made, mean time to attend to complaints etc. Views have also been expressed that imposition of QoS obligations on MSOs/LCOs in non-CAS areas will indirectly promote addressability. Few Stakeholders have mentioned that Bureau of Indian Standards (BIS) has already laid down minimum standards of services and the same should be implemented.

Q11. In view of technological advancement, convergence, and increasing competition up-gradation of Cable TV operators network will be desirable; however it may require significant investments. Please suggest how Cable TV operators can be encouraged to upgrade their network both in their business interest and in interest of customer to provide better services?

Most of the stakeholders are of the view that Government should provide incentives and soft-loans to cable operators to upgrade their network. Incentivize digitization of services by ensuring appropriate content cost regulations are in place for Voluntary CAS. Stakeholders further claim that the cable industry should be declared as infrastructure industry and be categorized as priority sector, thus making it eligible for concessional rate of bank finance and funds from financial institutions. There are suggestions that Digital Services Obligation Fund (DSOF) on the lines of USO Fund can be created to fund these up-gradations. The fund can be fed by the government from the license fee collected from the broadcasters, MSOs, Triple Play operators and cable operators. Tax exemptions may be given to the networks migrating to the FTTP/ Digital regime for five years.

Q12. Is standardization of encryption and subscriber management software feasible? Please, give comments with justification.

Majority of the stakeholders have expressed that it is not feasible to standardize the encryption and subscriber management software (SMS), as this may lead to impediment to the technological advancement of the sector. Moreover Encryption is based on different CAS systems used by MSOs, so standardization may not be possible. Some have also said that complete interoperability is not feasible, but maintaining specifications is feasible for SMS systems. It has also been suggested that Encryption vendors with a minimum global subscriber base of not less than 1 million should only be allowed/permitted in our country.

Independent body like NASSCOM along with Ministry of IT can fix benchmark and recommend a set of SMS vendors

Q13. What should be the consideration, important criteria and guiding factors for prescribing the transition path for the existing Cable TV operators and MSOs to the revised regulatory regime? Please, give suggestions with justification.

Many stakeholders have suggested that there should be minimum period of 2 years be prescribed for transition for the existing Cable TV operators and MSOs to the revised regulatory regime. There is also different suggestion regarding prescribing different transition periods for different services areas based on population. Starting with Metros, it can be followed in the order of 10 Lac + pop cities, then 5lac to 10lac pop towns, then 1lac to 5 lac pop towns. Then 20,000 to 1 lac and below 20,000 populated towns.

QUALITY OF SERVICE GUIDELINES BY TRAI

The purpose of laying down Quality of Service (QOS) parameters is to provide a framework whereby Cable TV operators are required to meet certain customer service guidelines in the delivery of Cable TV services to consumers. These guidelines and codes of practice will also need to be enforced.

Regulation on the Quality of Service

Through its analysis of international QOS codes and practices and its appraisal of QOS information from Indian Cable TV industry stakeholders, **the Authority has decided that the following should serve as QOS codes and guidelines for the Cable TV industry in India:**

Information to be provided to consumer at the installation of Cable TV connection

- (i) Detailed information must be provided to consumers at the time of installation and activation of cable services and at least annually to subscribers and at any time upon request about:
- products and services offered i.e number of channels and names of individual channels being offered
 - prices and options of programming services
 - installation and service maintenance policies
 - billing and complaint procedures including the address and telephone number of the customer service centre.

Complaint handling procedure and benchmarks to redress complaints

- (ii) A cable operator shall improve the network quality and the complaint redressal infrastructure to meet the following benchmarks:
- 90% of complaints will be corrected within 4 hours.
 - No more than 3% of customers should require to lodge complaint against service interruption each month.

- 90% of "no signal" calls received should be corrected within 24 hours.
 - 90% of all other types of complaints will be corrected within 48 hours.
- (iii) Each cable operator must maintain a customer service center or help desk 8 hours a day, 6 days a week. All complaints shall be registered and complaint number issued for each complaint.
- (iv) A Cable Operator shall maintain record containing all complaints filed by the subscriber. The records shall include name and address of complainant, date and time of filing complaint, type of complaint and redressal date and time with the confirmation of the consumer that the complaint has been redressed. The cable operator shall present the records whenever called upon by the Authority or the Authorised officer.
- (v) A Cable Operator shall take all necessary steps like provision of alternate power supply for at least 6 hours, to minimise the incidence of service interruption for power failure.
- (vi) For the purposes of maintenance and repair, a cable operator must ensure that its representative(s) carry proper identification along with a photograph.

Billing Procedure and complaints

- (vii) Cable subscribers must be billed monthly with statements being clear and transparent. Where a customer does not view pay channels via a set-top box, a bill should be itemized clearly indicate cable charges and taxes. Where a customer does view pay/premium channels via a STB, a bill should be itemized and clearly indicate the price of the basic free-to-air tier, the price of pay channels or bouquets, STB rental and deposits, and taxes.
- (viii) The billing system should be such that the following benchmarks are met:
- complaints shall be addressed within 7 days of notice from the consumer to the operator.
 - Refunds must be issued no later than either the customer's next billing cycle or 30 days following the resolution of the complaint, whichever is earlier.

STB related Complaints

- (ix) In cases, where there is a malfunction of a STB provided by the operator on rent, a cable operator must repair or replace the STB within 24 hours.
- (x) In cases where a customer chooses to return a STB, the refund must be made within 15 days, subject to a proper working condition of the STB.
- (xi) If a customer chooses to subscribe to pay channels via a set-top box STB installation and, subscriber activation must take place within 48 hours of the receipt of the subscriber's request.
- (xii) Rebate for deficient service: In case the installation and activation of the STB is delayed beyond 48 hours of the receipt of the Subscriber's request, the multi system operator/cable operator shall in the monthly subscription give a rebate of Rs 15 per day for the first 5 days and Rs 10 per day for the subsequent period.

Change in positioning of channels

- (xiii) Change of positioning of TV channels should not be normally done. In case of pressing technical reasons requiring changes of TV channel position is required; the cable operators shall notify subscribers at least two days in advance of such occurrence.

Technical Standards

- (xiv) A Multi System Operator and cable operator shall match the technical standards set by the Bureau of Indian Standards (BIS) for Cable TV Network.

Annexure-IV

Performa for Information of Local Cable TV Operators to be maintained by the Head Post Office of the District

S.No.	Name	Address	Area of operation	PAN Number	License Number	License valid upto	Service Tax Number	Entertainment Tax Number

Annexure : V

LICENSING TERMS AND CONDITIONS FOR LOCAL CABLE TV OPERATORS

PART-I : GENERAL CONDITIONS		
1	Scope of the license	<ul style="list-style-type: none">• The license shall be granted on a non-exclusive basis.• Licensee shall provide, to subscribers, signals of television channels either received directly from Broadcasters or through a Multi System Operator (MSO) or HITS operator, as the case may be.• LCOs shall be permitted to transmit their ground based channels, which will be subjected to Program code and Advertisement code as prescribed in the Cable Television Network (Regulation) Act, 1995 and any other instructions issued by Ministry of I&B from time to time. Ministry of I&B is requested to issue detailed guidelines for provision of ground based channels by LCOs.• District Magistrate will have full powers to immediately stop the privilege to transmit local ground based channels by any LCO at any point of time in public interest. Transmission of such ground based channels will have to be discontinued immediately.• The licensee shall be bound by all regulations, directions or orders made or issued under the provisions of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997) by the Telecom Regulatory Authority of India (TRAI) from time to time in regard to broadcasting and cable services.
2	Service Area	<ul style="list-style-type: none">• The service area for a local cable TV operator shall be the Revenue District or the geographical boundaries of the State, as the case may be.

		<ul style="list-style-type: none"> • The cable TV operator can operate in any or all part or parts of the service area for which he has been granted a license (Revenue District or the State as the case may be). • There shall be no restriction on new cable TV operators in any part of the service area of license (District or the State as the case may be) on the ground of existence of incumbent cable operator(s) in such part of the service area.
3	Roll Out/ Performance Obligations	<ul style="list-style-type: none"> • There shall be no rollout obligation for local cable TV operators. However, the cable operator will be bound by the following conditions as regards digitalisation of its network, namely:- <ul style="list-style-type: none"> (a) A new LCO who is granted a license on or after the date of coming into force of the new licensing regime shall completely digitalise its cable TV network within three years from date of issue of the license. (b) An existing LCO who is granted a license on or after the date after the new licensing regime comes into force shall completely digitalise its cable TV network within five years from the date of coming into force of new licensing regime. (c) Digitalisation shall imply stopping of analog transmission altogether including Free to Air Channels. (c) No license for new LCOs would be given for analog transmission from a specified date, which will be five years from the date of coming into force of the new licensing regime.
4	Ownership of a licensee company	<ul style="list-style-type: none"> • Any change in the Memorandum of Association and/or the Articles of Association of the licensee company shall be intimated to the licensing authority within seven days of such change.

		However, there shall be no change in the Indian or foreign promoters or their equity participation without the prior permission of the licensing authority.
5	Duration of license	<ul style="list-style-type: none"> • The duration of license shall be five years from the date of issue of the licence.
6	Renewal/ Extension of license	<ul style="list-style-type: none"> • Application for renewal of cable TV license shall be made to respective licensing authorities, by the concerned licensee at least 3 months before the date of expiry of the current license. • The fee for renewal of District level Cable TV license shall be Rupees Ten Thousand (Rs. 10,000/-). The fee for renewal of State level Cable TV license shall be Rupees One lakh (Rs. 100,000/-). • The licensee shall pay, in addition to the applicable renewal fee, an amount calculated at the rate of ten percent of the total renewal fee as administrative cess while applying for renewal of the licence. • The Licensing Authority shall seek comments from the concerned authorised officer specified in the Cable Television Network (Regulation) Act, 1995, to ascertain about any breach of the licensing conditions. • If no reply is received from the authorised officer within four weeks, it will be assumed that there is nothing adverse against the said Cable TV operator and licensing authority shall renew the license for a further period of 5 years on payment of prescribed fee. • The guidelines issued by the Government of India (Ministry of Information and Broadcasting) from time to time, indicating the nature of breaches which will be treated as serious, warranting refusal of

		<p>renewals or cancellation of licence, shall be binding on the licensee. Such guidelines may be modified from time to time by the Government of India (Ministry of I&B), such modifications shall also be binding on the licensee and the license of the licensee shall be liable to cancellation in the event of violation of any of the conditions specified in such guidelines as modified from time to time.</p>
7	<i>Modifications in the terms and conditions of license</i>	<ul style="list-style-type: none"> • The Government of India (Ministry of I&B) may modify terms and conditions of the license without notice to the licensee at any time and such modifications to the terms and conditions of license shall be deemed to have been incorporated in the terms and conditions of the license from the respective dates on which they come into force and the licensee shall be bound by such modified terms and conditions of license with effect from the respective dates on which such modifications come into force.
8	<i>Restrictions on transfer of license</i>	<ul style="list-style-type: none"> • The licensee shall not, without the prior written consent of licensing authority transfer the license. Sale/deal of bulk assets shall be subject to such guidelines, if any, issued by the Government of India (Ministry of I&B) and/or regulations, Directions or Orders made or issued under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997) from time to time by the TRAI.
9	<i>Requirement to furnish information</i>	<ul style="list-style-type: none"> • The licensing authority, the authorized officer, the Government of India (Ministry of I&B) or the TRAI may, from time to time, require the licensee to submit, in writing, such information or explanation relating to its affairs as they may require and the licensee shall be bound to furnish such information within the time limits specified by the licensing authority, the authorized

		officer, the Government of India (Ministry of I&B) or the TRAI, as the case may be.
10	<i>Suspension, revocation or termination of license</i>	<ul style="list-style-type: none"> • The licensing authority may, pending any final action which it may take against the licensee after issuance of notice to the licensee, suspend the license of a licensee forthwith in cases where the authorized officer reports to the licensing authority about : <ul style="list-style-type: none"> (a) transmission/retransmission by the licensee of channels which have not been permitted under the uplinking and downlinking guidelines and not received from MSOs or HITS operators except ground based channels; or (b) transmission of any ground channels or programmes of its own by the licensee on its cable network which violates Program code and Advertisement code as defined in the Cable Television Network (Regulation) Act, 1995.. • A licensee whose license has been so suspended shall stop all his operations forthwith and notify all his consumers about such suspension of its license. • The license will be liable to be terminated/ cancelled if there is any breach of the specified terms & conditions of license, or of the provisions of the Cable Television Networks (Regulation) Act, 1995 and the Rules thereunder or TRAI's regulations/directions/orders. Such termination/cancellation of license shall be without prejudice to initiation of appropriate proceedings against the licensee under the relevant provisions of the Cable Television Networks (Regulation) Act, 1995 or the Telecom Regulatory Authority of India Act, 1997, as the case may be.

		<ul style="list-style-type: none"> • The Authorized officer shall communicate the breach of licensing terms and conditions to the licensing authority (Senior Superintendent of Post Offices (Division Head/CPMG)). • The licensing authority shall issue a notice to the licensee and seek his explanation on the reported breach of licensing terms and conditions giving him reasonable time, not exceeding 15 days, and requiring him to show cause as to why the license should not be terminated/cancelled or why the penalty as contemplated in the terms and conditions of the license should not be imposed on the licensee. • The licensee shall reply to such notice within stipulated time frame. • Upon receipt of the explanation of the licensee within the time so allowed or if the licensee fails to respond to such notice, after the expiry of the time so allowed, the licensing authority shall take a final view in the matter after taking into account all the facts and circumstances of the case including the explanation, if any, offered by the licensee and convey its decision to the concerned cable operator in writing. • In case of termination/cancellation of a licence, but there is no suspension of the license already in force, the licensee shall be given one month's time to close down his operations and to suitably notify his customers, the concerned MSOs or broadcasters or HITS operators, as the case may be. • An applicant whose license has been cancelled/terminated shall not be eligible for a fresh license.
11	Penalty Provisions	<ul style="list-style-type: none"> • Where the licensing authority finds that there has been any violation of the terms and conditions of the license on the part of

		<p>the licensee which does not fall under any of the classes of violations which warrant termination/cancellation of the license or refusal of renewal of licence, as the case may be, as per the guidelines issued by the Government of India (Ministry of I&B), the licensing authority may impose upon the licensee a penalty of upto Rupees One lakh for each such violation. Similarly, the TRAI may impose, under the clauses of the licence, a penalty of upto Rupees One lakh on the licensee for each violation of the TRAI's Regulations/ orders/ directions. The imposition of such penalty by the TRAI shall be without prejudice to the initiation of appropriate proceedings by the TRAI against the licensee under the relevant provisions of the Telecom Regulatory Authority of India Act, 1997 and the licensing authority's right to terminate the licence. No penalty under this clause shall be imposed on the licensee either by the licensing authority or by the TRAI without giving such licensee a reasonable opportunity of making a representation to show cause as to why such penalty should not be imposed upon it.</p>
12	Applicability of various of Acts	<ul style="list-style-type: none"> • The licensee shall be regulated as per the provisions of the Cable Television Networks (Regulation) Act, 1995 (7 of 1997) and the Rules made under the said Act, as modified from time to time or any other Act or rule framed from time to time, as may be applicable. • Licensee shall, in addition, be governed by all applicable regulations, orders and directions made or issued by the TRAI from time-to-time under the provisions of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997).
PART-II : COMMERCIAL CONDITIONS		
1	Subscriber Billing	<ul style="list-style-type: none"> • Licensee shall receive payments from

		<p>subscribers only against proper bills raised at regular intervals.</p> <ul style="list-style-type: none"> • The licensee should provide receipt for all payments received from its subscribers. • Such receipt should provide details of subscription charges & taxes separately. • Receipts should be serially numbered and must bear name, telephone number, Service Tax number and Entertainment Tax number (if applicable) of LCO.
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PART-III : FINANCIAL CONDITIONS

1	Entry Fee	<ul style="list-style-type: none"> • An entry fee of Rupees Ten Thousand (Rs. 10,000/-) (non refundable) for obtaining District level local cable operator license. • An entry fee of Rupees One Lakh (Rs. 100,000/-) (non refundable) for obtaining State level local cable operator license. • In addition, an administrative cess, at the rate of ten percent of the applicable entry fee, shall also be payable by an applicant at the time of applying for a license. • The entry fee for LCOs in NE and J&K region may be reduced to 50 % for applications received during initial period of three years from the date of notifications of new regime. The decision may be reviewed after three years by ministry of Information and broadcasting.
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2	Maintenance of register	<ul style="list-style-type: none"> • Every cable TV operator will maintain a register giving details of its all subscribers, details of verifiable & auditable bills, details of tax collected and paid with date and will produce this register for examination by the authorized officer or the concerned taxation authorities as & when required by them.
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PART-IV : TECHNICAL CONDITIONS

1	Network Interconnection	<ul style="list-style-type: none"> • Interconnection of Broadcasters/ HITS operators/ MSOs and LCOs and their reporting requirements shall be regulated
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		as per the applicable regulations, orders and directions made or issued by the TRAI from time-to-time under the provisions of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997).
2	Quality Of Performance	<ul style="list-style-type: none"> • The licensee shall abide by the orders, regulations and directions of TRAI related to Quality of Service as may be issued from time to time. • The licensee shall abide by section 9 of Cable Television Networks (Regulation) Act, 1995, relating to use of standard equipment in cable TV networks. • Licensed cable operators should comply with BIS Standard IS – 13420, Part I (Revised) relating to system performance, and ensure delivery of proper signal at subscriber premises as given under: <ul style="list-style-type: none"> ➤ C/N > 44 dB ➤ Minimum Carrier level 60 dB(μV) ➤ Maximum Carrier level 80 dB(μV) ➤ Slope < 12 dB ➤ X-Mod > 57 dB ➤ CSO > 57 dB <p>C/N – Carrier to Noise ratio CSO - Composite Second Order Interference X-Mod – cross modulation Slope is caused by 'SKIN EFFECT', wherein signal attenuation increases with frequency of the channel</p>
PART-V : OPERATING CONDITIONS		
1	Customer Service	<ul style="list-style-type: none"> • Each LCO will provide a specified telephone number to all its subscribers for making complaints. Such numbers must be printed on the bills and payment receipts. • In case of a complaint from a subscriber, LCO shall - <ul style="list-style-type: none"> ○ provide the complaint number; ○ Keep record of date & time of booking of such complaints in a register; ○ Treat the complaint as disposed of only

		<p>after confirmation from the subscriber;</p> <ul style="list-style-type: none"> ○ Keep record of date and time of disposal of such complaints in the register or in the electronic form. • Such records shall be maintained neatly and shall be presented if required by the authorized officer.
2	Mandatory Carriage of DD channels	<ul style="list-style-type: none"> • In order to ensure mandatory carriage of notified DD Channels in the prime bands, officers of the rank of Assistant Engineer and above from Prasar Bharti may inform authorised officer wherever provisions of section 8 of the Cable Television Network (Regulation) Act, 1995 are being violated. It will be incumbent on part of authorised officer to take immediate necessary action.
PART-VI : SECURITY CONDITIONS		
1	Blocking of Cable TV Content	<ul style="list-style-type: none"> • Licensee shall effectively block the cable TV content whenever it is ordered to do so by the authorized officer under section 19 of the Cable Television Networks (Regulation) Act, 1995 subjected to technical feasibility. In case it is not technically feasible to block the content by LCO, the LCO shall immediately inform the same to the authorised officer. The authorised officer will decide the future course of action in consultation with LCO and MSO concerned.

Annexure : VI

LICENSING TERMS AND CONDITIONS FOR MULTI SYSTEM OPERATORS

<i>PART-I : GENERAL CONDITIONS</i>		
1	<i>Scope of the license</i>	<ul style="list-style-type: none">• The license shall be granted on a non-exclusive basis.• Licensee shall provide, manage and operate a multi-system cable television network to provide cable television service to multiple local cable operators.• Licensee shall provide TV signal feed only to licensed cable TV operators and other distribution platforms as are permitted by the Government.• The licensee shall be bound by all regulations, directions or orders made or issued by the Telecom Regulatory Authority of India (TRAI) from time to time under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997) in regard to broadcasting and cable services.
2	<i>Service Area</i>	<ul style="list-style-type: none">• The service area for a Multi System Operator (MSO) shall be the Revenue District (District level) or the geographical boundaries of a State (State level) or the country as a whole (Country level), as the case may be.• The licensee can operate in any or all part or parts of the service area for which he has been granted a license (Revenue District or the State or the entire country, as the case may be).• There shall be no restriction on new MSOs in any part of the service area of the licensee on the ground of existence of incumbent operator(s) in such part of the service area.
3	<i>Rollout Obligation</i>	<ul style="list-style-type: none">• There will be no restriction on operation of any number of MSOs in any particular area.

		<ul style="list-style-type: none"> • Licensee will be permitted to operate anywhere within their service area as per their business plan, without any roll out obligations.
4	Licensing Authority	<ul style="list-style-type: none"> • License to MSOs shall be granted by Ministry of Information & Broadcasting (MIB) either directly or through any other administrative arrangement.
5	Ownership of a licensee company	<ul style="list-style-type: none"> • Any change in the Memorandum of Association and/or the Articles of Association of the licensee company shall be intimated to the licensing authority within seven days of such change. However, there shall be no change in the Indian or foreign promoters or their equity participation without the prior permission of the licensing authority.
6	Duration of license	<ul style="list-style-type: none"> • The duration of license shall be five years from the date of issue of the license.
7	Renewal/ Extension of license	<ul style="list-style-type: none"> • Application for renewal of MSO license shall be made to respective licensing authorities, by the concerned licensee at least 3 months before the date of expiry of the current license. • The fee for renewal of District level MSO license shall be Rupees One lakh (Rs. 100,000/-) or as decided by the Ministry of Information & Broadcasting from time to time. The fee for renewal of State level MSO license shall be Rupees Ten lakhs (Rs. 10,00,000/-) or as decided by the Ministry of Information & Broadcasting from time to time. Similarly, the fee for renewal of Country level MSO license shall be Rupees Twenty Five lakhs (Rs. 25,00,000/-) or as decided by the Ministry of Information & Broadcasting from time to time. • Ministry of Information and Broadcasting or its designated agency shall, upon receipt of the application for renewal of license, be seeking the comments from the concerned authorised officer specified in the Cable

		<p>Television Networks (Regulation) Act, 1995, and from the concerned entertainment tax and service tax authorities to ascertain about any breach of the licensing conditions or arrears of taxes, if any, on the part of the licensee</p> <ul style="list-style-type: none"> • Subject to receipt of necessary clearances from other Government agencies and upon satisfying itself about compliance with the terms and conditions of license by the licensee, the Licensing Authority may renew the license for a further period of 5 years on receipt of applicable renewal fee. Where renewal of license is refused, the reasons for such refusal shall be recorded in writing and communicated to the applicant. • Licensing Authority shall inform renewal/refusal to the applicant atleast one month before expiry of the license to facilitate him to make appropriate arrangements and inform LCOs and broadcasters as the case may be.
8	<i>Modification in the terms and conditions of license</i>	<ul style="list-style-type: none"> • The Ministry of Information and Broadcasting (MIB) reserve the right to modify terms and conditions of the license either suo-motu or based on the recommendation of TRAI, if it so desires at any time during the validity of the license, which shall be binding on licensee.
9	<i>Restrictions on transfer of license</i>	<p>The licensee shall not, without the prior written consent of licensor transfer the license. Sale/deal of bulk assets shall be subject to such guidelines, if any, issued by the Government of India (Ministry of Information and Broadcasting) and/or Regulations, Directions or Orders made or issued by the TRAI under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997) from time to time.</p>
10	<i>Requirement to furnish information</i>	<ul style="list-style-type: none"> • The licensing authority, the authorized officer, the Government of India (Ministry of I&B) or the TRAI may, from time to time,

		<p>require the licensee to submit, in writing, such information or explanation relating to its affairs as they may require and the licensee shall be bound to furnish such information within the time limits specified by the licensing authority, the authorized officer, the Government of India (Ministry of I&B) or the TRAI, as the case may be.</p>
11	Penalty	<ul style="list-style-type: none"> Where the licensing authority finds that there has been any violation of the terms and conditions of the license on the part of the licensee, the licensing authority may impose upon the licensee a penalty of upto Rupees Five lakh for district level license and upto Rupees Twenty lakhs for State and country level licenses, for each such violation. Similarly, the TRAI may impose, under the clauses of the license, a penalty of upto Rupees Five lakh for district level license and upto Rupees Twenty lakhs for State and Country level licenses, for each violation of the TRAI's Regulations/ orders/ directions. The imposition of such penalty by the TRAI shall be without prejudice to the initiation of appropriate proceedings by the TRAI against the licensee under the relevant provisions of the Telecom Regulatory Authority of India Act, 1997 and the licensing authority's right to terminate the license. No penalty under this clause shall be imposed on the licensee either by the licensing authority or by the TRAI without giving such licensee a reasonable opportunity of making a representation to show cause as to why such penalty should not be imposed upon it.
12	Suspension, revocation or termination of license	<ul style="list-style-type: none"> The licensor reserves the right to suspend / terminate the license issued to MSOs without prejudice to other action as deemed fit in case of violation of terms and conditions of the license.

13	Applicability of various of Acts	<ul style="list-style-type: none"> • The licensee shall be regulated as per the provisions of the Cable Television Networks (Regulation) Act, 1995 (7 of 1997) and the Rules made under the said Act, as modified from time to time or any other Act or rule framed from time to time, as may be applicable. • Licensee shall, in addition, be governed by all applicable regulations, orders and directions made or issued by the TRAI from time-to-time under the provisions of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997).
PART-II : COMMERCIAL CONDITIONS		
1	Billing	<ul style="list-style-type: none"> • Licensee shall provide monthly bills to LCOs giving details of current demand and past outstandings, if any. • All such bills must be serially numbered and must bear name, telephone number, Service Tax number, Entertainment Tax number (if applicable) of MSO. • Licensee shall issue receipts to LCOs for the payments received, clearly indicating date of receipt of payment. • Licensee shall maintain a register (in paper form or electronic form) indicating the names of LCOs connected to them, the monthly billing details, taxes charged (if any), tax payment details, details of payment receipts from LCOs in auditable and verifiable form. • Licensee shall make available such register on demand for inspection/verification to the licensing authority, the Ministry of Information & Broadcasting, the TRAI, the authorised officer, and to the concerned tax authorities or to any person or agency duly authorised by them.
PART-III : FINANCIAL CONDITIONS		
1	Entry Fee	<ul style="list-style-type: none"> • The entry fee for district level licensee shall be Rs. One lakh and networth will also be

		<p>Rs. Five lakh.</p> <ul style="list-style-type: none"> • The entry fee for state level licensee shall be Rs. Ten lakh and networth will also be Rs. Ten lakh. • The entry fee for Country Level licensee shall be Rs. Twenty Five lakh and networth will also be Rs. Twenty Five lakh • The entry fee for MSOs providing services in NE and J&K region may be reduced to 50% for applications received during initial period of three years from the date of notifications of new regime. This may be reviewed after three years by Ministry of Information and Broadcasting.
2	License fee	<ul style="list-style-type: none"> • There shall be no annual license fee
PART-IV : TECHNICAL CONDITIONS		
1	Network Interconnection	<ul style="list-style-type: none"> • Interconnection of Broadcasters & MSOs and MSOs & LCOs and their reporting requirements shall be regulated as per the applicable regulations, orders and directions made or issued by the TRAI from time-to-time under the provisions of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997). • All agreements between MSOs and broadcasters and between MSOs and cable operators shall be in writing. • It shall be the responsibility of the MSOs to compulsorily provide a signed copy of the interconnection agreement to the LCOs and to retain an acknowledgement thereof obtained from LCOs. • In addition, MSOs will also attempt to provide a translated copy of the interconnection agreement in the local language.
2	Quality Of Performance	<ul style="list-style-type: none"> • The licensee shall abide by the orders, regulations and directions of TRAI related to Quality of Service as may be issued from

		<p>time to time.</p> <ul style="list-style-type: none"> Licensees shall follow Bureau of Indian Standards (BIS) standard IS 13420 (revised) or any other standard regarding transmission in cable TV networks as defined from time to time.
3	Digitalisation	<ul style="list-style-type: none"> The new licensee is mandated to digitize their cable TV network within three years from the date of issue of license as their performance obligations, or within five years from the date of notification of the new licensing regime, whichever is earlier. The new licensee who are starting their operations with digital networks and who provide digital signals from the beginning of their operations shall be shall be refunded 50% of their applicable entry fee for the first term after their successful operation for six months, subject to certification by Broadcast Engineering Consultants India Limited (BECIL), where the licensee will meet the cost of such certification. Existing MSOs may be mandated to digitize their cable TV network in five years from the date of notification of new licensing regime. Existing MSOs shall also be eligible for reduction of 50% in entry fee for first term if they transform their operation into digital network completely on the date of notification of new licensing regime.
4	Software Standardization	<ul style="list-style-type: none"> Licensee should employ approved Encryption and Subscriber Management Softwares, which may be required for digitalisation of local cable network and systems.
PART-V : OPERATING CONDITIONS		
1	Customer Service	<ul style="list-style-type: none"> All MSOs shall be required to maintain a 24x7 complaint handling and technical support system at the location of their head-ends and at other convenient points,

		<p>depending upon the area of operation of the MSOs.</p> <ul style="list-style-type: none"> • Each MSO shall provide details of the telephone numbers to all the connected LCOs for making complaints. Such numbers must be printed on the bills and payment receipts also. • In case of a complaint from a LCO, MSO will- <ul style="list-style-type: none"> ○ Register the complaint by providing it a complaint number; ○ Record the date & time of booking of complaint; ○ Redress the complaint within reasonable time; ○ Consider the complaint as redressed only after confirmation from LCO. ○ Record date and time of clearance of fault. • The MSO shall maintain records of the registration and redressal of complaint. Such records shall be made available for inspection as and when desired by authorized officer as provided in the Cable Television Networks (Regulation) Act, 1995, licensor, TRAI or any representative as the case may be.
2	Other Issues	<ul style="list-style-type: none"> • Licensee shall not, within his licensed area of operation, function as an exclusive franchisee/ distributor/ agent of any broadcaster. • If licensee appoints any franchisees/ distributors/ agents in any area to negotiate and function as an intermediary on his behalf while dealing with the LCOs, then in all such cases, such intermediaries acting on behalf of MSOs shall be considered to be acting on behalf of and with the authorization of the MSO and the MSO shall be fully responsible for all their acts of commissions and omissions, including any violation of the license conditions or any of the regulations, directions or orders made

		<p>or issued by the Telecom Regulatory Authority of India (TRAI) under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997) from time to time in regard to broadcasting and cable services..</p> <ul style="list-style-type: none"> • Licensee will provide TV signal feed only to licensed LCOs and other distribution platforms permitted and licensed by the Government.
PART-VI : SECURITY CONDITIONS		
1	Content	<ul style="list-style-type: none"> • The licensee shall, in respect of all content generated or transmitted by them be fully responsible for compliance of the program code, the advertisement code or any other obligations as prescribed by Government of India, Ministry of Information and Broadcasting or any other related agency from time to time. • The licensee will, however, not be responsible for any content transmitted/retransmitted by it as part of the broadcast signals provided by a broadcaster whose signals it has transmitted or retransmitted in a lawful manner.
2	Blocking of Cable TV Content	Licensee shall effectively block the cable TV content whenever it is ordered to do so by an authorized officer under section 19 of the Cable Television Networks (Regulation) Act, 1995.