

CHAPTER 2: POLICY FRAMEWORK FOR DIGITALISATION

2.1 Cable Act and Rules thereunder:

As per entry 31 in the Union List of the Constitution of India, Broadcasting falls within the purview of the Central Government. Entry 62 in the State List enables the States to levy taxes on entertainment and amusement. Distribution of TV channels through cable is regulated by Cable Television Networks (Regulation) Act, 1995¹⁸ and the Rules thereunder administered by the MIB. Cable Television Networks (Regulation) Amendment Act, 2011 notified on 31.12.2011 was modified to provide for a legal framework for the implementation of DAS as follows:

(i) definition of “cable operator” and “person” was modified to enable Central Government to prescribe eligibility conditions including different levels of FDI limits for registration of different categories of cable operators, including MSOs, LCOs. The FDI limits were further notified as 74% to meet the enhanced requirements of investment in setting up the headends and upgrading the network.

(ii) Provisions enabling Central Government to prescribe documentation required as also the terms and conditions of registration/renewal, refusal thereof, appeal to Central Government in case of such refusal, and suspension and revocation of registration by Central Government in case of any violation. Such provisions were absent in the earlier Act and were found essential to enforce discipline and ensure compliance and transition to digital regime

¹⁸ <http://mib.nic.in/linkstthird.aspx> last accessed on 19.03.2014

(iii) Section 4A was amended for mandating all channels including FTA channels to be provided in encrypted form through DAS from the notified date.

This was required for bringing complete transparency in subscriber base.

(iv) The Act defined and mandated installation of 'subscriber management system' as a system or device which stores the subscriber records and details with respect to name, address etc as well as information regarding the hardware being utilized by the subscriber, channels/bouquets of channels subscribed to by the subscriber, price of such channels or bouquet of channels as defined in the system, the activation / deactivation dates and time for any channel or bouquets of channels, a log of all actions performed on a subscriber's record, invoices raised on each subscriber and the amounts paid/discount allowed by the subscriber for each billing period.

(v) Provisions for Right of Way (RoW) (section 4B) for cable operators on public land have been incorporated. The MSOs and Cable operators had been representing to the government that unlike the provisions under the Electricity Act, 2003 and the Indian Telegraph Act, 1885 the cable operators do not have an established right of way provided by law and have to depend on the mercy of local municipal authorities or state electricity corporations for either laying down the cables underground or overhead. 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 Quality of Service, but also causes disruption of services. Such environment is not conducive for digitalization of networks. RoW is one very important factor which dissuades service providers to venture into creation of infrastructure for cable services. Moreover

, the cost of digital cable services per user can be substantially brought down in case service from a digital head end is supplied to a larger area through optical fibre cable network. In the absence of this right it may not be always possible for a MSO/cable operator to lay their optical fibre network and may have to depend on telecom operators for lease of their optical fibre network. This in many cases may not be beneficial when compared to having own infrastructure. The Act also required the Central Government to issue appropriate guidelines to enable the State Governments to put in place an appropriate mechanism for speedy clearance of requests from cable operators for laying cables or erecting posts on any public property.

MIB also notified the *Cable Television Networks Amendment Rules, 2012*¹⁹ on 28.4.2012 and provided for the following amongst others:

- (i) Eligibility requirements and terms and conditions for registration of MSOs and cable operators
- (ii) Multi System Operators were required to seek registration from the Central Government for providing services in DAS areas according to the procedure prescribed
- (iii) Every broadcaster, MSO and Local Cable Operator was mandated to create public awareness either through advertisements in the print and electronic media or through such other means including leaflets, printing on the reverse of the receipts, personal visits, group meetings with the subscribers or consumer groups, cable service and website, containing information about the channels and their a-la-carte rates and package rates,

¹⁹ <http://mib.nic.in/linksthirid.aspx> last accessed on 19.03.2014

various options available for acquisition of STB, QoS standards stipulated by TRAI and arrangements made by MSO to ensure compliance of such standards, setting up of SMS by the MSO and its features, and the arrangements made for redressal of consumer grievances as specified by the TRAI.

2.2 TRAI Tariff Order:

Vide its *Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff (First Amendment) Order, 2012* dated 30.4.2012²⁰, TRAI modified its earlier order dated 21.7.2010 and provided for the following:

To ensure that the transition happens by the due deadline and that the LCOs are able to get signals from the MSOs and that the signing of the agreements between them is not delayed, it was provided that while they would be free to decide the revenue share between them, however if they fail to arrive at mutual agreement, the charges collected from the subscribers shall be shared in the following manner between MSOs and LCOs :-

(a) the charges collected from the subscription of channels of basic service tier in the ratio of 55:45; and

(b) the charges collected from the subscription of pay channels in the ratio of 65:35 respectively.

2.3 TRAI stipulations regarding channel offering to subscribers in its tariff order:

²⁰ http://www.trai.gov.in/content/VerReg/123_0_2.aspx last accessed on 19.03.2014

- 1) MSOs should offer all channels on a-la-carte basis and specify their maximum a-la-carte rates for offering to their subscribers
- 2) In addition MSOs could also form bouquets of channels and offer them to their subscriber at reduced rates.
- 3) Every MSO shall offer a package of a minimum of one hundred free to air channels as basic service tier including the channels of Prasar Bharati, for which he can charge a maximum of Rs 100 per month (excluding taxes).
- 4) In case the subscriber makes a choice in which there is a pay channel, the minimum that the subscriber will be required to pay can go upto Rs 150 per month (excluding taxes)

2.4 TRAI stipulations regarding Customer Premises Equipment (Set Top Boxes) in its tariff order:

MSO has been mandated to provide an option to every ordinary subscriber to obtain from him, the Customer Premises Equipment, conforming to the Bureau of Indian Standards, on out right purchase basis or hire purchase basis or rental basis,—

- (a) in accordance with the scheme made by the Authority in this behalf;
- (b) in addition he can offer CPE in accordance with the schemes made by the MSO provided that any such scheme shall provide for the following, namely:-
 - (i) terms and conditions for return of the Customer Premises Equipment by a subscriber to the service provider, before completion of period of hire purchase or rental and refund of security deposit or advance payments, if any,

after appropriate and reasonable adjustments towards depreciation (not exceeding 25% for each half year or part of it) in case of return of Customer Premises Equipment by a subscriber to the service provider;

(ii) replacement of faulty Customer Premises Equipment and repair and maintenance of Customer Premises Equipment acquired under hire purchase scheme or on rental scheme during the period of hire purchase or rental scheme without any payment.

Vide the *Telecommunication (Broadcasting and Cable) Services (Fifth)(Digital Addressable cable TV systems) Tariff Order, 2013* dated 27.5.2013²¹, TRAI notified "standard tariff package" for supply and installation of a set top box to the subscriber

Table: 2.1 Standard Tariff Package options as per TRAI Tariff Order

S No		Option-I	Option-II	Option-III	Option-IV
1	Rent per month per set top box for the first three years	Rs. 55.66 (exclusive of taxes)	Rs.50.66 (exclusive of taxes)	Rs.46.80 (exclusive of taxes)	Rs.32.93 (exclusive of taxes)
2	After three years from the date of installation	No rent. The set top box shall become the property of the subscriber except smart card/viewing card	No rent. The set top box shall become the property of the subscriber except smart card/viewing card	No rent. The set top box shall become the property of the subscriber except smart card/viewing card	No rent. The set top box shall become the property of the subscriber except smart card/viewing card
3	Security Deposit	Rs. 400/-	Rs. 800/-	Rs. 400/- (Adjustable)	Rs. 800/- (Adjustable)
4	Amount of Security Deposit refunded on return of the	Nil	Nil	As per Table-A attached to Tariff Order	As per Table-B attached to Tariff Order

²¹ http://www.trai.gov.in/content/Regulation/0_2_ALL.aspx last accessed on 19.03.2014

	Set Top Box				
5	Installation Charges	Nil	Nil	Nil	Nil
6	Activation charges	Nil	Nil	Nil	Nil
7	Smart Card/Viewing Card Charges	Nil	Nil	Nil	Nil
8	Repair and Maintenance Charges for three years from the date of installation	Nil	Nil	Nil	Nil

2.4 TRAI Regulations on Interconnection of signals:

Vide *The Telecommunication (Broadcasting and Cable Services) Interconnection (Digital Addressable Cable Television Systems) Regulations, 2012* dated 30.4.2012²² TRAI provided for the following:

- 1) Every Broadcaster and Multi System operator shall provide its signals or access to its facility on a non-discriminatory basis.
- 2) Mandated every broadcaster and MSO to publish a Reference Interconnect Offer and stipulated terms and conditions of interconnection which should be manatorily included and
- 3) A copy of such signed agreement should be handed over to LCO and an acknowledgement obtained
- 4) It further stipulated that all interconnection agreements should be reduced in writing
- 5) the interconnection agreement between the MSO and LCO shall clearly mark the responsibility of generation of subscribers bill by the MSO and

²² http://www.trai.gov.in/content/Regulation/0_1_ALL.aspx last accessed on 19.03.2014

the roles and responsibilities of the MSO and the LCO on conformance of QoS Regulations

- 6) Mandated that each Multi System Operator should install a Digital Addressable System and stipulated essential requirements for the same including CAS and SMS, Finger Printing and STBs. It was also stipulated that such a DAS should be audited and certified by BECIL or any other agency so notified
- 7) provisions for regulating disconnection of signals

2.5 TRAI Standard of Quality of Service Regulations:

Vide its *Standards of Quality of Service (Digital Addressable Cable TV systems) Regulations, 2012*²³ dated 14.5.2012 , TRAI provided for the following:

- 1) provide for procedure for connection, disconnection, transfer and shifting and response time
- 2) Provides for a format of application to be obtained from consumer before release of connection
- 3) mandates provision of cable service to every person subject to technical and operational feasibility
- 4) Mandates every MSO or LCO to publish a Manual of Practice containing following information:
 - (a) *name and address of the service provider;*
 - (b) *terms and conditions of service offered by the service provider;*

²³ http://www.trai.gov.in/Content/Regulation/0_3_REGULATIONS.aspx last accessed on 19.03.2014

(c) customer care number, name, designation of the Nodal Officer and e-mail, contact telephone number, facsimile number and address of the Nodal Officer;

(d) procedure and benchmark for redressal of complaints through complaint centre and procedure to approach Nodal Officer;

(e) instruction for activation and operation of Set Top Box;

(f) the details of duties and obligations of the multi-system operator or its linked local cable operator and rights and duties of the subscriber as specified in these regulations;'

- 5) provisions for protection of the consumers against change in composition of subscription packages
- 6) time limits for redressal of various types of complaints
- 7) mandates MSO or LCO to specify a system of discounts to the subscriber in case of disruption of service
- 8) provides for making available bills to consumer by MSO either directly or through its LCO giving usage information at periodic intervals and giving them 15 days time to make payments before any action is taken for non payment
- 9) mandates that STB provided should conform to Indian Standard set by Bureau of Indian Standards
- 10) provides for repair/ replacement of STB within 24 hrs if under warranty or taken on hire purchase or rental basis
- 11) making available a manual or pamphlet for containing instructions for operation of STB and display such instructions through scrolls on TV screen

- 12) stipulates technical standards for the cable signals and authorises BECIL for conducting a technical audit to measure the quality
- 13) mandates MSO and LCO to carry out a public awareness campaign about salient features in the QoS regulations
- 14) Mandates MSOs to set up a website
- 15) mandates MSOs to provide signals through DAS and set up SMS as per provisions contained in interconnect regulations

2.6 TRAI Regulations regarding consumer complaint redressal:

Vide its *Consumers Complaint Redressal (Digital Adressable Cable TV Systems) Regulations, 2012*²⁴ dated 14.5.2012, TRAI has provided for the following:

- 1) mandates every or LCO to establish a complaint centre in his service area for redressal of complaints and publicise the same
- 2) mandates access of compalint centre through a toll free 'consumer care number' and prescribes a response time for answering the calls
- 3) mandates establishment of a web based complaint monitoring system to enable consumer to monitor the status of his complaint
- 4) provides for the manner of handling complaints by the compaint centre and time limit for redressal
- 5) mandates appointment of a nodal officer who can be approached in case of non redressal of complaints by the complaint centre
- 6) mandates publication of a consumer charter and what all it should contain

²⁴ http://www.trai.gov.in/Content/Regulation/0_3_ALL.aspx last accessed on 19.03.2014

7) mandates maintenance of auditable records of redressal of complaints

It will be my endeavour in the next chapters as to find out the status of implementation of these government laws and regulations and tariff orders of TRAI in Ghaziabad district .