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PART-II, SECTION 3 SUBSECTION (i))

GOVERNMENT OF INDIA

MINISTRY OF INFORMATION AND BROADCASTING

New Delhi, dated the 31<sup>st</sup> July, 2006.

**NOTIFICATION**

G.S.R. 452 (E) – In exercise of the powers conferred by sub-section (1) and clause (e) of sub-section (2) of Section 22 of the Cable Television Networks (Regulation) Act, 1995, the Central Government makes the following Rules further to amend the Cable Television Networks Rules, 1994, namely:

**1. Short title and commencement.**— (1) These rules may be called the Cable Television Networks (Second Amendment ) Rules, 2006.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Cable Television Networks Rules 1994, (herein referred to as the principle rules), in rule 2, -

(i) clause (a) shall be renumbered as clause (aaaa) and before clause (a) as so renumbered, the following shall be inserted, namely -

a) “Act” means the Cable Television Networks (Regulation) Act, 1995 (7 of 1995);

(aa) “Authority” means the Telecom Regulatory Authority of India established under sub-section (1) of section 3 of the Telecom Regulatory Authority of India Act 1997 (24 of 1997);

(aaa) “Broadcaster” means any person including an individual, group of persons, public or body corporate, firm or any organization or body who/which is providing programming services and includes his/her authorized distribution agencies;

(ii) After clause (e) , the following shall be inserted, namely:-

(ee) “Multi-System Operator (MSO)” means a cable operator who receives a programming service from a broadcaster and/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;

(eee) “Notified area” means any area notified by the Central Government under section 4 (A) of the Act;”

(2) In the principle rules, in rule 7, after sub rule (10), the following shall be inserted, namely:-

“(11) No programme shall carry advertisements exceeding 12 minutes per hour, which may include up to 10 minutes per hour of commercial advertisements, and up to 2 minutes per hour of a channel’s self-promotional programmes.”

3. (i) In the principle rules, for rule 9, 10, 11. 12, 13 and 14, the following rules shall be substituted, namely:-

**“9. Standard interconnection agreements, tariffs and quality of service standards for the service providers in the areas notified under Section 4A of the Act:** The Authority may, on issue of any notification under section 4 A of the Act by the Central Government, take appropriate decisions on the following and duly notify the same:

(a) standard interconnection agreement to be used for entering into commercial agreements for distribution in the notified areas, of pay or free-to-air channels among (i) Broadcasters and multi-system operators; and (ii) multi-system operators and local cable operators;

(b) the maximum limits of security deposit and monthly rental for supply, maintenance and servicing of set top boxes of prescribed specifications to the subscribers on rental basis by multi-system operators in the notified areas;

(c) tariff for the basic service tier along with the minimum number of free-to-air channels to be provided by the multisystem operators / multi-system operators to the subscribers in the notified areas;

(d) regulations for quality of service to be provided by the multisystem operators or local cable operators to the subscribers in the notified areas;

**10. Nature and prices of channels:**

(1) Every broadcaster shall declare the nature of each of its channels as ‘pay’ or ‘free-to-air’ as well as the maximum retail price of each of its ‘pay’ channels to be charged by the multi-system operators or local cable operators from the subscribers in each of the notified areas.

(2) Every broadcaster shall file his declaration of the nature and prices of channels under sub-rule (1) before the Authority and the Central

Government within fifteen days of the date of notification by the Central Government under section 4 A of the Act.

(3) If in the opinion of the Authority, the price declared by the broadcaster in respect of any of its pay channels is too high, the Authority may, under section 11 of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), fix and declare the maximum retail price of such a pay channel or fix a general maximum retail price for all pay channels within which the broadcasters may declare their individual prices for each pay channel, to be paid by the subscribers in any of the notified areas, and such an order of the Authority shall be binding on the broadcasters and the multi-system operators and local cable operators.

(4) Every broadcaster shall enter into interconnection agreements with multi-system operators in the notified areas as per the standard interconnection agreement, or with any mutually agreed modifications on a non-discriminatory basis, as per the regulations or directions or orders of the Authority.

(5) If a broadcaster fails to declare the price of any of its pay channels within the prescribed time limit under sub-rule (2) or refuses or fails to comply with the direction under sub-rule (3) or refuses or fails to enter into an interconnect agreement with a multisystem operator permitted by the Central Government under sub-rule (3) of rule 11 within the time limit as prescribed by the Authority, then the Authority may, so as to protect the interests of the subscribers, take interim measures to ensure supply of signals.

(6) In the event of non-compliance by the broadcaster of the directions issued by the Authority under sub-rule (5), the Central Government may, on the recommendations of the Authority, suspend the permission granted to the broadcaster under uplinking or downlinking guidelines as the case may be, to broadcast that channel in the country or any part thereof.

(7) Every declaration filed by the broadcaster under sub-rule (1) or maximum retail price fixed by the Authority under sub-rule (3) above shall normally remain valid for a period of one year from the date of such declaration or fixation, as the case may be, subject to the condition that every broadcaster will be free to revise the price of any channel or convert a pay channel to free to- air or a free-to-air channel to a pay channel by giving one month's notice to the multi-system operator and subscribers:

Provided that no increase in price beyond the individual limit, if any, specified by the Authority, shall be valid without prior approval of the Authority:

Provided further that no such price increase shall be valid beyond the general maximum retail price for all channels fixed by the Authority.

**11. Grant of permission to multi-system operators to provide cable services with addressable systems in the notified areas.**— (1) No multi-system operator shall provide cable television network services with addressable systems in any one or more notified areas without a valid permission from the Central Government under sub-rule 3 of rule 11.

(2) Every multi-system operator who desires to provide cable television network services with addressable systems in any of the notified areas, shall, within thirty days of the issue of the notifications under section 4 A of the Act by the Central Government, apply for permission to the Ministry of Information & Broadcasting in Form 6 annexed to these Rules, along with processing fee of rupees ten thousand.

(3) The Ministry of Information & Broadcasting in the Government of India shall, within thirty days of the receipt of the application, grant, or refuse, permission to the applicant to provide addressable systems in the notified areas after considering its suitability or otherwise on the basis of information given in respect of its existing operational area, actual number of subscribers and addresses of its local cable operators in each of the notified areas, commercial arrangements with the broadcasters and local cable operators, if any, financial strength, management capability, security clearance and 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) The Central Government may lay down such terms and conditions of permission under sub-rule (3) as may be deemed necessary and desirable to ensure compliance with the provisions of this Act as well as the regulations, directions and orders made by the Authority.

(5) No multi-system operator shall continue to provide any cable television network services in the notified areas after the date notified therein, without obtaining prior permission from the Central Government.

(6) In the event of a multi-system operator who fails or refuses to enter into an interconnection agreement with a broadcaster of a pay channel or an adequate number of local cable operators in the notified areas or who violate of the terms and conditions of the permission granted to it under sub-rule (3), within the time limit as prescribed by the Authority, the Authority may, so as to protect the interests of the subscribers, take interim measures to ensure supply of signals.

(7) In the event of a violation by a multi-system operator of one or more of the terms and conditions of the permission granted under sub-rule (3), the Central Government may suspend or revoke such permission for such period

and for such notified areas as deems fit: Provided that no such order of suspension or revocation shall be made without giving a reasonable opportunity to the multi-system operator to explain its position.

**12. Public awareness campaign about Conditional Access System scheme:** (1) Every multi-system operator granted permission under sub-rule (3) of Rule 11 shall create public awareness among the subscribers in the notified areas for a period of thirty days from the date to be specified by the Authority, either through advertisements in the print and electronic media or through other means (e.g. leaflets, printing on the reverse of the receipts, personal visits, group meetings with subscribers or consumer groups etc.) the salient features of the Conditional Access System scheme as approved by the Authority for implementation by the multi-system operator, in the notified areas, and in particular the following:-

- (a) A-la-carte subscription rates and the periodic intervals at which such subscriptions are payable for receiving the various pay channels;
- (b) The refundable security deposit and the daily or monthly rental payable for the set-top box and its detailed specifications such as make, model, technical specifications, user manuals and maintenance centers etc.;
- (c) The number and names of free-to-air channels that the multi-system operator will provide to the subscribers and specific placement of each channel in the prime or nonprime bands;
- (d) The prescribed monthly service charge to be paid by each subscriber for receiving the basic service tier fixed by the Authority and the number of additional free-to-air channels, if any, offered by the Multi-System Operator.
- (e) The Quality of Service Standards specified by the Authority and the arrangements made by the Multi-System Operator to comply with these standards;
- (f) The Subscriber Management System established by the multi-system operator to demonstrate the functioning of the Set Top Boxes and interact with the subscribers to explain the various financial, logistic and technical aspects of the system for its smooth implementation;
- (g) The subsisting arrangements for resolution of disputes between the multi-system operator and local cable operators and the subscribers in respect of the quality of service standards, payments and refunds etc.

(2) The Authority may also arrange public awareness activities in the notified areas either directly or through authorized officers or consumer organizations etc.

**13. Supply and installation of Set Top Boxes.—** (1) Every subscriber in the notified areas who is desirous of receiving one or more pay channels

shall, during the public awareness campaign under Rule 12 or within fifteen days after its expiry, apply to any one of the multi-system operators granted permission under sub-rule (3) of rule 11 either directly or through any of his linked local cable operators, to supply and install one or more set top boxes in his premises as per the scheme approved by the Authority and deliver the requisite channels through the same; Provided that every subscriber shall be free to buy a Set Top Box of approved quality from the open market, if available and technically compatible with the multi-system operator's system, and no multi-system operator or Cable Operator shall force any subscriber to buy or to take on rent the set top box from him only.

(2) Every subscriber in the notified areas who desires to receive one or more pay channels, and who failed to apply within the period prescribed under sub-rule (1) may at any time either buy a set top box of approved quality from the open market, if available and technically compatible with the multi-system operator's system, or apply to any one of the multi-system operators granted permission under sub-rule (3) of rule 11 either directly or through any of his linked local cable operators, to supply and install one or more set top boxes in his premises as per the scheme approved by the Authority and deliver the requisite channels through the same or through the set top box of approved quality acquired by the applicant on his own, as the case may be.

(3) Every multi-system operator shall procure; supply and install the required number of set top boxes of approved quality in the premises of every applicant under sub-rule (1) or sub-rule (2) within a period as may be determined by regulation or order by the Authority from the date of receipt of such application, and transmit the requisite pay channels through the same or through the set top box of approved quality acquired by the applicant on his own, as the case may be.

(4) Every multi-system operator shall set up and operationalise its subscriber management system within a time frame as may be determined by regulation or order by the Authority, for ensuring efficient and error-free service to the subscribers by recording and providing individualized preferences for pay channels, billing cycles, refunds etc.

(5) In the event of the failure of any multi-system operator to supply and install a set top box each in the premises of one or more applicants under sub-rule (1) or to operationalise subscriber management system within the time limit as determined by regulation or order by the Authority, then the Authority may, so as to protect the interests of the subscribers, take interim measures to ensure supply of signals.

**14. Dispute Resolution Mechanism.**— Every multi-system operator shall be obliged to maintain the quality of service as per the standards, including

the arrangements for handling complaints and redressal of grievances of the subscribers, as may be determined by regulation or order by the Authority. The Authority may look into the efficacy of such arrangements and issue necessary directions to the concerned parties for compliance.

**15. Transition to addressable systems.—** (1) Immediately on operationalisation of the subscriber management system and the installation of the set top boxes under rule 13, every multi-system operator shall start transmitting the pay channels in encrypted as well as unencrypted form for a period of not less than fifteen days to test out the quality of service, remove any technical or operational snags and enable the subscribers to become familiar with the operation of addressable systems at their end.

(2) Before the start of the transition period under sub-rule (1), the Authority may call for progress or compliance reports from the service providers in the Forms appended to these rules, and at intervals, as may be specified by it to satisfy itself that all the multi-system operators permitted under sub-rule 3 of rule 11 have completed all the necessary arrangements to switch over to transmission of pay channels through addressable systems in the whole of the notified area by the date notified by the Central Government under section 4A of the Act.

(3) In the event of satisfactory completion of all arrangements, every multi-system operator in the notified area shall start transmitting pay channels only through addressable systems from the date notified by the Central Government under section 4A of the Act.

(4) In the event of the Authority coming to a conclusion that the arrangements made by the multi-system operators are not adequate and the switch over to transmission of pay channels through addressable systems is likely to be against the interests of a substantial portion of the subscribers in any notified area, the Authority may recommend to the Central Government an extension of the notified date by such period as in its opinion is the minimum required for the satisfactory completion of the necessary arrangements by the multi-system operators.

(5) On receipt of a recommendation from the Authority under subrule (4), and before the expiry of the notified date, the Central Government may, if it is satisfied that it is not in public interest to switch over to addressable systems on the notified date and that circumstances so warrant to extend the notified date to protect the interests of a substantial portion of subscribers in the notified area, issue another notification indicating the revised date under section 4 A of the Act

Provided that the power to issue notification in respect of the areas already notified by the Government of India in the Ministry of Information

and Broadcasting under section 4 A of the Act vide S. O. No. 792 (E) dated 10th July 2003 shall be subject to the orders and final outcome of the LPA No 985/ 2006 & CMs 6660/2006 and 6658/2006 pending in the High Court of Delhi.

(6) Every multi-system operator shall complete the remaining arrangements within such extended period and start transmitting the pay channels only through addressable systems from such revised date as notified under sub-rule (5).

(ii) In the principle rules, for Form 6, the following Form shall be substituted, namely.-

**FORM 6**  
**[See Rule 11 (2)]**  
**(To be submitted in duplicate)**

To

**The Secretary**  
**Ministry of Information & Broadcasting,**  
**‘A’ Wing, Shastri Bhawan,**  
**New Delhi – 110001.**

**Subject :** Application for grant of permission to multi system operators to provide cable television network services with addressable system in any or more notified areas.

Sir,

I hereby submit the following details for grant of permission.

1. (a) Name of the Applicant (individual/firm/company/association of persons/body of individuals) \*\*  
(b) Age/Date of establishment/Date of Incorporation
2. (a) Nationality (for individual applicants/body of individuals)  
(b) By birth/domicile
3. Details of payment of Processing Fee
4. Details of Registration as a Cable Operator
  - (a) Name of the Post Office with which registered
  - (b) Registration No./Validity up to
  - (c) Copy of the Registration Certificate (enclose)
5. Complete Postal Address with Telephone/Fax No./E-mail ID
  - (a) Corporate Office/Head Office
  - (b) Registered Office

(c) Regional Offices

(d) Address of Correspondence

6. Name of authorized contact person, his designation and telephone/ fax No./E-mail ID

7. \*Registration detail under Companies Act, 1956: Incorporation No. and Date (Attach a copy of Certificate of Incorporation and Memorandum and Article of Associations)

8. \*Board of Directors (Attach 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.

9. \*Attach list of key executives including CEO/MD along with details as in 8 above.

10. \*(i) Authorized Share Capital, (ii) Paid-up Share Capital, (iii) Net worth (enclose a copy of the audited Balance Sheet and Profit & Loss Account for the immediate preceding year and certificate of Net Worth on the basis of these documents by a Chartered Accountant).

11. Details of availability/arrangement of funds (sufficient proof to be enclosed).

12. (i) Present Area of Operation (if in more than one city, city-wise details to be given).

(ii) CAS notified Area or Areas proposed to be covered by the applicant (if in more than one city, then city-wise details should be given)

13. No. of channels being provided in unencrypted form (own/broadcasters') (give names separately for own channels and broadcasters' channels).

14. Other value added services being provided (details along with their copies of licenses).

15. Total no. of each of local cable operators and subscribers covered (attach list of local cable operators with their telephone nos./fax nos./E-mail IDs and the number of subscribers each of the cable operators has with him.)

16. Details of past experience/field of activity.

17. Preparedness to supply and maintain adequate number of Set Top Boxes for the subscribers and installation of subscriber management system (give details to substantiate your claim including no. of Set Top Boxes already available/orders placed/network of authorized persons/agents to supply and provide after sales service).

18. Number of Agreements signed with broadcasters to supply their channels under CAS scheme (Give names of broadcasters and their channels for which agreements signed along with copies of agreements to substantiate your claim)

19. What arrangements have been made/proposed to be made to give wide publicity to CAS scheme in each of the notified areas, as approved by the Authority. (Give full details)

I/We ....., the applicant(s) **\*\***(individual/ firm/ company/association of persons/body of individuals) do hereby declare that the above facts are correct in all respects.

I/We hereby undertake to abide by all the conditions/directions/ orders that the Central Government or the Authority may lay down/ issue for the smooth implementation and operation of CAS scheme in the notified areas.

**Signature of Applicant/Authorized person  
\*\*(individual/firm/company/association  
of persons/body of individuals)**

**Place ..... Name .....**

**Date ..... Address .....**

\* To be given in case applicant is a Company/Firm

\*\* Score out the word or words which are not applicable.

**F. No. 9/16/2004-BP&L (Vol.IV)**

**(N. Baijendra Kumar)  
Joint Secretary to the Government of India**

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