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**TELECOM REGULATORY AUTHORITY OF INDIA**

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**TRAI sets a time frame of five years for digital transmission through Cable TV**

New Delhi, 25<sup>th</sup> July, 2008 - Telecom Regulatory Authority of India (TRAI) has send its final recommendations on **“Restructuring of Cable TV Services”** to Ministry of Information and Broadcasting. If acted upon by the Government it will not only revamp the Cable TV industry but would also put India on the map of developed countries with predominant share of digital transmission of entertainment content.

The spectacular growth of Indian Cable TV industry during the past two decades has been largely due to entrepreneurial skills of Cable TV operators. Cable TV penetration has risen to 78 million homes at the end of year 2007 and still has a lot of potential to grow. However, the present mode of Cable TV transmission which is predominantly analogue, has certain limitations as it lacks scope for technological up-gradation, appropriate addressability and efficient resource utilization.

The sector is marred with disputes relating to actual subscriber base, poor quality of service and inadequate consumer grievance redressal mechanism. The non-availability of authenticated data, lack of supervisory guidance and unorganized development of Cable TV industry are some of the roadblocks to explore its full potential. The Authority has recommended a well defined, robust and supportive licensing framework to restructure the Cable TV

sector in order to boost planned, sustained growth and better services to customers.

The recent technological developments are likely to trigger a fierce competition in the TV Broadcasting sector and the conventional Cable TV operators may face stiff competition from operators running TV networks based on advance distribution technologies like Direct to Home (DTH), Headend in the Sky (HITS), Internet Protocol Television (IPTV) etc. With more and more convergence taking place especially between Broadcasting and Telecommunication sectors, the conventional analog cable TV networks will have to be upgraded for exploiting new avenues for delivering the converged services.

Widening the scope of available Cable TV network to provide value added services like Broadband will drastically help Cable TV operators to improve their business models. The convergence and advent of NGN will require high speed broadband access to subscribers. Cable operators can contribute a lot in this direction as it will help to increase broadband penetration drastically. This will definitely require up-gradation of present Cable TV Networks to two-way digital cable networks. Such network upgradation requires huge resources inflow which can be attracted only in a well organized sector with supportive regulatory framework.

The Authority had initiated a consultation process by floating a detailed consultation paper on “Restructuring of Cable TV Services” on 4<sup>th</sup> March, 2008. Emphasis has been laid on long term stable, organized and supportive licensing framework to encourage innovation & investments in the sector with emphasis on better services and effective customer grievance redressal mechanism. The Authority is conscious of the contributions made by present Local Cable Operators (LCOs). It also recognizes the investments made by the LCOs in terms of time, manpower and money. Therefore, the framework being suggested would encourage continuing role for the present Cable TV operators in the restructuring of 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 digitization.

The salient features of the recommendations are mentioned below:

- Greater emphasis laid on network digitization, increased addressability and to encourage voluntary CAS.
- Incentives prescribed to Multi System Operators (MSOs) to introduce total digitized networks.
- The registration for cable TV operator to be replaced by a comprehensive and supportive licensing framework.
- Separate licensing frameworks for Cable TV operators (LCOs) and Multi System Operators (MSOs).
- Eligibility criterion made specific to identify the entities who can act as LCOs and MSOs
- Option and flexibility to choose Service area given both to LCOs and MSOs.
- Entry Fee
  - LCO- Rs 10000/- and Rs. 100000/- for District and state level respectively.
  - MSO- Rs. 1 Lakh, Rs. 10 Lakhs and Rs. 25 lakhs for District, State and Country level respectively.
- New license and renewal of license in time bound manner.
- Duration and Administrative Cess for respective License well defined.
- Licensing Authority and Appellate Authority well defined.
- Easy migration of valid registered Cable TV operators.
- A well defined Subscriber complaint redressal mechanism & Subscriber Billing system.
- Quality of service defined for LCOs and MSOs.
- Data collection procedure for LCOs and MSOs well defined to ensure organized and systematic growth.

- Penalty provisions including suspension and termination of license for effective compliance of licensing conditions.
- LCOs & MSOs encouraged to use latest transmission technologies such as fiber etc for better quality of service. Both MSOs & LCOs made eligible for Right of Way (RoW).
- Special concession of 50% in entry fee for LCOs and MSOs for an initial period of three years for J&K and North Eastern states.

Detailed recommendations are available on TRAI's website [www.trai.gov.in](http://www.trai.gov.in).

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