

FIFTY-SECOND REPORT
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2003)

(THIRTEENTH LOK SABHA)

MINISTRY OF INFORMATION & BROADCASTING
CONDITIONAL ACCESS SYSTEM (CAS)

Presented to Hon'ble Speaker on.....
Presented to Lok Sabha on
Laid in Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI

July, 2003/Asadha, 1925 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2003)

Shri Somnath Chatterjee—*Chairman*

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2. Shri Yogi Aditya Nath
3. Shri Pawan Kumar Bansal
4. Prof. Dukha Bhagat
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- *23. Vacant
24. Shri Vanlalawma
25. Shri Rajesh Varma
26. Smt. Kanti Singh
27. Shri Amir Alam Khan
28. Shri Charanjit Singh
29. Shri Arun Kumar
30. Dr. Bikram Sarkar

*Vacancy caused *vice* appointment of Shri P.C. Thomas as Minister *w.e.f.* 24 May, 2003.

(iv)

Rajya Sabha

31. Shri Vijay J. Darda
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40. Shri Shahid Siddiqui
41. Ms. Lata Mangeshkar
42. Shri Rajeev Shukla
43. Shri Sanjay Nirupam
44. Shri Kartar Singh Duggal
45. Shri Mukhtar Abbas Naqvi

SECRETARIAT

1. Shri P.D.T. Achary — *Additional Secretary*
2. Shri S.K. Sharma — *Joint Secretary*
3. Shri S.K. Sharma — *Deputy Secretary*
4. Shri B.D. Swan — *Under Secretary*

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2003) having been authorised by the Committee to submit the Report on its behalf, present this Fifty-Second Report on 'Conditional Access System (CAS)' relating to the Ministry of Information & Broadcasting.

2. The Cable TV Network (Regulation) Act, 1985 was amended in December, 2002 with a view to provide relief to the customers and the Government decided in January this year to enforce the amended Act in the four Metro cities of Delhi, Mumbai, Kolkatta and Chennai *w.e.f.* 15 July, 2003 by mandatory use of the Set Top Box (STB).

3. The representatives of the Indian Broadcasting Foundation represented to the Committee on the subject and appeared before the Committee on 23 April 2003. The Committee received representations from Shri Kirit Somaiya M.P. Shri Raj Purohit and Shri Atul Shah Members of the Maharashtra State Legislature, representing associations of Cable TV customers and heard their views on 28 May 2003. The Committee heard the views of the Ministry of Information & Broadcasting on 29 May 2003.

4. The Report was considered and adopted by the Committee at its sitting held on 2 July, 2003.

5. The Committee wishes to express its thanks to the representatives of Indian Broadcasting Foundation, Shri Kirit Somaiya M.P. Shri Raj Purohit M.L.A. and Shri Atul Shah M.L.A. and officers of the Ministry of Information & Broadcasting and for appearing before the Committee and furnishing expeditiously valuable information, that the Committee desired in connection with the examination of the subject.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
3 July, 2003
12 Asadha, 1925 (Saka)

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on
Information Technology.

REPORT
CONDITIONAL ACCESS SYSTEM (CAS)

Introductory

The television broadcasting has undergone a major transformation over the last few years. Over the years, black and white single channel fixed house viewing has yielded place to colourful, multi-channel round the clock transmission. Television has now emerged as the preferred mode of entertainment for vast sections of the masses with better picture quality and coverage of events. It has led to a significant increase in television viewing by the people of entertainment programmes during prime time. According to one estimate, television connectivity grew to 82 million households during the year 2002, of which Cable and Satellite (C&S) households accounted for 41 million. The C&S TV is no longer an urban phenomenon. The rural areas have shown a huge potential for growth. Rural C&S penetration currently stands at ten per cent but has been steadily growing. Initially, most of the C&S channels in the country were free to air (FTA) channels. However, C&S industry realising the revenue potential, started shifting towards the subscription model and some channels began opting for the pay channel mode of operations. Presently, nearly 50 per cent of the operational mainstream channels have become pay channels. The distribution segment is fragmented amongst 25000-30000 Local Cable Operators (LCOs) who own the last mile and 4-5 large multi-system operators (MSOs) who indirectly control around 40 percent of the market. The broadcasters have adopted a strategy of forming bouquets of diverse channels in a bid to realise higher subscription revenues. They charge the

subscribers for the entire bouquet as opposed to charging for separate channels. The cable operators have been passing on the frequent price increases announced by the different bouquets to their subscribers. The average charges per subscriber have almost doubled from an average Rs.125-150 to Rs.250-300 per month over the last 2 years. In certain areas of the metros, the subscription charges are stated to be as high as Rs. 350 per month. Declaration of the subscriber base and revenues by the LCO to the MSO is stated to be in the range of 20-25 per cent of the actual figures though it varies from location to location. With a view to provide relief to the consumers amendment to the Cable TV Network (Regulation) Act, 1985 was made in December, 2002 which will be enforced in the four metro cities of Delhi, Mumbai, Kolkata and Chennai with effect from. 15 July, 2003.

2. The amended Act, inter-alia, seeks to mandate the viewing of pay channels through an addressable system better known as conditional access system, which entails the mandatory use of Set Top Boxes (STB) with the objective to ensure that every subscriber pays for channels they wish to watch and receive a minimum number of free-to-air channels of different genres at a reasonable cost.

3. The Bureau of Indian Standards (B.I.S.) has finalized the specifications for digital and analogue set top boxes.

The amended Act.

- (i) Makes it obligatory for every cable operator to transmit pay channel programmes through an addressable system.
- (ii) Enables the Government to specify, genre-wise, free to air channels

to be included in the basic service tier.

- (iii) Enables Government to specify the maximum amount that a cable operator may demand for the basic service tier.
- (iv) Requires every cable operator to publicise in the prescribed manner subscription rates and intervals at which such subscriptions are payable for receiving each pay channel.
- (v) The cable operator shall not require any subscriber to have a receiver set of a particular type to receive signals of cable television networks.

4. Subsequently the Government issued another notification on 7 May 2003, which specified that the minimum number of Free to Air channels to be included in the package forming the basic service tier would be 30 to be made available in the areas specified in the earlier notification i.e., Chennai Metropolitan area; Municipal Council of Greater Mumbai area; Kolkata Metropolitan area; National Capital Territory of Delhi. The notification further prescribes that the basic service tier must include the compulsory transmission of three Doordarshan Channels notified under Section-8 of the Cable Television Networks (Regulation) Act, 1995, and the genres of entertainment, news, sports, children's programmes and music and must be in English, Hindi and the regional languages.

5. The notification further specifies the maximum amount which a cable operator in the aforementioned areas may demand from a subscriber for receiving the programmes transmitted in the basic service tier provided by the cable operator to be Rs. 72 per month only, it is also provided that Free to Air channels, over and

above the basic service tier, would also be made available to the subscriber within the maximum amount mentioned above.

Task force for implementation of CAS

6. The Ministry of Information & Broadcasting, on 28 January, 2003 set up a Task Force to examine various issues related to the implementation of the CAS, in the four metropolitan cities. The Task Force comprises of representatives of broadcasters/Indian Broadcasting Foundation, Multi Service Operators, Cable Operators and Consumer Groups.

7. Terms of Reference of the Task Force are as follows:-

- (i) To make recommendations about the size and cost of basic service tier.
- (ii) To make recommendations regarding genre-wise mix of channels to be included in the basic service tier.
- (iii) Time frame for roll out in other cities
- (iv) Issues incidental to or connected with implementation of addressability.

8. This Committee in its Forty-Ninth Report (thirteenth Lok Sabha) also considered the issue of CAS, and felt that the Ministry of Information & Broadcasting and Prasar Bharati should ensure that private operators supply on demand, Set Top Box for viewing the pay channel so as to ensure availability, affordability and quality of Set Top Boxes to the people.

9. However, in view of various apprehensions/concerns expressed over the implementation of CAS, and specific requests placed before the Committee by the Associations of Broadcasters, MSOs, Cable operators and the subscribers and the importance of television in every household, the Committee decided to examine the issues objectively and recommend suitable measures if found necessary. The Committee also sought clarifications on status of the CAS from the representatives of Ministry of Information & Broadcasting.

Set Top Boxes.

(i) Availability.

10. During evidence a representative of the Indian Broadcasting Foundation (IBF) in reply to a query by the Committee on the availability of Set-Top-Boxes stated that availability of Set Top Boxes (STBs) compared to the population of cable TV subscriber homes in four metros on day one, i.e. on 14 July, 2003 would only be to the tune of 4 to 5 per cent, and that demand will outstrip the supply, which will lead to a situation like blackout and even piracy of pay channels. He further added that, IBF was of the view that a staggered roll out; beginning with one metropolitan city on 15th July will make it a successful launch and pave the way for easy implementation of the system. When the Committee asked about the minimum requirement of STBs in one metro, he replied that Delhi alone would require about 17 lakh sets.

11. However, another representative of IBF intervened and submitted that the Ministry of Information & Broadcasting had set up a Task Force to implement the

CAS and it comprised all those involved in the Cable TV sector, and this Task Force is looking into the preparedness of cable TV operators and MSOs in implementing CAS and this decision should be left to the Task Force alone. He further added that being both an MSO and a broadcaster as well, his concern was ready to implement CAS and for that reason he had already taken steps to import a million STBs.

12. The Committee then categorically asked the CEO Prasar Bharati, who also happens to be the President of IBF, whether on behalf of the Government he could assure that there would be sufficient availability of STBs for the four Metropolitan cities on 15th July 2003. In reply, he stated that before the presentation before this Committee a formal meeting of the IBF Board had not taken place. When asked whether it meant that the views expressed were not unanimous views of the IBF, he replied in affirmative.

13. He submitted that in the course of the deliberations of the said Task Force, the Chairman who is a part of the Ministry of Information & Broadcasting, had categorically stated that there would be no problem with regard to availability of boxes on the stipulated date.

14. Shri Kirit Somaiya, M.P., who appeared as a non-official witness representing the Cable TV subscribers of Mumbai apprised the Committee that more than two-third of the customers would opt for free-to-air channels. He further stated that there was no regulatory-disciplinary system. According to him, due to collusion between pay channel Broadcasters, MSOs and Cable Operators, Cable

subscribers were at their mercy. They were being charged Rs.370 to Rs.400 per month for a single cable connection. The cable operators were under - declaring cable subscribers substantially and there was a wide gap in the figures furnished by them. They declared 6 lakh subscribers to Star TV, 4.47 lakh to Maharashtra Government for entertainment tax and only 2 lakh for service tax to Ministry of Finance. Shri Somaiya M.P. alongwith Shri Atul Shah, Shri Rajpurohit and Shri Mangal Prabhat Lodha Maharashtra State Assembly had moved a PIL in the Mumbai High Court and got interim relief and stay to the subscription hike of Rs.100 to Rs.125. They pleaded that regulatory framework must be put in place urgently and market forces must apply in favour of customers.

(ii) Views of the Ministry of Information & Broadcasting

15. The Committee desired to know the views of the Ministry of Information & Broadcasting on availability of CAS boxes. In reply, the Ministry stated in a note that the representatives of IBF in the Task Force Meetings always assured that they were fully prepared to meet the deadline i.e. 15 July, 2003 for introduction of CAS in the four metros, as notified by the Government. Neither did IBF voice its concern on implementing the CAS in one metro instead of four as represented to this Committee. As regards availability of STBs, the Ministry was stated to be making endeavours and was in constant touch with the concerned organisations/MSOs/Manufacturers. Discussions have been held with MSOs and they have confirmed that they have already initiated steps to import STBs from various sources and a substantial number of STBs will be available by 14th July, 2003. The Ministry in the note has further added that since all the stake holders

were confident to meet the requirement of STBs in 4 metros, it would not be appropriate to restrict CAS only to one metro.

16. To a specific query as to how many boxes would be required by 15th of July, 2003 for successfully implementing CAS in the four metropolitan cities, the Secretary Ministry of I&B submitted that as per the estimates gathered from the Task Force deliberations, one-third of the TV homes would require STBs in four metros. When asked the reason for the same, he replied that for some people, the offer of Rs. 72 for 30 Free to Air channels would be so attractive that they would not like to go for STBs. When asked about the basis for the same, he replied that it is an informed guesswork by the industry representatives. He further added that a Hong Kong Firm had estimated that only 10 per cent of the total Cable TV house holds would buy the STBs, that means between 6 to 20 lakhs boxes would be required, and since the industry had placed order for 27 lakh boxes, there would be no problem as regards the STBs.

17. When asked whether the Task Force was constituted Metro city wise, the Secretary replied that it was not so constituted. To another query whether any surveys had been commissioned to independently assess the requirement of STBs, he replied that some surveys had been got done on certain aspects that were controversial.

18. To a specific query about the number of STBs that had arrived till date in the country, the Secretary, I&B stated that he did not have definite figures but he had told all the persons concerned that they must apprise the Ministry of their

import plans. He assured the Committee that the Ministry would monitor weekly arrival figures.

19. When pointed out that the Broadcasters and the MSOs the two main constituents of the Task Force had conflicting views on implementation of CAS in the metros, the Secretary, I&B admitted the fact and added that the MSOs had contended that it was all secure since they had ordered enough number of boxes. On the other hand, the broadcasters were of the view that there would not be enough boxes available by the appointed date, namely, 15 July, 2003.

20. The Committee then desired to know whether the Ministry had assessed the feasibility of indigenous production of STBs. In reply, a representative of the Ministry of Information & Broadcasting stated that such boxes could be manufactured in India within five to six months and that any company which manufactured PCBs for computers could manufacture the STBs under licence from the original manufacturer.

21. When asked if the Ministry had approached any of the Public Sector Undertaking/Government R&D institutions involved in the field of Electronics to assess the feasibility of substantial indigenous production of STBs, the Secretary replied that the Ministry of Information & Broadcasting had talked to Consumer Electronics & TV Manufacturers Association (CETMA), an organisation of electronics manufacturers, but did not negotiate with any PSU since it was felt that an STB is a simple gadget and the same could be taken care of by Small Scale Sector. However, he added that presently the technology abroad was cheaper and

in such scenario, insistence on development of indigenous technology would be tantamount to re-inventing the wheel.

22. When pointed out by the Committee that C-DAC a Government Institution had developed the technology for manufacturing the STBs, the Secretary assured the Committee that the Ministry would get in touch with the said institution.

(iii) *Affordability of Set Top Boxes*

23. The Committee pointed out that in the course of examination of the Demands for Grants 2003-04 of the Ministry of Information & Broadcasting, it had been assured that while a digital STB would cost about Rs. 3000/- to 5000/- an analogue STB would cost between Rs. 1500/- to Rs 2000/-. However, some of the Private TV channels have been indicating the price of a STB to the tune of Rs. 7000/-. The Secretary Ministry of I&B replied that price range of the STBs would now be much lower, since the Ministry of Finance has exempted the STB from customs duty.

24. The Committee desired to know whether the Ministry would have any role in fixing the price of the STB and its import, the Secretary replied that the Ministry would not determine the prices of the STBs, even though the Ministry had asked the MSOs to indicate and fix terms which are favourable to the customers, and which would be based on returnable basis. So far as the import is concerned the same is being done by MSOs. He informed that one company had already announced the rate of Rs. 30/- per month as rent against deposit and the Ministry had asked the other MSOs to follow suit quickly.

25. The Committee asked whether the STBs would be available only through the Cable operators/MSOs, the Secretary replied in affirmative. He further added that in other countries, the STBs are given free of cost. However, since there was no law in our country to compel the MSOs to give the STBs free, the Ministry has been pressing upon the MSOs to announce reasonable rentals.

26. In reply to another query by the Committee, whether an STB provided by one MSO could be interchanged with another Set Top Box issued by another MSO in the eventuality of sifting of residence by a subscriber, the Secretary replied that this was another reason why the Ministry had asked the MSOs not to make the consumers buy these boxes, and rather supply the STBs on returnable basis.

27. When asked whether a household having more than one TV set would have to acquire additional STBs for each TV set, the Secretary replied that basically the law was meant for the benefit of a section of consumers who did not have more than one TV set. However, he added the Ministry has been trying to address this question also.

28. To a specific query, whether the Government was thinking to defer of implementation of CAS by six months as represented by a section of Broadcasters and MSOs, as there would be a huge foreign exchange outgo of about Rs.700 crore on the import of Set-Top-Boxes, the Secretary replied that there was no such thinking but he would place the matter before the Hon'ble Minister, if so desired.

29. The Committee drew attention of the Ministry to the provision of Section 4A(8) of the Cable TV Networks(Regulation) Amendment Act, 2002 which provide that the cable operators should not insist on any subscriber to have an STB of a particular type to receive signals of cable television network, and desired to know whether a subscriber would be free to choose the type of STB. In a note, the Ministry of Information & Broadcasting stated that during the discussions with the MSOs they had informed that they would prefer to go in for Digital Set Top Boxes since these are less susceptible to hacking and also ensure better quality signals.

Free to Air Channels

30. In the course of evidence, the representative of the IBF stated that they thought that the current mandate of the Government Notification for Free to Air channels was Rs. 72/- for a minimum of 30 Free to Air channels. Under this arrangement, a Cable operator would meet his minimum requirement, and would show only 30 channels because beyond that he could not be forced. When asked whether there was any mechanism to control the Cable operator, the representative submitted that currently there was no mechanism to do so.

31. When asked whether action could be taken against the operator if he decided to leave out any particular popular Free to Air channel against the wishes of a subscriber, the Secretary Ministry of I&B replied that there was no provision but stated that it was unlikely that a cable operator would omit any popular channel.

32. The Committee desired to know the basis on which subscription rate of Rs.72/- has been fixed for a minimum of 30 channels. In reply, the Secretary, I&B clarified that for maximum of Rs. 72/-, all free to air channels would be available and not just 30 channels. He added that if a minimum number was not prescribed then the cable operators operation would not be subject to any minimum requirement.

33. When asked how the Ministry worked out the figure of 30 channels; a representative of Ministry of Finance who was involved in the study of the costing of channels submitted that on the basis of cost plus reasonable profit, it has been worked out that the cost of a cable operator to show Free to Air channels to be Rs. 71.33 paise for sixty channels and a very marginal cost is required if the number of channels is required to be increased up to eighty or ninety channels.

34. The Association of Indian Free to Air Broadcasters in a representation to the Committee have represented that at the rate of Rs.72/- p.m. a consumer must get a minimum of 60 free to air channels also because of the fact that the costing study has indicated subscription rate of Rs.72/- p.m. for 60 free to air channels, the Committee asked why only 30 channels had been fixed and why it was not increased to 60 channels, the Secretary, I&B in reply stated that though the number of Free to Air channels may be 70 to 80 on an average in each Metro, yet only 35 such channels were being usually shown.

Pay channels

35. Expressing its concern on the affordability of pay channels as Broadcasters were announcing arbitrary rates for bouquet of channels, the Committee desired to know whether the Government intended to fix rates for pay channels to bring about uniformity. In reply, the Secretary, I&B stated that, the price of a pay channels would vary, and it would depend upon the customers' desire to purchase, whereas the efforts of the Ministry were directed towards creating a transparent market. He, further, added that, though different figures were being mentioned, still as per the understanding of the Ministry that rates of pay channels will be reduced with the introduction of CAS.

36. The Committee then drew the attention of the Ministry to section 4A(7) of the Cable TV Networks (Regulation) Amendment Act, and pointed out that it provided for fixation of price of each pay channel, but was silent about bundling of channels into compulsory bouquets by broadcasters. In reply, the Secretary, I&B submitted that since the whole law has been made for the benefit of the consumer, the Ministry had asked the Ministry of Law to look into the matter. However, he felt that the matter could be handled within the given law, and assured that if it could not be done, then the Ministry would approach the Committee for help.

37. The Committee desired to know whether there existed any distinct possibility of pay channels turning into Free to Air Channels. The witness agreed and submitted that there was a strong possibility of weaker pay channels turning into Free to Air, since they would not like to lose the advertisement revenues, as

advertising generated 70 to 80 per cent of their revenue, whereas the pay component was about 20 per cent only.

38. The Committee then asked whether the Ministry had received any assurance from the pay channels that they would turn into free channels since the consumers had to decide whether or not to opt for the STBs for viewing of pay channels, the Secretary replied that the Ministry had asked the pay channels to clarify officially to the Ministry of Information and Broadcasting whether they would remain pay channel or turn into free to air channel, and they have been asked to make their position clear by 15 June 2003.

39. The Amended Cable TV Networks (Regulation) Act 2002, apart from mandating viewing of pay channels through an addressable system i.e. Conditional Access System, seeks to ensure that every subscriber pays only for those pay channels they wish to watch and receive a minimum number of free-to-air channels at a reasonable price. The Committee notes that under this system of conditional access, for viewing of pay channels subscribers would be required to install a Set Top Box(STB).

40. The Committee notes that according to the Ministry's estimates only one third of the Cable TV Subscribers would opt for CAS/STBs, as the rest would be satisfied with the Free to air channels available within the basic tier. Therefore, the initial requirement of STBs as estimated would only be 20 lakhs against the total viewership of 56 lakhs in 4 metros. The MSOs

have assured the Ministry of having placed orders for import of 27 lakh STBs. The Committee notes that this contention is based upon the guess work of the MSOs who have vested interests in the issue and has not been independently verified by the Ministry through any survey of its own. On the other hand, IBF estimated that the availability of STBs would only be to the tune of four to five per cent of the requirement and according to them, it would lead to a black out of pay channels in the four Metros. The Committee further notes that there appears to be no credible data available with the Ministry as regards the arrival of STBs into the country, and it is now, after sensing the serious concern of the Committee that the Ministry has assured to monitor weekly arrival of STBs.

41. The Committee is seriously concerned to find that the Ministry of Information & Broadcasting arbitrarily decided the cut off date for introduction of Conditional Access System without making any indepth study about the availability and price of Set Top Boxes. No efforts were made to explore the possibilities of its indigenous production even though the CAS is a simple device and many of the public sector institutions can and are willing to manufacture them. The import of Set-Top-Boxes in such a large number will result in avoidable drain on the foreign exchange reserves of the country. Even the modest estimates put the figure of 20 lakh Set Top Boxes which will amount to outgo of Rs.600 crores. Prudence requires that after assessing the genuine demand Government should explore possibilities of indigenous manufacture in a given time frame.

42. In view of the aforementioned, the Committee fails to share the optimism of the Ministry that a smooth roll out of CAS will be possible. The Committee therefore recommends that the Ministry of I&B meticulously monitor the availability of STBs so as to avoid any black out of pay channels and also make all out efforts to ensure expeditious indigenous manufacture of STBs.

43. The Committee is deeply concerned to note that even though the CAS is to be rolled out within the next few days, yet many of the important issues agitating the public and having financial implications have not been resolved. Availability of Set Top Boxes at affordable prices to the subscribers and its distribution are not clearly defined.

44. Further, in addition to anticipated high cost of the STB, its inapplicability in case a subscriber shifts residence and switch over to another MSO have not been resolved. The Ministry is now persuading the MSOs to provide the STBs on returnable basis and fix rentals for the same, even though there is no such provision in the Act. The Committee also notes that though the MSOs/cable operators under the Act can not force the consumer to procure any particular type of STB, yet it is clear from the submission of the Ministry that the MSOs would opt for costlier Digital STBs as they are more suitable to them. It is also a matter of concern to the Committee the Ministry has not been able to address the issue of installing multiple STBs for subscribers homes having more than one TV set. It is also a matter of concern that the Act or the notifications of the Ministry have not

provided for a complaint redressal mechanism to deal with consumers' complaints against cable operators/MSOs/Broadcasters. The Committee urges the Ministry to look into all these aspects and resolve them in a given time frame and ensure that interests of the TV viewers are well protected otherwise the very objective of introduction of CAS to ensure quality entertainment at affordable rates will be substantially frustrated creating great confusion and inconvenience.

45. The Committee feels that the Ministry should ensure that the MSOs being the sole suppliers of the STBs, do not exploit the subscribers with regard to availability, affordability and choice of the STBs. The Ministry should ensure strict enforcement of the provisions of the Act in this regard and that the STBs conform strictly to the standards formulated by BIS and choice of STBs remain with the consumer.

46. The Committee notes that the task force has worked out subscription rate of Rs.72/- for 60 channels on the basis of cost plus reasonable profits of the cable operators and only marginal cost is required if the channels increased upto 80 or 90 channels. The Committee fails to understand when the Free to Air broadcasters are ready to provide upto 60 channels, and in the aftermath of introduction of CAS, a large number of subscribers would opt for the basic bouquet, then why the basic tier has been kept at 30 channels. The Committee is also concerned that the consumer would have no choice with regard to channels to be provided in the basic tier.

47. The Committee urges the Ministry to reconsider the issue of basic tier with a view to enhance the number of channels to be made available. The Committee further urges the Ministry to ensure that the subscriber is able to exercise choice in matters of channels to be available within the basic tier and make suitable amendments in the law, if required.

48. As regards pay channels the Committee desires that the Ministry to ensure that the rates of pay channels are transparent, so as to avoid bundling of channels by pay channels broadcasters and such rates be notified to public as early as possible so that they can exercise their choice whether or not to opt for STBs.

49. To sum up the Committee is of the considered view that Conditional Access System should be implemented systematically in a given time frame by deferring the date fixed, if necessary keeping in view the interests of the people without disrupting telecast of quality programmes and dissemination of information in any manner. In any case, cable subscribers should not be put into worse position after introduction of CAS.

New Delhi
3 July, 2003
2 Asadha, 1925 (Saka)

SOMNATH CHATTERJEE,
CHAIRMAN,
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY

ANNEXURE I

MINUTES OF THE SIXTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2003)

The Committee sat on Wednesday, 23 April, 2003 from 1500 hours to 1600 hours in Committee Room No. '62', Parliament House, New Delhi.

PRESENT

Shri Somnath Chatterjee—Chairman

MEMBERS

Lok Sabha

2. Shri Pawan Kumar Bansal

3. Shri Jarbom Gamlin

4. Shri K.K. Kaliappan

5. Shri A. Krishnaswamy

6. Shri Bhartruhari Mahtab

7. Shri K.A. Sangtam

8. Shri C.N. Singh

9. Shri P.C. Thomas

10. Shri Charanjit Singh

11. Dr. Bikram Sarkar

Rajya Sabha

12. Dr. Prabha Thakur

13. Shri K. Rama Mohana Rao

14. Shri Vijay J. Darda

15. Shri Dina Nath Mishra

16. Smt. Sarla Maheshwari

17. Shri Rajeev Shukla

18. Shri Suresh Pachori

19. Shri Balbir K. Punj

20. Shri Shahid Siddiqui

21. Shri Sanjay Nirupam

22. Shri Kartar Singh Duggal

23. Shri Mukhtar Abbas Naqvi

SECRETARIAT

- | | | |
|----------------------|---|---------------------------|
| 1. Shri S.K. Sharma | — | <i>Deputy Secretary</i> |
| 2. Shri B.D. Swan | — | <i>Under Secretary</i> |
| 3. Shri D.R. Shekhar | — | <i>Assistant Director</i> |

Representatives of the Indian Broadcasting Foundation (IBF)

1. Mr. K.S. Sarma, President-IBF, CEO, Prasar Bharati.
2. Mr. Kunal Dasgupta, Vice-President—IBF, CEO, SET Indian Pvt. Ltd.
3. Dr. S.Y. Quraishi, Director General, Prasar Bharati.
4. Mr. Deepak Shourie, Managing Director, Discovery Communication.
5. Mr. Jawahar Goel, Additional Vice-Chairman, Zee Telefilms Ltd.
6. Mr. Manu Sawhney, Managing Director, ESPN Software Ltd.
7. Mr. Peter Mukerjee, CEO, STAR India Pvt. Ltd.
8. Mr. Subash Chandra, CEO, ZEE TV.
9. Mr. Bhuvan Lall, Executive Director, IBF.

2. At the outset, the Chairman welcomed the representatives of the Indian Broadcasting Foundation (IBF) to the sitting of the Committee.

3. Thereafter, the representatives briefed the Committee on various issues relating to the proposed "Conditional Access System". They also attended to the queries of the members on the subject. Since there was a divergence of opinion among the Members of Indian Broadcasting Foundation on certain vital issues concerning the introduction of Conditional Access System, the Committee decided to seek clarification from the Ministry of Information & Broadcasting thereon.

4. A copy of the verbatim record of the sitting has been kept.

The Committee then adjourned.

ANNEXURE II

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2003)

The Committee sat on Wednesday, 28 May, 2003 from 1100 hours to 1325 hours in Committee Room No. 'B', Parliament House, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Pawan Kumar Bansal
3. Shri Yogi Aditya Nath
4. Prof. Dukha Bhagat
5. Shri Bhartruhari Mahtab
6. Shri Jarbom Gamlin
7. Shri K.A. Sangtam
8. Shri C.N. Singh
9. Rajkumari Ratna Singh
10. Shri Sheeshram Singh Ravi
11. Shri Rajesh Varma
12. Shri Arun Kumar
13. Shri Amir Alam Khan
14. Shri Nikhil Kumar Chaudhary
15. Shri Saroj Tufani

Rajya Sabha

16. Shri Vijay J. Darda
17. Shri S.S. Ahluwalia
18. Shri Dina Nath Mishra
19. Shri Balbir K. Punj
20. Shri Shahid Siddiqui
21. Shri Rajeev Shukla
22. Shri Kartar Singh Duggal

SECRETARIAT

- | | | |
|----------------------|---|---------------------------|
| 1. Shri S.K. Sharma | — | <i>Joint Secretary</i> |
| 2. Shri S.K. Sharma | — | <i>Deputy Secretary</i> |
| 3. Shri B.D. Swan | — | <i>Under Secretary</i> |
| 4. Shri D.R. Shekhar | — | <i>Assistant Director</i> |

Witnesses

1. Shri Kirit Somaiya, M.P. (Lok Sabha)
2. Shri Raj Purohit, M.L.A., Maharashtra State
3. Shri Atul Shah, M.L.A., Maharashtra State

2. At the outset, the Chairman welcomed Shri Kirit Somaiya, M.P. and his colleagues to the sitting of the Committee.

3. Thereafter, Shri Somaiya apprised the Committee of his views on the proposed "Conditional Access System (CAS)". The Members sought certain clarifications on various aspects of CAS like availability of Set Top Boxes, price of the Box and whether the consumer would have a choice and whether the cable operator would decide about the free-to-air channels (forming the basic tier) which will be provided for Rs. 72/- per month.

4. The witness replied to the queries of the Members.

5. The Chairman thanked the witnesses for appearing before the Committee as well as furnishing valuable information that the Committee desired in connection with the aforesaid subject.

6. A verbatim record of the sitting has been kept.

The Committee then adjourned.

ANNEXURE III

MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2003)

The Committee sat on Thursday, 29 May, 2003 from 1100 hours to 1310 hours and from 1500 hours to 1600 hours in Committee Room 'B', Parliament House Annexe, New Delhi, to consider introduction of Conditional Access System w.e.f. 15 July, 2003.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Yogi Aditya Nath
3. Shri Pawan Kumar Bansal
4. Prof. Dukha Bhagat
5. Shri Ajay Singh Chautala
6. Shri Rama Mohan Gadde
7. Shri Jarbom Gamlin
8. Shri T. Govindan
9. Shri K.K. Kalippan
10. Shri A. Krishnaswamy
11. Shri Bhartruhari Mahtab
12. Shri Sheeshram Singh Ravi
13. Shri Saroj Tufani
14. Shri K.A. Sangtam
15. Shri Nikhil Kumar Chaudhary
16. Shri Vanlalawma
17. Shri Rajesh Varma
18. Shri Amir Alam Khan
19. Shri Arun Kumar

Rajya Sabha

20. Shri Vijay J. Darda
21. Dr. Prabha Thakur
22. Shri S.S. Ahluwalia
23. Shri Dina Nath Mishra
24. Shri Balbir K. Punj
25. Shri Shahid Siddiqui
26. Shri Rajeev Shukla
27. Shri Kartar Singh Duggal

SECRETARIAT

- | | | |
|---------------------|---|-------------------------|
| 1. Shri S.K. Sharma | — | <i>Joint Secretary</i> |
| 2. Shri S.K. Sharma | — | <i>Deputy Secretary</i> |
| 3. Shri B.D. Swan | — | <i>Under Secretary</i> |

Witnesses

MINISTRY OF INFORMATION & BROADCASTING

1. Shri Pawan Chopra, Secretary.
2. Shri Sudhir Sharma, Joint Secretary (P&A)
3. Shri S. Narayanaswamy

BROADCAST ENGINEERING CONSULTANT INDIA LIMITED

4. Shri K.R.P. Verma, CMD BECIL
5. Shri Vikas Jain, Consultant.

MINISTRY OF FINANCE

(Deptt. of Expenditure, Cost Accounts)

6. Shri J.K. Puri, Additional Chief Advisor (Cost)
7. Shri C.H. Porthiraj, Director (Cost)

2. At the outset, the Chairman welcomed the representatives of Ministry of Information & Broadcasting, BECIL and Ministry of Finance, to the sitting of the Committee and invited their attention to the provisions contained in Direction-58 of the Direction by the Speaker.

3. The Committee then sought clarifications on certain issues like availability of Set Top Boxes, their price and rationale for deciding a minimum of 30 Free to Air Channels to be provided in the basic bouquet and bundling of pay channels into compulsory bouquets. The representatives of the Ministry of Information & Broadcasting replied to the queries of the Members on introduction of the 'Conditional Access System' and issues relating thereto.

The Committee then adjourned for lunch.

4. The Committee reassembled after lunch break to conclude the unfinished deliberations and sought further clarifications on the prospects of encouraging indigenous production of the Set Top Boxes especially in the Public Sector and efforts made by the Ministry in this regard; whether the number of Free to Air channels available within the basic tier could be increased and whether the Multi Service Operators (MSO) had confirmed any schedule for import of Set Top Boxes.

5. The representatives of the Ministry of I&B, BECIL and Ministry of Finance responded to the queries of the Members. The Secretary of Information & Broadcasting assured the Committee that the Ministry would look into the apprehensions of the Committee over the introduction of CAS and details of the information sought would be furnished to the Committee as early as possible.

6. The Chairman thanked the Secretary of I&B for furnishing valuable information as well as for expressing free and frank views on various points raised by the Members.

7. The verbatim record of the Proceedings has been kept.

8. The witnesses, then, withdrew.

The Committee then adjourned.

ANNEXURE IV

MINUTES OF THE TWENTIETH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2003)

The Committee sat on Wednesday, 2 July, 2003 from 1500 hours to 1700 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Pawan Kumar Bansal
3. Shri Balrama Krishna Murthy
4. Shri Bhartruhari Mahtab
5. Shri Sheeshram Singh Ravi
6. Shri Saroj Tufani
7. Shri K.A. Sangtam
8. Shri Nikhil Kumar Chaudhary
9. Shri Vanlalawma
10. Shri Rajesh Singh
11. Smt. Kanti Singh
12. Shri Amir Alam Khan
13. Shri Arun Kumar
14. Dr. Bikram Sarkar

Rajya Sabha

15. Dr. Prabha Thakur
16. Shri S.S. Ahluwalia
17. Smt. Sarla Maheshwari
18. Shri K. Rama Mohana Rao
19. Shri Rajeev Shukla
20. Shri Sanjay Nirupam
21. Shri Kartar Singh Duggal

SECRETARIAT

- | | | |
|-----------------------|---|-----------------------------|
| 1. Shri P.D.T. Achary | — | <i>Additional Secretary</i> |
| 2. Shri S.K. Sharma | — | <i>Joint Secretary</i> |
| 3. Shri S.K. Sharma | — | <i>Deputy Secretary</i> |
| 4. Shri B.D. Swan | — | <i>Under Secretary</i> |

Witnesses

1. Shri Pawan Chopra, Secretary
2. Shri Sudhir Sharma, Joint Secretary
3. Smt. Meera Ranjan Tshering, Director
4. Smt. Surinder Kaur, Director
5. Shri G.C. Dwivedi, Joint Director
6. Shri G.P. Dhusia, Joint Director
7. Shri S.V. Menon, Joint Director

2. At the outset, the Chairman welcomed the Members to the sittings of the Committee. Thereafter, the Committee took up for consideration the following Draft Reports:—

- (i) Fifty-Second Draft Report on "Conditional Access System (CAS)".

(ii) ***

3. In the course of the sitting a few Members expressed the view that the consideration of the Draft Report on 'Conditional Access System (CAS)' may be deferred to a later date. Thereafter, the Chairman sought the views of each and every Member present to know their views. The overwhelming opinion that emerged was in favour of early adoption and presentation of the said Draft Report. The Committee, then, considered and adopted the Draft Report on Conditional Access System with amendments/modifications as shown in the Annexure.

4. ***

5. The Committee then authorized the Chairman to finalize the above mentioned Reports in the light of the factual verification received from the Ministry and present the same to the Hon'ble Speaker.

6. ***

7. ***

8. ***

9. ***

The Committee, then, adjourned.

ANNEXURE V

**AMENDMENT MADE BY THE COMMITTEE IN THE DRAFT
FIFTY SECOND REPORT**

Page No.	Para No.	Line No.	For	Amendment made
17	43	2	Weeks	Days
19	49	3		Add if necessary
				After fixed
-do-	-do-	last line		Add In any case, Cable Subscribers should not be put in a worse position after introduction of CAS