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25-03-2008

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From P N Chopra DIG BSF (Retd)

Managing Editor

**To Shri R. N. Choubey,
Principal Advisor (B& CS)
TRAI, New-Delhi**

**Sub: Comments on TRAI Consultation Paper on Foreign Investment Limits for
Broadcasting Sector Paper No. 22/ 2008)**

Dear Shri. Choubey,

We are sending few remarks for considerations in respect of TRAI's TRAI Consultation
Paper No. 22/ 2008)

5.2.1. Whether the foreign investment limits need to be revised as proposed.

Our answer: It needs to be revised to 74% for all segments as in telecom sector.

5.2.2. Whether the proposed limits are acceptable for the reasons given in the reference or there are some other reasons? Any other reasons in favour of the proposed limits may please be elaborated.

Our answer: The FDI limit should be 74% as in the telecom sector and satellite radio Sector, this is because of the convergence of technologies in the field of Terrestrial Broadcasting, Satellite Broadcasting and Cellular mobile telephony.

The cellular mobile telephone network and FM Radio broadcast network- both use wireless transmission system. Analog FM Radio has provision of broadcasting large amount of data for 'Value Added Services' (VAS), along with the main programme. New technologies like 'High Definition Radio' or HD-Radio does already exist and in use in the USA, where analog FM Radio and digital FM Radio channels are broadcast together sharing the same FM Radio spectrum and transmission system.

In the case of Satellite Radio, it would be consistent with the trends to include in the scope of satellite radio, value added services like multimedia and TV as well. This is so as the technologies and delivery media are similar for all the three. This has been recommended by TRAI in their recommendations on satellite radio in 2006. It may also be mentioned that any satellite based network whether it is Radio or TV; is always supplemented by terrestrial networks to ensure uninterrupted reception in all areas including congested urban and other shadow areas. So satellite and terrestrial radio

networks are supplementary to each other and can not be separated in terms of technologies, business and growth investments.

5.2.3. *If the proposed limits are not acceptable then the reasons for non-acceptance may be given. In such a case, the comments should also indicate the appropriate foreign investment limits.*

Our answer: The proposed limit should be enhanced to 74% because of the reasons explained in 5.2.2 above as well as because of the merits of the enhanced FDI as explained by the TRAI at page no.4 of the subject Consultation Paper which reads as follows:

“FDI is an integral part of global economic system and a catalyst of development. FDI has the potential to generate employment, raise productivity, transfer skills and technologies, enhance exports and contribute to the long term economic development of the world’s developing countries.”

5.2.4. *Whether the foreign investment limits could be revised to some other level with sub limits for FDI and FII within these limits.*

Our answer No. The proposed limit should be 74% across the board. It may be necessary to apply caution to aspects such as preserving cultural knowledge/practices; social and cultural values as well as National security concerns. The content and security requirements/criteria could be spelt out separately without resorting to applying sub-limits in FI relaxed limits.

5.2.5. *Whether the foreign investments should be permitted through the automatic route or should there be a sub limit beyond which foreign investments would need FIPB approval?*

Our answer: Like in other sectors, investments up to 49% FDI should be through automatic route while up to 74% should be through FIPB route.

5.3.1. *Whether it will be more reasonable to classify the different segments of broadcasting sector in terms of carriage services (such as Cable Services, Headend In The Sky (HITS), DTH, Teleport etc.) and content services (such as Private FM radio, Television Broadcasting etc.) for the purposes of laying down foreign investment limits (FDI limits, FII limits and composite foreign investment limits). Such a classification would enable liberal foreign investment limits for one category and more conservative limits for the other category of services.*

Our answer: In the era of convergence of technologies, the carriage provider like the cellular mobile telephony is entering into content service like Mobile TV. Likewise the content service provider who is a broadcaster is adding interactive Data communication etc along with the broadcast content .In view of this converging scenario it will be difficult to segregate the carriage services and the content services and hence should not be classified separately.

5.3.2. The convergence of technologies in telecom and broadcasting sectors has made it possible to provide many broadcasting services (such as mobile television services, IPTV services) using telecom networks as well as broadcasting networks. Whether the foreign investment limits for such segments of broadcasting sector should be brought in line with the foreign investment limits for Telecom operators.

Our answer: Yes as explained in 5.3.1

5.3.3. Whether the methodology for calculation of foreign investments in different segments of broadcasting sector should be standardized. If so, the comments may specifically suggest the appropriate method for calculations in this regard. While doing so, the methodology referred to in paras 4.10 and 4.11 may also be appropriately commented upon.

Our answer:

The policy regarding Foreign Investment (FI) is not uniform across different segments of the broadcasting sector. In view of the divergence in FI limits for different segments, there is a need to undertake a review of the FI policy for the broadcasting sector which has been highlighted time and again by the Authority. This is necessary for consistency in policy and a level-playing field among competing technologies especially in view of convergence of broadcasting and communication technologies.”

5.3.4. Whether the foreign investment limits should be raised to 100% so as to permit companies incorporated in India but with 100% foreign holding to provide broadcasting services in the country with appropriate monitoring mechanism in place coupled with content regulation through programme and advertising codes. Reasons in support of the comments may be given.

Our answer: Enhancement of the FDI from the present limit of 20% to 74% will be a reasonable evolutionary process for the promotion of all aspects of FM Radio. Likewise it is better to follow an evolutionary and phased approach of going to FDI limits of 74% rather jumping immediately to 100%. Also, the role of Indian entities in the broadcasting sector is very important and should be protected and encouraged.

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