

ESSEL SHYAM COMMUNICATION LIMITED

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ESCL/TRAI/FDI/2013
August 12, 2013

To,
Shri Wasi Ahmed
Advisor (B & CS),
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg,
New Delhi-110 002

Sub: Foreign Direct Investment (FDI) in Broadcasting Sector in India

Sir,

This has reference to the consultation paper invited on Foreign Direct Investment in Broadcasting Sector in India. As desired, please find below views of the ESSEL SHYAM COMMUNICATION LTD on the captioned subject matter:-

We introduce ourselves as a leading Teleport Licensee / Service Provider having our state of the art facility at Noida, Cochin and upcoming at Mumbai. Currently we are uplinking more than 170 channels as permitted / allowed to be uplinked from our teleport including leading bouquets like Star, UTV / Walt Disney, Sony, Reliance, etc. and therefore occupy a critical position in the Teleport sector.

The teleport industry requires huge investment for developing /strengthening the much needed robust infrastructure, and, therefore, keeping in mind the investment requirement and future growth, it has been rightly felt by the Government that liberal norms for FDI ceiling for media / broadcasting companies in India should be proposed, wherein FDI ceiling for non news media companies (including teleport and cable industry) should be increased to 100% (by Automatic Route) from existing 74%.

Historically, India was not considered to be technology hub due to restrictive Government policies and therefore any Broadcaster intending to uplink its channel used to send the contents to Singapore, Bangkok, Hong Kong or Europe (which were considered to be uplinking hub and technology giant) from where the channel used to be uplinked. Of course this used to call for a huge outflow of foreign exchange from India to foreign countries and also loss of business / employment and Tax Revenue to Indian economy.

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With easing of Uplinking norms by the Government, the industry has been growing at a fast pace leading to manifold increase in number of channels (including entry of regional channels) thereby consistently increasing demand for satellite bandwidth alongwith related infrastructure. In view of acute shortage of satellite bandwidth with ISRO, teleport operators have to necessarily approach the foreign satellite operator for meeting the increasing bandwidth requirement which requires setting up new platforms for different satellites needing huge outflow of foreign exchange. Apart from this, we are also facing the technology challenge which is evolving at very fast pace with (introduction of 3D, HD etc) needing much higher Capital Investment.

Unfortunately, the huge investment required to meet the above capital expenditure cannot be met by Indian investor due to various reasons and therefore the only way possible for the survival and growth of this industry is through influx of foreign direct investment (FDI).

With inflow of foreign investment in this sector, industry will grow and can become uplinking hub like Singapore, Europe, Hong Kong, etc. wherein Broadcaster from various countries can get their channel uplinked from India, thereby generating huge inflow of foreign exchange, Tax Revenue and business for Indian Teleport Operators; and also augmenting the GDP of Indian economy. Consequently, such increased Foreign Exchange, will help in strengthening the international balance of payment.

It is also required to be appreciated that FDI needs to be encouraged to fill the investment gap for infrastructure being build up. Further in view of convergence of technologies, broadcast carriage service need to be treated at least at par with the telecom sector where 100% foreign investment is also proposed (through Automatic Route).

To facilitate due compliance to the Regulatory Guidelines and address the security concerns, like the guidelines issued by Hon'ble Ministry of Information & Broadcasting at least majority of the Directors on the Board of Directors of the company and all key Executives, CEO, CFO, CTO and Editorial staff known by any designation, and / or Head of the channel should continue to be a resident Indian, so that adequate control measures which already exist under the Regulatory guidelines continues even after 100% FDI. Through such increased FDI limit, the ambit of the regulatory control over telecom sector in India can be extended further by the Government.

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Apart from Increasing FDI limits, GOI also should ensure that the media / broadcasting Industry should timely get all the requisite regulatory clearances / approvals i.e.. Security Clearances, Satellite Clearances, uplinking clearances from various Government Departments / Ministries such as Home (MHA), Communications &IT (DOT / WPC / NOCC). This will really help the Industry to attain desired growth.

The enormous positive role FDI plays in a nation's development is undeniable and empirically established. The massive growth of the services sector in India bears witness to the fact that public interest has been eminently sub served by infusion of foreign funds. The accrual of beneficial economic spillovers in the form of increased employment, rise in income levels and affordable products and services brought about by the introduction of advanced state of the art technology are all logical concomitants of FDI. The very presence of foreign firms contribute to over all productivity and technology spinoffs that aid the cause of competition as domestic industry gradually replicates and builds on the best practice institutionalized by such foreign firms. Allowing such foreign firms to have an establishment in the country also enables better enforcement of check and balances and ensures greater accountability.

Under the current circumstances, it will not only be reasonable but prudent to allow the FDI ceiling to increase to 100% (from existing 74%) together with stipulation of majority Board of Directors, CEO & Key people to be Indian residents for regulatory compliance and security reasons so that the said industry can grow unhindered and contribute to the economy and nation in general at the same time addressing concerns regarding security & regulatory control.

We, therefore request your kind consideration on the above mentioned recommendation.

With kind Regards,

Yours sincerely,

For ESSEL SHYAM COMMUNICATION LIMITED


[KARUNESH CHADDHA]

General Manager - (PR)