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TRAI releases consultation paper on foreign investment limits for broadcasting sector

New Delhi, 3rd March, 2008 - The Telecom Regulatory Authority of India (TRAI) has today released a consultation paper on foreign investment limits for broadcasting sector. Foreign investments have an important role in the economic development as an important source of funding. Foreign investments have other benefits also such as bringing in new technology, international best practices, and access to export markets. However, the extent of foreign investment is also conditioned by considerations such as national security, preserving socio-cultural fabric of the country, protection of domestic industry etc.

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

3. The Ministry of Information and Broadcasting has sought recommendations of the Authority on Foreign Investment limits for various segments of Broadcasting Sector such as News and non-News broadcasters, teleport, DTH, satellite radio, Headend-In-The-Sky (HITS), cable operators and FM radio. Earlier, while sending its comprehensive recommendations separately for HITS, mobile TV and FM radio, the Authority has also recommended that FI caps should be fixed at 74% for HITS and mobile TV, and 26% for News FM radio service and 49% for non-News FM radio service.

4. This consultation paper covers the need for foreign investments, current status of limits on foreign investments and need for review of existing foreign investment limits in different segments of broadcasting sector. This consultation paper seeks views from stakeholders on various policy issues, some of which are -

- **Need for revision of foreign investment limits**
- **Quantum of foreign investment limits and sub limits for FDI and FII within this limit.**
- **Permission for foreign investment through the automatic route or need for a sub limit beyond which FIPB approval be required.**
- **Classification of different segments of broadcasting sector into carriage services and content services for the purposes of laying down foreign investment limits.**
- **With the convergence of telecom and broadcasting sectors, the need for alignment of foreign investment limits in broadcasting sector with the foreign investment limits in Telecom sector.**
- **Standardization of methodology for calculation of foreign investment limits in different segments of broadcasting sector.**

5. The Authority has invited all stakeholders to respond to the issues raised in this consultation paper by 28th March, 2008. The comments received will be posted on TRAI's website. The full text of the consultation paper is available on TRAI's website: www.traigov.in.

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