

August 12, 2013

To,  
The Telecom Regulatory Authority of India  
Mahanagar Doorsanchar Bhawan,  
Jawahar Lal Nehru Marg,  
New Delhi 110002

Kind Attention: Mr. Wasi Ahmad, Principal Advisor (B&CS)

Dear Sir,

**Ref: Consultation Paper dated 30<sup>th</sup> July, 2013 on Foreign Direct Investments (FDI) in Broadcasting Sector in India**

At the outset, we welcome the Authority's efforts to re-examine the existing limits of FDI in the Indian Broadcasting Sector as referred to it by the Ministry of Information & Broadcasting, Government of India (MIB).

The mandate of Digitization has brought in hope and promise of several positive changes which the broadcasting sector eagerly awaits. The recommendations of the Authority with respect to increasing FDI limits in the broadcasting sector will add a lot of impetus to this change and we appreciate the initiative undertaken by both the Authority and the MIB in giving definitive direction to such key proposals.

On behalf of the Times Television Network which houses the television channels TIMES NOW, ET NOW, ZOOM and MOVIES NOW and in response to the Authority's request for comments on this subject, we wish to put forth our views as under:

#### **FDI Limits in Broadcasting Content Services:**

We support the Government's proposal to increase FDI limits in the news broadcasting sector from the existing cap of 26% to 49%. We also believe that the approval process should follow the "Automatic" route and not through the FIPB route as recommended by the Authority.

However, any move to open up investment avenues in news services will have the desired effect ONLY if news as a category is considered homogeneously and such changes are implemented across the board. Today, advancement in technology has made it possible for news to be delivered through a variety of mediums like TV, Print, Internet etc. and similarly consumers are able to access and consume these services by using different technologies. Keeping in mind the significance of news services and the impact and influence it creates in the minds of the general public and the society, it is utmost critical to consider news as a

Page | 1

single category and ensure that any steps taken towards its growth is implemented across news mediums.

We therefore submit that keeping in mind the continuing impact of technological convergence on the entire news media industry, and to ensure parity in maintaining neutrality of news delivery, the proposal to expand FDI limits in news broadcasting services to 49% must be simultaneously implemented across print and TV mediums.

Subject to our overall view as above, we submit as under:

- A. The News broadcasting industry is still grappling with challenges of high costs, malaise of carriage fees, lack of alternate revenues, high dependency on ad revenue, benefits of digitization yet to be experienced, etc. At this juncture liberalizing investment options through FDI for news broadcasting services is a welcome move.
- B. This will encourage access to technical know-how, strengthen infrastructure, improve quality of operations and overall economic growth for the industry.
- C. It is important to ensure that news media as a segment of the broadcasting industry is encouraged to grow and be economically profitable and not just viable.
- D. While digitization has brought in a ray of hope for the news broadcasting industry, there is still a long gestation period before alternate revenues start kicking in for news broadcasters. In such a situation, additional funding in the form of FDI in news broadcasting is definitely welcome as it will provide additional support and act as a catalyst to speed up growth of this segment.
- E. However, in making this historic change in relaxing the existing foreign investment caps, the Government must ensure that there are sufficient safeguards in place to protect the sanctity and independence of Indian news media from overseas control. Globally, countries that have followed the path of liberalization and welcomed FDI into all other sectors have protected their news industry, by recognizing this need.
- F. Typically, an increase in FDI or overall foreign investment limits will result in the foreign investor demanding more number of seats on the Board of the Indian investee company and thereby more control and obstacles in operational matters.
- G. It is imperative that just as the other estates of society – executive, legislature and judiciary, news media is also best guarded in Indian hands and protected under Indian control.
- H. Investment channels through FDI may be opened up into the television news broadcasting sector, as is being envisaged, but the Ministry should not permit any dilution or change in any of the other eligibility criteria as prescribed in the Uplinking and Downlinking Guidelines relating to operation of TV channels in India.
- I. In addition, clear and transparent processes must be in place to guarantee the following:



- a. That the total foreign investment proposed in the news broadcasting entity (i.e. 49%) must include all forms of financing to the entity i.e. Equity, Preference shares, Convertible instruments, Warrants, etc.
- b. That the control over the news broadcasting entity must always remain with an Indian entity – this should include the holding companies and all shareholders. The largest Indian shareholder therefore must hold at least 51% of the total equity.
- c. That Key Management Personnel of the news broadcasting entity (especially sensitive roles like Editorial, Programming, Chief Executive Office/ Managing Director, etc) should be held only by an Indian. At least 3/4<sup>th</sup> of the composition of the Board of Directors must be resident Indians.
- d. All entities engaging or employing foreigners/NRIs as consultants/employees (or in any other capacity) for a period of 60 days or more in a year must obtain prior clearance from the Ministry.
- e. Permissions as above will be conditional upon the MIB being duly intimated of any change in foreign shareholding on a regular basis.

It is with this background, we welcome increase in the existing FDI limits in news broadcasting from 26% to 49% through the Automatic Route. The FIPB approval route as suggested by the Authority should be reconsidered as it will prevent timely and free inflow of FDI and negate the purpose of opening up of the FDI inflow into news broadcasting services.

Any concerns regarding control will be effectively allayed if the above safeguards and processes are put in place and strict compliance of the Uplinking and Downlinking Guidelines are enforced.

Any further liberalization of FDI limits must however be contemplated over a period of time, after considering the changing environment in which the Indian news media operates.

#### **FDI Limits in Broadcasting Carriage Services:**

We operate in a complex inter-linked and interdependent global economy and the present conditions prevalent in the communications and broadcasting industries are an example. Content is crossing geographic borders and so are other services. To accelerate and help speed up the rate of growth of this dynamic industry, it is important to look at a liberalized investment economy.

- A. Convergence has become the norm in several sectors and has impacted broadcasting and telecommunications industries in a big way. While we support TRAI's view that to allow these services to grow and converge, it is vital to maintain a level playing field between them, it must be borne in mind that there are several other factors that need to be reviewed, especially the influence on the last mile operators in both segments before 'painting them with the same brush'.

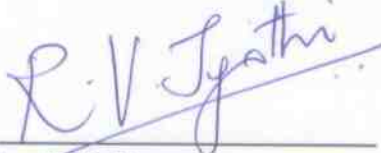


- B. Despite that both telecommunications and broadcast carriage mediums are capable of similar content delivery, to brand them as similar in all other respects may not be entirely accurate or appropriate. As far as the limited point on expanding FDI investment limits in both these categories are concerned, we agree that relaxation in limits must be encouraged in both segments.
- C. Enhancing FDI limits in Broadcasting Carriage Services up to 100% will enhance significant inflows of funds into infrastructure building, expansion, improvement and encouragement to digitized networks, etc. However, as cable operators are also known to carry own 'content' through their delivery platforms, especially news content, it is advisable to go through the FIPB approval route for investment limits beyond 49%.

We therefore welcome and support the Authority's proposal to enhance FDI limits in Broadcasting Carriage Services to 100%, subject to clearance through the FIPB route if the investment is more than 49%.

We request you to kindly take the above submissions on record.

Yours sincerely,  
For TIMES TELEVISION NETWORK



Jyothi S. Kumar  
Authorized Signatory