August 12, 2013

Mr. Wasi Ahmad
Advisor (B&CS)
Telecom Regulatory Authority of India
MahanagarDoorsancharBhawan
JawaharLal Nehru Marg
New Delhi – 110 002

E-mail: traicable@yahoo.co.in; advbcs@trai.gov.in

Dear Sir,

Re: Consultation Paper on Foreign Direct Investment in Broadcasting Sector in India

We welcome the steps taken by the Telecom Regulatory Authority of India ("**Authority**") to examine the foreign direct investment ("**FDI**") limits in respect of the various segments in the broadcasting sector and the views expressed by the Authority in the Consultation Paper on Foreign Direct Investment in the Broadcasting Sector in India ("**Consultation Paper**").

We appreciate that the Authority recognizes the fact that FDI plays a pivotal role in a liberalized global economic environment and the need to increase the FDI limits in the broadcasting sector, amongst others, for strengthening infrastructure, raising productivity, enhancing competitiveness of the domestic economy and generating new employment opportunities.

It is also encouraging to note that the Authority recognizes the growing convergence between the broadcasting and telecom sectors and a need to maintain a level-playing field between competing technologies and the need to maintain consistency in policy across sectors.

In order for the broadcasting industry to be able to grow further and mature in the same manner as the broadcasting industries in most western countries, it would need to have access to increased external funding. Access to increased external funding will amongst other thingsalso grant the broadcasting industry access to more resources at competitive rates and draw from global best practices and assist in upgrading news gathering infrastructure and quality of presentation.

Whilst we are mostly in agreement with the Authority's proposals on increase in FDI in the broadcasting sector, we submit some of our recommendations as under:

1. **EnhancingFDI limit in broadcasting carriage services from 74% to 100% (up to 49% under the automatic route and beyond 49% under the FIPB route)**– We agree with the Authority's proposal of enhancing the FDI limit from 74% to 100%. However, since the broadcasting carriage services are merely infrastructural services, the proposed limit of 100% should be under the automatic route. This would ensure healthy competition in the market amongst various broadcasting carriage service providers which would in turn ensure competitive pricing and latest technology being made available.

2. **Downlinking of TV Channels –** The MIB has already formulated policy guidelines for downlinking of all satellite television channels, which lay down an elaborate set of criteria for downlinking of TV channels for public viewing in India. In view of the foregoing and since sufficient checks and balances already exist for ensuring that content deemed undesirable or

subversive in nature is not downlinked for public viewing in India, the existing limit of 100% should be placed under the automatic route.

3. **Uplinking of Non-News & Current Affairs TV Channels –** Non-news & current affairs channels(also known as general entertainment channels)air content for the entertainment of viewers. Currentlythere exists a separate set of guidelines for regulating the content, which can be shown on such channels. These guidelines have been framed by the Indian Broadcasters Federation and are adhered to by all the broadcasters. Additionally, a programming code also exists under the Cable Television Networks (Regulations) Act, 1995. As a result, sufficient guidelines currently exist that monitorand regulate content to ensure that content deemed undesirable or subversive in nature is not broadcast through TV channels.As per the Authority's own admission, FDI limits should not be used as a tool for content monitoring and regulation.Accordingly, the existing limit of 100% should be placed under the automatic route. As a result of removing an additional regulatory hurdle, more number of general entertainment channels may be introduced in India, providing viewers with more viewing options.

4. **Enhancement of theFDI limit in FM Radio from 26% to 49% under the FIPB route –** We agree with the Authority's proposal.

5. **Enhancing FDI limit in Uplinking of News & Current Affairs TV Channels from 26% to 49% under the FIPB route –** Whilst we welcome the proposal for increase in the FDI limit from 26% to 49%, it may be noted that are stringent content monitoring guidelines in place for news & current affairs TV channels. In addition to content monitoring guidelines, the uplinking guidelines provide safeguards to ensure that content which is intrinsically sensitive in nature or which can influence public opinion is not telecast, for example, the uplinking guidelines also provide that the CEO of a company that uplinks news & current affairs TV channel should be a resident Indian; majority of the board of directors of such a company should also be resident Indians etc. In addition to this, sufficient guidelines exist for security clearance of personnel, infrastructure/network/software related requirements ensuring monitoring, inspection and submission of information for such TV channels. In view of the foregoing, we are of the view that there is no need for FDI limits to be used as a tool for content monitoring and regulation for news & current affairs TV channels. Accordingly, FDI up to at least 49% should be allowed under the FIPB route.

   Additionally, we submit that FDI beyond 49% may be allowed by way of investment in sharesundertaken by way of issuance of shares without voting rights attached to them (i.e. shares with differential voting rights), ensuring that effective control remains in Indian hands.

   Further, for the purpose of determining control; or amount of foreign investment; or caps on investment, only FDI into shares with voting rights attached to them should be taken into consideration.

We look forward to a mutually beneficial outcome to your initiative in respect of the Consultation Paper.

For **Network18 Media & Investments Limited**

____

Kshipra Jatana

Group General Counsel