



Telecom Regulatory Authority of India



Pre-Consultation Paper

On

Ease of Doing Business in Broadcasting Sector

17th April, 2017

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Written comments on the pre-consultation paper are invited from the stakeholders by 08.05.2017.

Comments will be posted on TRAI's website www.trai.gov.in.

The comments may be sent, preferably in electronic form to, Prof. M. Kasim, Advisor (B&CS)-III, Telecom Regulatory Authority of India, on the e-mail: mkasim@traigov.in or ks.rejimon@nic.in.

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Ease of Doing Business in the Broadcasting Sector

Background

- 1.1 India has made significant strides in economic growth and development of its markets for businesses, thus emerging as one of the fast growing economies in the world. The IMF has branded India as the bright spot in the Global Economy. As per the Economic Survey 2016-17, country's economic growth has been pegged at 6.5 per cent for current fiscal and is projected to be in the range of 6.75-7.5 per cent in 2017-18. Several Global Institutions have projected India as the leading destination for FDI in the World and a number of recent global reports and assessments, show that India has considerably improved its policies, practices and economic profile. This is premised upon policy and determination to continue with economic reforms; increase in public investment in infrastructure and development projects; and export growth in the context of the expected rebound in world economy. It is expected that various initiatives taken by the Government such as Make in India, Smart City Mission, Skill India Mission, Digital India, etc. would further spur the growth of the economy.

- 1.2 A business-friendly environment is a pre-requisite for the growth of a nation. A favorable business environment makes a country a favorite business destination. It not only leads to employment generation but also helps in the growth and development of an economy. In India economic liberalization measures including industrial deregulation, privatization of state owned enterprises and reduced control on foreign trade and investment, began in the early 1990's and since then reduction of regulatory burden on enterprises has been an underlying objective of the reform process. India was ranked 134 in 2015 on the World Bank's Doing Business index among 189 countries. The

Government of India has launched an ambitious program of regulatory reforms aimed at making it easier to do business in India. The program aims to identify the bottlenecks and remove them to create a more business-friendly environment. The efforts have yielded some results with India improving four places on the World Bank's Doing Business index rankings in 2017. There is however still huge scope for further improvements. India has had consistent high GDP growth rates and has seen increase in FDI. This coupled with several notches improvement in ease of doing business may catapult the country into a faster growth trajectory and in the league of developed nations. The Government has already taken several steps to reform the business environment and to place the country on an equal footing with countries having encouraging, flexible, liberalized and a transparent business climate.

1.3 The Indian Media and Entertainment (M&E) industry is a sunrise sector for the economy and it is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenues. The industry has been largely driven by increasing digitization and higher internet usage over the last decade. As per the industry estimates, the Indian M&E sector is expected to grow at a Compound Annual Growth Rate (CAGR) of 14.3 per cent to touch INR 2260 billion by 2020, while revenues from advertising is expected to grow at 15.9 per cent CAGR to INR 994 billion¹.

1.4 Indian television industry stood second when compared with BRIC and other major developed economies. Television is one of the largest and fastest growing segments of M&E sector. It represented around 46% of the total M&E pie in 2016. Television segment is expected to grow at CAGR of 15.1% to reach INR 1098 billion by 2020. The radio sector contributed INR 19.8 billion to M&E pie in 2015 and it is

¹ <https://home.kpmg.com/content/dam/kpmg/in/pdf/2016/12/The-Future-now-streaming.pdf>

expected to grow at a CAGR of 16.9% to INR 43.3 billion by 2020. The combined share of TV and radio is estimated to become more than half of the total revenues for M&E sector by 2020.

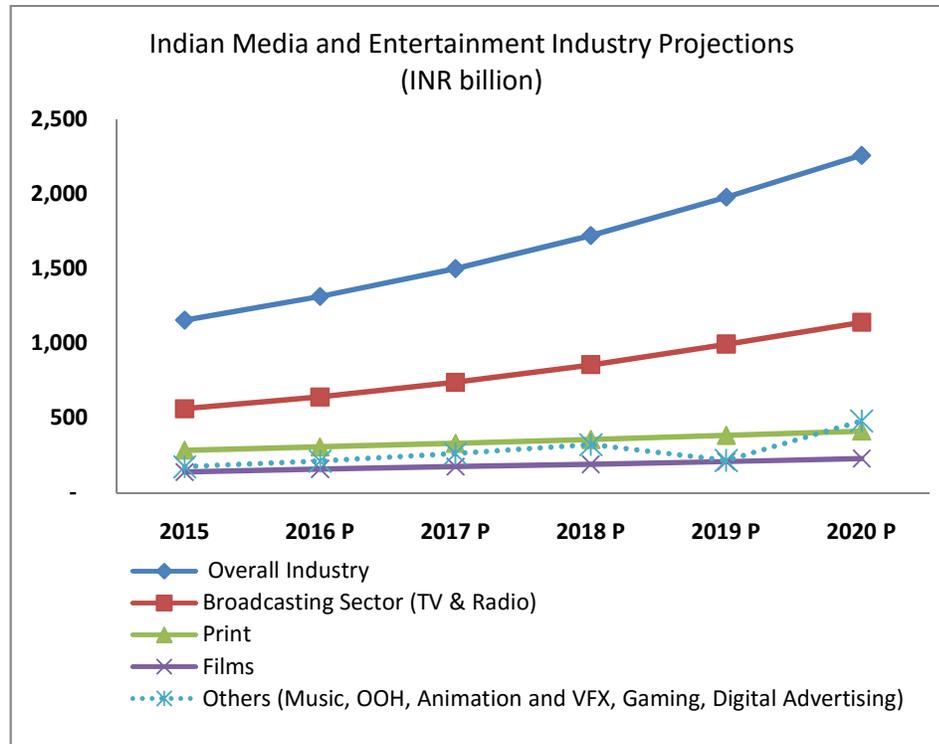


Fig. 1: M&E Industry Projections, India

1.5 The television industry in India derived nearly two third of its revenue in 2015 from subscription (66.6 per cent) and the rest from advertising segment (33.4 per cent). It is estimated that the share of subscription in the overall revenue of the TV segment is expected to increase to 66.76 per cent by 2020. India is one of the highest spending and fastest growing advertising market globally. The advertising revenue is expected to grow at a CAGR of more than 15% by 2020. Television segment, which continues to hold highest share in the advertisement pie will grow by 15 %.

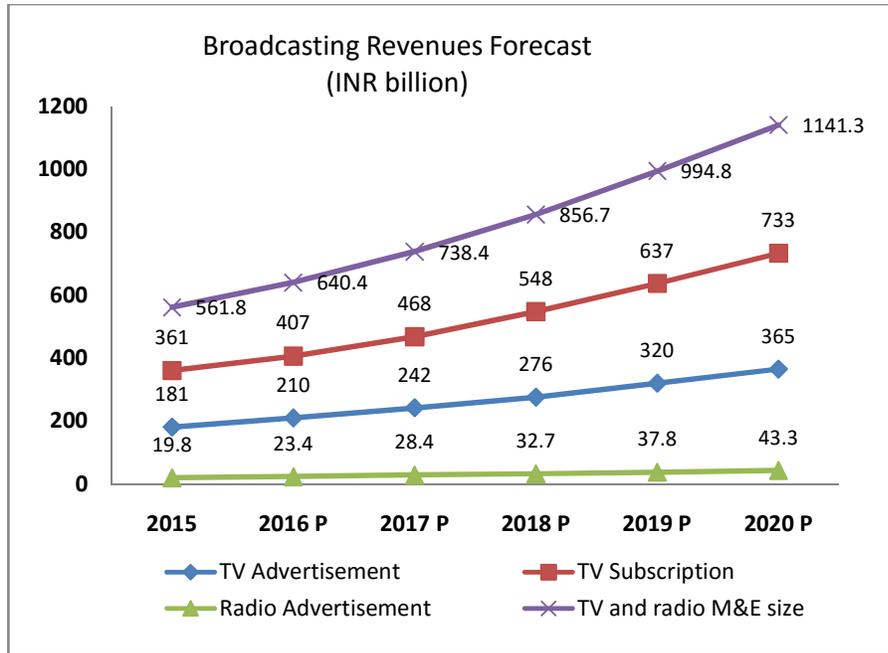


Fig. 2: Broadcasting revenue forecasts

1.6 The broadcasting sector in the country has evolved over the years. Both the Government and the Authority has been constantly promoting multiple television distribution platforms for providing choices to consumers to access TV channels. Government has been providing a policy environment which is conducive to a level playing field for all the TV delivery platforms to prosper and flourish in a fair way, thereby giving the viewers a wider choice of channels to suit their needs. Due to these timely policy and regulatory interventions, the Indian broadcasting landscape now presents a very vibrant picture with presence of large number of broadcasters, multiple distribution platforms such as cable TV, DTH, HITS, and IPTV and large number of cable operators. An overview of policy evolution for television broadcasting sector is indicated in the Fig 3 below.

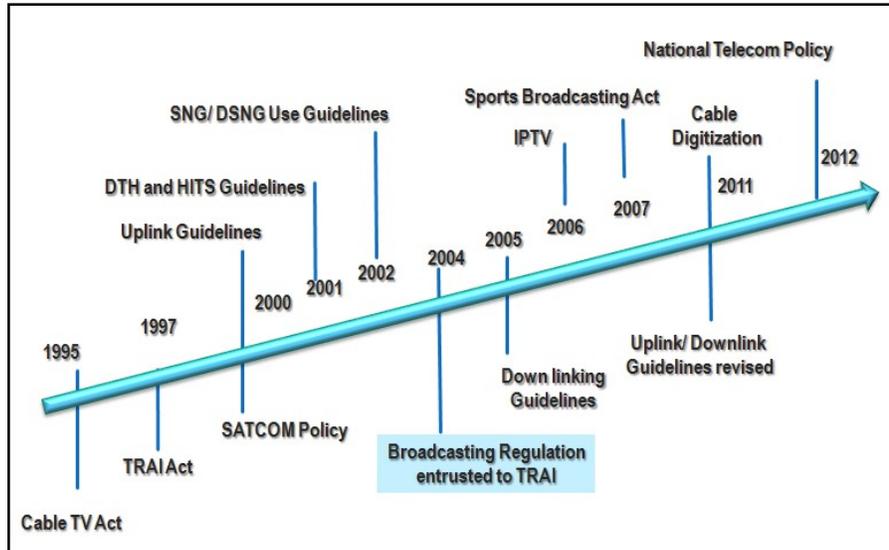


Fig. 3: Broadcasting policy milestones

1.7 Regulation of broadcasting activities in the country is undertaken by following Ministries/Departments/organizations

- As per the Allocation of Business Rule, the Ministry of Information and Broadcasting is the nodal Ministry for all broadcasting activities in the country. It acts as policy maker, licensor and content regulator.
- Telecom Regulatory Authority of India (TRAI) is the regulator for broadcasting and cable services. It also regulates tariff, interconnection and QoS for broadcasting services and cable services.
- Ministry of Communications & Information Technology (WPC and NOCC) is vested with the responsibility for regulating broadcasting spectrum and grant of license for use of various broadcast equipment and setting up broadcasting networks.
- Department of Space is the nodal agency for grant of satellite clearance for broadcasting activities

1.8 While the broadcasting sector so far has been replete with success, the Authority feels that this sector has immense potential to move on higher trajectory of growth if more conducive business environment could be created by simplifying existing provisions of policy framework related to broadcasting sector. It has also been noted that certain existing provisions may require a re-look in view of the technological changes that have taken place in the broadcasting sector. The Authority is of the view that the attractiveness of business proposition is the prime mover and creates the potential for investments, but ease of doing business enables greater realization of this potential. Therefore, taking a cue from the Government's efforts towards ease of doing business, the Authority has, *suo-motu*, decided to go for a Pre-consultation with the stakeholders on ease of doing business in the broadcasting sector with the following objectives:-

- (i) To review various policy issues related to the broadcasting sector with a view to create a conducive and business friendly environment in the sector
- (ii) To identify procedural bottlenecks that affect ease of doing business in broadcasting sector and recommend measures for simplifying the rules, regulations and bring more transparency and clarity in policies/ framework of the broadcasting sector.
- (iii) To remove entry barriers by laying down well defined and transparent procedures and processes thereby creating level playing field and competition in the sector
- (iv) To facilitate innovation and technology adoption in the sector for providing better quality of services to the consumers.
- (v) To steer further growth of the sector by attracting investment through investor friendly policies

- (vi) To promote indigenous manufacturing of broadcasting equipments.

Issues for Pre-Consultation

1.9 The Authority proposes to go for a pre-consultation with the stakeholders for identifying issues that are required to be addressed for Ease of Doing Business in the broadcasting sector so that an exhaustive consultation with the stakeholders can be undertaken subsequently. The comments of stakeholders on the following issue are solicited.

- (i) Issues related to processes and procedures for obtaining permission/license/registration for the following broadcasting services and subsequent compliances connected with these permissions.

- (a) Uplinking of TV channels
- (b) Downlinking of TV channels
- (c) Teleport services
- (d) Direct-to-home services
- (e) Private FM services
- (f) Headend-in-the sky services
- (g) Local Cable Operators
- (h) Multi System Operators
- (i) Community Radio Stations
- (j) Any other related issue

- (ii) Allocation of broadcasting spectrum

- (a) Clearance from Department of Space
- (b) WPC clearance for broadcasting services
- (c) SACFA Clearance Process
- (d) Clearance from Network Operations Control Center (NOCC)

(e) Any other related issue

(iii) Other Issues

(a) Disaster Recovery Site for DTH Operator

(b) Transmission of radio services over DTH platform

(c) Right of Way for cable operators

(d) Broadband through cable TV

(e) Open sky policy for KU band

(f) Rationalization of FDI policy in broadcasting sector

(g) Developing India as a teleport hub

(h) Skilled manpower in broadcasting sector

(i) Indigenous manufacturing of broadcasting equipments

1.10 In addition, there could be other issues which may be requiring policy interventions to facilitate ease of doing business. In view of the above, the stakeholders are requested to identify such areas of concern and provide complete details of the nature of the problem and scope for improvement with suggest mechanisms that can ease the business activity in the broadcasting sector.
