

TV RAMACHANDRAN

UNLEASHING INDIA'S BROADCASTING POWER

Despite challenges, India's TV broadcasting sector holds promise. Can the new policy turbo-charge and reshape the nation's media and entertainment landscape?



India is a hotbed of potential for growth in Television Broadcasting despite the challenges posed by new technologies and some setbacks the industry has faced in recent years. The potential is evident from the fact that while household TV penetration in India is around 70%, it stands at 95% in China, 99.3% in Thailand, 91.1% in Malaysia and 82.2% in Sri Lanka. By increasing the penetration to 90%, the country could significantly expand the market size and stimulate the economy through various spillover effects. This presents a unique set of challenges and opportunities that we must navigate to harness the full potential of the Indian digital economy.

Broadcasting is a highly sought-after source of entertainment and a vital provider of readily accessible information, education, and knowledge for the masses. All govern-

ments utilise broadcasting for public welfare, spreading the message of socio-economic development and political awareness. Therefore, it needs to be accorded a commensurate level of importance, recognising the significant role of industry stakeholders in its growth and development.

The broadcasting sector provides communication and entertainment services to 207 million TV households in rural and urban areas. It is also the cornerstone of India's vibrant media and entertainment sector, with 920 private satellite TV channels, 998 registered Multi System Operators, and 388 private FM radio stations. However, around 90 million households in India have yet to own a TV.

The share of media and entertainment in India's overall gross domestic product (GDP) remains less than



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0.9%, a mere quarter of the global average of 3%-4%. The Gross Value Added (GVA) of copyright-relevant industries is 0.58% of the Indian GDP, one-tenth of the international average of 5.48%. This underscores the urgent need for improvement and the long journey to reach our rightful position.

India is on the verge of finalising a new broadcasting policy. An enabling policy framework can provide the much-needed fillip for the industry to realise the potential of the sector and position India as a global leader in the field, aligning with the government's vision of a USD 5 trillion Indian economy. It can be an essential tool for this growth by implementing policy principles to guide the sector's development and increase its contributions to the Indian economy. It seeks to double the broadcasting sector's contribution to the Indian economy by 2047 in terms of revenue (as a share of GDP), employment, and export value as a share of total exports.

THE NEW POLICY IMPERATIVES

The policy goals are ambitious, and it might be worthwhile to take a leaf from the storybook on India's mobile success to guide the way forward. In the telecom sector, Tariff Forbearance was envisaged as far back as 1999 with the introduction of the new telecom policy, which aimed to boost telecom services in India by leaving product pricing to the market forces after introducing adequate competition. Shortly after that, the TRAI announced its Tariff Forbearance Policy, which is brilliantly visible for all to see, with the Indian telecom sector today being one of the three most significant forces in the global arena.

Indian Television Broadcasting, with 898 registered TV channels, already has more than adequate competition. However, broadcast tariffs continue to be regulated heavily, and there are many ripples around this among the stakeholders. The new broadcast policy should leave it to competition, market forces and consumers to manage the situation rather than try to micromanage through heavy-handed regulation. This should be the foremost priority for tapping the potential of this vital sector.

To tackle the challenge of television-dark households, one approach that aligns with the overarching goal of

achieving nationwide connectivity could be to empower private DTH operators to introduce innovative services akin to DD Free Dish, and thereby increase television penetration in rural and remote areas where Pay TV services might not be as prevalent and affordable.

This strategic initiative will help foster a more inclusive television ecosystem in underserved regions and rejuvenate the DTH industry. Enabling private entities to cater to this segment would ensure widespread television access, bridging coverage gaps and enriching the viewing experience.

Tariff forbearance can enable private entities to implement customised pricing and bundling strategies for rural markets, which can help narrow the accessibility gap in these areas. At the same time, it would be worthwhile to ensure public interest obligation in unserved and underserved areas through public operators, subsidies, etc., and not force the requirements of private operators, who have to deliver suitable returns to their shareholders.

Traditionally, OTT services have not been a part of the broadcasting ecosystem since they are functionally distinct from TV and radio broadcasting, which involves a combination of carriage and content. TV broadcasters transmit their content to consumers through Distribution Platform Operators, Local cable Operators, and satellite-based DTH Operators. However, OTT services send data over the application layer in IP networks, like any other information exchange over the Internet.

As amply clarified in the recently promulgated Telecommunications Act 2023, OTT services do not fall under the definition of telecommunications or telecommunication services. They are also not regulated under the Cable Television Networks (Regulation) Act, 1995 (CTN Act), as they do not require registration under the CTN Act.

TV BROADCASTING VS. OTT

TV broadcasting and OTT markets are at different stages of development. OTT is a sunrise sector with growth potential and is already contributing immensely to the growth of India's digital economy. As per a study

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conducted by three eminent professors of IIMA, the economic value of the app economy is estimated at the current growth rate to reach up to 12% of India's economy by 2030. On the other hand, TV broadcasting requires an action plan for resilience amid a secular downturn.

The application layer and the network layer are entirely distinct and treated differently. OTT Services ride on the application layer rather than the network layer and facilitate the exchange of information over the Internet. Thus, they aid network operators in filling their networks and having a sustainable business case.

Digital intermediaries, including multimedia and communication OTTs, are already regulated by the Ministry of Electronics and Information Technology under

the relevant sections of the Information Technology Act, 2000. Bringing them under the Ministry of Information and Broadcasting and the National Broadcasting Policy would lead to regulatory overlap and create needless stakeholder challenges.

The bundling of different services like cable TV and broadband offerings to consumers has led to the mistaken belief that there is a convergence of technology. However, bundling is quite different to convergence. Important technical distinctions between telecom, broadcasting, and digital services, including the infrastructure and mode of transmission, still justify their separate treatment. This is supported by a recent Telecom Disputes and Settlement Appellate Tribunal (TDSAT) decision, which held that an OTT service is not a TV channel based on several distinctions between the two and the separate laws that govern either service.

IN BRIEF

- India's TV broadcasting sector faces challenges but holds immense promise for growth and transformation.
- The new broadcasting policy aims to reshape the nation's media landscape and boost economic growth.
- Strategic policies can drive inclusivity and innovation, fostering a vibrant broadcasting ecosystem.
- Leveraging private DTH operators could increase television penetration in underserved areas.
- Tariff forbearance and market-driven approaches are crucial for unlocking the sector's potential.
- Recognising the distinct nature of OTT services is essential for effective regulation and industry development.

India's new broadcasting policy must help position the industry as a robust, sustainable and future-proof sector that is unmatched and globally recognised as a powerful customer-oriented broadcasting hub. With potent market forces and calibrated and agile but ex-post regulation, Indian broadcasting will be unstoppable.

The country must create a vibrant and resilient broadcasting sector anchored by an enabling ecosystem for content creation that can meet the Indian citizen's diverse content preferences and receive news, reliable information, and high-quality entertainment in various languages. Concurrently, India must be developed as a global content production and export hub. There is also a need to develop technical capabilities in animation and visual effects to meet global requirements for skilled labour.

Broadcasting remains the most affordable and popular medium for millions of Indians. This backbone of the promising Indian media and entertainment industry must be nurtured and grown to its full potential. 🍌

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Views are personal.

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