WORKING GROUP REPORT
of
11th Five Year Plan (2007-12)
on
Information and Broadcasting
Sector

Government of India
Ministry of Information & Broadcasting
January 2007

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Appendix

Office Memorandum dated 24th April, 2006 issued by the Planning Commission constituting the Working Group.

Executive Summary

The Working Group, set up by Planning Commission on Information & Broadcasting sector, was duly assisted by four sub-groups, (a) Film Sector; (b) Traditional Media; (c) Content Creation; and (d) Expansion of Transmission Network and Digitization/Mobile Media, that cover the whole gamut of information & broadcasting sector of the economy. The Group, while formulating its recommendations for 11th Five Year Plan 2007-12, was guided by certain key considerations, as outlined below:

(i) The entertainment and media services are on a vibrant growth path. These services promise robust growth potential during 11th five year Plan. There is a need to create appropriate policy environment to sustain the growth;

(ii) The growth in this sector is technology driven, that calls for hike in investment that will make this sector more competitive and effective to produce quality service. To achieve this objective, more and more emphasis need to be made on Public-Private Partnership (PPP) mode to optimize investment;

(iii) The monopoly role of the Government to reach people with information has undergone a drastic change. Government has become one among many, competing to pursue the same objective. This structural change calls for Government to assume a role of facilitator creating supportive policy environment for different players, to deliver information services to the people;

(iv) The Government possesses a vast information & broadcasting infrastructure, that is widespread throughout the country. To ensure its optimal utilization, the Government should open up its door to all concerned stakeholders engaged in information & broadcasting services to share the infrastructure, based upon certain transparent commercial arrangements;

(v) Media operates in the country under the principle of self-regulation. Some Acts, Rules & Regulations are century old, that need urgent review, orienting them to the contemporary needs. Today, media is a serious business proposition, that needs to be promoted;

(vi) The Government's role in making information available to people in strategic and inaccessible areas of the country should continue to remain paramount.

Keeping in view these broad approaches, the Working Group recommends that:

I) Film Sector

i. The Government should formulate a National Digital Policy for entertainment sector;

ii. Import Duty on capital goods required for digitalization or digital cinema should be reduced;

iii. The Cinematograph Act of 1952 should be revamped to take cognizance of emerging technologies and new challenges;

iv. The Government should set up a Centre of Excellence based upon PPP mode in areas of animation, gaming and special effects. This aspect has been reemphasized in a greater detail in broadcasting sector;

v. Various options like civil action and reduction of time for exhibition of film in different modes should be examined and measures taken by the Government to address the problem of piracy;

vi. The Government should put in place appropriate policies to create conducive environment so that film industry becomes more corporatised and that more and more institutional and banking finance is available to the industry;

vii. The Government should make a roadmap with strategies to double the export earnings of film sector by the end of 11^{th} Plan;

viii. Film & Television Institute of India (FTII) and Satyaji Ray Film & Television Institute (SRFTI) should be transformed into Global Film & Television schools;

ix. Children Film Society of India (CFSI) must make a dent in the children film market. Fund shortage, if any, and other structural bottlenecks, must be addressed to, to restore its dynamism;

x. National Film Development Corporation (NFDC) should be supported with infusion of additional equity by the Government to rejuvenate its functioning;

xi. National Film Archive of India (NFAI) and Directorate of Film Festivals (DFF) should digitize the archival films at their disposal and should also bring out periodical publications on the subject for dissemination of information to the public;

xii. The organizational structure of Central Board of Film Certification (CBFC) should be strengthened to enable it to discharge its enhanced responsibilities.

II. Information Sector.

Traditional media should continue to be an important instrument of information transfer during the 11^{th} Plan. It has become more relevant and useful in the contemporary society. However, for developing suitable strategies in this area, efforts should be made to take advantage of new media with its IT enabled applications. Exposure to new techniques of communication would not only be most effective, but also could expose the rural populace in the process to the emerging technologies of contemporary world;

I. Increased use of traditional media should be encouraged on PPP basis to carry out intensive campaigns at village fairs, religious festivals, social gatherings etc. Joint efforts should bring more impact and be cost effective. Various issues concerning IPRs in all media segments could, however, be gone into by a Special Committee of Experts;

II. Government may set up a museum on news media to be known as 'News Museum' or 'Newseum';

III. The small and medium newspapers should be the main focus of developing new growth centers particularly in regional languages;

IV. Withdrawal of import duty and VAT on newsprint and FBT (Fringe Benefit Tax) on the print industry should be considered by the Government, as these few measures could provide philip to the growth of the industry;

V. The Government should set up a Media City during the 11th Plan that will provide a single point clearance to all possible services to be availed by foreign publishing houses to bring out Indian editions as well as Indian publishers to export their publications or provide outsourcing services to foreign publications with a view to making India the future publishing hub in Asia. ;

VI. The Government should amend Press & Registration of Books Act, 1867 to make it more in tune with the contemporary needs;

VII. The Government should consider setting up of a National Media Council. The structure of the Council should be based upon the principle of self-regulation involving Media & Press in it;

VIII. Community broadcasting should be expanded to include elementary education progerammes;

IX. Song and Dram Division (SDD), that uses traditional media to reach people, should continue to modernize its infrastructure in view of its renewed importance and new emphasis being accorded during the 11th Plan;

X. Directorate of Field Publicity (DFP), with its vast field network, should redefine its objectives and reposition its network in a such a way that the remote, inaccessible and strategic areas for the countries are fully and effectively covered to reach the people;

XI. The Government should evaluate the utility and relevance of publication of Yojana and Kurukshetra magazines and if need arises, the structure, functioning and the content may have to be reoriented to introduce professionalism in the publication. An effort should also be made to use technology to place these on the web for wider dissemination.

XII. Registrar of Newspapers for India (RNI) should strengthen its organizational set up in North East and Central zones to provide better services to publishers of newspapers and periodicals;

XIII. The Government should create new Regional News Units in the new State Capitals to strengthen news gathering capabilities of the DD news;

XIV. The Government should devise an appropriate scheme to help improve professionalism in IIS cadre;

XV. Sufficient fund should be allocated by the Government to complete the project ‘National Media Centre’ by Press Information Bureau (PIB);

XVI. Indian Institute of Mass Communication (IIMC) should be converted into a global school in journalism during 11^{th} Plan;

XVII. The Government should consider instituting awards and endowments on specific subjects/ issues like gender, water resources management, child rights, human rights, environment etc. to encourage special and developmental reporting in the country

III. Broadcasting Sector

III (A) Content Creation/Software

i) Public Service Broadcasting (PSB) should be given a strong fillip in India in the 11th Plan so that it can perform its appropriate social reform and developmental role apart from ensuring access by civil society and its organizations to electronic media;

ii) This would be partly achieved through reorganization of Prasar Bharati and partly through creation of a statutory and autonomous Public Service Broadcasting Council (PSB Council) with its own funds/corpus to be set up through Government grants;

iii) Prasar Bharati has a very important role to play in giving a fillip to PSB and help national objectives and goals in different areas. The re-emergence of radio as a medium of profound reach and impact, especially FM radio, makes it necessary that AIR should be strengthened to achieve PSB goals;

iv) The Government should make provisions in the relevant legislation for mandating local content on foreign channels and reserving time slots on private commercial TV and radio channels with associated financial disincentives for non-compliance. The PSB Council can be given the job of monitoring compliance with such reservation and ensuring that the financial penalties are levied and paid. The amounts so collected can either be made a part of a fund/corpus to be created or amounts equivalent to the penalties can be routed through the Government budget and made available to the Council;

v) The PSB Council should enter into partnership with civil society organizations for access to Prasar Bharati's terrestrial network on lease basis or in running its own satellite channel in future, depending upon its resources;

vi) The flow of Government funding required to encourage PSB in India would range from Rs 50 crores to a level of about Rs 200 crores annually depending upon whether terrestrial or satellite transmission is selected for TV. The Government should consider making available these amounts as grants to create a vibrant PSB culture;

vii) There are regulatory and legal issues to be resolved for availability of music content on private FM radio and these should be taken care of on a time bound basis by the end of 2007 by which time a large number of new FM stations are expected to be operational;

viii) In order to improve the generation of content & software from the North East region, the suggestions/ proposals made by Prasar Bharati should be given shape on priority basis;

ix) A policy environment has been developed for the Animation & Gaming Sector in the Report of the Sub-Group on the issues submitted to the Principal Secretary to PM on 1.6.2006. The Report contains detailed recommendations that are adopted by the Group. An outlay of Rs. 75 crore, @ Rs. 15 crore per annum for the 11th Plan, may be an ideal plan size that is proposed to be implemented under PPP mode;

x) The Government should start an international channel to project India's global presence and its soft power. This should be in public-private partnership. An outlay of Rs. 500 crore @ Rs. 100 crore per annum for the 11th Plan may be provided as Government contribution for the project.

III (B) Expansion of Transmission Network and Digitalization/ Mobile Media

(I) Prasar Bharati

(a) Doordarshan

(i) There should be no expansion of the Doordarshan terrestrial network;

(ii) Coverage of remote, border and uncovered areas should be through DTH and upgradation of LPTs to HPTs;

(iii) VLPTs should be allowed to go out of service on completion of their life and will be replaced by a scheme of subsidy on Set Top Boxes/Dish Antenna;

(iv) DTH service should be expanded to cover Andaman & Nicobar in the C band as well as to increase the number of channels to 200, if possible;

(v) Analogue transmitters should be replaced by new digitally compatible transmitters with simulcast of analogue and digital transmission;

(vi) Entry of private players to DD's transmission network for mobile solutions as well as terrestrial transmission should be allowed. private sector investment should be sought in terrestrial transmission on a PPP pattern.

b) <u>All India Radio</u>

i) FM coverage should be enhanced from 40% to 75% by using DRM+ compatible transmitters;

ii) Priority should be given to cover border areas, rural areas and semi-urban areas viz. all areas not likely to be covered by private FM. AIR to extend FM coverage through its own resources in competition with private FM except in remote, border and rural/semi-urban areas where expansion will be funded by Government;

iii) Digital broadcasting through DRM technology for SW and MW should be adopted;

iv) New FM transmitters should be compatible with DRM + technology with simulcast of analogue and digital transmissions. Leasing of transmitters to private broadcasters must be done;

v) A large programme for strengthening All India Radio's External Services should be proposed;

(II) <u>Other recommendations</u>

a. The country as a whole should move from analogue to digital terrestrial transmission before 2015, or alternatively by March 2017 i.e. end of 12th Plan;

II) Digital transmission should be encouraged in the cable industry through a HITS provider and CAS. HITS may be facilitated either through a neutral provider or the private sector itself;

III) Next round of private FM bids may be invited by 2007;

IV) IPTV regulatory issues and content monitoring issues should be resolved early;

v) Participation by the private sector in Terrestrial TV transmission and use of DD infrastructure for Mobile TV should be finalized by March 2007;

vi) Mobile Media solutions on a fast track basis should be implemented to provide variety in entertainment platforms;

vii) Early setting up of a Broadcast Regulator for resolution of legal and regulatory issues should be given effect to;

viii) A need for a regulator on content licensing for radio stations to systematize and resolve the conflicting issues and the need for compulsory licensing should be evaluated and decided upon;

ix) Special attention to the North East by Prasar Bharati must be given.

Financial Implications

The outlay of the 10th Five Year Plan of the Ministry was of the order of Rs. 5130 crore. Keeping in view the cost escalations and the need to realize the high growth potential of the sector, the Working Group estimates that the outlay of the 11th Five Year Plan of the Ministry should be about Rs 12,000 crore. This may be distributed among the different wings as follows:

- Film Sector:	Rs. 500	Crore
- Information sector:	Rs. 500	Crore
- Broadcasting sector:	Rs. 11,000	Crore

Chapter I

1. Introduction

1.1 Background

The Planning Commission vide OM No.M-13040/6/2006/C&I dated 24th April 2006 constituted a Working Group to make suitable recommendations on various policy approaches for formulation of the 11th Five Year Plan in Information & Broadcasting sector of the economy. The Working Group was assisted by Sub-Groups as given below:

I. Sub-Group on Film Sector
II. Sub-Group on Traditional Media
III. Sub-Group on Content Creation
IV. Sub-Group on Expansion of Transmission Network and Digitization/Mobile Media.

2. The recommendations of each Sub-Group were discussed by the Working Group at length. Having due regard to the terms and reference of the Working Group, taking into consideration the reports of the Sub-Groups, the deliberations made during the Working Group meetings, and the feedback received from Minister of Information & Broadcasting, the Report of the Working Group has been finalized.

1.2 General Approach

3. The macro-economic simulation exercise undertaken by the Planning Commission for the Approach Paper indicates that the service sector is projected to grow by 9.4 per cent during the 11th Plan. This sector has been consistently outperforming the GDP growth in the recent past. Entertainment and Media Service, a prominent component of service sector, has also been growing in a robust way particularly during the 10th Plan. Analysis shows that policy initiatives adopted by the Government during the past four

years in information & broadcasting sector have provided expected results. The Media Services are on a vibrant growth path. Planning Commission estimates indicate that television is projected to grow at 42 per cent, film at 19 per cent, music at 2 percent, radio at 1 percent and print media at 31 per cent during the 11th Plan. This high growth potential of the media services has strongly influenced the Working Group to design conducive policy environment to further push the entertainment and media services into its growth trajectory during the 11th Plan.

4. Investment is key to growth in the economy. Technology is the key driver to growth in this sector. Government investment is certainly desirable in frontier areas of growth centers. Private investment needs to supplement Govt efforts. This approach has done well in the past in Information & Broadcasting sector. Given the rate of investment and its break-up between public and private sector, as envisaged by Planning Commission in its Approach Paper, the Working Group has emphasized that greater reliance should be made on Public-Private Partnership (PPP) mode of investment wherever possible during the 11th Plan.

5. Traditionally, the Govt has been taking the prime role in making information available to the people. Be it developmental, political, social or event oriented, the Government is mandated to ensure that people get right information. The entire information infrastructure in the country was designed keeping this objective in mind. However, the emergence of new media technologies during the past few years have led media industry to grow phenomenally world over and India is no exception to it. The Govt's position as a monopoly to disseminate information to the people has undergone a drastic change during the past couple of years. The Government agencies, be it DD, AIR, DAVP, or DFP, have reduced to one among many, competing and pursuing the same objective. The private TV and radio channels, magazines, newspapers, NGOs, and civil society and even the corporate firms, as part of their social responsibility obligation are increasingly engaged in information campaign to reach out people that once upon a time was the Government's monopoly. The changed scenario calls for redefining the role of the Government with a partnership arrangement with different players and stake-holders engaged in information industry. The Working Group, being

guided by emerging structural change, feels that Govt should take the role of facilitator, creating conducive policy environment to ensure further competition during the 11th Plan, so that the information industry grows leaps and bounds, becomes more and more competitive and effective as a tool of information transfer. The Government, however, as a supreme body of policy making, should watch any aberration or malfunctioning of the industry and accordingly take corrective measures to ensure successful functioning of the industry. The Working Group believes that a unique partnership could be forged among the various players and stakeholder in the information industry during the 11th Plan with Govt taking a role of facilitator allowing the private players to compete and grow based upon market driven approach.

6. As part of the monopoly role of the Government, a great deal of investment has gone through during the past six decades or so, creating massive infrastructure in Information and Broadcasting sector. Today, field units of PIB, DD, AIR, DFP, FD, NFDC etc. are wide spread, covering nook and corner of the country. In terms of availability of manpower and infrastructure facilities, the Government continues to be a monopoly possessing vast infrastructure resources. Growth demands that resources need to be optimally utilized. That will add positively to growth. The Working Group feels that Government infrastructure remaining idle, should be optimally utilized. It is essential to work out a transparent and commercial arrangement to share existing infrastructure by the competing private sector, NGOs or even the corporate bodies that are engaged in information transfer, if they want. Such an arrangement will not only ensure optimal utilization of resources but also supplement the Govt efforts in mobilizing resources for maintenance expenditure. At the same time, the consumers will have alternative media options that will help them maximize their welfare.

7. Freedom of Media, as part of our constitutional democracy, has remained by and large unregulated, consistent with the fundamental rights under Act 19 of the Constitution. The principle of self-regulation is, in fact, the guiding principle for the media agencies to conduct their business. However, some of the Acts, Rules and Regulations that were made in the past, some even century old, have lost their utility and relevance in the contemporary

society. Media has now emerged a booming business proposition world over and an important industry of its own. To avail this opportunity quickly, it calls for urgent review of the Acts, Rules and Regulations by the Government, relating to various forms of media. Modernization of the existing obsolete regulatory framework could foster development and thereby alleviate poverty. The Working Group, therefore, feels that time has come to treat the media sector a vibrant economic sector that enhances not only growth, but also qualitative growth. Information transfer helps improve transparency and governance.

8. The arguments developed above in favour of greater private participation does not mean that Govt will not have any role. The Govt's role as a prime mover of information and broadcasting to reach out to people in the strategic and inaccessible areas of country, such as North East, J&K, Andaman & Nicobar Islands, Lakshadweep, hilly and tribal areas should continue, where private investment will not be forthcoming. The Government will not only have to provide the requisite infrastructure, but also should ensure that the projects are completed expeditiously. It should be exclusive responsibilities of Govt to ensure that the difficult and strategic areas are fully covered with Govt's network of information & broadcasting during the 11th Plan period, so that Govt reaches the people in those difficult areas to alleviate the feeling of alienation of people in the areas and bring them to the mainstream of development to achieve the objective of 'inclusive growth'.

9. The Working Group concludes here the general policy approach and moves to sectoral analysis.

Chapter II

2. Film Sector

2.1 An Overview of 10th Plan

10. 10th Five Year Plan had broadly envisaged the following objectives to achieve:

a) Making institutional arrangements to tap formal sources of finance and discourage the flow of illegal funds from the underworld.

b) Film companies should consider diversifying into other segments of the entertainment industry like airing films on television either in full or as serials. This will not only mitigate the risks associated with films, but also enable them to cross promote their offering across several delivery platforms in the era of convergence.

c) The number of exhibition theatres is much lower than developed countries and inadequate for a large population like India's.

d) Tax incidence varies from state to state. The Government should consider standardizing and reducing entertainment tax to encourage investment in infrastructure.

e) The industry is losing a substantial amount of revenue on account of film piracy. Strict curbs on film piracy would boost industry revenues substantially.

f) The FTII, the Satyajit Ray Film and Television Institute (SRFTI), Kolkata and other private film institutes need to concentrate on modernization of the training infrastructure and methods.

g) The Indian Institute of Mass Communication (IIMC), Delhi, needs to be strengthened to meet the specialized training needs of the media units. Facilities for radio and TV journalism and video projection must be suitably strengthened. The feasibility of increasing the intake of students in various courses needs to be explored in order to make fullest use of available infrastructure.

h) The CFSI should attempt to increase the production of high quality software and ensure a wider reach of films.

i) The CBFC Mumbai, should implement schemes to augment the infrastructure facilities at its headquarters and regional offices for better monitoring of film regulations.

11. On assessing the performance of the film sector during the 10th Plan period, in the light of the above objectives, one could broadly conclude that major policy initiatives envisaged in the plan have been achieved. To begin with, film sector was given the status of an industry in 2001 and thereafter IDBI started funding film production. Banking finance was available, although, not much of bankable project have been financed. A couple of film making companies have received public fund through IPO route. To a great extent, flow of black money has reduced. A great deal of investment has come to build multiplexes and thereby the film infrastructure has improved to certain extent. FTII and SRFTI - the two film institutes have gained the national prominence. Both the schools have modernized, to a great extent, their training infrastructure and methods of teaching. IIMC has also introduced TV journalism and its demand by the student community is extremely high. However, in some areas, progress has not been satisfactory: (a) rationalization of entertainment tax to encourage investment in film infrastructure; (b) curbing film piracy; (c) CFSI's efforts to increase production of high quality software and wider reach of its films; & (d) strengthening CBFC's infrastructure for better monitoring of film regulations. Entertainment tax falls under the jurisdiction of the States. It is one of the major sources of revenue for the States. Currently, on average, the rate of entertainment tax varies from 50 - 100 percent of ticket value that is payable for exhibition of films in theatres or cinema halls. Studies show that certain reduction of entertainment tax results into more than proportionate rise in demand for films. It is because of that tax free cinema attracts large volume of viewers. On the other hand, incidence of high entertainment tax reduces the share of producer for sale of film rights. It would certainly help the industry

substantially encouraging investment if the tax is reduced. Convincing State Govts, without any compensatory package, to offset their loss has remained the single most important stumbling block for rationalization of entertainment tax. However, Govt will continue to strive for achieving this objective. CFSI and CBFC have faced serious monetary crunch to achieve its objectives. These areas will be taken up for redressal during the 11th Plan period.

2.2 11th Plan Policy Highlights:

12. Film sector is a vibrant cultural industry in India. It is almost a half century old. Film entertainment has remained a very popular form of entertainment in the country since its inception. Roughly about 1000 films are produced every year in various Indian languages. Hindi films constitute about 70 percent and remaining are in regional languages. In terms of number, India occupies the number one position in the world producing highest number of films. However, in terms of revenue realization, the share of Indian film in world market is negligible. The current level of investment in Indian film industry is about Rs. 10,000 crores, that is expected to grow at a rate of 19 per cent per annum during the 11th Plan. Advancement in technology has become the key driver to growth in film industry in all spheres of film making – production, distribution, exhibition and marketing. Most of the investments in film sector have been traditionally coming from high net-worth individuals. However, there has been some perceptible change in investment pattern in recent years. The industry is looking up, as more and more film production, distribution and exhibition companies are coming out with initial public officers (IPOs). Also, investment is forthcoming in a rapid way for upgrading the traditional theatres into multiplexes. Adding to it, the domestic viewership, that generally constitutes population below 25 years, is increasing with the increase in their disposable income. The past few years have witnessed a steady increase in number of people watching Indian movies abroad. In a way, film industry is on a take off stage. The Working Group perceives an optimistic outlook for the film sector during 11th Plan. However, the growth prospect of the film industry at the current level of performance remains far

below its potential. A strong policy support by the Govt will certainly push the film industry in its growth path to prominence in the world market.

13. Technology is the key driver of growth in film industry. Digital technology, unlike analog technology, is fast emerging as the cost effective technology for film industry. In current analog format, the cost of production of film becomes high. The production process consumes a substantial amount of raw materials like negative films, petroleum and silver, that are all imported. Besides, the quality of picture is poor in analog format. However, under digital format, the computer graphics imaging or 3D animation, that generally a storyline of cinema incorporates, becomes easy, improving the picture quality. In earlier cinema, visual effects were sparingly used. That have become normal in digital format. Digitization is the most preferred technology option as it allows much more control of colours and images that give audience a better feel of the real world in cinema environment. The Working Group therefore recommends that the Govt should formulate a National Digital Policy for film industry, encompassing all aspects of film industry, i.e., production, distribution and exhibition.

14. A successful working of digital cinema would require a set of fiscal incentives for the industry that is essential for the sustenance of the industry at its infant stage of technology transformation. The Govt should consider a reduction of import duty on capital goods required for film industry such as goods and equipments, hardware and software needed for shooting, recording, special effects, post production technologies, specialized packaging and storage facilities, encryption technologies, equipment needed for data transmission and exhibition of cinema. Provision of direct tax benefits as had been provided to multiplexes under Income Tax Act, 1961 needs to continue. A small step of fiscal incentive will transform the age old cinema halls into modern multiplexes.

15. The Cinematograph Act, 1952 and the corresponding State Acts and Rules that govern exhibition of cinemas, are more than half a century old. These Acts and Rules were framed in the past conforming to the traditional mode of exhibition through celluloid film projection, that required a standard norm for fire safety. However, there is complete change under digital

format that necessitates redefining not only the safety norms but also the concept of film hall. Digital films have inherent value added features for consumers to maximize their welfare and also for producers providing new steams of revenue. May be, the producers of a digital cinema could maximize his revenue realization adopting various modes of exhibition that may not require a conventional cinema hall but in the current scenario, it may not be possible. The Working Group therefore emphasizes the urgent need to review all related Acts, Rules and Regulations relating to film industry, making them growth-oriented

16. Globalization allows outsourcing of production and services. In media industry – particularly in film sector, high value creative works are increasingly outsourced by the developed countries to minimize cost of production in cinema. There is increasing competition among the developing countries particularly China and Mexico to attract such outsourcing jobs from developed countries. Keeping this global trend in mind, the Working Group suggests that the Govt should put in place appropriate policies to create a vibrant film production service industry taking advantage of low cost technical labour supply in the country.

17. Digital content industries like video game and animation are growth industries for the country. However, this industry suffers a great deal in manpower shortage. In order to give the required push and thrust, the Working Group suggests that the Govt of India should set up a Centre for Excellence in animation, gaming and special effects under PPP mode to address the problem of manpower shortage in such high tech content industry. This aspect has been highlighted at length in broadcasting sector separately.

18. The menace of piracy reduces the industry and govt revenue both in film and music industry. The penal process for piracy under the existing Acts - Copyright Act & Cinematograph Act is time consuming, lengthy and mostly the violator goes scot-free. The Working Group debated a couple of options such as civil action, reduction of time lag between theatre distribution and home video segment etc. The Group feels that quick action by the civil authority against the person engaged in exhibition of pirated films and video either in form of monetary penalty or suspension of his license to exhibit

could be more effective and may give the right message to the pirators in the market. Similarly, reduction of time lags between theatre distribution, home video segment, internet and satellite/cable mode could reduce the monetary incentives for piracy.

19. In 2001, film sector was accorded the status of industry by the Govt of India making it eligible to receive finance from banks and financial institutions. IDBI subsequently, took up the initial step with a film fund of Rs. 100 million with a 16 percent rate of interest per annum. The experience of IDBI for the last few years indicates that the recovery is excellent and non-performing asset is practically negligible. In respect of banking finance, however, the performance is extremely poor. Not much credit is forthcoming from banking sector. Institutional finance is also not available for distribution and marketing of film, which are equally important from business point of view. The growth of the film industry critically depends upon the institutional and banking finance that is much cost effective compared to the individual proprietory capital. It has a direct bearing on the cost of production of films. The Working Group, therefore, urges that the Govt should put in place appropriate policies to create conducive environment for the film industry to become more corporatised, and that more and more institutional and banking finances are available to the industry.

20. Exports of film need to be given a push. The data on film export indicates that in terms of value, the export of films has reached a level of Rs. 1050 crores in 2005-06. The proactive initiatives of the film industry during the past few years have resulted increasing viewers abroad in countries like Japan, Malayasia, Singapore, Middle-East. Indian movies are being dubbed into foreign languages such as Italian, Spanish, French to cater to the growing demands in Latin America, Germany, Korea and China and Turkey. More and more people across globle are becoming interested to know about India and its diversity of culture. Film, in this scenario, provides a vibrant medium. The Working Group is of the opinion that we must encash this opportunity to export Indian films abroad. It suggests that the Govt should prepare a roadmap with strategies to double the export earning of films sector by the end of 11th Plan. Continuation of the existing schemes like

Organization and Participation in Film Festivals and Markets in India and Abroad should not only be continued but also enhanced so that new countries and markets can be explored in different parts of the world. This would also be part of cultural diplomacy.

21. FTII and SRFTI are the two film schools in India that were set up with a primary objective of providing trained manpower for the film and television industry. Currently, 221 students in FTII and 120 in SRFTI are attending different courses conducted by the Institutes. Both the schools have come up with a brand name in the film industry over the years. Keeping in view the fact that both the schools have achieved national prominence in the country, the Group suggests that the two schools must aim at becoming global schools in film related teaching.

22. Children Film Society of India (CFSI) has been playing a very important role in providing access to cinema to poor children who otherwise cannot afford to see films. Despite the progress it has made, the Group feels that this organization needs to tune itself to meet new challenges. Children film is one of the areas where Public Private Partnership can be explored with great success. The Group feels that development of animation skill could contribute positively to the making of constructive and good cinema for the children. The proposed Children Film complex at Hyderabad would also give a boost to the film festival organised by Children's Film Society, India and the children's film movement of the country. CFSI, however, has been facing some problem or other making good quality films that has hampered its growth and its competitiveness in the market. The Group that CFSI should make a dent in the children film market. Fund shortage, if any, and other structural bottlenecks must be addressed to restore its dynamism.

23. The National Films Development Corporation that was incorporated in 1975 under the Companies Act, 1956, is mandated to promote good cinema and organize integrated development of the film industry. Over the years, in spite of various constraints, it has maintained its identity to promote good cinema particularly, in regional languages. However, it needs to redefine its role to meet new and emerging expectations and be more meaningful and focused. The Group was informed that NFDC is ready to provide itself as a

forum for export of regional films and it was also working on co-production of films. The Company is also working on establishment of a script bank for the film industry. The financial health of the organization is however not very comfortable for last few years. All-out efforts should be made to rejuvenate the organizations by exploring new areas of business. The Working Group emphasizes that organization's roles particularly in promoting regional cinemas; providing opportunity to new talents who don't have financial support, and making socially relevant cinemas, need to be supported by the Government during the 11th Plan period, as these ventures may not be commercially viable. The Government should support NFDC with infusion of additional equity to rejuvenate its functioning.

24. The cable industry is largely unorganized and fragmented. Currently, it is not regarded as an industry. The Working Groups feels that the existing regulatory policy framework for the cable industry is quite inadequate, that needs to be strengthened for effective functioning of cable industry in the entertainment services.

25. The NFAI, Films Division and DFF are holding 13,000, 8,000 and 300 films respectively. Many of their films are of national heritage and importance that are needed to be conserved through the process of digitalization as some of the blue prints of Satyajit Ray and alike, when required, are not easily available. To preserve these nationally important and heritage films, it would be essential to digitize these films, that could bring huge benefits in terms of transparency, leakage prevention and boosting tax collection. FFAI & FD should also bring out periodical publication of archival films to disseminate information to be public.

26. The Central Board of Film Certification (CBFC) certifies films and on account of the recent directions of the Government and Bombay High Court is now certifying content pertaining to the medium of television i.e. Broadcasting. This has resulted in a quantum jump of the workload of Central Board of Film Certification. Together with the vibrancy of film industry and increase in the import of films the workload of CBFC is bound to show an increasing trend. The 10th Plan Scheme of Opening of Regional offices at Delhi, Cuttack and Guwahati also did not take off. In this scenario, strengthening of the

certification infrastructure and staff/officers of CBFC across the country acquires tremendous importance and should be provided for in the 11th Plan period. The Working Group recommends that the organizational structure of CBFC should be strengthened to enable it to discharge its enhanced responsibilities.

2.3. Summary of Recommendations:

27. The detailed recommendations have been incorporated in the specific segment. A broad summary of the recommendations is as follows:

i. The Government should formulate a National Digital Policy for entertainment sector;

ii. Import Duty on capital goods required for digitalization or digital cinema should be reduced;

iii. The Cinematograph Act of 1952 should be revamped to take cognizance of emerging technologies and new challenges;

iv. The Government should set up a Centre of Excellence based upon PPP mode in areas of animation, gaming and special effects. This aspect has been reemphasized in a greater detail in broadcasting sector;

v. Various options like civil action and reduction of time for exhibition of film in different modes should be examined and measures taken by the Government to address the problem of piracy;

vi. The Government should put in place appropriate policies to create conducive environment so that film industry becomes more corporatised and that more and more institutional and banking finance is available to the industry;

vii. The Government should make a roadmap with strategies to double the export earnings of film sector by the end of 11th Plan;

viii. Film & Television Institute of India (FTII) and Satyaji Ray Film & Television Institute (SRFTI) should be transformed into Global Film & Television schools;

ix. Children Film Society of India (CFSI) must make a dent in the children film market. Fund shortage, if any, and other structural bottlenecks, must be addressed to, to restore its dynamism;

x. National Film Development Corporation (NFDC) should be supported with infusion of additional equity by the Government to rejuvenate its functioning;

xi. National Film Archive of India (NFAI) and Directorate of Film Festivals (DFF) should digitize the archival films at their disposal and should also bring out periodical publications on the subject for dissemination of information to the public;

xii. The organizational structure of Central Board of Film Certification (CBFC) should be strengthened to enable it to discharge its enhanced responsibilities.

Chapter III

3. Information Sector

3.1 An overview of the 10th Plan

28. The 10th Plan had envisaged the following objectives in information sector:

- DAVP that publicises the policies programames and achievements of the Government, must focus on technological upgradation of communication equipment and modernize programme designs;
- Song & Dram Divsiion that provides publicity to Govt policies and programme through traditional and folk media – plays, dance, drama, and puppet shows etc. should concentrate on extensive use of traditional works of communication and modernize facilities for programme design;
- The Directorate of Field Publicity should focus on increasing its coverage, computerization of regional offices, purchase of films, creation of local software for effective communication and streaming its feedback mechanism;
- Indian editions of foreign scientific, technical and specialty magazines, periodicals and journals should be allowed;
- Foreign investment upto 74 percent in publishing companies publishing specialty magazines be allowed;
- 26 percent foreign equity in Indian firms publishing newspapers and news and current affairs periodicals should be allowed;

29. The various media units in information sector remained engaged actively in spreading information on developmental policies of the Government during the 10th Plan period focusing their attention to difficult and inaccessible areas. A broad assessment of the performance of the media units indicates that the units have discharged their mandated responsibilities in the most cost effective way. However, some areas particularly like human resource development that needs training and retraining of the manpower to keep updated with the latest media technologies, need constant attention of the

Govt to further enhance the effectiveness of media delivery. The progress of modernization of the media units that remained a priority job for the Govt during the 10th Plan has been satisfactory to a great extent.

3.2. 11th Plan Policy Highlights

30. As per National Readership Survey 2006, the print media covers about 45 per cent of urban and 19 percent of rural areas. There is thus a vast scope for the print media to expand in the country. The Planning Commission simulation exercise, carried out to define the approach for the 11th Plan, indicates that print media is likely to grow by 31 percent in the 11th Plan. However, Indian Newspaper Society (INS) estimates a moderate growth of 10 percent. In recent years, the demand for newspapers has increased manifold. At-least, three factors have contributed the demand for newspapers to increase – (a) the growth of per-capita income of people in recent years; (b) the reduction in prices of the newspaper favouring increase in per capita consumption of more than one newspaper; and (c) the overall increase in literacy. While some of the national dailies have expanded their readership phenomenally, some regional newspapers like Dainik *Jagran* and *Dainik Bhaskar* have outpaced the coverage of some established national dailies. Keeping this growth prospects in mind, the Working Group foresees an optimistic outlook for the print media during 11th Plan period. It believes that putting in place appropriate policies, this sector should be able to achieve its desired growth potential during the 11th Plan period.

31. Indian economy is predominantly rural with about 73 per cent of population (census 2001) remaining in villages. Out of the total, about 19 per cent have access to TV and about 40 percent to radio. Print media has limited coverage; although it is increasing year after year. However, traditional media that comprises song, dance, drama, puppet shows etc., that are rural centric and culturally determined, is seen as one of the powerful and time-tested forms of mass communication. It is in-fact, the most cost effective medium, by which Indian rural masses could be easily reached, with a social and educational message. The Working Group therefore emphasizes that traditional media should continue to be an important

instrument of information transfer during the 11th Plan. Its relevance and usefulness still continues in the society. However, for developing suitable strategies in this area, one should take advantage of new media with its IT enabled applications. Exposure to new techniques of communication would not only be most effective, but also it could expose the rural populace in the process to the emerging technologies of contemporary world.

32. Over the years, there has been a great deal of competition among different media players – NGO, corporate bodies, private sector, who are actively engaged in reaching people with social and educational message, as part of their social responsibilities. The Group feels that increased use of traditional media should be encouraged on PPP mode to carry out intensive campaigns at village fairs, religious festivals, social gatherings etc. Joint efforts should bring more impact and be cost effective. Various issues concerning IPRs in all media segments could, however, be gone into by a Special Committee of Experts who could look into the private media aspects.

33. The difficult, inaccessible and hilly areas of the country like NE region, J&K, remote islands of Andaman & Nicobar and Lakshadweep pose serious challenge for the information agencies to reach out to people. North Eastern region in particular is a treasure house of myths and legends that are embedded in their folklore. Development programmes, launched by different Government agencies of the Government, NGOs, and North Eastern Council etc. need dissemination of information on project development and programmes to reach the beneficiaries. The challenge before the communicators in this area, therefore, is as to how to devise suitable software for different media platforms, linking to local languages, folklore, song, drama, music, dance, and mythology etc. to carry the right message to the people. Various strategies need to be developed. The regional centers, acting as media clearing houses could, as an alternative, distribute appropriate softwares to all the media units, that they may not be able to produce individually. These centres could be linked to Public Information Campaigns (PICs), nodal officer being from PIB. Or, alternatively, under PIB umbrella, Central/State Government agencies, NGOs could supply inputs for development of media products drawing technical hands either from media

units or getting outsourced. The point that needs emphasis here is that there is no unique solution to media delivery that could be uniformly applied everywhere. Different approach, based upon study, research, analysis and feedback needs to be devised by the media units to reach people in difficult areas.

34. India will be celebrating 150th year of first war of Independence and 60 years of Independence in 2007. The fourth estate made a remarkable contribution to the freedom struggle. Starting from demands like autonomy or self government, home rule, demand of complete freedom from the British Raj, the newspaper industry in India played a parallel role in the late 19th century through India launched its tryst with destiny. It is in recognition of the contribution of media to freedom struggle in India, the Working Group recommends that the Govt may consider to set up a museum on news media to be known as 'News Museum' or 'Newseum'

35. Indian newspaper industry occupies the 7th position in Asia-Pacific region. It is a high potential growth industry. However, it is passing through a lean phase. Apart from main line newspapers, the small and medium segment of the press that accounts for 80 per cent of the industry, has been facing the problem of operating viability. The Working Group feels that in order to ensure a rapid growth of newspaper industry during 11th Plan, the small and medium newspapers must be focused as the new areas of growth centers particularly in regional languages. Small and medium newspaper enterprises, which largely depend on circulation revenue, do not offer a bright picture. With marginal profitability, this sector continues to be poorly equipped and funded. Besides, manpower costs are more than twice the average level found in Indian corporate sector. Statutory Wage Board awards have resulted in high manpower cost. This is one vital area that has made the profitability of newspaper business topsy-turvy. The matter is now locked in judicial arena. DAVP, that plays a significant role in the sustenance of this sector, has already taken certain positive steps to beef up the small and medium newspaper sector. The new DAVP rates represent 14 per cent increase over the earlier rates on an average. The number of slabs have also been reduced from 16 to 10; the benefit of which goes to all newspapers. Secondly, simplification of circulation certificate has led to exemption of circulation checks

for newspapers upto 6000 circulation. The certificates of Chartered Accountants/ Cost Accountants would suffice for those with circulation upto 75000 and the question of ABC certificate comes only for those, whose circulation is beyond 75000. Moreover, as per the new policy, 40 per cent of the DAVP advertisement revenues, in respect of display advertisements, would go to small and medium newspapers. The Group feels that the small and medium newspapers should be the main focus of developing new growth centers particularly in regional languages. This area needs strong policy support ensuring technology upgradation and financial availability and redressal of industrial relation. The DAVP rates could further be rationalized during the 11th Plan period based on principle of universal commercial practice. The Group also recommends that withdrawal of import duty and VAT on newsprint and FBT (Fringe Benefit Tax) on the print industry should be considered by the Govt , as these few measures could provide philip to the growth of the industry.

36. For embracing state-of-the-art technology, major newspapers require high speed printing and dispatch from a single location to reach long distances for franchise printing facilities. Since the new technology would help cover far-flung areas even with low density markets, fiscal policy support will be necessary to encourage faster technology upgradation and expanding the distribution base. The industry needs state-of-art technology to ensure quality printing of newspapers. Fiscal policy issues would need to be taken on an industry-wide view of tariff barriers keeping in view that the small and medium newspapers are able to procure state-of-art printing technology for making their operation cost effective.

37. The print industry in India has come up over the years from a stage of small business to high business undertaking. Silently and independently it has grown into a big business proposition. Two factors drive its growth in the country: (a) English education; (b) low cost labour supply. Taking advantage of the situation, foreign publishing houses have been increasingly coming to India to outsource the job of computer typing and proof reading. However, printing jobs are going to Malayasia or China as they provide world class state-of-art printing facilities. Also in the past couple of years, a very large number of foreign equity participation approvals have been given by MIB to publish Indian

copies of foreign magazines in India. Many of them find it difficult to set up their units in India and would welcome some facilitation by the Government to help them kickstart their activities. Some rough estimates place the business at the current level of about $ 2-3 billion in the world. The Working Group feels that India could capture a good deal of business, provided appropriate infrastructure is put in place. The Groups recommends that the Govt should set up a media city during the 11th Plan that will provide a single point clearance to all possible services to be availed by foreign publishing houses to bring out Indian editions as well as Indian publishers to export their publications or providing outsourcing services to foreign publications with a view to making India the future publishing hub in Asia.

38. On the question of regulatory issues, the representatives of the newspaper industry emphasized the need for revision of Press and Registration of Books Act 1867 that is more than a century old. The Working Group duly supports their view and recommends that the Government should amend the Press & Registration of Books Act, 1867 to make it in tune with the contemporary needs.

39. A great deal of changes have occurred in media economy world over. Rapid proliferation of cable and satellite television, emergence of of digital technology, , multi-system operations, internet penetration in the media business are major drivers of change. The regional press has also undergone drastic facelift. The content, carriage, impact and commercial importance of media have given a new dimension to media business. It is a serious business option for the entrepreneurs, small or big, that gives good profit. The industry needs talented professionals, who can sustain the industry in its high growth path. The group feels that quality of media education in the country is not satisfactory. There are several levels that require professional intervention if overall standards are to be improved. There has been a mushroom growth of media schools in the country in recent years, as demand for professional media personnel has suddenly gone up. A suggestion was made that a national level body, known as 'National Media Council', that would recognize, monitor, and oversee journalism education in the country, could be an ideal option. However, Indian Newspaper Society (INS) has a strong reservation on this issue. Secretary

General, INS in a written communication to the Chairman of the Working Group pointed out that the entry level qualifications and profiles in print media were diverse because of unique needs of media organizations. The promising talents available to newspapers did not have to have a professional qualification in mass communications, though some of the recruits might well have such degree/diploma. The INS felt that any attempt to create Media Education Accreditation Council would be considered by the industry as an attempt to regulate the press. The Working Group debated this issue as to whether the proposal for a National Media Council could be given shape. After considerable discussion, the Group concluded that there was a need for the Council to be set up. However, to alleviate the fears of the INS, the composition of the Body could be structured under the principle of self-regulation involving Media and Press in its set up.

40. The neo literate, women and children in the rural areas traditionally play an important role in information campaign. This group, as a whole, has been extending support to educational programmes through AIR and Doordarshan. The Working Group recommends that community broadcasting should be expanded to include elementary education progerammes. DD DTH, Community Radio, DD National, DD Regional have regular programmes covering the slots on the subject.

41. Song and Dram Division, that uses traditional media to reach people, should continue to modernize its infrastructure in view of its renewed importance and new emphasis being accorded during the 11th Plan.

42. The Directorate of Field Publicity (DFP) projects various Government policies and programmes through its network of 207 field units and 22 Regional Offices. DFP is the only media which resorts to interpersonal communication like group discussions, public meetings, seminars, symposia to convey messages to the people. Visual support is provided in the form of films, photo exhibitions and other live entertainment programmes on themes like national integration, health and family welfare, communal harmony and other developmental activities. The Group emphasizes that DFP, with its vast field network, should redefine its objectives and reposition its network in a such a way that the remote, inaccessible and strategic areas for the countries are effectively covered to reach people.

43. The Directorate of Advertising and Visual Publicity (DAVP) is the only multi media advertising agency of the Central Government DAVP caters to needs of all central Ministries/Departments and various public sector undertaking and autonomous bodies and provides them a single window service. It informs and educates people about the Government's policies & programmes and motivates them to participate in developmental activities. DAVP undertakes publicity programmes through exhibitions, display classified advertisements, radio spots, printed publicity and outdoor publicity to cater to its communication needs. The Working Group believes that the organization is constantly endeavoring to further upgrade the quality of its services by improving its efficiency at all levels to benefit the stakeholders.

44. The Publication Division is a repository of books and journals highlighting country's rich cultural heritage. It publishes books in English and Hindi as well as in all major Indian languages ranging from art, history, culture, children's literature, science & technology and Gandhian's philosophy etc.. **India : A Reference Annual** is also published annually which gives the information about the country as a whole. The Division also brings out selected speeches of the Presidents and the Prime Ministers. The Working Group is confident that the Publication Division should continue in its efforts to add value and quality to all its products during 11th Plan.

45. Yojana & Kurukshetra are two unique journals under Government set up. While Yojana seeks to carry the message of planned development to all sections of society and promotes healthy discussion on socio-economic aspects of development, Kurukshetra, the journal on rural development provides as a forum for exchange of ideas on programmes, policies and implementation of developmental schemes in rural sector. The Group appreciates that both the journals have positively contributed popularizing the concepts of planning and development in initial decades of planned development in the country. However, the Working Group feels that the two subjects have been well researched and investigated by prominent professionals and academicians in India and abroad over the years. In the light of this, the utility and relevance of the two publications need to be evaluated by the Govt and if need arises, the structure, functioning and the content may have to be reoriented to introduce professionalism in publication. An effort

should also be made to use technology to place these to the web for wider dissemination.

46. The Registrar of Newspaper for India, commonly known as Press Registrar is required, inter-alia to (a) submit an Annual Report to the Government of the status of newspapers before 31 December every year; (b) verify and approve titles of newspapers and periodicals, register them, check and establish their circulation claims; and (c) issue eligibility certificates for import of foreign newsprint, purchase of indigenous newsprint from specified mills, and import of printing machinery etc. for use by registered publications. The RNI with its headquarters in New Delhi has 3 Regional Offices located at Chennai, Kolkatta and Mumbai. The Working Group feels that RNI has been contributing positively to the newspaper industry. It recommends that it should strengthen its organizational set up in North East and Central zones to provide better services to publishers of newspapers and periodicals

47. Photo Division is meant for visual support for the varied publicity activities of the Government of India. The major function of the Photo Division is to provide photographic support both in black and white and colour to media units of the Min. of I&B and other Central and State Government agencies and offices. The Division is designing a new website through which day to day images would be channelized to be picked up by media. The Working Group believes that the Photo Division would positively contribute during the 11th Plan through modernizing its photo labs.

48. The Broadcasting network of Doordarshan provides coverage to 90 percent of the population and is one of the largest terrestrial networks in the world. In the media scene today, where numerous 24 hour private news channels exist, there is a need for a strong and vibrant presence of a 24 hour terrestrial/satellite national news channel like DD news. This is essential to project Government's viewpoint on developmental policies and programmes. DD news is the only pan Indian news channel which reaches more than 50% of people in the country. It would therefore be essential to augment and strengthen newsgathering, pre and post production facilities, editorial, and engineering capabilities of the channel. Besides, opening of regional news units, to augment news gathering capabilities may have to be considered during 11th Plan.

49. Set up in 1945, Research, Reference & Training Division (RRTD) functions as an information serving agency for the Ministry of I&B, its media units and their field offices. It serves as an information bank as well as an information feeder service to the media units to help their programming and publicity campaigns. The Division also looks after the training aspect of the Indian Information Service (IIS) officers in collaboration with the Indian Institute of Mass Communication. A suggestion was made that the training of IIS officers – Goup A and B, should be given due attention to make up cadre more professaional and specialized to advise proactively the Ministers on various aspectgs of Govt policies. It was also suggested that while the initial recruitment may be from one source, while going up in the ladder, the officers should specialize on a couple of subjects to spend in the senior management level in the Ministries of their specialization. Through a method of training and retraining, the officers should enhance their skill, proficiency and knowledge to tackle independently the problems associated from time to time in complex areas of technological society. The Group recommends that the Govt should devise an appropriate scheme to help improve professionalism of IIS cadre.

50. The Press Information Bureau (PIB) is the nodal agency of the Central Government to disseminate information to the print and electronic media on government policies and programmes. The Bureau disseminates information through press releases, press notes, feature articles, backgrounders, press briefings, photographs, press conferences, interviews, database available on Bureau's website, press tours etc. At its headquarters, the Bureau functions through its corps of Departmental Publicity Officers attached to various Ministries and the like organizations. Acting as interface between media and the government, these officers also advise Ministries on media matters. The Group noted the progress made by PIB in its various programmes. Some of the schemes, particularly like National Media Centre, that has been approved by the Govt during the 10th Plan period, would need to continue during 11th Plan. The Group viewed that the project 'National Media Centre' was a prestigious programme of PIB and accordingly recommended that sufficient fund should be allocated by the Govt to complete the project by PIB.

51. The constitutional protection ensuring the freedom of press, has enabled Indian press to function on the principle of self-regulation. All external regulations of the press are, by definition, subject to scrutiny on grounds of interference with its fundamental protection. The Press manages its news gathering through its own co-operative enterprises such as the Press Trust of India and the United News of India, and also on an individual basis. The Press manages its receivables from advertising agencies through an accreditation system administered by the Indian Newspaper Society. The activity is self-financing and requires no government support. The Press Council of India supervises the content of the print media industry. The Council's powers of admonition constitute an adequate safeguard against irresponsible tendencies in journalism. The Press Council of India has gone on record favouring the principle of self-regulation by the industry in matters of content. The newspaper industry fully endorses the views expressed by the Council. The Press also enjoys the legacy of a series of judicial pronouncements supporting the economic viability of the Press as fundamental to its intellectual freedom. The regulatory inclination of the Government keeps in mind these realities while considering any intrusive initiatives. But certain sections of the society opine that self-regulation of press is not all that visible at the desired level. Invasion of page three culture, TRP driven display in newspapers, sensationalism in the electronic media on socially irrelevant issues and aesthetically offensive treatment often cross norms acceptable to Indian society. However, there was a consensus for having a regulatory body for the expanding electronic media since various issues are coming with the arrival of new technology.

52. The Indian Institute of Mass Communication was established in 1965 to train IIS officers and subsequently regular academic courses came up in the institute. Over the years, IIMC has gained prominence in the country as the Center for imparting quality education in journalism. It conducts five PG courses on journalism, Advertising and Public Relations, Radio & TV journalism and Development journalism. Currently, the institute caters to the needs of the Indian student. A suggestion was made that IIMC should be made global school, like the proposal mooted in respect of FTII and SRFTI. The Working Group unanimously agreed to the suggestion and

recommended that IIMC should be converted into a global school in journalism during 11th Plan.

53. The Group feels that there is a urgent need to encourage the social sector and developmental reporting. To achieve this goal, the Group suggests that the Central and State Governments should consider instituting awards and endowments on specific subjects/issues like gender issue, water resources management, child rights, human rights, environment etc. at the national level. Such an effort should encourage special and developmental reporting in the country.

3.3 Summary of Recommendations

54. The detailed recommendations have been incorporated in the specific segments. A broad summary of recommendations is as follows:

I. Traditional media should continue to be an important instrument of information transfer during the 11th Plan. It has become more relevant and useful in the contemporary society. However, for developing suitable strategies in this area, efforts should be made to take advantage of new media with its IT enabled applications. Exposure to new techniques of communication would not only be most effective, but also could expose the rural populace in the process to the emerging technologies of contemporary world;

II. Increased use of traditional media should be encouraged on PPP basis to carry out intensive campaigns at village fairs, religious festivals, social gatherings etc. Joint efforts should bring more impact and be cost effective. Various issues concerning IPRs in all media segments could, however, be gone into by a Special Committee of Experts;

III. Government may set up a museum on news media to be known as ‘News Museum’ or ‘Newseum’;

IV. The small and medium newspapers should be the main focus of developing new growth centers particularly in regional languages;

V. Withdrawal of import duty and VAT on newsprint and FBT (Fringe Benefit Tax) on the print industry should be considered by the Government, as these few measures could provide philip to the growth of the industry;

VI. The Government should set up a Media City during the 11th Plan that will provide a single point clearance to all possible services to be availed by foreign publishing houses to bring out Indian editions as well as Indian publishers to export their publications or provide outsourcing services to foreign publications with a view to making India the future publishing hub in Asia. ;

VII. The Government should amend Press & Registration of Books Act, 1867 to make it more in tune with the contemporary needs;

VIII. The Government should consider setting up of a National Media Council. The structure of the Council should be based upon the principle of self-regulation involving Media & Press in it;

IX. Community broadcasting should be expanded to include elementary education progerammes;

X. Song and Dram Division (SDD), that uses traditional media to reach people, should continue to modernize its infrastructure in view of its renewed importance and new emphasis being accorded during the 11th Plan;

XI. Directorate of Field Publicity (DFP), with its vast field network, should redefine its objectives and reposition its network in a such a way that the remote, inaccessible and strategic areas for the countries are fully and effectively covered to reach the people;

XII. The Government should evaluate the utility and relevance of publication of Yojana and Kurukshetra magazines and if need arises, the structure, functioning and the content may have to be reoriented to introduce professionalism in the publication. An effort should also be made to use technology to place these on the web for wider dissemination.

XIII. Registrar of Newspapers for India (RNI) should strengthen its organizational set up in North East and Central zones to provide better services to publishers of newspapers and periodicals;

XIV. The Government should create new Regional News Units in the new State Capitals to strengthen news gathering capabilities of the DD news;

XV. The Government should devise an appropriate scheme to help improve professionalism in IIS cadre;

XVI. Sufficient fund should be allocated by the Government to complete the project 'National Media Centre' by Press Information Bureau (PIB);

XVII. Indian Institute of Mass Communication (IIMC) should be converted into a global school in journalism during 11^{th} Plan;

XVIII. The Government should consider instituting awards and endowments on specific subjects/ issues like gender, water resources management, child rights, human rights, environment etc. to encourage special and developmental reporting in the country

Chapter IV

4 Broadcasting Sector

4.1.1 Content Creation/Software

55. The Group had an overview on content creation and software during the 10th Plan period. It noted that the 10th Plan had the following main recommendations:

- While recommending the predominant role of Prasar Bharati in content creation, the group recommended use of alternative mechanisms like National School of Drama, Public Service Broadcasting Trust, SPIC MACAY and institutes like FTII and SRFTI. Funding for these alternative mechanisms was recommended through an MoU formula between the Ministry of I&B and the content creator selected. The purpose was to encourage independent, well known, eminent directors to experiment in the field;
- The funding for content creation was to be for at least a period of 2 years before evaluating the success of the endeavor. Initially, 100% funding was recommended;
- The content creation was to focus on population, health, environment, rural development, women's issues etc. Radio Soap Operas were recommended as a tested means of conveying a variety of messages. Content related to children was emphasized as also that relating to performing arts;
- In the initial stages a one hour weekly magazine on electronic media was recommended. This was to be raised to at least 3 hours of content on electronic media per week and 4 hours per week on Radio;
- 25% of the total content was recommended for creation by eminent producers/directors so that their style can be emulated by other content creators;
- The group recommended telecasting of proceedings of State Legislatures by Doordarshan as a plan activity of Prasar Bharati;

- The group recommended better marketing of content as well as greater autonomy/decentralized financial powers to regional kendras of Prasar Bharati to allow creativity to flourish;
- The sub-group recommended creation of a corpus for content creation by aggregating the amounts placed at the disposal of different ministries/departments in the Ministry of I&B. The aggregated amount could then be used for software and content creation and expenditure monitored through an independent council of trustees; and
- The option of attracting "venture capital" in the field was also to be explored.

56. As would be evident, the focus of the group's recommendations was on Prasar Bharati and Government sponsored, or government related, institutions for content creation. It does not appear that a detailed plan was worked out at a subsequent stage either by the Ministry or the Prasar Bharati to give effect to these recommendations. Only the MoU between Prasar Bharati and PSBT came through. No corpus fund was set up and no aggregation of the different amounts available to different ministries/departments was done. Neither was an independent council nor trust set up for monitoring content creation. In fact, paradoxically, the amount available for creation of content with Prasar Bharati fell from 30% in the 9th Plan to 19% in the 10th Plan. A paper on content creation through Public Service Broadcasting prepared by Prasar Bharati has concluded that continued scarcity of funds for software had a deleterious effect on DD channels. Creation of content by the other institutions which had been identified proceeded on adhoc basis and the centralized thrust contemplated in the 10th Plan never materialized. Content of Prasar Bharati on health, agriculture, rural development and other issues has continued to do well with programmes like "**Kalyani**", "**Grameen Bharat**", "**Khabarein Kheti Ki**", "**Krishi Darshan**", "**Prayas", "Gaatha"**, "**Sondhi Khusboo", "Indradanush Kiran", "Jeevan hai Anmol", "Lok Jhankar", "Sur Bahar", "Don't Worrry, Be Happy",** apart from the narrowcasting of '**Kisan Vaani**" for agricultural extension and other related activities. However, radio sop operas were not tried out and their effectiveness could not be tested. The number of hours of content recommended also did not materialize in the focused format that was

conceived. Inspite of the recommended delegation of some powers and other efforts, it cannot be argued that the past 5 years have resulted in greater creativity being demonstrated in the regional kendras of Prasar Bharati or in a faster flow of ideas.Content creation in the private sector or by civil society organizations was not focused upon. Finally, no plan scheme on providing TV coverage to State Legislatures by Doordarshan materialized although the matter is now again being evaluated for adoption as a result of the initiative of the Lok Sabha Secretariat and other Parliamentary forums.

57. In the light of the experiene gained during 10th Plan, the focus of the Working Group shifted to a review of institutional arrangements for creation of content and advertising for public service broadcasting in the 11th Plan. The approach that guided the Working Group was to involve local and foreign TV and radio channels in the process. While evaluating the future of public service broadcasting, the Group feels that the role of the Government vis-à-vis the private sector is to be clarified and most importantly, certain policy measures for promoting public access to media platforms by civil society organizations should be looked at.

58. The Prasar Bharati Act, 1990 states in section 12(1) that it shall be the primary duty of the corporation to organize and conduct public broadcasting services to inform, educate and entertain the public and to ensure a balanced development of broadcasting on Radio and Television. In the discharge of its primary duty, a large number of objectives were laid down in section 12(2) which are primarily oriented towards public and social issues. In order to sustain itself financially, section 17(1) of the Act provides for proceeds of the broadcast receiver licence fees to be made available to the corporation on the BBC pattern. Since such a licence fee did not materialize, Prasar Bharati has been functioning on the basis of Government grants and has been simultaneously asked to enhance its revenue earnings to the extent possible by dabbling in entertainment related programmes. Consequently, it has never been an exclusively public service broadcasting organization and is seen as competing with both private entertainment channels as well as news channels. The relative weight of public service broadcasting versus commercial operations in Prasar Bharati was never very clearly defined and is even now under evaluation by a Group of Ministers. Nevertheless, both Doordarshan and

AIR have a substantial presence in the area of public service and social issues through programmes related to health, rural development, agriculture, classical Indian music and so on. There are educational programmes being broadcast by Doordarshan, both terrestrially and through the DTH satellite platform, as well as on AIR. DD-Bharati focuses on programmes on art, culture and heritage including children's programmes.

59. One definition of public service broadcasting is broadcasting made, financed and controlled by the public, for the public. The objectives of public broadcasting are motivated by the public good; it informs, entertains and generates interest. Another objective of public broadcasting is to democratize electronic media by allowing public access especially for the disadvantaged and marginalized and to perform independent, balanced, impartial public service rather than be driven by the needs of advertisers. Thus, the public as audience would drive such broadcasting.

60. Public Service Broadcasting is neither commercial nor state-owned and is free from political interference and pressure from commercial forces. Such a definition of PSB is in many ways also contained in the Prasar Bharati Act. Public service broadcasting seeks to inform, educate and entertain citizens through programming diversity, editorial independence, accountability and transparency. It supports pluralism and democracy. To this end, it arguably requires PSB to promote best practices and professional standards, foster indigenous content quality, encourage innovation and creative improvements in programming and allow civil society broadly (as well as civil society organizations) to have public access to media platforms.

61. The experience of some developed countries worldwide ranges from an independently funded BBC in UK, a non-profit Corporation for Public Broadcasting in USA to a grant dispensing council for the Arts in Australia.

62. Whatever the method adopted, there is clarity of structure and purpose shown in the quality of programming and their popularity in the respective countries. The quality and capability of the BBC in UK are well known and Prasar Bharati has been modeled after it, at least in theory. In the USA, the Corporation for Public Broadcasting (CPB) is a private, non-profit corporation, which is a non-government agency engaged in promoting television, radio and online PSB which funds 1000 local radio and TV stations. The CPB has started

the Public Broadcasting Service(PBS), a TV channel, as well as the National Public Radio with over 800 independently operated, non-commercial, affiliated public radio stations. In Japan, NHK, the main public broadcaster, not only does PSB by running 2 terrestrial TV stations and 3 satellite services as well as radio services but has also been an innovator in TV, developing the world's first High Definition TV in 1964 and launching high definition services in 1981. Germany has 9 regional public broadcasting agencies apart from a national TV service and a national radio service all financed through licence fees on radio and TV sets. In Hong Kong, Radio Television Hong Kong (RTHK) is the sole public service broadcaster with editorial independence and operates 7 radio channels as well as TV channels. Private TV channels are required, by law, to provide time slots for programmes by RTHK

63. The consensus worldwide is that public service broadcasting must be undertaken by public funding and since "funding influences content" the choice of funding scheme assumes great significance. The BBC has opted for a licence fee arrangement to allow it to be at arms length from Government. The European Union has found in a study that the predominant funding model for public service broadcasting in Europe is mixed funding where a combination of public and commercial revenue is used to fund the public service activities. The report underlines the fact that a broadcast service earning commercial revenue does not necessarily mean that the broadcasting service itself is of a commercial nature. The mixed funding system seems to have developed as reliance on only one single source, which may suddenly dry up, would create problems. The potential sources available are as follows:

- Broadcasting fees paid by viewers / listeners;
- Concession fees paid by commercial operators;
- Other sources of public funding;
- Radio/Television advertising;
- Radio/Television sponsorship;
- Subscription fees for pay services.

64. In India the broadcasting fees paid by viewers and listeners have not been accessible to Prasar Bharati so far, nor have the fees paid by the commercial broadcasters for their broadcasting licences and for the use of

frequencies as public resources. In India such fees form part of the general revenues of government. Funding from the Government budget has been the primary source for Prasar Bharati and would continue to be so for some time to come although advertising and sponsorship have played a significant role in the revenue earnings of DD and AIR. There is no possibility of subscription funds being available for public service broadcasting content as the Indian public is not accustomed to paying for anything other than entertainment. Since public broadcasters do not in general rely on advertising as a source or revenue to the same level as commercial broadcasters, this can allow public broadcasters to air programmes that are, otherwise, less saleable to the mass market. However, the fact that public broadcasters do not chase ratings in the same way as commercial broadcasters, leads to criticism that they are unresponsive to what their viewers want. In the Indian context where PSB can have a social reform & developmental role less reliance on advertising revenue may not be a bad thing in itself. And responsiveness to viewers needs in India often implies focus only on film oriented entertainment programmes.

65. A funding possibility in India would be the involvement of private and foreign entertainment TV and radio channels/stations in the process of public service broadcasting through a minimum content or time obligation being imposed upon them. In case the obligation cannot be honoured, financial disincentives can be thought of with the proceeds going into a fund/corpus, or being routed through government revenues back to the public service broadcaster depending upon what is most convenient in the Indian context.

66. In the light of the above, the Working Group now moves to the issues for the 11th Plan. Broadly speaking, 11th Plan issues relate to:

i. Reviewing institutional arrangements for content for public service broadcast, including local content in foreign channels;

ii. To define the role of Government vis-à-vis the private sector, and

iii. To suggest policy measures for promoting access to media platforms for civil society in public and private sectors.

There are other issues relating to Animation and Gaming and Intellectual Property Rights which have also touched upon apart from the three broad themes listed above.

I. Institutional Arrangements for Content for PSB/Local Content in Foreign Channels**.**

67. The 10^{th} Plan reliance upon Prasar Bharati and government organizations/government owned/related organizations for content creation did not fully succeed and PSB in its different forms viz. educational programmes, discussions, documentaries and public affairs shows, of the quality expected, are few in number. There are exceptions like the documentaries produced by the Public Service Broadcasting Trust (PSBT), a private, non-profit trust which has been collaborating with Doordarshan through an MoU. There are the occasional privately produced documentaries or films on subjects ranging from art and culture to history and public affairs which touch the mark of excellence expected of PSB worldwide. But this does not predominate among the programmes being shown/broadcast even on Prasar Bharati let alone on private channels.

68. Public service broadcasting of the best international standards requires the following to flourish:

ii) Clarity of objectives, a sense of mission

iii) Resources

iv) Empowering structures and process

v) Independence/Autonomy

vi) Support of civil society who must be educated about its significance-so there is both support for its agendas and a demand pull for its content.

69. Public service content is both art, driven by the personal passion and convictions of the creator, and an industrial product. Globally, the best public service broadcasters-BBC and PBS, etc. draw predominantly on content of the independent producers/directors who are supported, empowered and supervised in fulfilling their objectives based upon convictions and passions. The above purpose can be achieved through a combination of the following 5 institutional methods:

i) Restructuring and repurposing Prasar Bharati with its huge resources, investments in infrastructure and existing PSB mandate. Prasar Bharati would require a clear, defined, and precisely articulated mission statement for PSB which it should implement with genuine autonomy and independence. It would also require funds, new talent and leadership.

ii) Creation of a Public Service Broadcasting Council under the proposed Broadcast Services Regulation Act, with an independent board, a corpus and an eminent, credible, independent membership operating a guaranteed annual and long term, say, 10 year budget.

iii) Mandating local content for public broadcasting on foreign channels and reserving time slots on private commercial channels with financial disincentives for not complying.

iv) Providing public access to media platforms both government and private, with public service content created by civil society groups and NGOs.

v) Public-private partnership resulting in ownership and management of media platforms by civil society organizations.

Each of these can be discussed in detail as below.

<u>Restructuring Prasar Bharati</u>

70. Conceptually, Prasar Bharati has the legislative mandate to be a public service broadcaster on the lines of the Corporation for Public Services in the USA since it runs television channels, radio stations and is now venturing into online services. It has an extensive network, covering most of the Indian population in both areas and is reasonably funded through government loans and grants. Prasar Bharati is, however, considered to have lost its way in its programming by trying to straddle both the entertainment and the public service sectors. From a primarily public service messaging broadcaster in the late 70's and early 80's, Doordarshan became a prime source of entertainment during the heyday of its monopoly in the 1980's. With the arrival of cable and satellite TV channels in 1991, Doordarshan slowly retreated from the entertainment area but did not redefine its objectives. It continued to operate in both areas though with little investment and effort in the entertainment area with the result that it has not been able to compete with private entertainment channels because of its government oriented procedures. Nor has it been able to deliver

high quality PSB due to its government mandated compulsion of maximizing commercial revenue. This seems to primarily stems from non-implementation of section 17 of the Prasar Bharati Act where broadcast receiver licence fees were to be made available to Prasar Bharati to secure its financial base.

71. The current review of Prasar Bharati by a Group of Ministers (GoM) will hopefully resolve this commercial versus PSB dilemma in favour of PSB with secured funding so that it is able to once again fulfill its primary duty under the Act of encouraging public broadcasting. The Prasar Bharati Act itself requires some adjustment and modification to professionalise the day-to-day management as well as rationalize its internal review and oversight procedures to allow the Corporation to become more effective. A restructured Prasar Bharati with a redefined purpose needs to gradually take on the kind of role played by public service broadcasters in some of the countries described above by funding independent producers and civil society organizations like NGOs etc. on the lines of the present PSBT. This would imply that a large number of PSBT type of organizations could come up in different parts of the country producing regionally, and socially relevant, public service content which would be guaranteed access to air time through Prasar Bharati. As in the case of the Corporation on Public Broadcasting in USA grants from the central government to Prasar Bharati could allow it to commission and generate such content from persons and organizations throughout India. Thus, the government may have to clearly demarcate the grants given for maintaining the physical infrastructure of the network and those which can be used for sourcing public service content for radio and TV, directly from content creators, including civil society organizations. To the extent commercial sponsors can be attracted for specific programmes, Prasar Bharati would continue to generate revenues through such PSB.

Creation of a Public Service Broadcasting Council

72. PSB cannot be left solely in the hands of Prasar Bharati as a large part of its efforts will relate to projecting government developmental concerns in the areas of education, health, rural development, agriculture, literacy, sanitation and so on. The role of civil society as such in maintaining and encouraging independent creativity and talent may not be achieved only by reliance on Prasar Bharati. Thus, apart from the efforts of Prasar Bharati in generating

public service broadcasting content from its own resources, there is a need for an independent, autonomous and statutory Public Service Broadcasting Council which receives funding from a corpus to be made available by government. With eminent persons of sensitivity and achievement constituting the PSB Council alongwith CEO, Prasar Bharati and the Directors General of Doordarshan and All India Radio as ex-officio members, such a council can be set up under the proposed Broadcast Services Regulation Act to provide the necessary autonomy. Funding can, however, be through grants from the government or through funds equivalent to the financial disincentives incurred by private channels not supplying the mandated percentage of local content, or both The Council can, from time to time, review the status of the sector on behalf of Parliament. The Council can also focus on developing regional talent in the area of PSB in order to allow shifting away from the current metro-centric focus on TV. The regional channels of Doordarshan will be useful for the purpose.

Providing public Access to Media Platforms

73. There are three aspects to this issue (i) mandating a fixed percentage of local content on foreign TV channels operating in the country; (ii) reserving time slots on all TV channels/radio stations for PSB content; and (iii) access on Prasar Bharati:

(a) Mandating local content

74. In the case of mandating a minimum percentage of local content on all foreign TV channels, this is the practice in a number of countries and is being considered under the proposed Broadcast Services Regulation Act. In case the specified percentage is not met, financial disincentives would apply which would accrue to a Public Service Broadcasting Fund or could be routed through the government revenues and an equivalent amount given to the council.

(b) Reserving time for PSB on private channels/stations.

75. The second aspect is reserving time slots on all channels/radio stations for PSB content. This practice is followed in places like Hong Kong. It allows access for civil society and its organizations to media platforms both in the public and private sectors. This would require creation of mechanisms to provide free air time to public service content created, and funded, by civil

society groups and NGOs etc. Already, PSBT functions on an MoU basis with Doordarshan. Other similar mechanisms could be visualized with regard to Doordarshan itself which could later be considered for extension to private channels.

(c) Access on Prasar Bharati

76. As is the case with the DTH platform of Prasar Bharati where channels were allowed on the platform free of cost, it should also be possible for Doordarshan and All India Radio to accept software from the large number of civil society content creators for broadcast on its channels, especially the regional channels, which do not have adequate content availability. The content could be procured from willing producers at no cost and a mechanism of revenue sharing between DD & AIR and the content providers can be introduced.

Public- Private Partnership for Ownership and Management of Media Platforms

77. The public service broadcasting council, outlined above, could enter into partnership with civil society organizations to bid for access to Prasar Bharati's digitalized terrestrial network for significant chunks of airtime. It could also consider offering to run channels such as DD Bharati for Doordarshan through content to be created as per Doordarshan's requirements. Finally, a future satellite channel (or channels) on the expanding DTH platform of Doordarshan could be reserved exclusively for PSB through a public-private partnership whose extent could be defined by the council depending upon its resources. With adequate resources and State Government support, other regional PSB channels may come to exist and flourish in the future.

78. Another option for allowing civil society organizations access to media would be much cheaper. This would be through a systematic use of the community radio system being envisaged in India. Community Radio is being allowed in the near future for NGOs and other such bodies with a provision for some commercial advertisements to make it self-sustaining. The cost of Community Radio, at the lower end, can be as little as below Rupees one lakh and can range upto about 30-40 lakhs. It should be possible for civil society organizations to invest at the lower end of the scale and access the population in the 5 to 10 kilometers radius that such radio can serve, fairly intensively.

Since it has been estimated that 3000-4000 community radio stations can potentially come up in India, the size of the impact would be very large if a dedicated effort is made by civil society organizations through PSB oriented programmes, messaging etc.

II) PSB - Levels of Investment Required and Attracting Greater Private Investment.

79. It is difficult to assess the levels of investment required to encourage public service broadcasting in its present nascent stage. Assuming, however, that a large proportion of Doordarshan and AIR's content qualifies as PSB, the following tables indicate the levels of investment required for a TV channel:

TABLE -1

COST OF RUNNING TERRESTRIAL CHANNEL THROUGH DOORDARSHAN

S.No.	Item	Cost (Rs.in Crores)
1.	Cost of leasing terrestrial digital channel on DD nationwide network.	112.00
2	Cost of carriage fee	10.00
3	Programming cost for 8 hours of programme per day x 30 x12 @ Rs 60,000 per hour x 8 hours.	17.28
	Total Cost :	**139.28**
4	Estimated Revenue earning on terrestrial network as per assumption 2.	20.00
5	Deficit	119.28

TABLE -2

COST OF SATELLITE PSB CHANNEL ON DOORDARSHAN DTH

S.No.	Item	Cost (Rs. in Crores)
1	Programming cost for 8 hours of program per day x 30 x 12 at Rs 60,000 per hour x 8 hours.	17.28
2	Hiring a satellite channel on DD DTH	1.00
3	Publicity and Carriage fee to MSOs either notional cost or statutory	10.00

	compulsions.	
4	Administrative cost -15% of the total cost invested for the channel.	4.50
	Total Cost	**32.78**
5	Estimated Revenue	20.00
6	Deficit	17.78

Assumptions:

1. Carriage fee is given by various channels for accommodation in the prime band in 28 TRP cities. It is informally learnt that one major English language channel paid Rs.12 crores last year to the MSOs. For a new PSBT channel visibility can also be ensured through statutory compulsion. However, in the alternative, better visibility may be achievable through carriage fee.

2. Revenue generated for PSB on DD 1 is Rs 80. 00 crore per annum assuming PSB constitutes 50% of DD I programming. Revenue of satellite channel would be $1/4^{th}$ of that on Terrestrial channels.

(Source: Doordarshan)

80. All India Radio's expenditure of Rs 84 crores annually on software is also primarily PSB oriented and would gradually rise as it expands its FM network and goes in for digital transmitters. If greater private investment in PSB is to be attracted, it would have to be on a commercially viable basis. However, as the present thinking is to mandate local content as well as time slots for PSB, it is unlikely that the private sector would wish to voluntarily invest in PSB unless this is done on the basis of corporate response or other social obligations that large companies often exhibit. It is, however, possible to encourage the extent of involvement of private channels/stations in PSB through tax incentives. Thus, if the channels are allowed service tax exemption for all PSB content produced or are allowed income tax exemptions on the cost for the funds invested in PSB on par with donations etc under Section 80G some response would be forthcoming. Similar incentives could be given on the cost of the airtime in which PSB content is aired in order to make up the shortfall of advertising revenue and so on. This would need to be separately worked out by an expert group and cannot be detailed here. Social and cultural

incentives can also be created in the form of prestigious national level PSB Awards on the lines of the National Film Awards in difficult categories and genres. Award winners could be made eligible for further funding of films on an automatic basis as well as for PSB Fellowships in order to form a Cadre of Excellence to develop further creative talent. Such awards can be for:

i) Programmes, spots, series, animation etc.
ii) Channels-national, regional, language etc
iii) Corporate spending on support for public service content
iv) Advertising/Production Agency.

81. As the prestige and quality of the PSB sector goes up, private channels/stations and even corporate houses, would be attracted to participate. To encourage participation PSB fellowships can also be granted by the council to academicians or independent content producers for indepth research and making experimental and cutting edge public service documentaries. This can help create world class content. Impact studies can be commissioned and with the stimulus of the focus on PSB, its popularity and attraction to the private sector is bound to grow.

III. Policy Environment for Animation and Gaming Sector

82 Government had set up a Committee on Information, Communication and Entertainment (ICE) under the Principal Secretary to PM on 22nd December 2005 which in turn had set up sub-groups one of which was on the Animation & Gaming Sector under the chairmanship of Secretary, I&B. This sub-group submitted a detailed report to the main committee on 1st June, 2006 containing extensive recommendations on how to develop the sector. The Working Group adopts the report of the Sub-Group headed by Secretary, I&B for the purpose of this report. An outlay of Rs. 75 crore, viz @ Rs. 15 crore per annum of the 11 Plan may be an ideal plan size under this project that will be implemented under PPP mode.

IV. IPR Issues Relating to Media Segments

83. The IPR issues relating to content for all media segments are very vast and cover a wide range from the rights of content creators to the issue of difficulty of licensing of content There do not appear to be major IPR related

legal or regulatory issues on the TV side as such issues appear to be well settled except the Broadcasters demand for rights on par with, or better than, those of the original content creators through a treaty under the World Intellectual Property Organisation (WIPO). This issue is being separately resolved. On the Radio side, however, there is the issue of availability of content i.e. of songs, whether pop music, or other, and of song recordings of films etc. With the development of the FM radio sector, these issues have come to the fore. The difficulties faced relate to lack of clarity as to who possesses licensing rights for content to be used on radio stations. The radio industry has reported arbitrary licensing of rights. The issue of selective licensing has led to litigation pending in almost all major High Courts and the Supreme Court between the radio stations and rights holders. This has also led to losses of various kinds. It is the contention of the radio industry that the non-existence of any regulator makes it difficult for the relative rights to be settled. It is the contention of the content creators, acting through the various music right societies like PPL (Phonographic Performance Limited), IPRS (Indian Performing Rights Society) etc. that adequate compensation for use of music is not being paid and this requires attention by the Government. On the one hand, there is a demand that the Copyright Act of 1957 should have a provision relating to compulsory licensing and on the other hand, a demand for adequate compensation for use of music content.

84. While the cable & satellite environment has regulation through the TRAI and a number of legal disputes have been, and are being, sorted out in the TDSAT, there is no comparable mechanism on the radio side. There is a suggestion from the radio industry that there should be some sort of regulation either through TRAI/TDSAT, or a separate regulator, which can be approached in case of lack of availability of content or in cases of a lack of reasonableness of rates fixed by content providers. A number of issues relating to delays in granting licences, selective licensing, undefined procedures, lack of clearly spelt out tariffs, lack of methods of increasing tariff etc. require to be resolved.

85. The Working Group notes that the proposed Broadcasting Services Regulation Bill has a provision relating to compulsory licensing. The Group recommends that government may take an early decision to provide a level regulatory and legal environment for both TV and Radio so that the mismatch

between the two sectors can be removed and necessary and systematic procedures put in place within a reasonable time frame, say, by end of 2007.

V. <u>Setting up of International TV Channel</u>

86. Government had set up a Committee on Information, Communication & Entertainment under the Principal Secretary to PM on 22nd December, 2005 which in turn had set up sub groups one of which was on Creating a Global Presence for Strategic Purposes for the Entertainment Industry under the chairmanship of Secretary(I&B). This sub group submitted a detailed report to the Main Committee on 1st June, 2006 containing recommendations that an International Affairs Channel should be set up through an Indian company/entity to function on professional lines to be funded by Government. The sub group essentially dealt with projecting India's "soft power" by disseminating its cultural content abroad. The Working Group adopted the main recommendations of the Sub-Group of PM's ICE Committee and recommends that Govt shout start an international channel to project India's global presence and its soft power. An outlay of Rs. 500 crores for the international channel @ Rs. 100 crores per annum during the 11th Plan may be provided as Government contribution for this project This should be in public-private partnership.

VI <u>Programme and Advertising Code for Electronic Media</u>

87. Over the last few years, an increasing number of complaints are being received that obscenity is rising on electronic media both on the programme side as well as in advertisements. There have been Parliament questions on the issue and Calling Attention Motions, leading to debates in the Houses. There have been cases filed by civil activists in High Courts with rulings made in their favour. The broad trend is that laws need to be strengthened and guidelines made more detailed to effectively counter the problem. The Government of India is in the process of preparing a Programme Code which would apply to the electronic media as well as to the film sector. The effort is to make it reasonably detailed while introducing the concept of self-regulation by the individual sectors like TV, radio and films. While adopting contemporary standards, the code will also seek to provide for a multi-layered, self-regulatory mechanism with provision for appeals if Government still finds it necessary to

take action. The code will address issues like the need for sensitive depiction of women's and children's issues as well as the entire range of social problems in India like communalism and religious issues, superstition and violence, etc. The Government is also reportedly considering to set up a Broadcast Regulator one of whose major activity areas will be content issues. This code is currently under finalization and would be given statutory status under the proposed Broadcast Bill.

VII Issues Relating to North Eastern Region

88. The Union Cabinet approved on 9th May, 2006 a Special Package for Improvement of DD & AIR Services in North East Region & Island Territories. Though enough funds had been made available in the past for hardware, software did not get adequate attention. The present package, therefore, contains Rs 116 crores for software schemes apart from launch of 2 North Eastern channels on which to run the software.

89. Doordarshan proposes to introduce a policy of maximizing production of local programmes with a minimum of 75% locally produced programmes with only 25% coming from outside producers. In addition, the Doordarshan Kendras in the North East are to be strengthened with equipment and manpower to produce more in-house programmes covering cultural events and news. This would require that the present ban imposed by Government of India for filling up vacant posts should be relaxed for the North East region. Further, Doordarshan proposes to hire local youths and train them professionally through training programmes/institute of Doordarshan or Film and Television Institute, etc.

90. In terms of content, Doordarshan plans to focus on encouraging local tribal music, other local cultural traditions of music and dance, acquisition of programmes of western music which are popular in the North East, as well as films and film based programmes in Hindi to meet the requirement of different segments of society. Doordarshan also has a role to play in encouraging regional chorus and ballet groups with the aim of creating ensembles of international standards to develop the creative talent of the North East. Similarly, Doordarshan can play a significant role in documenting and digitally preserving the local tribal (and other) musical and dance heritage. A special programme is proposed to be launched in this behalf.

4.1.2 **Summary of Recommendations**:

91. The recommendations are summarized below:

xi) Public Service Broadcasting should be given a strong fillip in India in the 11th Plan so that it can perform its appropriate social reform and developmental role apart from ensuring access by civil society and its organizations to electronic media;

xii) This would be partly achieved through reorganization of Prasar Bharati and partly through creation of a statutory and **autonomous** Public Service Broadcasting Council with its own funds/corpus to be set up through Government grants;

xiii) Prasar Bharati has a very important role to pay in giving a fillip to PSB and help national objectives and goals in different areas. The re-emergence of radio as a medium of profound reach and impact, especially FM radio, makes it necessary that AIR should be strengthened to achieve PSB goals;

xiv) The Government should make provisions in the relevant legislation for mandating local content on foreign channels and reserving time slots on private commercial TV and radio channels with associated financial disincentives for non-compliance. The PSB Council can be given the job of monitoring compliance with such reservation and ensuring that the financial penalties are levied and paid. The amounts so collected can either be made a part of a fund/corpus to be created or amounts equivalent to the penalties can be routed through the Government budget and made available to the Council;

xv) The PSB Council should enter into partnership with civil society organizations for access to Prasar Bharati's terrestrial network on lease basis or in running its own satellite channel in future, depending upon its resources;

xvi) The flow of Government funding required to encourage PSB in India would range from Rs 50 crores to a level of about Rs 200 crores annually depending upon whether terrestrial or satellite transmission is selected for TV. The Government should consider making available these amounts as grants to create a vibrant PSB culture;

xvii) There are regulatory and legal issues to be resolved for availability of music content on private FM radio and these should be taken care of on a time bound basis by the end of 2007 by which time a large number of new FM stations are expected to be operational;

xviii) In order to improve the generation of content & software from the North East region, the suggestions/ proposals made by Prasar Bharati should be given shape on priority basis;

xix) A policy environment has been developed for the Animation & Gaming Sector in the Report of the Sub-Group on the issues submitted to the Principal Secretary to PM on 1.6.2006. The Report contains detailed recommendations, that are adopted by the Group. An outlay of Rs. 75 crore, @ 15 crore per annum for the 11th Plan, may be an ideal Plan size, that is proposed to be implemented under PPP mode;

xx) The Government should start an international channel to project India's global presence and its soft power. This should be in public-private partnership. An outlay of Rs. 500 crore, @ Rs. 100 crore per annum for the 11th Plan, may be provided as Government contribution for the project.

4.2. <u>Expansion of Transmission Network and Digitalization/ Mobile Media</u>

4.2.1. <u>An overview of 10th Plan</u>

92. The 10th Plan had the following recommendations on 'Carriage and Technology': sub-group on 'Carriage and Technology'

Television

i) 100% potential TV population should be covered, preferably with multi-channel television services by the end of 10th Plan.

ii) Doordarshan's production facilities should be fully digital and studio operation automated for major Kendras and 50% for other Kendras to ensure good quality convergent ready content.

iii) Automation for transmission facilities should be achieved 100% for VLPTs/LPTs and 50% in respect of HPTs.

iv) DTH policy should be reviewed to make it viable and to attract private investments.

v) Investment in DTT should be made only after ascertaining commercially viable model which will also attract private sector participation.

vi) The market for digital set top boxes should be promoted through various policy instruments with concessions similar to that imparted to the IT sector.

vii) Doordarshan should start IT enabled multimedia services like interactive TV, webcasting, data casting etc. on pilot basis.

viii) HDTV is still not commercially viable, particularly in India. Doordarshan should take up the scheme only on experimental basis.

ix) No expansion of Terrestrial Network of DD.

Radio

i) Short-wave radio broadcasting services in analogue mode should be phased out.

ii) Medium wave broadcasting services could be retained at the present level and expanded only for strategic border areas and difficult hilly terrains.

iii) FM radio coverage should be achieved for 60% of the population by the end of 10th Plan and Policies for giving private FM radio licenses in the new areas should ensure their commercial viability and quick roll out.

iv) AIR should digitalise and automate 50% of its Production facilities by the end of 10th Plan to ensure good quality convergence ready content which will also support interactive Radio.

v) 100% FM transmitters and all MW transmitters of 20 KW and below should be automated.

vi) Digital Radio Broadcasting (DAB & DRM) should be taken up by AIR only on pilot/experimental basis to be replicated as and when they become commercially viable.

vii) AIR should give high priority to internet radio broadcasting and put all its services on the internet during the 10th Plan.

viii) The sub-group had the following recommendations to make on the subject of enhancing coverage in the uncovered areas of TV and Radio.

ix) Television coverage to uncovered areas should be provided with a multi channel bouquet in free-to-air mode in the Ku band through satellite distribution systems. The cost of STB for individual houses be shared and cable head-end established to carry the multiple channels to households based on population of the area. Investment in set top boxes and cable head ends should be phased out in such a manner that the entire operation becomes market driven by the end of 10^{th} Plan.

x) Radio coverage to uncovered areas should be provided in the FM mode except in strategic border areas and difficult hilly terrains where coverage by medium wave should be considered. Extended coverage in digital satellite mode could also be considered as and when this technology becomes commercially viable.

xi) Based upon these recommendations, Doordarshan has gone in for a DTH project which has become very popular with an estimated 4 million subscribers. Its production facilities are being digitalized, transmission facilities automated and many other experimental services such as DTT (Digital Terrestrial Transmission) and inter-active services have commenced or are in the offing. Expansion of the TV terrestrial network has been halted. AIR has not been able to achieve 60% FM coverage by the end of the 10^{th} Plan, the present level being 40 per cent by population. Digitalisation of studios and automation of production facilities is progressing and only New Delhi studios are fully digitalized. Major centers will be digitalized by 2010 and all other centers by 2012. Coverage by Medium Wave Radio is 99% while Digital Radio Broadcasting and Internet Radio Broadcasting have not started.

93. There are significant shortfalls in the achievements over the 10^{th} Plan period both in terms of extending coverage as well as in enhancing digitalization. No experimental project on HDTV was commenced and inter-active multi-media TV services have not yet been offered either by the Prasar Bharati or the private sector. The TV environment still functions without any Conditional Access System (CAS) though the High Court of Delhi has fixed a date for implementing it after 31.12.2006. On the Radio side, there is no experimental DRM transmitter yet available and FM services did not reach the 10^{th} Plan target of 60% coverage by population even though this was a major objective. Internet radio broadcasting did not take off as envisaged.

94. Thus the primary recommendations of the 10th Plan on expansion of TV & Radio networks or introduction of new technology have not been fulfilled. Before we move to a consideration of the 11th Plan it should be desirable to take stock of the present position in the industry.

42.2 Industry Status at Present

95. The following facts and figures briefly indicate the present position:

Total population of India - 1027 million (2001 Census)
- 210 million house-holds (approx)

Television

- Total number of All TV Homes - 108 million
- Total number of Cable & Satellite Homes - 68 million
- Total DTH subscribers - 5.6 million
  - DD DTH - 4.0 million(est.)
  - Private - 1.6 million(est.)

Radio

Sets

- Number of Radio sets - 132 million
- Radio sets with FM receivers - 78 million

Coverage

- Total Radio coverage population - 99.13% by
- AIR FM channels - 159
- MW radio coverage - 98.3%
- AIR FM coverage - 31%
- Private FM coverage - 9% (42 stations)

Sr. No.	Distribution Media	Present Status	Domain

1. (a)	Radio – Terrestrial MW,SW	Analogue	Public
(b)	Radio –Terrestrial FM	Analogue AIR 159 stations Private 264 *stations	Public & Private
(c)	Radio – Satellite (DTH/Satellite Radio)	Digital –only one provider- WorldSpace	Private
2.(a)	TV –Terrestrial	Analogue – 1401 Transmitters including 4 Digital Transmitters	Public
(b)	TV – Cable	Analogue(35 MSOs. 30,000 LCOs)	Private
(c)	TV -- Satellite	DTH –Digital (03)	Public & Private
(d)	TV – Others(IPTV)/Mobile TV)	IPTV commencing in 2 metros in November 2006.	To be implemented primarily by private sector.

* *The figure includes FM Stations which are being established as part of Ph II plan will be operational during the year 2007 and later.*

96. The Indian broadcasting industry is today a major contributor to the national economy and is currently witnessing rapid technological advancement with the introduction of new applications gathering pace. The DTH market has matured and the arrival of IPTV and mobile broadcasting is imminent. This growth needs professional nurturing through scientifically derived policies and meticulous planning. As broadcasting technology advances and moves closer to Telecom applications there are issues relating to standardization of infrastructure, practices and convergence which will need to be dealt with. One issue dominating the mind of telecom companies entering the area of IPTV is whether this will be regulated by Telecom FDI norms or Broadcasting FDI norms, which are currently much lighter. The clear delineation of the respective roles of public versus private broadcasting is equally important as also the overarching need for regulation of carriage as well as content.

4.2.3 11th Five Year Plan Policy Highlights

97. Broadly speaking, 11th Plan issues relate to:

i) achieving full coverage of uncovered areas, and

ii) a time bound move to digital transmission before 2015(perhaps 2017). It also involves formulating policy, investment and regulatory plans for TV and Radio to allow them to make full use of emerging technologies. The time has also come to bring in a practical methodology for implementing media solutions of mobile telephones. All this has to be done while clearly delineating the respective roles of the public and private sectors. It will not be possible for the Group to do any detailed planning for any of the issues identified due to constraints of time, space and technical expertise. The issues will be covered in an indicative manner in most cases These issues can be taken up as in the terms of reference starting with the need to cover uncovered areas.

A. TV and Radio--Coverage of Uncovered Areas

98. The 10th Plan sub-group report had identified Prasar Bharati as the main source of coverage of uncovered areas in both radio and television. It was proposed that 100% of the potential television population should be covered by the end of 10th Plan and FM radio should cover 60% of the population as medium wave radio coverage was already available to 98.3% of the population. Uncovered TV population was sought to be covered by introduction of DTH especially in the border areas. In the 11th Plan as well, the uncovered TV areas in the rest of the country are proposed to be covered by using DTH as well as by upgrading of LPTs to HPTs. Doordarshan proposes to give up the concept of Very Low Power Transmitters (VLPTs) and to introduce a scheme for subsidy on set top boxes/dish for areas being left uncovered by the proposed VLPTs as they go out of service. No expansion of the terrestrial network is contemplated. The DTH service is proposed to be expanded to

cover Andaman & Nicobar Islands in the C band as well as to increase the number of channels to 200.

99. In line with the new thrust on going digital, Doordarshan proposes to gradually replace analogue transmitters with new digitally compatible transmitters. However, analogue and digital transmission will be simulcast till such time as a cut-off date is reached. This is likely to be an extended exercise lasting over many years as even today many developed countries have not achieved full digitalization, just as full penetration of colour television in India is still not complete.

100. On the Radio side, FM coverage remains at a level of 40% by population as against the 10th Plan target of 60%. There is a demand today for covering border areas through FM radio especially in the areas bordering Nepal. This would have to be handled by Prasar Bharati although in the urban areas of the country the private sector would take a lead role. However, a view needs to be taken on utilizing FM radio to cover the uncovered rural and semi-urban areas through AIR with a view to furthering the Government objective of health and education messaging (apart from other social messaging) as this task is unlikely to be performed by private FM radio. AIR is already providing 12 radio channels on its DTH platform which would extend to 20 channels in the near future. All India Radio proposes to go in for digital broadcasting in a big way commencing with the 11th Plan using the Digital Radio Mondiale (DRM) technology for Short Wave and Medium Wave as well as FM transmitters compatible with DRM+ technology. They propose to simulcast analogue and digital transmissions for easy switch over to digital as and when the cut-off date is fixed. The proposal is to increase the cover from 40% to 75% by population using DRM+ compatible transmitters for FM. This also provides an option of leasing out transmitters to private broadcasters. A fairly ambitious programme of strengthening AIR’s External Services is also proposed.

101. Private sector participation and interest in serving uncovered areas is minimal at present. Prasar Bharati has submitted proposals for the 11th Plan on

TV and Radio (including External Services Division) which are detailed in the Tables below:

Prasar Bharati 11th Plan Outlays

Doordarshan

102. Outlay proposed for 11th Plan of Doordarshan is Rs 4783 crores. Capital component is Rs 4083 crores and Revenue (Misc) component is Rs 700 crores.

S.No.	Scheme	Outlay (Rs. Cr)
1	Continuing schemes from 10th Plan	609
2	Digitalisation of Studios	774
3	Digitalisation of Transmitters	1166
4	DTH expansion	64
5	HDTV	441
6	Commonwealth Games coverage	110
7	Replacement, modernization & Augmentation of production facilities	535
8	Replacement & modernization of Transmission facilities	64
9	Satellite services (repl., mod., new uplinks V-Sats etc)	228
10	Training and R&D	92
	Total (Capital)	4083
	Revenue Misc.	700
	Grand Total (Capital + Rev. misc)	**4783**
	(The above outlay does not include requirement of software)	

Funding out of DBS has been proposed in respect of the schemes in the States of J&K and NE; digitalization of production facilities and terrestrial transmission; DTH coverage and HDTV.

All India Radio

S.No.	Name of the Scheme	Whether existing or new scheme	Proposed 11th Plan Outlay(amount in Rs.crores)
1	Spill over Schemes from 10th Plan	Existing	400.00
2	Digitalisation of transmitters, studios, connectivity and DTH channels*	New	3145.00
3	Strengthening of External Services by Digital transmitters	New	535.00
4	E-governance,Training, Resources, Security, Additional Office Accommodation, Staff Quarters etc.	New	280.00
5	New Technology and Science and Technology(R&D)	New	40.00
6	Establishment		200.00
7.	Commonwealth Games		100.00
	Total Capital:		4600.00
	Revenue Misc & Software		1000.00
	Grand Total :		**5700.00**

**In case remote management of FM Tr. is to be incorporated, an additional investment amounting to Rs 400.00 crores will be needed. This will result in reduction of manpower*.

Private Investment estimates*

Estimated 600 private FM stations to come up in the 11th Plan (including Phase I & II) - Rs 3287 crores.

***** *Estimate by BECIL*

B. Emerging Trends in TV and Radio Technology

103. The emerging trends in technology in the area of Radio and TV can be clearly divided into two segments:

i) Terrestrial TV and Terrestrial Radio, both of which are primarily in the Government sector at present, with substantial private sector interests forthcoming in FM analogue radio; and

ii) DTH Service, Digital Cable TV, IPTV, Mobile TV and Satellite Radio all of which are likely to be areas with predominant private sector presence and interests.

104. In the first area of Terrestrial TV & Radio, the challenge before the country is to gradually go digital over a determined time frame as discussed in a subsequent segment of the report. Both Doordarshan and AIR, as already indicated in the previous segment, are gradually expanding into DTT as well as DRM/DRM+ technologies. ***Future phases of private sector FM expansion should also use DRM+ technology.*** Given the economic potential of the broadcasting sector, especially in the mobile segment, there are distinct possibilities of the private sector entering into lease arrangements with both for using their infrastructure provided Government decision on such entry is timely and regulatory measures are in place. An attempt has been made to indicate a time frame for such activities. The new policy on Community Radio allowing entry of civil society and other organizations, as well as allowing limited advertisements for revenue generation, has just been approved by Government of India. It is expected that the estimated potential of 3000-4000 Community Radio stations in India would be significantly realized over the next two Plan periods. This should give a fillip to public service broadcasting in general as well as address hitherto ignored local concerns.

105. In the second area there is a great deal of interest by the cable industry in a neutral HITS provider to set up digitalization at a cheaper cost. All the Multi Service Operators are extremely keen that the substantial savings possible through HITS should be realized by Prasar Bharati agreeing to act as the neutral provider. The feasibility has been briefly assessed both by MSO alliance and Prasar Bharati, details of which may be seen in a later segment. An Industry - Prasar Bharati group needs to be set up by December 2006 to work out a detailed project report.

106. A great deal of potential exists in the area of Mobile TV provided through DD infrastructure in a large number of cities. This is one area which is ripe for immediate government decision as private sector interest is substantial and a scheme for doing so has been proposed, in detail, in a subsequent segment. MTNL/Times Broadband indicated during its presentation to the sub-group that it is ready to launch IPTV in the coming months. Private companies like Reliance and Bharati have also shown interest in this area and are said to be well advanced with their preparations.

107. Satellite radio is working in the private sector with one service provider operating. Government has to frame the policy for this area which would primarily be for beaming signals to homes. A policy for satellite radio for cars is yet to be formulated.

108. The 10th Plan attempt to initiate the Internet Radio Broadcasting did not materialize. It would be desirable that this be encouraged by All India Radio to begin with and subsequently attempts be made to make it financially attractive to the private sector through incentives etc. Regulatory issues will have to be worked out by the Ministry of Information Technology as would IPR issues. A similar framework would need to be evolved for webcasting for video on the Internet. Thus, the general issue on podcasting both for sound and video needs to be addressed although this is only peripherally related to radio and television broadcasting as such, with IPTV bearing more resemblance to traditional broadcasting services.

The Table on emerging technologies in Radio and Television below gives details of the various solutions available in each area:

Emerging Technologies

Sl. No.	Service	Technology Option	Domain & Proposed Approach	Action Plan
1.	Terrestrial TV	DVB-T (DTT) /ATSC/IMDB	Transmission infrastructure in 4 metros solely owned by Doordarshan. Private channels keen	Standard tendering conditions to

			to lease infrastructure on commercial basis*. Allocation of frequency bands by DoT required. Digital transmission cut-off date tentatively fixed at 2017. **TRAI has also recommended opening up of private participation in terrestrial TV. Govt of India has not evolved a comprehensive policy on this.* Field production facilities and IBC (International Broadcasting Centre) set up of HDTV in Delhi by Prasar Bharati by Commonwealth Games-2010. Other metros by 2012.	be evolved by Government by March 2007, for private participation in DTT in 4 metros for Cars & Mobiles. Other cities to be covered to be decided by Government. HD TV project approval for Delhi by July 2007.
2.	Terrestrial Radio (MW/SW)	Analogue Transmission Digital Transmission (DRM)	Will continue in public sector through AIR. SW Analogue to be phased out in due course in favour of DRM technology. No private sector interest yet. Cut-off date not possible to indicate. Receiver subsidy support scheme may be required in border areas in view of high cost of receiver.	Only DRM compatible replacement transmitters to be installed. -do- AIR to commission experimental DRM Transmission by 2009. Receiver subsidy scheme for border areas to be framed at appropriate time to popularize DRM.
3.	Terrestrial Radio (FM)	Analogue FM	Strong private sector interest. 600 plus stations to come up on revenue sharing model. Private sector experimenting with 'Visual Radio' on mobile handsets.	AIR to achieve 80% FM coverage by population. Next round of private FM bids to be finalized by

		Digital FM (DRM+ or IBOC (HD Radio)	Private sector participation not yet ripe. Private FM to use DRM+ compatible transmitters in future phases of expansion. AIR proposes DRM+ compatible transmitters to be used for FM.	2007. AIR experimental DRM + transmitter to come up by March 2010. AIR transmission through DTH to expand from 12 to 20 channels.
4.	Digital Cable TV	HITS	To be provided by neutral agency like Prasar Bharati. May require creation of a SPV(Special Purpose Vehicle) for segregating financial issues and managerial accountability from normal DD activities.	An Industry/ Prasar Bharati group to be set up by March 2007 to work out a DPR. .
5.	DTH Service	DVB-S/ DVB-S2	Satellite space allocation; Monitoring, Interactivity.	03 operators launched. Policy specifies DVB-S.
6.	IPTV		Commercial launch by MTNL. Regulatory policy yet to be decided. Some private sector interest. Content monitoring set up will be required. FDI norms liberal in Telecom and lighter in broadcasting. Issue requires resolution.	Test launch by MTNL/ Times Broadband November 2006. Reliance, Bharati on the road to IPTV.
7.	Mobile TV	DVB-H/ DMB/ Media-flo/Others	DVB-H Private participation in DD infrastructure to be allowed. DD to finalise conditions and invite tenders from interested parties to utilize 8 MHz spectrum available in Delhi to carry one DD channel and Mobile TV channels. DMB-alternate technology already in use in South Korea etc. Private sector to evaluate. MEDIA FLO: Quaalcom expressed interest in using DD infrastructure in rural areas. DD to allow such private	Regulatory environment to be laid down by March 2007. Content monitoring to be provided for. Government to finalise policy and tender conditions by

			participation on competitive basis.	March 2007.
8.	Satellite Radio.	DAB	TRAI recommendations received. Government policy framework not yet finalized. Only private sector interest so far except for retransmission of AIR stations via DTH platform. Policy for car radio not formulated.	Sole satellite radio service "WorldSpace" exists with proprietary receiver available across India. Uplinked from foreign soil.
9.	Internet Radio/ Webcasting and Podcasting	Digital environ-ment	AIR to start experimental Internet broadcasting. Ministry of IT to work out regulatory and IPR issues for internet radio webcasting.	Regulatory and IPR issues to be worked out by December 2007.

C. <u>Digitalisation -- Moving from Analogue to Digital Transmission before 2015.</u>

109. Throughout the world the broadcasting sector as a whole is gradually moving towards digital functioning to benefit from economic, speed and quality efficiencies. A large number of countries have adopted time bound plans for going digital. The fact that both the DD terrestrial network as well as the private cable networks are functioning in analogue mode has led to a rare unanimity of approach that a cut-off date needs to be set for both these networks becoming digital. The 10^{th} Plan targets for DD specified digitalisation of production facilities as well as policies to encourage digital set top boxes. However, there was no clear financial commitment

on digitalization of transmission although the objective of digital transmission does find mention. Hence, the number of digital transmitters in DD currently is only 4.

110. The Group considered the need for adopting a cut off date for end of all analogue transmissions and full conversion to digital transmission. The terms of reference itself indicates a date of 2015 which is two years before the end of the 12th Plan. Hence, it would be equally suitable to adopt the end of the 12th Plan, or March 2017. Discussions stressed that in the Indian economic context where TV sets are still basic in nature, analogue transmission will have to continue even beyond the cut off-date of 2017. The experience of some countries in the West (and elsewhere) with cut off dates is not a happy one with the dates having to be repeatedly extended. Therefore, it would be more realistic to keep the end of the 12th Plan i.e. March 2017 as the date by which digital transmission should be the norm. It is likely, however, that analogue TV transmission will have to simultaneously continue for many years beyond this, or till such time as a specified level of digital sets (say 85%) is not achieved. This will probably require more spectrum allocation to begin declining gradually as digitalization occurs. Excess spectrum will be available only towards the end of the process.

(a) Terrestrial Digital Transmission

111. Fully digital terrestrial TV transmission in India will have to be achieved through an expansion of the experimental DTT programme of DD in a phased manner:

Phase I : 4 metros - to be completed by 2010

Phase II : to cover 30 cities - to be completed by 2012 (end of 11th Plan)

Phase III : to cover remaining cities - to be completed by end of 12th Plan (March 2017)

Doordarshan proposes to accomplish this by setting up 634 transmitters at 630 locations in the 11th & 12th Plans. TRAI recommendations on allowing private entry into terrestrial TV transmission will have to be examined and finalized at the earliest to facilitate use of these facilities something which is already being contemplated by Prasar Bharati.

(b) Digital Cable Transmission

112. Voluntary digitalization of metropolitan areas by MSOs/LCOs started in 2003 with the advent of the first phase of CAS. In the last few years, digitalization has been pushed by congestion due to a steep rise in the number of analogue channels. However, such voluntary improvements are not likely to lead to a fully digital cable TV network.

113. A fully digital cable TV network will have to be achieved through the successful implementation of a Conditional Access System (CAS) which is currently under implementation through a High Court Order with a cut-off date of 1st January 2007 in selected portions of Delhi, Mumbai and Kolkata. Successful implementation would bring in demands for extension of the scheme to all metro cities within the next one year or two years, say by 1st January, 2009, if not earlier. This will be followed by a similar and gradual extension to other parts of the country for which a realistic time frame could perhaps be the end of the 11th Plan period for existing cable homes as on 1st January 2006, if not earlier, and the end of the 12th Plan period for all those homes that become part of the cable network after 01.01. 2006. Alternatively, the CTN Act could specify that after a specific date no new LCO without digital capability will be registered and no new cable connection could be given except in digital format.

114. The representatives of MSOs and cable operators placed before the committee a suggestion to bring to India a system of Head-end-in the Sky (HITS), to be run by PB itself, or through a Special Purpose Vehicle (SPV) created by PB for the purpose, which would allow direct transmission of encoded broadcasters' signals to the thousands of local cable operators (LCOs) thus achieving substantial saving on equipment costs for each local LCO. The estimated cost of a 50-channel HITS platform is Rs 35 crores or so, as per DD estimates. However, other estimates are higher ranging upto Rs 60 to 70 crores. The Indian Media Group estimates that such a system can reduce the cost of a 100-channel digital headend from about Rs 2 crore to about Rs 2 lacs. As would be evident, the successful adoption of such a

platform would dramatically speed up the digitalization of the cable network in India. A technical group comprising industry and PB needs to be established to resolve the cost, encryption and accountability issues involved by March 2007 so that a detailed project report can be worked out. Alternative schemes allowing signal receipt directly by MSOs with subsequent supply to LCOs or directly by LCOs with larger subscriber management systems can be thought of. It would also be possible for a private entrepreneur to independently set up a HITS platform for effecting digitalization of the cable service in India. The TRAI has already recommended that there needs to be a clear policy framework for HITS in order to provide operators with a choice between such a facility or that of a conventional terrestrial Headend. However, the technical group may work out the most suitable alternative.

(c) Private Terrestrial Broadcasting

115. With the increasing digitalization of terrestrial TV transmission will come demands from private broadcasters for being allowed access to DD's terrestrial network on a lease/sharing basis. Already some proposals have been received for transmitting private channels through DD's digital transmitters/DTH network on handheld devices and cars. Similar requests have been received to use DD's terrestrial transmitters for reaching mobile handsets in rural areas.

116. The reference here is to sharing Doordarshan's terrestrial network by private channels and not merely to put it on handheld devices and cars. TRAI has already recommended allowing such an entry into terrestrial broadcasting by private players. Government needs to set up an expert group to work out a detailed policy for allowing such participation and commencing a tendering process both with a view to enhancing Prasar Bharati's revenues as well as providing faster access to entertainment/ news content through the DD transmission network on more than one device. The technology group would need to address issues like criterion for participation, the terms and conditions of licensing and the related IPR issues, if any. Government needs to expedite its decision on the issue by December 2007.

(d) Incentives for Digitalisation

117. In order to successfully complete the transition from an analogue to a digital transmission environment, the following fiscal and other incentives have been recommended by (a) broadcasters; (b) cable operators and (c) Prasar Bharati.

Recommended fiscal and other incentives

Broadcasters	**Cable Operators**	**Prasar Bharati**
1) Duties, structure/concessions applicable to IT sector to extend to broadcast industry as technology is converging. 2) Exemption from service tax on advertisement revenue similar to that given to print sector. 3) Removal of anomalies on service tax on subscription. 4) Fringe Benefit Tax may be at same level as in pharmaceuticals and computer software industry to give relief to TV news channels; 5) Inclusion of Broadcasting Industry in section 72A of the Income-Tax Act, 1961 to prvode for carry over of depreciation and losses incases of merger and acquisition of companies; 6) Soft loans may be made available to broadcast industry for digitalisation. Creation of national fund for total digitalisation/zero percent import duty on equipment import for 5 years/zero percent excise duty for local production. 7) Government of India may recommend to State Governments to have uniform entertainment duty on cable/DTH services. 8) Set up special entertainment zones/TV cities for software production and higher export earnings. 9) GOI to support quality training facilities in universities/institutes around the country for HR	1) To treat broadcasting industry as part of Telecom infrastructure to provide level playing field. Some cable operators wish to provide IPTV as well as voice connectivity. 2) Provide same incentives to the broadcasting industry as given to Telecom industry. 2a) Separate classification of Cable TV equipment by Commerce Ministry and parity with Television sector. 2b) Excise and VAT parities with Telecom sector. 3) Special incentives for serving rural areas **(especially including North East and Border areas**) for cable operators on line with similar incentives for Telecom companies. 4) Removal of anomalies of Service Tax on subscription. 5) GOI/State Governments. to introduce specific courses at Diploma level in Polytechnics/institutes to ensure availability of technical manpower.	Incentive scheme on STB's/dish for populari-sation of DTH in the remote and uncovered areas of the country. Concessional duty on set-top box and dish for DTH. PB to be exempted from Service Tax on lines proposed for private broadcasters.

development of media/ entertainment industry.		

118. Details of the Plan by which the move from analogue to digital transmission would take place are indicated in segments A, B and C above. Incentives required to encourage digitalization are indicated in segment D above. Put together, these segments constitute the basic policy framework required to move from analogue to digital transmission. A mission mode project can be worked out only after the proposal on Headend In The Sky (HITS) in segment B is detailed and accepted for adoption by Prasar Bharati and/or the private sector.

D. Implementing Mobile Media Solutions.

119. The fast growing economy of India, with faster growing media and telecom industry, is pushing for technological applications to provide variety in the hands of the user. The user wants everything from larger resolution High Definition TV to effective, on the move, Mobile Television. This is the right time to evaluate options and allow commercial launch of Mobile TV keeping an eye on not only addressing the needs of Indian users but also to take a lead in the sub-continent.

120. A very large percentage of the Indian population resides in rural areas and providing them connectivity through the new medium could be a specific objective. The policy on Mobile TV should have an approach to cover far-flung areas. The rural market is smaller in size and potential but at the same time the average income of rural India is rising phenomenally.

121. In India, sharing of infrastructure of existing digital transmitters and planning for broadcasting to handheld devices while organizing roll-out of digital terrestrial transmitter can reduce the cost of the project considerably. This, in turn, will provide faster roll-out and a cheaper solution to both broadcaster and consumer. Sharing of infrastructure should, therefore, be resorted to wherever possible. The overlapping

activity areas of Broadcasters and Telecom operators need to be addressed to avoid the grey areas which may cause commercial conflict. Use of existing Prasar Bharati infrastructure both in urban and rural areas by private players for providing mobile TV to handheld devices is an appropriate solution for the present situation. This may require allocation of frequency bands for private players as well as the evolution of regulatory mechanisms and a content monitoring set up.

122. Except for the DVB-H transmission to be set up by DD in Delhi by December 2006, the provision of mobile media solutions on handheld devices is more likely to be a private sector activity.

123. In order to accomplish the mission of implementing the scheme of Mobile Media Solution for audio, video and data in the country, the first step would be to form a committee to examine the issues concerning definition of service, definition of quality, number of licences to be provided in each city, number of channels to be included in a bouquet and the spectrum requirements. In respect of the spectrum, it will be in the interest of service to examine the possibility of earmarking bands, as follows:

i) UHF band IV to national broadcaster
ii) UHF band V to private terrestrial broadcasts for DTT/Mobile TV

124. As far as technology is concerned, the Government should remain technology neutral and will not bind licensees on the issue of technology to be adopted by them. The Government should only specify the minimum technical standards that are required to be met by the licensees. The committee can be asked to give its report by December 2006. The recommendation of the committee would then be examined and accepted for the purpose of preparation of a policy document. The policy document will also incorporate the number of cities which are to be brought into the domain of this scheme. This aspect will be decided by interaction with the industry and will be completed side by side i.e. by March 2007, so as to be incorporated in the policy document. The process of allotment of licences for Mobile services will be started thereafter, and LOIs can be issued by December 2007. A regulatory

framework and monitoring mechanism will also be set up before the commencement of the first Mobile TV Service, firstly in Chennai, Delhi, Kolkata and Mumbai by December 2008. Projects will, thereafter be executed in other cities in stages and the entire mission, can be accomplished by December 2009. As far as costs are concerned, it is too early to arrive at a final figure as firm indication from industry is not presently available. However, it is estimated that the amount required to accomplish the mission in 40 cities will be Rs 1600 crores @ Rs 40 crores per city.

E. Spectrum and Bandwidth Requirements for Migration to Digital Transmission.

125. The need for simultaneous transmission on Analogue and Digital services for 5-10 years after the cut off date of 2017 will put pressure on spectrum and bandwidth requirements. It is estimated that UHF bands 4 & 5 (470 MHz to 806 MHz) may be allocated specifically for TV broadcasting. Further, use of efficient compression Algorithm for optimal utilization of frequency bandwidth may be included as part of regulations (for example use of MPEG 4/H.264 compression for DTH operations) may be recommended. Essentially, efficient use of spectrum and frequency management would be the need during this period till transition to digital environment is completed. Thus no excess spectrum is expected to be available and only increasing digitalization with declining simulcast of analogue signals would gradually show the level of excess spectrum availability, if any. This issue will need to be reviewed towards the end of the 11th Plan.

F. Estimates of total investment.

126. A preliminary estimate of the total investment required in hardware will be as follows:

S.No	Broadcast Organisation/Activity	Investment estimate in INR (in crores)	Remarks
1	Doordarshan	4783	
2	All India Radio	5700	
	Private FM Radio	3287	
3	Mobile TV	1600	The estimate is based on US$ 5million per city with current FE rate, taxes and duties.
4	IPTV	200 crores for 5 lakh users in 2 cities.	The estimated cost is based upon trials by MTNL in 2 cities.
5	HITS	60 -70	Facilitating digitalization of cable TV. A case of Public-Private Partnership.
6	Other New Services	No estimate available	To be driven by market.

127. Any measures to suggest greater private investment in the sector are dependent upon:

i) Decisions by Government to allow greater private role in terrestrial TV

ii) Clarity and finality of Government policies in areas like Cable TV, Satellite Radio, IPTV and Mobile TV. Issues relating to policy, regulation and convergence remain to be sorted out.

iii) Public-Private Partnership to be promoted

iv) Allowing infrastructure of Public broadcaster/Government for the commercial use of Private organization leading to: (a) Sharing of resources; (b) Level playing field for all the competitors; (c) Lower capital cost per broadcaster; (d) Ease of regulation and Monitoring; and (e) Assured Revenue for Public Broadcaster/Government.

128. The facilitation of the above issues will lead to an automatically enhanced flow of private investment in any of the above areas some of which are particularly suited for greater/exclusive private role.

G. Role of Government vis-a-vis Private Sector.

129. The objective contained in the terms of reference has been kept in mind during the entire discussions in the sub-group and the relative role of private initiative/investment vis-a-vis the role of government has been indicated at the appropriate places. However, in a broad sense, the following principles have been followed:

(i) Doordarshan’s objective of 100 per cent TV coverage, especially in remote areas, should be made effective through incentive schemes for set top boxes for their DTH platform and upgradation of LPTs’ to HPTs’.

(ii) AIR should extend FM coverage through its own resources with the objective of competing with private FM, except in remote, border and rural/semi-urban areas where private FM would not find its presence commercially viable. Extension to such areas to be funded by government.

(iii) Prasar Bharati to venture into experimental HDTV, DRM terrestrial radio, DRM+ digital FM radio.

(iv) All other areas like future DTH expansion, IPTV, Mobile TV, future HDTV transmission, future digital FM transmission, would primarily be in the private sector.

(v) Government would adopt policies in each of these areas facilitating clarity, effective licensing/regulation and adoption of financial incentives in each case. This would require:

(a) Setting up of a broadcast regular within the next one year;
(b) Clarity on the issue of IPTV/Mobile TV vis-à-vis broadcast regulator;
(c) To lay down technical transmission standards for digital terrestrial transmission as well as digital cable transmission.
(d) Government would also need to lay down digital TV standards for manufacture of digital receivers.
(e) To lay down/adopt transmission and equipment standards for all other related platforms within the Television and Radio sector.
(f) Adoption of fiscal incentives in all the above platforms in the run up to the Commonwealth Games- 2010 and the maximization of digitalization by 2017; specific and other financial incentives have been indicated in the relevant sections.

H. Intellectual Property Rights Issues.

130. The Indian Performing Rights Society Limited and Phonographic Performance Limited (PPL) both sent in their views which centered around the issue of collecting royalty on copyrights which would require the user to contact each individual copyright holder. A note on content rights for radio stations in India was submitted by M/s ENIL Limited, highlighting high license fees regime, low revenues prevailing within the FM Radio industry apart from the issue of availability of content.

131. The fact that content is controlled by a diverse number of entities including producers of films, sound/music recording companies, Phonographic Performance Limited and Indian Performing Rights Society whose members are sound artists, composers, lyricists recording/music companies and the South Indian Music Companies Association (SIMCA) leads to complexity. There is enormous confusion in the area as to who has the licensing right for content to be used on radio stations. Litigations have ensued in almost all the major high courts in the country and also the Supreme Court between radio stations and the rights holders. One of the issues is the discriminatory grant of licenses/refusal to grant licenses by different radio stations. It was argued that there should be a provision relating to compulsory licensing and that a regulator should look into such non-grant/discriminatory grant of licenses. It is argued that no content holder should have a power to refuse a license to any radio station and if there is such a refusal or unreasonable terms are laid down, the regulator should have the power to intervene although many foreign countries do not prescribe payment of royalty for free to air radio stations. However, in India, the industry has offered to pay such royalty if the terms are clearly laid down and enforced.

132. The proposed Broadcast Regulatory Authority Bill proposes to have under section 44 a provision for such compulsory licensing to take care of issues such as legal disputes, delays in granting licenses, unclear procedures, lack of set tariffs etc. This has, however, been objected to by IPRS and PPL.

133. IPR issues relating to streaming of radio stations and TV channels on the Internet also need to be resolved. As far as broadcasters' rights are concerned, the issue is currently under negotiation by the World Intellectual Property Organisation (WIPO) in the form of a Broadcasters' Rights Treaty. The broadcasters have sought rights which may impinge upon those of the original content creators. This is being sought to be resolved through necessary changes in the proposed Treaty.

134. Examination of other IPR issues relating to podcasting would need to be taken up by the Ministry of Information Technology to the extent that the broadcasters content is not involved.

I. North East Region

135. The primary principles that have gone into the provisions made for this area are as follows:

i) Lessening the geographical isolation of the North East;
ii) Fully utilizing its rich, ethnic and cultural diversity;
iii) Enhancing digitalization of Doordarshan network; and
iv) Increasing FM coverage by All India Radio from about 40% to 75% by population.

136. Incentives to encourage private players to enter the North East, specially in FM Radio, would need to be worked out. Already cities in Category C & D (mostly covering North East and difficult areas) have been allowed the privilege of networking their content on stations owned by the same company. The level of interest in taking up frequencies in the North East and such difficult areas is not on par as in the bigger cities and metro cities. It may be desirable to allow a 5 year tax holiday for all private FM operators in the North East and difficult areas to encourage them to bid for frequencies available. Similarly, duty incentives/exemptions on equipment being installed in the FM stations in these areas would be a desirable thing.

4.2.4 Summary of Recommendations:

137. The detailed recommendations have been incorporated in the specific segments. A broad summary only of the recommendations is as follows:

I. Prasar Bharati

(a) Doordarshan

(i) There should expansion of the Doordarshan terrestrial network;

(ii) Coverage of remote, border and uncovered areas should be through DTH and upgradation of LPTs to HPTs;

(iii) VLPTs should be allowed to go out of service on completion of their life and will be replaced by a scheme of subsidy on Set Top Boxes/Dish Antenna;

(iv) DTH service should expanded to cover Andaman & Nicobar in the C band as well as to increase the number of channels to 200, if possible;

(v) Analogue transmitters should be replaced with new digitally compatible transmitters with simulcast of analogue and digital transmission;

(vi) Entry of private players to DD's transmission network for mobile solutions as well as terrestrial transmission should be allowed. Private sector investments should be sought in terrestrial transmission on a PPP pattern.

b) <u>All India Radio</u>

x) FM coverage should be enhanced from 40% to 75% by using DRM+ compatible transmitters;

xi) Priority should be given to covering border areas, rural areas and semi-urban areas viz. all areas not likely to be covered by private FM. AIR to extend FM coverage through its own resources in competition with private FM except in remote, border and rural/semi-urban areas where expansion will be funded by Government;

xii) Digital broadcasting through DRM technology for SW and MW should be adopted;

xiii) New FM transmitters should be compatible with DRM + technology with simulcast of analogue and digital transmissions. Leasing of transmitters to private broadcasters must be done;

xiv) A large programme for strengthening All India Radio's External Services should be proposed;

(II) <u>Other Recommendations</u>

i) The country as a whole should move from analogue to digital terrestrial transmission before 2015, or alternatively by March 2017 i.e. end of 12th Plan;

ii) Digital transmission should be encouraged in the cable industry through a HITS provider and CAS. HITS may be facilitated either through a neutral provider or the private sector itself;

iii) Next round of private FM bids may be invited by 2007;

Iv) IPTV regulatory issues and content monitoring issues should be resolved early;

xv) Participation by the private sector in Terrestrial TV transmission and use of DD infrastructure for Mobile TV should be finalized by March 2007;

xvi) Mobile Media solutions on a fast track basis should be implemented to provide variety in entertainment platforms;

xvii) Early setting up of a Broadcast Regulator for resolution of legal and regulatory issues should be given effect to;

xviii) A need for a regulator on content licensing for radio stations to systematize and resolve the conflicting issues and the need for compulsory licensing should be evaluated and decided upon;

xix) Special attention to the North East by Prasar Bharati must be given.

5. Financial Implications

138. The outlay of the 10th Five Year Plan of the Ministry was of the order of Rs. 5130 crore. Keeping in view the cost escalations and the need to realize the high growth potential of the sector, the Working Group estimates that the outlay of the 11th Five Year Plan of the Ministry should be about Rs 12,000 crore. This may be distributed among the different wings as follows:

- Film Sector:	Rs.	500	Crore
- Information sector:	Rs.	500	Crore
- Broadcasting sector:	Rs.	11,000	Crore