

**Information note to the Press (Press Release No. 18 / 2009)**

**TELECOM REGULATORY AUTHORITY OF INDIA**

**For Immediate release**

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**TRAI releases recommendations on Media Ownership**

New Delhi, Feb 25, 2009 :- TRAI has today released the recommendations on Media Ownership. Ministry of Information and Broadcasting (MIB) vide their letter dated 22/5/2008 had sought TRAI's recommendations on the need for cross media and ownership restrictions in India for radio, broadcasting and print medias. It was clarified by the Ministry, that looking at the increasing trend of the print media entering into broadcasting sector, to examine the issue in its entirety, the Authority in the present context should also include print media while examining the need for any cross media restrictions vis-à-vis broadcast media.

Media Ownership is a subject of intense debate and Government review in both developed and developing countries around the world. Many of the developed democracies like USA, UK, Canada, Australia and France. have restrictions on common and cross media ownership. Many of these countries have recently reviewed the media ownership rules and have taken a decision to continue with the restrictions.

Keeping in line with its consultative approach TRAI had undertaken the public consultation process by issuing a consultation paper on 23<sup>rd</sup> Sept. 2008 on the various underlying issues relating to Media Ownership in India such as Cross media ownership across different segments of media viz. print/ television/ radio (horizontal integration), Cross holding restrictions to prevent consolidation including 'vertical integration' within a media segment, limits on number of licenses held by an entity, Market share in the

city/state/country combined across media segments and Cross control/ownership across telecom and media segments. Thirty-five stakeholders have offered written comments on the consultation paper, which are available in the Authority website ([www.traigov.in](http://www.traigov.in)). An open house discussion was held at New Delhi on 2<sup>nd</sup> December 2008.

The Authority considered various points of view based on submissions it received during the process of consultation. Considering the international scenario, stakeholders' comments, present economic scenario, the distinct features of Indian scenario and other relevant factors, the Authority has formed a view that it is better to put timely safeguards rather than looking for corrective measures which become difficult for the industry to align in future. Appropriate positive safeguards need to be put in place to ensure that plurality and diversity of views are maintained. A supportive regulatory environment and well defined safeguards put in place at this stage of development will facilitate the orderly growth of the industry. The original rationale for these safeguards is to guarantee a multiplicity of voices and prevent concentrations of power, which are vital for matured democracy.

The current global financial crisis has its impact on the Indian media industry, particularly the print media. There are reports on diminishing advertisement revenues and employee lay offs. In such a scenario while all the steps are being taken to help the media industry get through the situation and reduce the impact of slowdown, it is essential that none of the safeguards should have an adverse impact on the sector. The safeguards should be seen as a part of clear and transparent regulatory framework which will enable the existing media owners and the potential investors to take appropriate decisions, thereby helping the long term growth of the sector. The rationale for these safeguards is to guarantee multiplicity of voices and prevent concentrations of power, which are vital for mature democracy. TRAI is committed towards positive growth of this important sector.

## **Summary of Recommendations:**

1. Cross-media control/ ownership (Horizontal integration): -
  - There is no emerging threat of market failure.
  - Necessary safeguards should be put in place to ensure that plurality and diversity of views are maintained. A detailed market study and analysis should be carried out by the Ministry of Information & broadcasting (MI&B) for identifying/determining the safeguards. The results of such analysis may be put in public domain and discussed before finalizing the safeguards.
  
2. Vertical Integration
  - The broadcaster should not have any control in the distribution and vice-versa.
  - Any entity having more than 20% equity participation in a Broadcasting company cannot have more than 20% equity in a Distributor (MSO/Cable, DTH, HITS, Mobile TV) and vice-versa.
  - The existing broadcasters who have control in distribution (MSO/Cable/DTH) to be given sufficient time of three years for restructuring.
  
3. Limits on number of licenses by a single entity
  - The current restrictions, policies and TRAI recommendations on these, are adequate for the time being.
  
4. Concentration of Control/ Ownership across Media
  - After working out the required safeguards for horizontal & vertical integration, the merger and acquisition guidelines for the sector may be issued to prevent media concentration and creation of significant market power.

5. Cross control/ ownership across Telecom and Media companies

- No restriction should be imposed on cross control/ ownership across telecom and media segments separately, at this point of time. The issue could be reviewed after two years.

The full version of the recommendations is available on TRAI's website ([www.trai.gov.in](http://www.trai.gov.in)).

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