



### Summary

The Indian Broadcasting sector, an integral part of the infotainment industry, is one of the most vibrant segments in the 21<sup>st</sup> century. Indian broadcasting industry, with its immense potential, has opportunities for both domestic and global investors. The introduction of Direct to Home (DTH) technology and growing number of satellite and cable TV channels expanded the horizon of broadcasting industry in India. The second phase of FM radio bidding has virtually brought the entire country into the FM radio map. The low cost PCs and Government of India's (GOI) determination to make 2007 the year of Broadband have helped to a great extent furthering penetration of Internet. The latest delivery medium is the Internet Protocol Television (IPTV) and Mobile TV. To tackle this ever-growing convergence of telecommunication and broadcasting the Government of India established in 1997 the Telecommunications Regulatory Authority of India (TRAI) to regulate and control the broadcasting sector in India. All major policy related issues in this sector are now controlled by TRAI.

### Market Overview

Since the introduction of televisions in India in 1959, the India television broadcast market has grown to become one of the largest in the world. More than 1000 transmitters and free DTH broadcast of television program by the Government of India's own public broadcaster (Doordarshan) cover almost the whole of India's population. Industry sources estimate that private broadcasters serve more than 112 million television households accounting for about 60 percent of the India's population. It is estimated that 70 million households use pay TV services, of which 68 million are cable households and an estimated 2 million are DTH households that own personal dish services. Cable households are expected to grow by 4-5 percent per annum over the next five years whereas the DTH households are expected to grow by 43 percent. The combined pay TV households are expected to reach 113 million by 2011. Currently the Indian television industry is estimated to be US\$4 billion of which the major share continues to be the television distribution segment. The industry is projected to grow at an annual compounded rate of 24 percent per annum to hit US\$12 billion by 2012.

This migration of subscribers to new technologies will lead to heavy demand for broadcast equipment providing such services. Another important factor is that the existing technology used is either deficient in quality or too expensive, with the result that the consumers have to bear the additional cost of such services. Equipment manufacturers can fulfill a window of opportunity by providing products that address both these issues so that cost saving can be passed on to consumers and encourage further uptake of alternate television services.

Like the TV broadcasting sector there are growing opportunities in the Indian FM broadcasting sector for the U.S. companies. Formerly, Radio Broadcasting sector was under complete Government of India (GOI) control. In 2005 the GOI announced three key policy plans to drive growth in this sector:

- Migration to a revenue share regime
- Allow foreign direct investment up to 20 percent
- Unlock licenses to private players

AM radio has long been established in India and is strictly a government-run service. After the second FM radio policy, India is growing towards 300 radio stations as compared to 21 stations earlier. 91 cities will be covered by the new radio stations, compared to 21 cities earlier thus attracting more listeners for FM radio. Therefore, private broadcast groups are actively pursuing FM broadcast opportunities. The recent success of FM radio also has established new advertising revenue streams for broadcast groups. The Indian government has allocated 245 licenses for FM radio channels in 87 cities in India. Many of these new Radio Broadcasters have already launched their services in the last two years. The size of the India radio industry is estimated at US\$12 million in 2006 and is projected to grow to US\$43 million by 2011.

## Market Data

The total broadcast industry in India is estimated to grow from a current US\$8 billion to US\$18 billion in 2010. Television dominates the industry with a market size of US\$3 billion and revenues from subscriptions are the key driver for growth. Advertising accounts for the second largest revenue earner for the growth of the television sector. The industry sources estimate India to become Asia's leading cable TV market by 2010. Cable distributors and personal dish service control the television broadcast sector. The majority of households receive the satellite signal through service providers that distributes via cable and the majority of the satellite dishes in rural areas only broadcast free to air channels by the state broadcaster -Doordarshan. To regulate the cable distribution of satellite programs TRAI introduced Conditional Access System (CAS), one of the significant developments of the Indian television Industry. CAS made it mandatory for end consumers to buy Set top boxes and only pay for the channels they want to view. However, dish services were also introduced a couple of years back so that satellite broadcasters have direct control of the subscription revenue. Today Set top boxes are mandatory only in the four major cities, which accounts for majority of the cable service revenue. As per the data released by the Broadcasting and Cable services regulator TRAI, about half a million subscribers had opted to adopt CAS in three metro cities by mid February 2007.

## Market Entry

India has transparent and liberal Foreign Direct Investment (FDI) environments among the emerging and developing economies. Television, and radio broadcast industry are open to foreign investment. GOI permits 49 percent FDI in the Television cable network and DTH industry. Recently GOI has permitted a 20 percent FDI in the Radio broadcast industry. The FM radio sector has expanded by opening 338 licenses for private investment of which 245 licenses were allocated to 37 different companies in 87 cities. GOI purchases follow a tendering process. Most government tenders follow two parts – technical bids and commercial bids. All government tenders are time consuming, and price is the deciding factor.

Interested U.S. exporters seeking access to the local market are advised to select and appoint a technically trained and influential local agent familiar with the Indian import regulations and procedures. Agents offer service support for all broadcast equipment. Indian end-users consider service support as an important factor in the capital equipment purchase decisions. Agents maintain contact with the government officials, obtain advance information regarding potential business, handle trade promotion activities and keep the foreign supplier updated of local market opportunities, conditions and competition.

The U.S. Commercial Service (USCS) should be one of the first contacts when investigating overseas markets. USCS is available to discuss specific products and objectives, and an industry specialist can provide useful counseling and guidance. A listing of U.S. Commercial Service offices in India is available at [www.buyusa.gov/india](http://www.buyusa.gov/india)

## Best Prospects

According to the market estimates, India will become Asia's leading cable market by 2010, the largest satellite market by 2008 and the most lucrative pay television market by 2015. Hence, the television broadcast industry presents immense opportunities for the U.S. businessmen in this sector. This is primarily due to the widened cable networks across the country and the potential growth of Internet-over-cable, DTH and other satellite broadcasters.

Other best sales prospects are listed below -

- Amplifiers and Connectors
- Digital Integrated Receive Decoders (IRD)
- Actuators
- KU-Band and C Band Dish Antennas and Low Noise Block down Converters
- Satellite Equipment
- Radio/Television Studio Production Equipment
- Direct to Home (DTH) systems
- Digital audio & video recording systems & peripherals equipment
- Broadband Streaming, Broadband Wireless Access Products
- Audio Measuring and Test Equipment
- Mixers (Digital)
- Earth Stations/Systems
- Conditional Access System
- Signal processing Equipment
- Low-power and FM transmitters
- Digital exciter

## Key Contacts / resources

Ministry of Information and Broadcasting  
(<http://www.mib.nic.in>)

Telecom Regulatory Authority of India  
(<http://www.trai.gov.in>)

Confederation of Indian Industry  
(<http://www.ciionline.org>)

Federation of Indian Chambers of Commerce and Industry  
(<http://www.ficci.com>)

Broadcast Society of India  
(<http://www.besindia.com>)

Cable Quest  
(<http://www.cable-quest.in>)

Broadcast & Film  
(<http://www.broadcastandfilm.com>)

## Upcoming Trade Shows / Events

Broadcast India Show 2007  
Date: October 30 – November 3, 2007  
Venue: World Trade Center, Mumbai, India  
[www.broadcastindiashow.com](http://www.broadcastindiashow.com)

Broadcasting Engineering Society (BES) Expo  
Date: February 23-25, 2008  
Venue: Pragati Maidan, New Delhi, India  
[www.besindia.com](http://www.besindia.com)

Convergence India 2008  
Date: March 19-21, 2008  
Venue: Pragati Maidan, New Delhi, India  
[www.convergenceindia.org](http://www.convergenceindia.org)

## For More Information

The U.S. Commercial Service in Mumbai, India can be contacted via e-mail at: [Ruma.Chatterjee@mail.doc.gov](mailto:Ruma.Chatterjee@mail.doc.gov);  
Phone: 91-22-2265-2511; Fax: 91-22-2262-3850; or visit our website: [www.buyusa.gov/india](http://www.buyusa.gov/india)

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