Ownership of any media has its own glamour and ideas of ‘power’ associated with it. But is it the same as or as easy as starting a new business? Sudeep Malhotra, a veteran of the satellite & cable television industry with over 25 years of industry experience under his belt, demystifies the process and takes a look at how to go about doing this! Earlier articles we looked at the important aspects of some of the choices you have to contend with while deciding on your channel plans; this month we take a look at what the Government demand of you to provide you permission to launch your channel ....

As is true with many processes in India, the startup of a new business requires many permissions and licenses to be obtained from the Government of India. Whether it is starting of a new restaurant business or of a hotel; a factory or a services facility – all require some form of permission to be issued by a relevant department in order to make the business ‘legitimate’, regardless of the amounts that you may be investing in it.

So also to launch a channel. More so since it has major security ramifications connected with the ability to broadcast content and the ability to influence the minds of the people – an exclusive prerogative of the Government of India for decades after independence.

However, the good part is that unlike in the case of a factory etc, this has been simplified so that it results in almost a one-window clearance point – that window being at the Ministry of Information & Broadcasting.

The rules for the launch of the channel are quite straightforward and simple.

Firstly of course, you would need to know if you qualify to be the owner of a channel. Note that
permissions & licences are normally given for a period of ten (10) years.
You would need to check on the following details first:

1. Are you an Indian Company? – If you are a channel that is already uplinking from some other country, then you need to set up a company in India, headed by an Indian citizen; or enter into an agency agreement with an existing company in India. This must be either a Limited or Private Limited company incorporated under the laws of India and registered with the Registrar of Companies.

   A. For News & Current affairs channel: This would mean any channel that has either 24x7 news content, regardless of language; or even channels which may have only one hour of news per day! The Foreign Equity holding including FDI/FII/NRI investments should not exceed 26% of the Paid Up equity of the applicant company. The Company, permitted to uplink the channel shall certify the continued compliance of this requirement through its Company Secretary, at the end of each financial year. Additionally at least 3/4th of the members of all of the key executives, editorial staff as well as the Board of Directors, have to be resident Indians. Of course, the primary requirement is that the CEO, or the person heading the operations of the news channels, must be a resident Indian. Permission is granted only in cases where equity held by the largest Indian shareholder is at least 51% of the total equity, excluding the equity held by Public Sector Banks and Public Financial Institutions as defined in Section 4A of the Companies Act, 1956, in the New Entity.

   B. For non news or entertainment channels:
   Any company irrespective of its ownership, equity structure or management control, would be eligible to seek permission, and subject to the Net Worth of the company would be entitled to get a licence.

2. What is your Net worth or Net worth of the company applying for the license? – If you wish
to launch a News channel, then as per existing
laws, you should have a Nett Worth of at least
3 Crore Rupees for your first channel. For each
additional channel that you would want to
launch, the net worth has to be increased by an
additional Rs.2 crore per additional channel. In
the event that your channel is not a news
channel, but a general entertainment channel
or any other niche channel, then the Nett Worth
should be at least Rs. 1.5 crores for the first
channel; and for each additional channel it
should be increased by Rs.1 crore per channel.
This needs to be certified by a Chartered
Accountant as at the time of making your
application and the ‘Certificate of Net Worth’
should accompany the Application form. The
format of the Certificate is attached to the
Application Forms and take care that the
Statements accompanying the form follow this
format.

3. Do you want to set up your own Teleport?:
What's a Teleport? Simply put, it's the dish
antenna that is used to throw the channel’s
signals up in space to the satellite. Of course,
in addition to the dish antenna itself, there
are a lot of electronics also, most of which can
easily be housed within a 100 sq feet room.
Understand the implications and answer this
question to yourself. Many a time an
entrepreneur feels that he would like to
control the whole supply chain – from
production to the uplink of his own channel.
That makes it easier for the company to make
changes at each stage and to 'fine tune' its own
workings and processes.

However, in order to set up and own your
own teleport, you need to fulfill additional
requirements, which we will deal with in a separate
article. Here, I would like to address the basis of
the business decision being taken.

Setting up your own teleport means that you
would need to plan in a manner so as to be able to
cope with any sort of technical failure. Hence you
would need to have two of everything, just in case
the one you are using fails. You would not want your
channel to be 'off-air' for hours together until the faults
are rectified. This will double your technology costs.
Then you need to have manpower supervising this
on a 24 hours basis 365 days a year! Add costs of technical manpower for 3 shifts per day; plus account for leave, sickness etc. You are looking at a team of at least 6 people. Also power supply would need a generator in addition to sufficient battery power to take over in between the time that the power goes off and the generator automatically switches on.

If you are planning a single channel launch, all of the above will add substantially to your cost. In addition the level of alertness required will increase manifold.

Hence it may be easier for you to use the services of an existing teleport operator, there are several in operation from all major cities.

In the event that you do not have a teleport in your city, it is quite easy to contract with a company to lease capacity on a fiber link from your office to the teleport location.

4. Which Satellite? You would need to choose your satellite carefully on the basis of the area / countries which you wish to serve. Remember, different satellites will have different advantages and disadvantages. Not to mention the price of course. Then again, the satellite company will throw all sorts of jargon at you – intended at first to confuse you, in addition to enable them to charge you as much as they can. Look out for the hidden costs. Do you want satellite capacity with redundancy ... or a non-redundant agreement? Each of these decisions will impact your costs in the long and short term. Several teleports also have captive satellite capacities, which they have negotiated for in advance. They can also offer you these as a part of the total package of their services, which will include playout, compression, uplink and satellite capacity.

5. You would have to finalise and sign your contracts with the Teleport, as well as with the Satellite company for bandwidth / capacity, in order to be able to make you application for the uplink licence. The agreements should accompany the Application and is an essential part of the same. The Licence is awarded for uplinking your particular channel from a specific teleport to the stated satellite on the downlink frequency as mentioned in your application form.

Continue next month ...