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Subject: **DeepStrat's comments on TRAI's Consultation Paper on Inputs for Formulation of "National Broadcasting Policy"**

Dear Sir,

Thank you for opening up the proposed policy for public comments. We would like to put on record our appreciation to TRAI for the comprehensive work on the proposed policy.

We are enclosing our comments to some of the key issues marked in the Consultation Paper dated 02.04.2023 on "Inputs for Formulation of National Broadcasting Policy".

About DeepStrat: We are a New Delhi-based think tank and strategic consultancy that works on public policy, cybersecurity, security and other related issues. DeepStrat's founders bring together experts with a range of expertise from the Indian Police Service, the Indian Administrative Service, the Indian Foreign Service, Law, Media and Risk Management.

Thanking you,

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Issue Wise response

Issue 4

What other policy and regulatory measures should be adopted in the policy for creation and expansion of quality Indian content to make India the 'Global Content Hub'? Further, suggest how to extend support to local talents and content developers in terms of training, infrastructure and incentives. Provide your comments with detailed explanation.

Summary of Recommendations:

1. A light-touch regulatory framework under the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules) 2021 should be implemented, governed by the Ministry of Electronics and Information Technology (MeitY)
2. Ensure media and journalistic freedom, as enshrined under Article 19(1) of the Constitution.
3. Offer tax incentives or subsidies to promote local content development, including tax credits, deductions, and preferential rates for distribution income.
4. Allocate government funding to incentivise content in regional languages, cultural heritage, and marginalised voices in storytelling.

Rationale:

We believe that digital media falls outside the purview of traditional broadcasting constructs. Without prejudice to this, it is pertinent to note that Indian content is in high demand across several geographies and critically acclaimed. It is important to create an enabling environment conducive to content generation.

The Government should primarily focus on facilitating the growth of what is essentially a sunrise industry. Existing regulations overseen by the Ministry of Electronics and Information Technology (MeitY) under the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021. It mandates social media platforms to exercise greater diligence in content moderation. Additionally, OTT platforms must adhere to a code of ethics, establish a three-tier grievance redressal mechanism for objectionable content, appoint a grievance officer for prompt user complaint resolution, categorise content by age appropriateness, and implement parental controls. Moreover, social media platforms must enforce privacy policies to educate users on content sharing and copyright regulations. The OTT industry has complied with these regulations. However, excessive regulation would stifle its ability to innovate and thrive.

On the demand side, the government should provide policy support in the form of promotion of Indian audio-visual content in international markets through active participation in film festivals, trade fairs, and other events and include promotion of cross-border flow of Indian audio-visual content in bilateral trade agreements.

On the supply side, the government should focus on an enabling and predictable regulatory environment and give industry the opportunity to make long-term investment strategies and support skilling initiatives. An unpredictable regulatory environment will stifle sunrise sectors causing financial and soft power loss to India.

The promotion of local content is intrinsically tied to the level of media and journalistic freedom within a jurisdiction. To begin with, if the Government is uncomfortable with Press Freedom Indices, it should look at evolving an index framework that compares with the best. The first casualty of controlling the media is loss of diverse opinions and views crucial in a democracy as varied as ours. Statutory bodies like the Press Council of India must be empowered to check transgressions on freedom and the Government should stay out of controlling the media.[1]

Explanation to the Recommendations:

As such, the Government must encourage local content production by giving content creators and broadcasters the widest latitude for diverse content creation.

1. **Diverse Representation and Cultural Support:** Follow the lead of countries like New Zealand and Brazil in supporting diverse representation and indigenous storytelling. Government funding initiatives can promote content in regional languages, highlight cultural heritage, and amplify marginalised voices, enriching India's content landscape.
2. **Incentivising through Tax subsidies** – Entertainment tax is subsumed under the GST regime. Digital content providers operating and registered in India are required to remit an 18% GST on the revenue earned. To promote local content development in India, tax incentives or subsidies should be offered. This may include tax credits or deductions for production expenses like film, television, music, literature, and digital media. Moreover, preferential tax rates or exemptions on income from local content distribution could boost investment in this sector. Japan is an excellent example where the government incentivises the entertainment industry by offering a 50% Tax credit for film productions, aiming to become global leaders. Japan's Visual Industry Promotion Organisation and Film Commission, offers funding of up to $6.8 million (JPY1BN) for qualifying expenditures.

[1] https://www.thehindu.com/news/national/india-slips-in-world-press-freedom-index-ranks-161-out-of-180-countries/article66806608.ece

3. **Training and Skill Development:** Establish specialised training programs in collaboration with industry experts and educational institutions to enhance the skills of local talents in content creation, including filmmaking, animation, gaming, and digital media.

   We recommend providing scholarships, grants, and sponsorships to individuals from diverse backgrounds to access training and education in content creation fields. To begin with, the Ministry of Information and Broadcasting can set aside finances from the annual budget. The budget allocations are divided into three primary sectors: Total Establishment Expenditure, Total Central Sector Schemes/Projects, and Total Support to Autonomous Bodies. Funds allocated for autonomous bodies or organisations that operate independently but receive financial backing from the government for their activities and projects related to information and broadcasting can be used to support such activities for content creators.

4. **Infrastructure Development:** Invest in the development of dedicated infrastructure tailored to the needs of content creators, including production studios, post-production facilities, animation labs, and sound stages.

   Create shared spaces and collaborative work environments where content developers can access state-of-the-art equipment, technology, and resources at affordable rates. Additionally, Japan recently introduced a 50% tax credit incentive for film production, aiming to attract international filmmakers. Successful recent films include Hayao Miyazaki's 'The Boy and the Heron' grossing over $165 million globally and Toho Studios' 'Godzilla Minus One' with a worldwide gross of $105 million.

   The incentive program, administered by Japan's Visual Industry Promotion Organisation and Film Commission, offers funding of up to $6.8 million (JPY1BN) for qualifying expenditures in Japan[2]. Productions must meet specific spending thresholds and promote Japanese culture globally to qualify.

   Encourage the growth of digital platforms and online tools to facilitate remote collaboration and networking opportunities for talents located in different regions.

[2] https://www.ep.com/blog/japans-latest-film-tax-incentive-sets-the-stage-for-global-productions/#:~:text=Japan's%20film%20tax%20credit%20program&text=Proposed%20by%20Japan's%20Visual%20Industry,of%20%246.8%20million%20(JPY1BN).

What policy measures and regulatory aspects should be adopted in the NBP to nudge the growth of Indian regional content through OTT platforms?

Summary of Recommendations:

1. The National Broadcasting Policy must focus on fostering industry growth and safeguarding stakeholder interests, especially since the Broadcasting Bill 2023 aims at regulating traditional broadcasting and OTT within the same ambit.
2. Maintain Consistency with Existing Regulations as per Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021
3. Implement robust monitoring mechanisms to evaluate the effectiveness of regulations in achieving their intended goals. Regular assessments should gauge the impact on industry growth, consumer welfare, and content diversity, ensuring regulations are adaptive and beneficial.

Rationale:

We believe that the fundamental principle of the National Broadcasting Policy should revolve around growth of Industry as well as safeguarding the interests of all stakeholders, including but not limited to the various service providers and subscribers.

The popularity of Malayalam cinema, both domestically and internationally, on OTT platforms underscores its significance in India's entertainment landscape. However, for regional content to achieve broader recognition, it's crucial to encourage participation from filmmakers and content creators across the country. The growing Indian diaspora abroad has already helped catalyse the consumption growth of regional Indian content globally.

Among several platforms, Google’s YouTube has been instrumental in facilitating the growth of regional cinema by providing a global platform for distribution and exposure. This democratisation of content creation has allowed smaller productions to compete with larger studios, fostering diversity and innovation in storytelling.

Leveraging network effects and audience engagement, alongside government support, can further boost the impact of regional content and contribute to the overall growth of the Indian film industry.

Regulating OTT services without considering broader challenges that arise due to issues like low customer retention, network reliability, declining traditional services, increasing traffic load, and the investment needs of ISPs. Unlike traditional broadcasting, OTT platforms offer a personalised viewing experience, allowing users to control what they watch on personal devices. The Recent Broadcasting (regulation) Services Bill 2023, introduced by the MIB aims at categorising OTT services under broadcasting regulations, which could risk stifling innovation and limiting content diversity. This could discourage production companies from exploring the full potential of OTT platforms, hindering the growth of the industry.

Additionally, the lack of clarity in defining OTT services raises concerns about regulatory overreach and the potential chilling effect on content creators. Drawing lessons from approaches adopted by Australia and Singapore, which focus on classification and harm-based regulation, can provide a more effective frameworks tailored to the unique challenges of the OTT sector. Instead, the focus should be on improving infrastructure and fostering innovation.

While it's true that some countries, like those in the European Union and Canada, have regulations promoting local content on streaming platforms, it's important to note that their regulatory environments and media landscapes differ significantly from India's. Content on OTT is governed by Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 and the Self-Regulatory Framework including the certification process for identification of content and calibration of access. The viewer’s ability to exercise choice in how they view the content, or indeed whether they view it at all, factors in the potential risks of providing content via a particular platform. Therefore, a converged or “one-size-fits-all” framework for content regulation cannot be applied for all platforms.

Additionally, a 2023 order passed by the Telecom Disputes and Settlement Appellate Tribunal (TDSAT) held that an OTT service is not a TV channel based on several distinctions between the two, and the separate laws that govern them.

If regulations prioritise domestic content on television channels but do not extend similar preferences to OTT platforms, it could create disparities in content availability and impact consumer choice, necessitating a delicate balance that respects the principles of net neutrality. OTT platforms have also provided content creators to experiment as well as exploit diverse employment opportunities. Over 4,000 hours of filmed entertainment content was produced, and premium content produced for OTT platforms increased to an all-time high of almost 3,000 hours, at an average price of over INR 8 million per episode.[3]

Any regulation must ensure that all content, regardless of its origin, is treated equally on the internet, without discrimination or favoritism.

[3] India’s media & entertainment sector is innovating for the future. EY Report March 2024 https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/media-and-entertainment/2024/ey-in-india-s-media-entertainment-sector-is-innovating-for-the-future-03-2024-v1.pdf

Further complexities related to the OTT sector are currently under examination by MIB). These complexities require thorough evaluation and differentiation before any policy enforcement that could lead to overregulation.

Explanation to the Recommendations:

1. Emphasise infrastructure development to improve network reliability and reduce issues like low customer retention and increasing traffic load. Investment incentives for Internet Service Providers (ISPs) to upgrade infrastructure can support this goal.
2. Maintain consistency with existing regulations governing OTT content, such as the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021. Any new regulations should complement and build upon these frameworks rather than creating duplicative or conflicting rules. With the Broadcasting Bill 2023 in place, industry players await for the distinction to be made between broadcasting and OTT services. It would be ill-advised to suggest policy recommendations before a legislation is enacted.
3. Facilitate dialogue and collaboration between stakeholders, including OTT platforms, content creators, ISPs, and consumers, to address challenges and identify opportunities for growth and development.
4. Implement monitoring and review mechanisms to assess the effectiveness of regulations in achieving their intended goals. This includes regular evaluations of the impact of regulations on industry growth, consumer welfare, and content diversity.

Issue no. 9

Online gaming being a rising sector holds potential for contributing to economy, what policy and regulatory aspects should be adopted for the orderly growth of online gaming in India? Further, suggest measures to support local game developers to compete and grow. Also suggest safeguards to protect general public (especially underage players) from negative and psychological side effects, while promoting healthy gaming.

Summary of Recommendations:

1. Online gaming being regulated by MeitY, should be implementing Rules as amended in 2023 within the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.
2. Implement a standard registration mechanism under MeitY for online gaming intermediaries to enhance oversight, mitigate harms and risks associated with unregulated operators, and safeguard consumer interests
3. Finalise and notify the National AVGC Policy to incorporate measures aimed at propelling India into a global gaming and Audio-Visual Gaming Content (AVGC) hub, thereby accelerating local game development and boosting India's share in the global market.
4. Enable light-touch regulation to help gaming sectors grow and compete locally, by reducing entry barriers for startups and attracting investments in the online gaming sector.

Rationale:

I. **Online gaming being a sunrise sector holds potential for contributing to economy, what policy and regulatory aspects should be adopted for the orderly growth of online gaming in India?**

Encouraging investment and fostering start-up ecosystem.

Revenue generation of the online gaming sector in India demonstrated a noteworthy Compound Annual Growth Rate (CAGR) of 28% from FY20 to FY23, resulting in a market size of INR 16,428 crore in FY23. Projections indicate a continued upward trend, with estimates suggesting the market will reach INR 33,243 crore in FY28.[4]

The estimated direct tax revenue contribution ranges from INR 6,500 crore to INR 6,800 crore and the estimated indirect tax revenue contribution ranges from INR 75,000 crore to INR 76,000

[4] Role of the Online Gaming Sector in Karnataka's Digital & Start-Up Economy January 2024. Resurgent India.

crore, in FY23. Additionally, it currently provides direct and indirect employment for approximately one lakh individuals, with the potential to expand to 2,50,000 job opportunities by the year 2025.[5]

The online gaming industry has become a powerhouse not just in entertainment but also in driving employment through its integration with ancillary industries. This integration has created a ripple effect across various tech domains, such as chip development, software development, animation, cloud computing, banking, emerging tech and game development fostering massive job opportunities and innovation.

Policy and regulatory aspects to be adopted for the orderly growth of online gaming in India

India's regulatory journey for online gaming has evolved through a series of steps and it has become a regulated sector under the nodal Ministry of Electronics and Information Technology **(MeitY).** Initially, an Inter-Ministerial Task Force **(IMTF)** was formed to recommend regulatory measures. Following this, the Cabinet Secretary allocated the business of online gaming to the MeitY, while esports came under the Ministry of Youth Affairs and Sports.

MeitY subsequently introduced amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, establishing a two-tier regulatory mechanism in the online gaming sector. **Tier 1** involves self-compliance, due diligence and grievance redressal by the online gaming intermediaries, while **Tier 2** entails the designation of Self-Regulatory Bodies (SRBs) by MeitY. However, SRBs are yet to be notified.

The Advertising Standards Council of India (ASCI), a self-regulatory authority, oversees television advertisements specifically addressing real-money gaming, ASCI's guidelines stipulate that advertisements must not depict minors and must prominently feature a disclaimer highlighting the financial risks and potential addictive nature of the game.

The Ministry of Information and Broadcasting (MIB), issued an advisory to various media platforms including intermediaries. These advisories caution against displaying advertisements for online sports betting platforms, including surrogate advertisements.[6]

In 2023, the GST Council announced regulations for online gaming by amending the CGST Rules of 2017. The Online gaming industry is mandated to pay 28% GST, which is levied on full face value or the entry amount. Based on industry projections, this specific sector is expected to generate around INR 75,000 crore to INR 76,000 crore in indirect tax revenue (GST) between

[5] New frontiers: Navigating the evolving landscape for online gaming in India, EY Report, December 2023.
[6] https://mib.gov.in/sites/default/files/Advisory%20dated%2025.08.2023%20with%20enclosures.pdf

FY24 and FY28.

Additionally, amendments to the Income Tax Act, of 1961, provide distinct treatment to online gaming, including separate provisions for Tax Deducted at Source (TDS) and income tax on winnings. Therefore, online gaming is a well-regulated sector in India.

Explanation to the Recommendations:

It is recommended that the current law on online gaming, i.e. the IT Rules of 2021 are implemented to ensure orderly growth in the gaming industry, this can be achieved through policy by implementing a regulatory approach that prioritises light-touch regulation and encourages self-regulatory organisations (SROs) under the Information Technology (IT) Rules. Guidelines and initiatives have already been put in place by gaming federations such as AIGF, E-gaming federation and FIFS, promote responsible gaming practices, under their **Voluntary Code of Ethics for Online Gaming Intermediaries.**

It is essential to ensure that any regulatory body engages with industry stakeholders to foster a conducive environment for innovation and growth. The approach taken in the IT Rules towards self-regulation by the industry through a mechanism of SRBs is a good model for co-regulation which will promote collaboration between the government and industry and yield the desired results.

Additionally, introducing a registration mechanism whereby all online gaming intermediaries are required to register with MeitY can enhance oversight and ensure that only legitimate platforms offer their services in India. This measure not only promotes transparency but also helps in mitigating risks associated with unregulated or illegitimate operators, thereby safeguarding the interests of consumers and the integrity of the gaming ecosystem.

II. Measures to support local game developers to compete and grow

In tandem with global trends in online gaming, India's gaming ecosystem is also witnessing remarkable growth. In 2023, it reached 500 million active gamers, with 200 million ready to invest in enhancing their experiences[7]. According to the EY-FICCI 2024 report, the segment's growth slowed to 22% in 2023, reaching INR 220 billion. It surpassed filmed entertainment to become the fourth largest segment. India saw over 450 million online gamers, with approximately 100 million playing daily. Over 90 million gamers paid to play, with real-money gaming comprising

[7] https://economictimes.indiatimes.com/small-biz/security-tech/technology/how-indias-rising-gaming-ecosystem-is-bringing-investment-opportunities/articleshow/108890619.cms?from=mdr

83% of segment revenues. Larger players absorbed the impact of a higher GST levy, hurting their margins but safeguarding growth.[8]

Currently, out of the top 10 highest revenue-generating games in India, only one, Teen Patti, is developed by an Indian studio, signalling the huge market for local studios to be promoted for end-to-end indigenous game development.

There is a need for implementing policies and infrastructure which will in turn help retain advantages of the sector within the country, promoting the 'make in India' initiative and scoping to eventually be a global market leader in the industry. This can be done through a combination of policy measures and infrastructure support. Making India a global game development hub will reduce dependencies on other countries and unlock an international market for India and catalyse economic growth.

Value of Gamification

While online gaming is a source of entertainment and relaxation, it has several other advantages as well. It helps develop skill sets such as strategising, planning, team-building, management and community engagement. Furthermore, gamification can be used for training in other fields across various industries. It can also be leveraged to design interactive platforms that promote cross-sectoral growth, in industries such as tourism, etc.[9]

The global gamification market is growing rapidly, with a 27.4% CAGR expected from 2020 to 2025. Currently, 70% of Global 2000 businesses have adopted gamification. In retail, it has led to a 700% increase in customer acquisitions and can boost user engagement by 48% and customer retention by 22%. Additionally, implementing gamification in sales processes results in a 25.3% increase in sales conversion.

To foster local game developers' growth, the policy can aim to incentivise businesses to integrate gamification into sectors like education, healthcare, and marketing This can be done through tax breaks, grants, and awareness campaigns showcasing gamification benefits.

Additionally, funding schemes and skill development programs can provide resources and training for developers, while facilitating collaboration. These measures create a supportive environment for local developers to diversify revenue streams and access new markets.

[8] India's media & entertainment sector is innovating for the future. EY report March 2024.
[9] https://economictimes.indiatimes.com/small-biz/security-tech/technology/how-indias-rising-gaming-ecosystem-is-bringing-investment-opportunities/articleshow/108890619.cms?from=mdr

III. Measures to safeguard and protect general public (especially underage players) from negative and psychological side effects, while promoting healthy gaming

At present, India already has age-gating mechanisms to promote responsible play amongst users.

The IT Rules require Online gaming Intermediaries to identify and verify user identity before commencement of a user account. However, the final Rules mandate such verification to be done only at the stage of accepting deposits from user. The verification process to be followed shall be the same as is followed by RBI regulated entities such as banks, financial institutions, and NBFCs before commencement of an account-based relationship.

The IT regulations have already established a comprehensive set of responsible gaming measures. These rules state that intermediaries are prohibited from hosting any online real money game that hasn't been verified by the SRB, as well as advertising online games that aren't permitted by the SRB. Additionally, online gaming intermediaries are obligated to prominently display a registration mark on all games registered by the SRB.

As per IAMAI's voluntary code of ethics, Online gaming intermediaries should implement "*all necessary safeguards*" to protect minors. This code of ethics encompasses various measures aimed at supporting the gaming ecosystem

a. **Responsible Gaming**: The code encourages game developers to prioritise responsible gaming practices, which can help in building trust among players and enhancing the reputation of the gaming industry.
b. **Fair Gaming Policies**: Fair gaming policies outlined in the code ensure that games are designed and operated in a transparent and equitable manner. This helps in maintaining player confidence and satisfaction, leading to increased player retention.
c. **Financial Safeguards:** Financial safeguards included in the code aim to protect players from fraudulent practices such as unauthorised transactions or exploitation of in-game purchases.
d. **Responsible Advertising:** The code promotes responsible advertising practices within the gaming industry, which not only helps in building a positive brand image but also ensures that marketing efforts are ethical and compliant with relevant regulations
e. **Safeguarding minors**: The code includes measures to safeguard minors from potentially harmful content or experiences within games. By implementing age verification mechanisms and incorporating age-appropriate content. Games involving real money prizes shouldn't be offered to users under the age of 18. Google Play's policies also allow for real-money gaming applications to prevent minors from accessing it.

Specific to the real-money gaming industry, The Advertising Standards Council of India (ASCI) released **the ASCI Guidelines for Online Gaming for Real Money Winnings**, which prescribe, inter alia, that advertisements are prohibited from displaying minors (below the age of 18) playing the game and must include a clearly visible disclaimer that the game offered involves an element of financial risk and may be addictive in nature.

Accelerating the appointment of Self-Regulatory Organisations (SROs) can expedite the enforcement of these regulations.

Support Local Development in India's AVGC Industry

The AVGC (Animation, Visual Effects, Gaming, and Comics) industry in India is poised for substantial growth, with projections indicating a significant expansion in both employment opportunities and revenue generation. Currently employing 2.6 lakh people nationwide, the industry is anticipated to create 23 lakh direct jobs by 2032. Revenue forecasts suggest a remarkable increase, with expectations to surpass $26 billion by 2030, up from the current $3 billion.[10]

The industry has witnessed the emergence of a robust ecosystem, boasting over 4,000 studios nationwide. These studios, including those in Mumbai, Bengaluru, Pune, Hyderabad, Chennai, and other cities, are instrumental in developing high-quality AVGC-XR content for both Hollywood and Bollywood productions. Notably, smaller towns are also witnessing the establishment of new studios, indicating the industry's expanding reach and accessibility.

The Ministry of Information and Broadcasting (MIB) has embarked on various initiatives to propel India into a global gaming and Audio-Visual Gaming Content (AVGC) hub, as evidenced by the draft National Promotion Policy for AVGC. Recognising gaming's central role in AVGC, these initiatives aim to bolster the country's standing in the global gaming landscape.

Many states have also initiated or are in the process of drafting state AVGC policies to boost local game development. For instance, AVGC Taskforce by MIB is structured around four categories, including:

- Domestic Industry Development for Global Access
- Establishment of a National AVGC-XR Mission and 'Create in India' campaign.
- Institute an International AVGC Platform and Gaming Expo.
- Establish a National Centre of Excellence (CoE) for the AVGC sector, along with regional CoEs in collaboration with State Governments.

[10] https://www.thehindu.com/business/indias-avgc-xr-sector-to-become-26-bn-industry-by-2030/article67832231.ece

The collective impact of these national and state-level initiatives is expected to accelerate game development in the country and enhance India's share in the global market. A few States including Karnataka, Maharashtra and Telangana already have policies and are in rapid pace of growth.[11]

Therefore, the finalisation and prompt notification of the National AVGC Policy are crucial steps to provide a unified framework for industry advancement. Additionally, the proposed establishment of National Centers of Excellence (CoE) and regional CoEs, as outlined in both national and state policies, will be instrumental in realising the government's vision for nurturing local game development.

[11] https://www.thehindu.com/business/indias-avgc-xr-sector-to-become-26-bn-industry-by-2030/article67832231.ece

Issue 17

What other strategies should be adopted in the policy document for ensuring a robust grievance redressal mechanism to address and resolve complaints with respect to content as well as services effectively? Provide your comments with proper explanation.

Summary of Recommendations:

1. Industry-established self-regulation and self-regulatory bodies like the NBDA should be the cornerstone of a robust grievance redressal mechanism fostering trust and agility in addressing content concerns within the ecosystem. They also provide the right balance between user interests and freedom of the press.
2. Centralising power could lead to delays in resolving complaints, potentially harming consumers and content creators. Involving industry stakeholders ensures a more efficient process, addressing concerns promptly and benefiting everyone involved.

Rationale:

The present co-regulatory framework for broadcasting content works and there is no market or regulatory failure that necessitates a change in the existing framework. Consumer complaints regarding carriage follow extant regulation under **the TRAI Quality of Service regulations**. The government should prioritise enforcement of TRAI QoS regulations because the regulator does not have enforcement capacity at the last mile (state and local level).

Several efforts have been made in the past:

The Standing Committee on Personnel, Public Grievances, Law and Justice, submitted a report on Strengthening of Grievance Redressal Mechanism of the Government of India to the Rajya Sabha on December 10, 2021.

Grievance Redressal Mechanism:[12] The Committee found that grievances are often redirected without providing valid closure reasons, as per Department of Administrative Reforms and Public Grievances (DARPG) instructions. To address this, it recommends ministries comply with DARPG guidelines and conduct regular reviews of media-raised grievances implementing these measures across ministries will enhance user interaction, transparency, and accountability.

Handling Grievances: Wide variations exist across Ministries and organisations in handling grievances, necessitating an overall review and evaluation of the grievance handling process by all Ministries for timely redressal.

[12] https://prsindia.org/policy/report-summaries/strengthening-of-grievance-redressal-mechanisms

Explanation to the Recommendations:

Industry-established self-regulation should form the foundation of a robust grievance redressal mechanism. To enhance the effectiveness of self-regulation, it has been proposed to notify the Codes of Ethics & Broadcasting Standards (Code of Ethics) of the industry association under Rule 6 “Programme Code” of the Cable TV Rules. Presently, these codes are only binding on association members, and their inclusion in the Cable TV Rules would strengthen the regulatory framework, similar to the Advertising Standards Council of India (ASCI).

Establishing the importance of self-regulation as a principle to regulate media is crucial for fostering an independent Broadcasting Industry. The Hon’ble Supreme Court, in ***Destruction of Public and Private Properties vs Union of India (2009) 5 SCC 212***, endorsed the need for self-regulation in the media and advocated for its implementation.

An ideal grievance redressal mechanism should be a self-regulatory system established by industry stakeholders to address content-related complaints. India should strive to improve its ranking under the Press Freedom Index through policies promoting minimal Government intervention and maximum self-governance.

This policy seeks to encompass numerous industries already governed by existing laws. However, establishing a singular grievance redressal body will result in:

1. Regulatory burdens
2. Lack of industry expertise
3. Delays in redressal

Issue 10

What further steps and initiatives should be adopted by the Central and State Governments and the industry for the growth of animation, VFX and post-production segment? Provide your comments with detailed reasoning and justification.

Summary of Recommendations:

1. Establish AVGC export zones by investigating specialized zones offering fiscal and infrastructural benefits for content production, fostering a creative economy.
2. Provide Tax Subsidies and de-incentivise from Goods and Service Taxes (GST) to revitalize local content production and enhance competitiveness.
3. Utilize tourist spots for filming to boost local economies. Establish production hubs in tourist-rich areas inspired by Exclusive Economic Zones (EEZ).
4. To drive growth in animation, VFX, and post-production, involve the private sector in policymaking, following examples set by successful jurisdictions. Implement strong copyright laws to empower creators and investors, facilitating global expansion

Rationale:

Governments in other jurisdictions have played a pivotal role in promoting the AVGC industry through indirect subsidies.

Countries like South Korea have succeeded in propagating their broadcasting industries, talent, and soft power across the world, despite a strict control on content by the government[13].While India has designated AV services as a Champion Sector for Export of Services, there is large untapped scope for state supported growth via incentives, regulatory forbearance and better design, enforcement, and awareness.

For instance, Japan's 'Young Animator Training Project' exemplifies this approach. This initiative, funded by the Japanese government, provides grants to studios, to employ young animators who gain valuable on-the-job training. Indirect subsidies on the other hand allow governments to focus on specific areas or problems within the industry, such as skill development and employment for young talent. By targeting these areas, indirect subsidies are projected to quickly address challenges faced by the industry, such as the migration of animation work overseas.

The Republic of Korea established a strategic policy to boost the content industry, aiming to create quality jobs and foster growth in response to the 4th Industrial Revolution. To prioritise this initiative, the government formulated the Master Plan for Content Industry Promotion in 2011 under the Content Industry Promotion Act. This legal plan, updated every three years,

[13] https://unctad.org/system/files/official-document/ditctsce2023d3_en.pdf

outlines mid-term and long-term strategies for industry development. Initial measures included increasing government funding, supporting R&D, implementing collaborative projects, developing industry talent, easing regulations, strengthening copyright protection, and promoting free trade.[14]

Additionally, by reducing production costs and risks for studios, indirect subsidies encourage creativity and experimentation, leading towards creating a vibrant and innovative industry landscape.

Explanation to the Recommendations:

1. Investigate the establishment of specialised zones to provide fiscal and infrastructural benefits for content production, aiding the creative economy, by engaging in bilateral agreements with other countries to facilitate co-production arrangements for films and festivals, fostering global collaboration.
2. Offer tax breaks and incentives to content producers, both domestic and international, to encourage productions in India, including game development.

   To revitalise local content production in India, it is crucial to address the de-incentivisation caused by Goods and Service Taxes (GST). Currently, GST imposes additional costs on local productions, hindering competitiveness against foreign content.

3. Promote tourist destinations as attractive production locations, fostering links between tourism and film policies to boost local economies on the lines of Exclusive Economic Zone (EEZ).
4. To foster the growth of the animation, VFX, and post-production segment, it is imperative to incorporate private sector involvement into public policy, drawing inspiration from successful models like that of the Republic of Korea. This entails actively engaging industry stakeholders in policy formulation and implementation to drive innovation and expansion. Additionally, implementing robust copyright legislation is essential to empower creators and investors within these sectors, enabling them to monetise their productions and access international markets effectively. Furthermore, encouraging private sector investments through targeted policy initiatives and incentives is crucial for long-term industry growth. Emphasising the significance of strong copyright protections will instil confidence among investors and facilitate sustainable development within the sector.

[14] K-CONTENT GOES GLOBAL: HOW GOVERNMENT SUPPORT AND COPYRIGHT POLICY FUELLED THE REPUBLIC OF KOREA'S CREATIVE ECONOMY. UNTACD. 2024 https://unctad.org/system/files/official-document/ditctsce2023d3_en.pdf