

**GOVERNMENT OF INDIA
INFORMATION AND BROADCASTING
LOK SABHA**

STARRED QUESTION NO:341
ANSWERED ON:14.08.2003
PROBE INTO STAR NEWS
SURESH KODIKUNNIL;VSM (RETD.) COL. CHOUDHARY

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

- (a) whether the attention of the Government has been drawn to the news-item captioned `Three-pronged probe into Star News launched` published in `The Hindustan Times` dated July 13, 2003;
- (b) if so, the facts of the matter reported therein; (
- (c) whether the credential of MCCL (Media Content and Communication Limited)its funds inflow, projected income and expenditure statement, projected profit & loss and share holders agreement are under investigation; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI RAVI SHANKAR PRASAD)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 341 FOR ANSWER ON 14.8.2003

(a) to (d): The Government has noted the contents of news item captioned `Three-pronged probe into Star News launched` published in The Hindustan Times dated July 13, 2003. The facts of the case are as follows:

The Ministry of Information and Broadcasting received an application from M/s MediaContent and Communication Services (India) Pvt. Ltd on 20th June, 2003, a few days before the expiry of the three month period given to channels / content providers to make the transition to the new regime for foreign News & Current Affairs channels. The application was forwarded to Ministry of Home Affairs and Department of Space, as per procedure. DoS has communicated its no-objection and the comments of MHA are awaited. The application of the company has been examined in detail in order to ensure compliance with the guidelines and also to ensure that the concern of management and editorial control, which formed the basis for the Ministry imposing the 26% Foreign Equity cap, was suitably addressed. Clarification was sought on the said application through communications dated 24th June, 11th July, 14th July, 15th July, 18th July, 25th July and 30th July 2003. Documentations and clarifications have been provided by the company through their letters dated 25th June, 30th June, 03rd July, 16th July, 22nd July, 29th July and 31st July, 2003.

The company has an Authorised Share capital of Rs 5 Crores and presently the Paid up capital is Rs 1 Lakh, of which 26% is held by Star India Pvt. Ltd. The company proposes to increase the Paid up capital by RS. 4 Crores.

It has been observed that the company has entered into agreements with a number of other companies viz. M/s Touch Tele Content, M/s Rent Works (India) Pvt. Ltd, M/s Hughes Electronic Communication Ltd, M/s Himachal Futuristic, M/s Bharati Broad Band M/s. Star News Broadcast Limited, M/s. Star Television Production Ltd., etc. for provision of infrastructure facility, news gathering connectivity relating equipment; production and post-production facilities; V-SAT satellite and optical fiber bandwidth, use of the brand name `Star News`, sale of advertising time on the channel and assignment of distribution rights etc.

Currently the foreign investing company is Star India Pvt. Ltd. (SIPL) and there is a FIPB proposal pending for Star News Broadcast Ltd (SNBL) to invest 26% equity. Once the FIPB proposal is approved, SIPL proposes to sell its shareholding to an Indian shareholders. The shareholding and the structure of the company is, therefore, yet to be firmed up.

An Inter-ministerial Group has been set up on 15 July 2003 to examine the foreign equity norms/guidelines particularly relating to uplinking of news and current affairs channels, in order to ensure that these are tightened to prevent violation/breaches and to facilitate compliance of the guidelines in letter and in spirit. The Group will discuss measures to plug the loopholes, if any, which may permit any company to circumvent the foreign equity norms.