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Shri Anil Kumar Bharadwaj

Advisor (B&CS),
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawaharlal Nehru Marg,
New Delhi-110 002
Email: advbcs-2@traf.gov.in ; jtadvbcs-2@traf.gov.in

Sub: Suggestions in response to Telecom Regulatory Authority of India Consultation Paper on Issues related to FM Radio Broadcasting

Dear Sir,

Greetings from Dainik Bhaskar Group (MY FM)!

First and foremost we would like to thank the Telecom Regulatory Authority of India (TRAI) for issuing Consultation Paper on Issues related to FM Radio Broadcasting (**Consultation Paper**) and inviting suggestions from the public.

In consideration of the comments that have been sought towards the Consultation Paper, we submit as under:

We would like to apprise you that FM Radio industry is going through severe financial hardships owing to a multiple factors, prominent of these being economic slowdown that was already prevailing in the country and was further aggravated due to lockdowns imposed across the nation to prevent the spread of Covid-19 pandemic, high license fees and music acquisition costs (music royalty), high recurring infrastructure costs i.e. tower rental and other charges payable for use of Prasar Bharti infrastructure, and steeply declining govt. spend on radio advertisement and decline in overall advertisement revenues.

Having this background in mind, we now proceed to state the following in response to the specific issues raised in the Consultation Paper:

Q.1. Are provisions related to Annual License Fee prescribed in the extant Policy guidelines for FM Radio broadcasting reasonable? If not, please provide methodology and criteria for arriving at Annual License Fee for private FM Radio channels with detailed justification.

It is noteworthy that all private FM radio broadcasters are required to pay an annual license fee. Payment of annual fee was also mandated for all FM broadcasters migrating from Phase I and II to Phase III of the FM radio licensing regime. The annual license fee payable by private FM radio

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broadcasters to operate FM radio broadcasting services in Phase – II of the licensing regime in or around 2005, was governed by Clause 3 of the Grant of Permission Agreement (GOPA). Clause 3.1 of GOPA sets the formula for calculation of annual license fee, which is extracted hereunder:

"The Permission Holder shall pay an Annual Fee to the Grantor every year, charged @ 4% of Gross Revenue of its FM radio channel or Rs. _____, i.e., 10% of the Reserve OTEF for the city, whichever is higher. Annual Fee shall be paid on a quarterly basis in four equal installments. For this purpose, four quarters shall be tri-monthly periods ending 30th June, 30th September, 31st December and 31st March respectively."

FM Phase III Policy Guidelines dated 25.7.2011 modified the formula for calculation of annual license fees and provided a new formula which is as below:

"(a) Subject to the provisions contained in sub-para (b), the Permission Holder shall be liable to pay an Annual Fee to the Government of India every year charged @ 4% of Gross Revenue of its FM radio channel for the financial year or @ 2.5% of Non-Refundable One-Time Entry (NOTEF) for the concerned city, whichever is higher....."

Therefore, the formula for calculation of annual fee as prevalent is - higher of: (a) 4% of Gross Revenue for the financial year; or (b) 2.5% of the NOTEF*.

(*NOTEF is the successful/ highest bid amount arrived in a particular city through an ascending e-auction process of Phase III licenses (Clause 4.1 of Phase III Guidelines)).

We state that the formula for annual license fee calculation under Phase III is not based on TRAI's Recommendations on Phase III, 2008, which recommended that the annual fee may be same as prescribed for FM Radio broadcasting Phase-II. TRAI recommended calculation of annual license fee on the basis of reserve One Time Entry Fee (OTEF) which is 50% of the highest bid price for the auctioned frequency.

We submit that the calculation of annual fee based on NOTEF results in serious discrimination and adverse economic consequences as places where frequencies have been auctioned in the Phase III regime, the bid amount have exceedingly increased which ultimately affects all license/ permission holders even those who had no part in the bidding, determination, and auction of Phase III license. For example in cities such as Ahmedabad where one frequency was put up for auction under Phase III, while the reserve price for Phase II stood at INR 12 crores, the bidding for the frequency in Delhi rose up to INR 169 crores which became the NOTEF for Delhi. Contrary to this, in cities where frequencies were not put up for auction under Phase III such as Kolkata, the annual fee was calculated based on percentage of gross revenue, resulting in no available NOTEF. As a result, annual fee calculated as a percentage of the gross revenue in such cities was much more reasonable.

In view of the aforesaid fact, it is evident that the calculation of annual license fees based on NOTEF prices is discriminatory, creating gaps, particularly against smaller private FM radio operators who are economically unequipped to compete with the highest bids and pay the license fee based on such

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NOTEF. Further, NOTEF creates discriminatory annual license fees in different cities and also casts additional burden on radio broadcasters who are not a part of the e-auction process.

It is further noteworthy that as per Clause 31.4 of the Phase III Policy Guidelines, for all stations migrating from Phase-II to Phase-III, however, the formula set out in the Phase-II GOPA i.e., 'calculation of annual fee on higher of 4% of gross revenue or 10% of reserve OTEF for the city' was to continue. However, vide notification dated 21.01.2015, MIB amended this clause without any reasonable justification, thereby imposing an additional burden on broadcasters migrating from Phase II to Phase III policy. This also is not in consonance with TRAI Recommendations, 2008.

Given the discriminatory basis for the calculation of the annual license fee, several radio operators such as Clear Media (India) Private Limited and other radio operators including DB Corp Ltd. filed two separate writs before the Hon'ble Delhi High Court seeking an order for setting aside the formula for calculation of annual license fee based on NOTEF. The writ is presently pending before the Delhi High Court.

Further, auction-determined prices do not always represent the fair value of the resource/ frequency as they are determined under a supply constraint and using such bid price may not be reasonable. This has been recognized by the Government of India, while deciding 'migration fees' / the non-refundable one-time migration fee (NOTMF) for Phase II broadcasters interested in migrating to Phase III. Accordingly, the Ministry of Information and Broadcasting (MIB) accepted TRAI's recommendations on the unsuitability of using auction price in calculating the NOTMF.

It is pertinent to note that the private FM radio industry is still suffering from financial hardships and has not yet recovered from the aftermath of Covid - 19 pandemic. In this backdrop, the calculation of annual license fees based on NOTEF only further adds to the existing hardships of the radio industry. It is estimated that on account of the calculation of annual fees based on NOTEF, the private FM radio industry has lost up to INR 150 - 200 crores in the form of excess license fees for FY 2020 and FY 2021.

The Covid Pandemic brought forward the inherent unfairness in the formula, wherein during a period of acute economic crisis the Radio Stations had to pay 2.5 percent of NOTEF as license fee, which were, in many cases higher than 100 percent of the Revenue earned during early months of year 2020-21, during which time the economic activity in the country was put on hold in the wake of lockdown imposed throughout the nation. Even now it translates to a much higher figure (about 11 percent) of Revenue.

Considering the above, we suggest that ideally the License Fee should be completely done away with or in the alternative the Annual License Fees may be calculated on the basis of the formula- 4 percent of Gross Revenue and completely delink with OTEF/NOTEF.

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Q2. Is there a need to extend the permission period for existing FM Radio licensees?

a. If yes, what should be the revised permission period? Please prescribe the period with detailed reasoning/ justification.

b. If not, is there a need to extend any other assistance to private FM Radio broadcasters to overcome the impact of the pandemic? If so, please suggest suitable measures with quantified parameters and justification.

We suggest that **there is an urgent need to extend the license period for existing FM radio licensees by an additional period of 3-5 years.** This is one of the most crucial and immediate reliefs for private FM radio broadcasters who are yet to recover from the effect of Covid 19 pandemic.

It is noteworthy that owing to the pandemic, there have been several restrictions on businesses since 2020. Advertisement revenues earned by private radio broadcasters, which is also the primary source of revenue for radio operators has, undergone a sharp decline. Industries such as real estate, retail, hospitality and restaurants, education, media & entertainment, which historically have been the core advertisers on FM radio, have reduced their advertisement expenditure. The Consultation Paper accurately records, by way of a bar graph, the advertisement revenues earned by private FM radio broadcasters, which demonstrates a decline in advertisement revenue earnings from INR 623.96 crores in March 2019, to INR 362.63 crores in March 2023. The decline in advertisement revenues has caused substantial losses to radio broadcasters in India.

Furthermore, given the country-wide lockdowns, which continued from 2020 through 2022 in three different phases, the radio broadcasters also lost revenue-earning opportunities by cancelling on-ground events, which is a secondary source of income for the radio broadcasters.

Despite the cancellation of events, advertisements and decline in advertisement investments on the radio by businesses, the private radio broadcasters had to continue their businesses with severe losses and by making payment for fixed costs, including tower rentals and annual license fee payments to the Government, payment of salaries to employees, payment of fee / royalty for content/ music acquisition. It is also noteworthy that despite Covid-19 being a 'Force Majeure Event' which directly and materially affected businesses and performance by radio broadcasters under the GOPA, in spite of several repeated representations made at the individual and industry level by the FM radio broadcasters, the Government did not provide any relief or reduction in terms of fee payments and demanded late payment fees and interest from the broadcasters.

Given the serious adverse economic effect on the radio industry, AROI addressed a letter to the government seeking a bailout package, in view of the impact of the pandemic on the private FM radio industry. The AROI requested the government to consider certain concession requests since many brands were restricting expenditure on media. However, no such concession has been provided to date.

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We state that the radio industry has yet not recovered from the ill effects of the economic slowdown caused by the pandemic and other accompanying factors as set out above. The industry will likely take 3 to 4 additional years to regain its position and surpass the revenue levels which existed before the pandemic in FY 2019-2020. Therefore, out of the 15-year license period, 4 years have been affected by the pandemic.

In view of the above, it is suggested that the license period under Phase III Policy Guidelines may be extended by minimum 3 years.

Q3. Is there a need to review the present Policy guidelines as regards the News and current affairs on private FM radio stations? If so, please provide detailed justification, including the additional compliance/ reporting (if any), duration of news and current affair programmes and method of effective monitoring may be suggested.

Yes. There is a need to lift the restriction on broadcast of news and current affairs on private FM radio stations. As per the existing rules, FM radio broadcasters can only air AIR bulletins in 'exactly the same format'. This is a unfair situation in an age where private television channels and the digital mediums, though unregulated, are allowed to broadcast news and current affairs programmes.

We humbly highlight that, to the extent that radio stations perform the function of dissemination of news and current affairs, they perform the functions of the press, and thus ought to be subject to the same freedoms and liabilities as the traditional press and other media.

It is important to set out the background with respect to the ban on news and current affairs content on news channels.

In 1999, the Government rolled out a policy for 'Expansion of FM Radio Broadcasting Through Private Agencies (Phase I)', which allowed fully-owned Indian companies to set up private FM radio stations, with a restriction that no news and current affairs content should be carried by the permitted channels.

After the Phase I guidelines, the Government sought to reformulate its policy, and accordingly set up the Radio Broadcast Policy Committee in 2003, which inter alia, recommended that the ban on curating and broadcasting news imposed on radio stations be waived off on several grounds. First, the report noted that the policy in respect of radio broadcasters varied from the policy for print and television broadcasters. Second, the Committee pointed out that the objective of privatization of the radio sphere was to promote diversity of content and provide information, and yet these were being curtailed by the ban.

These recommendations were echoed in the 2004 Telecom Regulatory Authority of India's (TRAI) Consultation Paper, which noted that the promotion of broadcast of news on radio channels could be a means to promote local content on channels. Additionally, the paper also noted that, as a safety precaution, the channels should be made to adhere to the AIR Code, which lists the types of content

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that cannot be broadcast through AIR, including criticism of friendly countries, attack on religion or communities, and so on.

Despite these developments, in 2006, when the scope of the policy for setting up community radio stations was broadened to include non-profit organizations, it still expressly excluded individuals from setting up community radio stations and prohibited the existing stations from broadcasting news and current affairs completely.

Similarly, in 2005, the Government liberalized some regulatory aspects of radio broadcast with the Phase II scheme on FM Radio, but retained the blanket ban on broadcast of news and current affairs. The same is repeated in the GoPA for establishing, maintaining and operating community radio stations, released in 2006.

In 2008, TRAI considered the issue again, in greater detail, in its 2008 Consultation Paper deliberating on issues regarding Phase III policies for private FM broadcasting. It was noted that **the Federation of Indian Chambers of Commerce and Industry (FICCI) was of the opinion that broadcasters must be allowed a particular slot to broadcast news, on the basis that the same is allowed on private television channels, the internet, and newspapers.** FICCI also shed light on concerns of accessibility, highlighting that access to newspapers, TV sets, and/or cable connections require a certain level of literacy. TRAI, however, also noted that due to the 'exhaustive coverage' possible through FM radio broadcasts, news on the radio had the potential to create an immediate major impact, which made corrective action and damage control difficult. In light of the same, TRAI recommended that '*news and current affairs must not be permitted till [an] effective monitoring mechanism is put in place*'. As a compromise, TRAI suggested that radio broadcasters could be allowed to broadcast the 'exact same news and current affairs content' already aired by AIR or Doordarshan or Press Trust of India.

The Phase III policies for FM Radio, published in 2011, followed this stance and permitted FM Channels to carry the AIR news bulletin, unaltered, on their channels. The blanket prohibition on news was further relaxed to some extent since the new policy deemed certain items as 'non-news', and thereby permitted FM channels to broadcast the following categories of content:

- (a) Information pertaining to sporting events excluding live coverage. However, live commentaries on local sporting events may be permissible;
- (b) Information pertaining to traffic and weather;
- (c) Information pertaining to coverage of local cultural events and festivals;
- (d) Coverage of topics pertaining to examinations, results, admissions, career counselling;
- (e) Information regarding employment opportunities; and
- (f) Public announcements pertaining to civic amenities like electricity, water supply, natural calamities, health alerts, etc. as provided by the local administration.

Broadcast of other forms of news or current affairs by private FM radio channels continued to be prohibited.

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We state that the continued restriction on broadcast of news and current affairs content on radio is violative of our members' right under Article 19(1)(a) of the Constitution, which encompasses not just the right to disseminate information but also the right to receive information. The freedom of the press also implies that the choice of what is to be printed in the editorial or the news-columns of a newspaper should rest with the editor of the paper, and not any public official or even the Government. This can be extended to the radio stations as well, so far as their news dissemination function is concerned. By dictating the types of information and news items that could be broadcast, the Government is therefore indirectly interfering with the autonomy of these channels; almost akin to an interference with the editorial policies of a newspaper, which in itself is a problematic exercise.

In *Indian Express Newspapers v Union of India*, the Supreme Court held that '*the freedom of the press rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public.*' Applying this interpretation here it can be well observed that AIR's monopoly over news prevents the listeners of radio channels from accessing diverse sources of news. This is problematic when one considers that in the Indian context, freedom of speech and expression has always been valued for its instrumental role in ensuring a healthy democracy, and its power to influence public opinion.

Further, we seek to highlight that the AIR broadcast is done in merely 20-30 major languages, through only 47 stations around the country. Hence, the current government regulation disproportionately affects particular communities. As the TRAI Consultation Paper pointed out in 2008, acquiring news from newspapers and television channels requires certain levels of literacy. Thus, **for the illiterate and socio-economically disadvantaged citizenry, news on radio may be the only viable source of news.** These communities are being forced to rely on a single, centralized and regulated broadcast, which may be carrying irrelevant content in an incomprehensible language. Unlike AIR, private FM radio operators have a separate radio station in each of the 388 locations in the country across more than 100+ cities. This gives them the unique advantage over any other medium, to communicate real-time in local language and even dialects, giving radio an unparalleled local connect and making them best poised to create and broadcast news most relevant to local audiences, in the language they best understand.

It is also pertinent to note that all other mediums of broadcast *viz.*, print, television (regulated), All India Radio or digital (unregulated) are permitted to broadcast news and current affairs, subject of course, to adherence of certain mandatory requirements. Private FM broadcast has an enormous reach, good understanding of the audience in the remotest corners of the country and a great connect with the masses. It is one of the best placed mediums to disseminate important news and current affairs content free-of-cost. In view of the above, there is no logical explanation for the embargo on radio stations broadcasting news and current affairs content. The permission will only create a level playing field for the medium.

Radio channels perform an important public service function and are able to reach the remotest corners of the country. Radio broadcasters, through their FM radio stations, act as a vehicle of social upliftment and education for the masses. **During COVID-19 pandemic, radio broadcasts into homes, workplaces**

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and hospitals provided essential updates on health measures (free booster shots etc.,) and provided solace to scores of people cut off from their loved ones. The importance of radio broadcasting through FM radio stations to ensure timely and authentic information dissemination is also noteworthy from a perusal of MIB's letters dated 23.03.2020 and 20.05.2021. In view of the public interest aspect involved in radio broadcast, it is important that the freedom of speech and expression of radio channels not be curtailed in relation to broadcast of news and current affairs content.

Permitting radio operators to broadcast news content can also help in easing the music royalty burden on radio broadcasters. Currently, private FM broadcasters are heavily dependent on broadcast of music content, which entails crores of rupees of royalty payments to music licensors. This is because the royalty payouts are majorly based in 'per needle hour' basis i.e. depending on number of hours of music played in an hour/day/month. If broadcasters have the option of running variety of content other than just music i.e., news/current affairs programs, this dependency can ease and the expenditures can be controlled to a large extent, thus indirectly helping the ailing industry.

In order to combat any potential misinformation, radio operators may be permitted to set up a self-regulatory body in the likeness of the NBSA, which would administer a code of standards for news aired on these channels. Adherence to the code would be voluntary. To ensure that a uniform standard of journalistic ethos is preserved across all mediums of news, this code would be emulating the existing best practices. Among other things, we recommend the code to contain pointers regarding:

- i. Impartial reporting.
- ii. Ensuring that crime reporting does not glorify crime and violence.
- iii. Safeguarding the privacy of the individual subjects of the news.
- iv. Refraining from advocating superstitions and unscientific beliefs.
- v. Refraining from any content that pertains to unlawful activities under article 19(2)

In view of the above, the restriction/ban on broadcast via radio of news and current affairs content ought to be reviewed and relaxed.

Q4. Is there a need to mandate that all the Mobile Handset manufactured/ sold in India will require to have an in-built FM Radio receiver? Please provide detailed justification for your comments.

We agree with the observations of the Authority that (i) FM radio acts as a major fillip in serving far flung areas of the country; and (ii) in accessible areas during natural emergencies.

It is noteworthy that it is the mobile revolution in the country, ultimately leading to a drastic drop in prices for voice and data services that has solved the problem of tele-density and accessibility of the said essential service in the country. According to a survey was conducted by consumer insights firm Toluna India, FM radio listenership in Tier-II and Tier-III markets is on the rise, with 80% of the respondents to a survey claiming to be tuning in to radio. One of the key findings of the survey was that working professionals are big consumers of FM radio, with nine out of 10 such respondents saying that they regularly listen to the radio. As much as two-thirds of the students surveyed also claimed to

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be regular radio listeners. The survey results found that mobile phones and music systems installed in cars/vehicles are the most used devices for radio consumption.

Today, the mobile phone has become ubiquitous and very often referred to as an extension of the human body for the multitude of utilities that it provides within one device. In fact, the Authority has deemed it fit to also consider a consultation on convergence of regulations in view of the convergence of technologies for content and broadcast which is proceeding parallelly.

Further, as noted by the Authority, from accessibility of entertainment perspective, FM radio was privatized with the sole view to reach the common man and especially in the far-flung areas and Tier C and D cities and villages.

FM radio also plays an important role as means of dispensing information during natural disasters.

- i. When most other modes of communication, including mobile networks fail, radio has been shown to be a reliable mode of communication, as was seen in the aftermath of Hurricane Maria in Puerto Rico, where officials relied on FM radio stations to help in coordinating the pickup and delivery of relief items from ports to communities throughout the island¹. Unlike TV, FM radio transmission is local in nature, transmitting hyper-local information within a 72-100 kilometer radius. A disaster in one city or district in the country cannot be handled via television, because satellite TV has a national footprint. On the other hand, FM radio is ideal for providing a minute-by minute update on the evolving situation in the concerned city or district. Further, Radio Jockeys (RJs) speak in local-vernacular languages and hence, can communicate with the population more effectively.
- ii. FM radio has numerous advantages that make it suitable for broadcasting crucial messages and information to masses. First, FM is much more energy efficient than WiFi and Bluetooth. FM receiver consumes around 15 mW, while Wi-Fi and Bluetooth typically consume over 400mW and 150mW, respectively. In addition, since low frequency radio waves are less sensitive to the weather/terrain conditions, FM signals are less affected by these minor influences. Finally, FM signals penetrate obstacles more easily than Wi-Fi or GSM since the attenuation of radio waves by obstacles increases with frequency. The aforementioned considerations suggest that FM radio broadcasting has a number of inherent advantages over the other communication systems².
- iii. The ubiquity of FM signals is another critical feature during disasters. A listener can listen to FM radio over various devices - mobile phones, car stereos, ordinary transistors,

¹ Karl Vick, *A Land They No Longer Recognize: Desperation and Resilience in Hurricane Battered Puerto Rico*, Time Magazine, October 2017, Accessed online at <https://time.com/a-land-they-no-longer-recognize/>

² Yu-Jia Chen, Chia-Yu Lin, and Li-Chun Wang, *A Personal Emergency Communication Service for Smartphones Using FM Transmitters*, ResearchGate, September 2013, Accessed online at: https://www.researchgate.net/publication/261380620_A_personal_emergency_communication_service_for_smartphones_using_FM_transmitters

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modern smart speakers like Alexa and Google Home and even on the TV set. Even if the battery of the mobile phone dies, it is possible to listen to FM radio on other devices. This is a truly unique feature that becomes critical during disasters.

- iv. Even from a quality of content perspective, merely sending text messages to people via mobile networks was felt to be inadequate during the COVID-19 pandemic, when it was necessary to educate people about the precautions to be taken to prevent the spread of the deadly virus. Important information on issues like what to do if COVID symptoms emerged, who to contact in emergency, how to isolate and quarantine, where to do COVID testing etc. could be best communicated via an RJ talk or interview on FM radio, which became important conduits between the authorities and the people.

Requiring mobile handset manufacturers to mandatorily insert an FM chip will necessarily expedite achievement of the aforesaid goal. Among the various reasons that this will happen is the convenience of receiving such the radio broadcast signals without having to pay for an extra device. While the radio set may no longer cost as much as it used to in the past, however, from the perspective of the audience that the government is trying to provide entertainment to, it does constitute a cost burden.

Further, while music and entertainment is more accessible via digital OTT platforms, the said platforms are attuned more for the Tier A and B cities and audiences who look for choice and content that suits their tastes. In contrast, the populace that is in villages and far-flung areas, in their current demographic and access potential, merely need entertainment without having to navigate the myriad choices of OTT platforms and the content that they offer. Radio receivers on their mobile will solve that need.

Lastly, the international experience from similarly placed countries provides another sound reason to make this requirement mandatory. Major US carriers now allow FM chips to be turned on. Manufacturers like Samsung, LG, HTC, and Motorola have activated FM radio on their phones. Mexico's Federal Telecommunications institute has approved a new rule requiring smartphone manufacturers to activate the FM chip embedded in all modern mobile devices. The move came in 2017 after months of pressure from the National Chamber of Radio and Television Industry (CIRT) and makes Mexico the first country in the world to enact such legislation. From 1 June 2021, mobile phones manufactured in Brazil must integrate FM radio, to allow those in areas not served by the internet to get information for free. The government sees this as an opportunity for those who live far from large urban centers, where the mobile network signal is weak and FM stations are well received. As many as 40 million Brazilians do not have access to the internet, but almost all of them have a mobile phone.

The possible issue that could arise in this context is the "forcing" of mobile handset manufacturers to mandatorily provide for such a chip. It is pertinent to note that music OTTs started in India sometime around 2012. During the period between 2008 – 2010, mobile phone models carrying FM radio tuners were at an all-time peak. Surprisingly, the decline in this feature being made available in mobile phones

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started after 2012, falling to abysmal levels by 2018, particularly with Apple phones having no FM functionality at all. The following chart demonstrates the decline³:

As is evident from the above, the market a sharp decline in mobile handsets having FM functionality from 2014, around the same time when music OTTs were launched. It is important to note that OTT services like Apple Music, Amazon Music, Spotify, Wynk etc. started entering Indian markets around this period with their applications being pre-loaded on various mobile handsets. There cannot be a clearer indicator of the restrictive trade practices of these large international players to drive a popular free service like FM Radio out of the mobile market, so that people who wish to consume music are first addicted to free music streaming from these music OTT apps, which slowly tuned into subscription based model, compelling mobile users to pay for more Data from telecom service providers and also subscription fees to music OTTs due to lack of option of free services of FM radio broadcast.

It is pertinent to highlight here that initially, standalone radio receivers were used for listening to FM Radio channels. With the advancement of technology, FM radio receivers were integrated with Mobile handsets doing away with the need for standalone radio receivers. This enabled people from all strata of society have access to FM Radio channels. Availability of radio receiver on mobile handsets enables the poorest of poor in connecting to the radio without needing to spend on an additional device. Radio reception is available free of cost to the user without necessitating subscribing to data plan from telecom service providers. As such, availability of FM Radio on mobile phones serves the information, entertainment, educational needs of the underprivileged section of the society.

While the technological arguments may be overcome with availability of alternative solutions, the Government may be able to make this more palatable for the mobile handset industry by prescribing it as a condition to avail of the PLI benefits that have been offered to this industry.

In view of the above, we suggest that a mandate that all the Mobile Handset manufactured/ sold in India will require to have an in-built FM Radio receiver is the need of the hour.

Q5. Stakeholders may also provide their comments on any other issue relevant to the present consultation.

In addition to the above listed issues, we would also like to humbly request that due consideration may be given to following issues:

- i. Allowing broadcasters to develop their own transmission infrastructure – Phase III policy and the GOPA mandates that the broadcasters to co-locate their transmission infrastructure in the already existing CTI in a city. It is pertinent to mention here that CTI is owned by Prasar Bharti and is maintained by BECIL. Both Prasar Bharti and BECIL levy heavy charges for tower rent and CTI maintenance respectively. These costs add on the financial hardships of broadcasters who are already heavily burdened because of high license fee and music acquisition costs. In view of the

³ Peter, Counterclockwise: FM radio is past its peak, GSM Arena, December 16, 2018, Accessed online at: https://www.gsmarena.com/counterclockwise_fm_radio_is_past_its_peak-news-34707.php

D B CORP LIMITED - RADIO DIVISION

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above, it is suggested that broadcasters may be allowed to develop their own transmission infrastructure.

- ii. Ensuring regular Govt. advertisement spend on radio – Govt. spend on radio advertisement has fallen drastically in the recent years. We suggest that to bolster the dying FM radio economy, the govt. should ensure regular advertisement spend on radio.
- iii. Revision of DAVP rates – We would also like to highlight that DAVP empanelment is done for a period of 10 years and the rates once fixed by DAVP are applicable for entire duration of 10 years leaving no scope of revision of rates during the term of 10 years. We suggest that rates fixed by DAVP should be linked to Consumer Price Index (CPI) and a periodic revision mechanism for DAVP rates should be introduced.
- iv. HD Radio – at no additional cost: Many countries have already adopted the HD radio technology for FM radio broadcast and we believe it is high time that India adopts the technology as well. This will help in improving listener experience due to better sound quality. We suggest that current policy should be amended to permit HD radio channels at no additional cost to the existing permission holders. This will boost the health of the ailing industry by increasing opportunities by way of higher ad-inventory, ability to start dedicated channels for news/current affairs (if permitted as be suggestions above.) and consequently benefit the government by way of higher license fee once the revenues of the industry are up. Resultantly, this measure will be to benefit of all stakeholders in the industry.
- v. Permission for slump sale: As you are well aware, the process for a loss making organization to alienate its loss making FM radio station business into a separate entity, under the reorganization permission now available to them, involves a lot of time and procedural hurdles. To counter this, we propose that ‘slump sale’, which is a well-recognized concept under the Income Tax laws, should be permitted for sale/take-over of FM frequencies. This can help many small broadcasters and even big companies to reorganize their business in quick time and help them to remain profitable.
- vi. Change in Auction Methodology: We propose a change in auction methodology in future auctions for new frequencies, for the following reasons:
 - a. From historical data of the previous auctions, as mentioned in the CP, it is evident that the success rate of auctions has been always low, primarily due to high Reserve Price and high license fees charges by the government. The chances of any further auctions being successful are completely bleak considering the current state and struggles faced by the existing players, which are fighting for survival. Hence it is necessary to drastically modify the future auctions, by fixing the lowest bid price for a particular city of the previous auction as the reserve price for the upcoming auction.

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- b. We believe that this will be the only factor that can incentivize existing and new players to bid for additional/new frequencies. The result can be successful allocations, higher value bids collection for the government and thus upfront collection of monies for the government, even the interest on which can be more than the license fee that may be paid by the players over the term of the new licenses.

We sincerely thank you for the providing us an opportunity to put forth our views on the above issues.

Thanking You

Yours sincerely

Vijay Garg
C.F.O - DB Corp Ltd. - Radio Division
(MY FM)

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