

entertainment network (India) limited

Corporate Office: 14th Floor, Trade World, D-Wing, Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400 013, India. Tel: 022 6753 6983.

Via Email

August 17, 2022

To,

Shri Anil Kumar Bhardwaj

Advisor (B&CS)

Telecom Regulatory Authority of India

Mahanagar Doorsanchar Bhawan

Jawaharlal Nehru Marg,

New Delhi-110 002

Email: advbcs-2@traigov.in and jtadvbcs-2@traigov.in

Sub: Response to the Consultation Paper dated July 21, 2022 on “Issues related to Community Radio Stations”

Dear Mr. Bhardwaj,

At the outset, We, Entertainment Network (India) Limited (‘We’/ ‘ENIL’), would like to commend TRAI for the participative approach in discussing issues relating to Community Radio Stations (CRS). The consultation paper meticulously sets out the present scenario as well as community radio related facts in India and abroad with relevant statistics. We hope that this paper like the previous consultation papers issued by the TRAI would lead to recommendations that would best suit the interests of all stakeholders.

Before putting forth our views and specific comments on the issues for consultation, we would like to preface the same with few important points as given below:

- **Current Status of Radio in India**

Let’s begin by looking at the overall status of Radio communication in India. As per TRAI statistics, India has 34 private FM broadcasters, across 112 cities, who operate 385 FM radio stations. In addition, the public broadcaster Prasar Bharti’s All India Radio (AIR) service operates 479 stations in 23 languages, reaching 92% of the country’s area and over 99% of India’s population.

This shows that between the private FM radio stations and those of AIR, almost entire geography of India is covered taking care of entertainment and information need of population in almost all parts of the country and in most of the languages and dialects. This is further supplemented by the currently operational 356 CRS, serving specific subsets of this audience.

- **Main objectives of CRS**

While considering the issues relating to CRS, it is pertinent to view the same in context of the core objectives of formation of CRS. As enunciated clearly in the CRS policy guidelines the main objective of CRS is to encourage ‘Non-profit’ organisations like **civil societies and voluntary organisations** to set up CRS to allow greater participation

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by the civil society on issues relating to development & social change. The objective has been benefit and participation of specific communities and not commercial gain, as in case of private FM broadcasting.

As such, while bringing in any policy changes, care should be taken to ensure that while encouraging CRS, the same should not blur the lines between private FM and CRS broadcast. In other words, both should complement each other and not compete with each other.

- **Use of scarce natural resource**

CRS though on a smaller scale, still consumes the valuable and scarce frequency spectrum at an extremely low cost, in view of their nature of operations and objectives as aforesaid. **Private FM players on the other hand, pay a huge price in terms of annual license fees and other heavy infrastructure costs to operate their stations (approximately 40 crores annually in case of ENIL).** Considering this, focus should be more on helping the existing CRS to serve their concerned communities in a better way, than to further expand the network of CRS.

The reason for this is two-fold (a) it may lead to too much load on scarce frequency spectrum and (b) in many areas and especially smaller cities, there may be complete overlap of CRS and private FM station's broadcast coverage, in terms of coverage and consequently target audience for advertising in such areas. This can put further pressure on the monetisation abilities of the private FM operators due to competition from local CRS.

It should be noted that any proposal to expand the scope of eligibility for CRS or increase in commercial advertising time for a CRS or permission to hold multiple CRS license to an entity may go on to blur the lines between private FM broadcasting and a CRS. This may also clearly become a backdoor and cheaper route to enter commercial radio broadcasting without having to pay the heavy price for the same.

Keeping these basic points in perspective, we present our views on the specific points of consultation as given below:

1. **Should the not-for-profit companies, registered under section 8 of the Companies Act 2013, be permitted to establish Community Radio Stations (CRS)? Should the existing terms and conditions for establishment of Community Radio Stations and Government's supporting scheme be made applicable to such not-for-profit companies? Please provide justification for your response.**

ENIL Response:

There is no need at all to expand the scope of eligibility to section 8 companies due to following reasons:

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- a. Section 8 companies also have in its ambit ‘**companies formed for promotion of a religion**’. Though not-for-profit, a CRS run by such company may potentially be used for creating communal disharmony. Monitoring broadcast content of such CRS, particularly in areas with difficult terrains etc can be a practical challenge and an administrative headache. The potential of misuse of such CRS is very high. Hence, as recommended by the TRAI previously, political and religious organisations or any organisation related to them should be expressly barred from being eligible to apply for a CRS.
- b. Government is giving spectrum, which is a scarce resource, to CRS owners at minimum cost. The proposal to allow section 8 companies to get CRS license would lead to giants like Infosys Foundation, Reliance Foundation, TATA Foundation, Reliance Research Institute, (which are some of the examples of Sec 8 companies registered under the Companies Act), securing such license without need to participate in auctions and spending large sum of monies in fees, infrastructure cost etc.
- c. Section 8 companies are allowed to amalgamate with other companies having ‘similar objects’ as per the Companies Act. This may create a situation where a company post obtaining a CRS license, merges with a bigger company, passing on the benefit of such license to the other company, thereby circumventing the ‘non-transferable’ nature of the CRS license.
- d. The music royalty charges payable by CRS to disseminate music is miniscule. Industry bodies like Phonographic Performance Ltd (PPL) and Indian Performing Rights Society (IPRS) (which control majority of music repertoire licensing in the country) is also negligible as compared to music royalty paid by private FM radio channels.

For instance-

(i) **in case of IPRS**, as per its published Tariffs card, the music royalty rates for CRS are annually – higher of- **Rs 50,000/- or 5% of Gross Advertising Revenue**, as compared to those charged for private FM broadcasters, which is- **5% of Gross Revenues, subject to minimum guaranteed license fee ranging from 4,50,000/- for Tier D city to as high as Rs.17,00,000/- for Tier A+ city.**

(ii) **in case of PPL**, as per its published Tariffs card, the music royalty rates for CRS is per annum - **Upto 4 hours INR 2 Lacs (Rupees Two Lacs); 4-6 Hours INR 3 Lacs (Rupees Three Lacs); 6-8 Hours INR 4 Lacs (Rupees Four Lacs)** which are negligible when compared to rates for private FM broadcasters which are:

A + Cities - Higher of 7% of NAR or PNH Rs.10,000

A Cities - Higher of 7% of NAR or PNH Rs. 2,500

B Cities - Higher of 7% of NAR or PNH Rs. 1,250

C Cities - Higher of 7% of NAR or PNH Rs. 625

D Cities - Higher of 7% of NAR or PNH Rs. 315

(NAR – Net Advertisement Revenue; PNH – Per Needle Hour of music played)

This would even encourage section 8 companies related to big corporates as mentioned above, to apply for CRS license, pay music royalty at extremely low

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rates and use the CRS license to promote their own products/services which earlier it would do so by using inter alia, a private FM radio channel.

- e. The aforesaid may further create monetisation difficulties for private FM stations, particularly in smaller cities for the reasons stated earlier and make the private radio stations in such areas unviable commercially.

2. What should be the prescribed license period for CRS in the Guidelines?

ENIL Response:

We believe that the current license period is adequate. TRAI in its recommendations in the year 2014, has rightly observed that CRSs are not professionally run commercial enterprises. After receiving permission to operate, how a CRS performs is an open question. In addition to this they are utilising the scarce spectrum at negligible costs. Considering all this, the license period needs to be limited to the current duration to ensure that renewals are done only in deserving cases and not as a mere procedure or rule.

3. What should be the period of extension/renewal on the expiry of the initial permission?

ENIL Response:

We are of the opinion that the current extension policy need not be changed. Rather the CRS should be required to prove the compliance with the basic requirements for running CRS (e.g., community involvement in programming, use of revenues generated etc.) during the entire previous license period (and not only part of it) before granting any extension/renewals, to avoid misuse of the licenses.

4. What should be the terms & conditions for renewal/ extension of license period? Please provide list of compliances to be submitted by the organization operating a CRS for making an application of renewal.

ENIL Response:

In view of the grants and support provided by Government to CRS, there should be strict and regular audits (minimum half yearly audits) of CRS to ensure that the license terms are scrupulously complied with.

We further recommend that, in order to dissuade frivolous applicants or those who try to use a CRS as a backdoor entry to commercial radio broadcast at negligible costs and to ensure that the CRS should serve its purpose, it is time to fix the license fee for a CRS at a minimum of Rupees Five Crore.

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5. **Should the existing limit of 7 minutes per hour on duration of advertisement on CRS need to be revised? If yes, please suggest the limit on duration of advertisement on CRS with justification.**

ENIL Response:

No. For the reasons stated in the hereinabove we feel 7 minutes per hour is sufficient enough for a CRS to recover their operating costs. In view of the objectives of CRS and other sources of funding, extending the limit of 7 minutes may lead to over commercialisation of the CRS, which is not the primary objective of a CRS.

We recommend that synergies with private FM stations in the area of operation of CRS should be permitted and promoted.

For example- a revenue share arrangement where a private FM player can help the CRS to procure their allotted limit of 7 minutes by extending coverage to its existing clients on CRS or lending of creative expertise by private FM stations for curating customised good quality programming for CRS to serve its community, in exchange of brand and other promotional support from the CRS can be considered.

This will help the CRS to remain operationally viable and also augment the co-existence of private FM stations and CRS, consequently benefitting the common audiences that they serve.

6. **Should the not-for-profit organizations, operating in multiple districts, may be allowed to setup multiple CRS in their area of operation? If yes, should there be any additional terms and conditions governing such permissions? Should there be any cap on number of permissions granted to such not-for-profit organizations?**

ENIL Response:

No, this should not be allowed. We believe that for each area of operation a separate applications should be made, even if by the same entity. Each such application should be reviewed and permitted only on its merits having regard to facts and circumstances, area, other eligible applications etc. and not simply because such entity has been successful to procure a license in one city or district or area.

7. **What are the factors responsible for slow growth of CRS in India? Whether the current scheme for ‘Supporting Community Radio Movement in India’ is adequate to promote the CRS in India? What other measures can be undertaken to promote faster growth of CRS in India?**

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ENIL Response:

We do not think that slow growth of number of CRS should be a cause of concern. Rather the concern should be whether the existing CRS are actually serving the purpose for which each of them were formed.

We are of the view that emphasis should be laid on (a) addressing the needs of CRS which operate in remote and difficult terrains (b) ensuring that the communities represented by the CRS are adequately served (c) finding ways to create more synergies between the private FM players and CRS in relevant areas.

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

ENIL Response:

We also believe that the broadcast content of CRS should be strictly regulated and constantly monitored to ensure that:

- a. The content is made with participation of the community, as originally envisaged in the policy guidelines.
- b. The content is restricted to only educational content and that connected to the community goals.
- c. The content does not transgress into the realm of entertainment, directly or indirectly, thereby blurring the lines between a CRS and commercial private FM broadcast.
- d. No news or current affairs should be permitted to allowed for broadcast, whether self-generated or sourced from AIR, as there are high chances of misuse of such permission, as noted by TRAI in its 2014 recommendations. Also news and current affairs are entirely out of the purview of objects of a CRS.

We once again thank you for the opportunity provided by your good offices to put forth our views and suggestions on the subject and hope that they shall be given due consideration.

Sincerely,

For Entertainment Network (India) Limited



Prashant Ramdas

Vice President & Head-Legal