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TELECOM REGULATORY AUTHORITY OF INDIA

For Immediate release.

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TRAI releases Recommendations on 3rd Phase of Private FM Radio Broadcasting.

New Delhi, 22nd February, 2008. Today Telecom Regulatory Authority of India (TRAI) released recommendations on “3rd Phase of Private FM Radio Broadcasting”.

Ministry of Information & Broadcasting has sought recommendations of TRAI in terms of Section 11(1)(a) of TRAI Act, 1997 on the modifications to be incorporated in the policy guidelines for FM Radio Broadcasting Phase-III.

One of the barriers for further growth identified by the Authority during the consultation process relates to the restriction of existing guidelines that do not permit news and current affairs on FM Radio broadcast. Information requirements of large section of unserved population and those who lack access to information through other means like internet, television services, etc. can be conveniently met without any cost to the receiving population only through FM Radio services.

Sustaining the growth witnessed in FM Radio sector is possible only if certain major policy decisions are taken and these include increasing the number of channels for FM Radio broadcast. One such area which is said to affect the viability of FM radio operations in the country is the restriction on multiple ownership of channels in a city and networking of FM radio programmes across entities. The Authority has weighed the pros and cons of these restrictions and has concluded that the benefits arising from the removal of these barriers are likely to be very large in terms of its direct and indirect impact.

Another major Recommendation that may remove barriers for consolidation and thus fuel further growth in the sector relates to a change of the unit for Private FM Radio broadcast licensing from city to district. This one step would effectively enhance the area of operations of FM Radio broadcasting to larger geographical area and thus covering a larger population. This again would result in reduction in the cost of operations for the broadcasters. Necessary flexibility has however been provided for retaining the existing area of operations.

The gist of the recommendations is given below.

Need for Augmentation of Private FM Broadcasting

- The geographical basis for Private FM radio bidding in future may be changed from City to District.
- The channels available in a district shall be auctioned to the eligible bidders and shall be allocated to successful bidders in descending order of the bid price.

- The existing operators/ licensees may be given the option to enlarge the area of operation for the same channel to provide coverage to full district after fulfilling certain conditions.
- The bidding for remaining 97 channels of Phase-II scheduled on city as operational area be rescheduled considering district as operational area to avoid complication of subsequent migration from city to district level.

Additional channels in the same city:

- Number of channels for FM Radio broadcast in Category A+, A, B, C cities, now changed to districts basis, which may have been reduced due to non availability of frequencies during Phase-II bidding, may be restored as envisaged in Phase-II, subject to technical feasibility.

Restriction on Ownership of Channels in a district:

- At least three channels excluding AIR in any district will be given to three different entities excluding AIR. Once this condition is met, the existing operator/ permission holder may be declared successful for any channel where his bid is highest subject to the condition that maximum number of channels to a permission holder in the district will not be more than 50% of total channels in the district.
- The existing ceiling limit of 15% of total FM Radio channels in the country permitted to a permission holder is no longer valid.

FDI limit

- The FDI cap including FII for FM Radio broadcasting permission holders, who are interested to broadcast news, may be enhanced to 26% from present 20%. Similarly, the FDI cap including FII for FM Radio broadcasting permission holders, who do not opt for news broadcasting, may be enhanced to 49% from present 20%.

Change in ownership of the permission to broadcast FM radio

- No change in holding pattern of the shares shall be permitted till start of the FM Radio broadcasting in any circumstances.
- Diluting the share holding by majority shareholders is allowed after start of FM radio operation, subject to condition that their share holding does not reduce below 51%, with the prior permission of Ministry of I&B. Any change in ownership or further dilution shall be permitted after a period of three years from the date of operationalisation, after obtaining written permission of the Ministry of Information & Broadcasting.

Relaxation of fee structure for North-East and J&K

- The rate of Annual fee may be reduced to 50% of what is being charged from all existing permission holders in other areas for

private FM Radio broadcasters in NE and J&K region for an initial period of three years.

Networking of FM radio programs across entities

- All private FM Radio broadcasters may be permitted networking within their network. Networking across the permission holders should not be permitted.

News and Current affairs on FM Radio

- FM Radio broadcasters may be permitted to broadcast news taking content from AIR, Doordarshan, authorized TV news channels, UNI, PTI and any other authorized news agency. No other source of news is permitted at present.

Co-channel spacing:

- Co-channel Spacing within district presently used may not be changed and kept at 800 KHz. Similarly 400 KHz channel spacing between two channels in adjacent districts is maintained.

Collocation of transmitters

- All successful bidders may be mandated to co-locate their transmitters with existing facilities of All India Radio if available and technically feasible within a pre-defined period say 3 months. In the absence of AIR facilities, the successful bidders may form consortium and set up required infrastructure.

Floor price of the bid

- The Reserve OETF (One Time Entry Fee) should be fixed at 50% of the highest bid price in a District.
- Minimum annual fee for a district shall be calculated based on 5% of reserve OTEF.

Content Outsourcing

- In order to encourage diversified content development, there should be no restriction on the outsourcing of content production as well as leasing of content development equipment.

Auto Renewal of permission

- There should be provision for automatic renewal of permission to only district level permission holder of FM Radio broadcasting.
 - Extension for renewal should be requested 4 months in advance of expiry of permission period.
 - Permission holder shall pay the required amount within one month from the date of receipt of such request from I&B Ministry.
 - Ministry shall issue permission for extension of operation period for another 10 years in one-month time from the date of receipt of such payment.
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The full version of the recommendations is available on TRAI web site www.trai.gov.in.

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