

**Minutes of the Stakeholders' Consultation held on 22.01.2016 on
e-Auction of private FM Radio (Phase-III) channels**

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Stakeholders' Consultation on e-Auction of private FM Radio (Phase-III) channels took place under the Chairmanship of Secretary, Ministry of I&B at 11.00 A.M. on 22nd January, 2016 in Committee Room No.654 'A' Wing, Shastri Bhawan, New Delhi. The list of participants is at annexure.

2. Welcoming the participants, Chairman stated that the aim of FM Ph III was to enhance radio density in the country and efforts should be made for supporting FM radio to grow into a viable business model. He then invited the Joint Secretary (B II) to brief about the activities undertaken under FM Ph III so far.

3. FM radio operators congratulated MIB for the fairness and transparency of e-auction process of the first batch of private FM radio channels under FM Phase III.

4. Chairman asked FM Radio Companies to give suggestions on e-Auction of channels in subsequent batches under phase III. Following suggestions were given by FM operators:

A. Suggestions on FM Ph III Policy:-

- i. National cap of 15%- The national ceiling of 15% should be looked at seriously for future auctions. Representative from AROI submitted that if subsequent auction takes place in batches without relaxing 15% National cap, then 15% cap be applied on overall number of channels being put to auction in phase III and not batch wise.
- ii. Lock-in period of 3 years on composition of largest Indian shareholder- Representative of ENIL submitted that it was unreasonable to make Ph II migrant licenses undergo 3 years' lock-in restriction under Ph III regime as well when they had already served 5 years' lock-in under Ph II. Countering this suggestion, representative from HT Media put forward that Lock-in requirement was fundamental to FM Ph III policy and hence should not be tweaked.
- iii. News on Private FM Radio- Many operators like ENIL, DB Corp. suggested that they should be allowed to create and broadcast news on their own. DB Corp. stated that monitoring of FM content is possible from a single point through internet and hence there should be no restriction on news. Representative from AROI suggested that to begin with, operators may be allowed to collect news info from ANI, PTI etc. apart from AIR.
- iv. FDI limit be enhanced- Representative of Reliance Broadcasting stated that as no news other than AIR was allowed, FDI limit in FM radio may be enhanced to 100% to bring it at par with the limit for non-News & Current Affairs TV channels.

- v. Group entity- Representative of Digital Radio Broadcasting stated that connected companies of a Group be treated as a single entity for participation in online bidding / auction process.

B. Suggestions on Auction design and software:-

- i. More clock rounds per day be accommodated
- ii. Auction Activity Requirement (AAR) be increased early unlike first batch auction
- iii. Forward and reverse auction methodology be adopted
- iv. Apart from auction report at the end of the day, report of each round be made available
- v. Auction Round Report in excel format

C. Suggestion on Miscellaneous issues:-

- i. Reserve Prices for subsequent auctions- FM Operators stated that reserve prices recommended by TRAI on 24.03.2015 are very high and un-viable. Chairman asked whether the recommendations of TRAI are advisory or mandatory, to which JS (B-II) stated that it is advisory in nature. Representative of ENIL stated that inflation factor of 1.798 factored in by TRAI while recommending reserve prices, whereas FM industry has encountered deflation over last few years. They suggested zero reserve price to encourage larger participation. Some operators suggested that the prices should be kept low in order to induce bidding.
- ii. PB rentals- Representative of ENIL submitted that the PB rentals under Ph. III are on the higher side. Representative of DB Corp. said that in some cities, PB rentals were 5-6 times above market rates. On this, AIR representative said that PB rentals were decided after taking circle rates, market rental information etc. and due consultation with Ministry of Finance, Costs Branch and Ministry of Information & Broadcasting (MIB).
- iii. Milestone based NOTEF payment- Many operators suggested that upfront payment of NOTEF is hard on them as after payment of NOTEF, operationalization of FM services usually takes one year or more. In cities coming up for auction in next batches, most of the cities don't have PB infrastructure available for LTI. Hence, milestone based/deferred NOTEF payment structure may be considered.
- iv. Issues with WPC- Many operators submitted that regulatory formalities with Wireless Planning & Coordination Wing (WPC), Department of Telecommunications (DOT) were taking time and requested for a single window clearance mechanism in MIB itself.
- v. Some requests came to grant permission to operate from interim set-up, till permanent set-up is established.

- vi. Genre based licensing after availability of reduced inter-channel spacing- Representative of Reliance suggested that after availability of more channels at 400 KHz channel spacing, Genre based licensing may be thought of. Diverging on it, ENIL put forward that Micro-management of FM operators should not be done by Govt.
- vii. Representative of ENIL submitted that Security clearance of its Directors and key operatives from MHA is inordinately delayed. On auction ENIL suggested that only cities with a certain minimum number of channels be put for auction.
- viii. Representative of Reliance requested for grant of customs duty waiver on import of equipment. Reliance also sought for clarity on live coverage of sports events other than local sporting events.
- ix. Rajasthan Patrika submitted that besides reserve prices, all other costs should be declared upfront. Malyala Manorama suggested that Government may put a ceiling on upper limit of bidding price.

5. On suggestions sought by the Special Secretary on batch composition, representative of ENIL submitted that upcoming cities may be divided into 5-6 batches on the basis of region eg. cities in border areas, East, West, North, South & Central. He said that it is helpful as a regional bidder need not worry or wait for other regions' bidding activities. Representative of DB Corp suggested for batches of bigger size.

6. Chairman requested all stakeholders to give their suggestions/inputs in writing by 30th January, 2016, if they so desire considering that some stakeholders have already submitted their suggestions in meeting.

The meeting ended with the vote of thanks to the Chair.

ANNEXURE-A

Subject: Minutes of the Stakeholders' Consultation held on 22.01.2016 on e-Auction of private FM Radio (Phase-III) channels-reg.

ATTENDANCE SHEET**Government of India**

1. Sh. Sunil Arora, Secretary, M/o I&B
2. Sh. Jitendra Shankar Mathur, SS, M/o I&B
3. Sh. Puneet Kansal, JS(B-II), M/o I&B
4. Sh. S.R. Yadav, DS (FM), MIB
5. Sh. Yogendra Trihan, DD (FM), MIB

Prasar Bharati

1. Sh.A.N. Sharma, GM (Commercial), AIR Resources
2. Sh. Chandrika Prasad, DGM (A & C), AIR Resources

BECIL

1. Sh. George Kuruvila, CMD

E-auctioneer – C1 India Pvt. Ltd.

1. Sh. Raj Sondhi
2. Sh. Amandeep Singh

AROI

1. Sh Uday Chawla, Secretary, AROI

Private FM Radio Operators

1. Shri Prashant Pandey, ENIL
2. Shri Ravi Narula, ENIL

3. Shri Vijay Garg, DBCL-CFO
4. Shri Rohit Lal, Digital Radio Broadcasting-VP
5. Shri Abhishek Kapoor, HT Media
6. Shri M. Vijayan, Malar Publications
7. Shri Sachin Khullar, Music Broadcast Ltd.
8. Shri Pramod Singh, Neutral Publishing House
9. Shri Sankalp Chowdhary, Rajasthan Patrika
10. Shri Asheesh Chatterjee, Reliance Broadcast Network
11. Shri Aneesh A. L., Malayala Manorama
12. Shri T. K. Sreekumar, Mathrubhumi Printing & Publishing

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