

GOVERNMENT OF INDIA  
**Ministry of Information & Broadcasting**  
'A' Wing, Shastri Bhawan, New Delhi-110 115

No. 104/1/2007-FM

Dated: 24<sup>th</sup> September 2008

**ORDER**

In pursuance of the Cabinet decision taken on 11<sup>th</sup> September, 2008 regarding modification of policy guidelines on 'expansion of FM Radio Broadcasting services through Private Agencies (Phase-II)', the existing Para 8.3 of the FM Phase-II Policy has been amended as under:-

“8.3 No permission holder, whether with or without foreign investment, shall be permitted to change the ownership pattern of the company through transfer of shares of the majority shareholders/promoters to any new shareholders without the written permission of the Ministry of Information & Broadcasting, which shall not be granted for a period of five years from the date of operationalization of the permission, subject to the condition that the new shareholders conform to all the prescribed eligibility criteria. However, requests for transfer of shares for the purpose of creation of a subsidiary company, amalgamation of companies of the same group, de-merger of company etc. may be allowed within the period of five years also subject to the fulfillment of the following conditions : -

- (a) The majority shareholders/promoters would continue to remain as majority shareholders/promoters and together should hold at least 51% of the total shares.
- (b) The new corporate entities would maintain their FDI component within the prescribed limit and would not violate the terms and conditions of the Tender Document and Grant of Permission Agreement.
- (c) The new corporate entities should have minimum prescribed net worth and adhere to all the terms and conditions of the Tender Document and the provisions of the agreement.
- (d) The new company shall sign a fresh agreement with Government on identical terms and conditions (except for transferability of shares as provided herein) for the remaining period of licence of the original company.
- (e) Such transfer of shares would be permitted only once during the first five years period from the date of operationalization.

- (f) No new tax regime will be designed to provide any incentive to encourage creation of subsidiaries, merger/demerger, amalgamation of FM Broadcasting companies.
- (g) Any tax implication arising out of such mergers/demergers or amalgamation would be governed by the provisions of the Income Tax Act, 1961 as applicable from time to time.
- (h) The processes/action taken by the licensee companies including for formation of new companies/subsidiaries/mergers/amalgamations and/or disinvestment of undertakings, or part thereof, of existing companies etc., need to be compliant with the Companies Act, 1956. The applicant shall not dilute such requirement through its Articles of Association or any Agreement.”

2. The FM Policy on expansion of FM Radio Broadcasting Services through Private Agencies (Phase-II), as amended, is available on the Ministry's website ([www.mib.nic.in](http://www.mib.nic.in)) for general information.

**(ZOHRA CHATTERJI)**

Joint Secretary to the Government of India

Tel # 23382597

Copy to:

1. Cabinet Secretary, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
2. Secretary, Ministry of Finance, Department of Economic Affairs, North Block, New Delhi.
3. Secretary, Ministry of Finance, Department of Revenue, North Block, New Delhi.
4. Secretary, Ministry of Home Affairs, North Block, New Delhi
5. Secretary, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi
6. Secretary, Ministry of Law & Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi.

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Subject:- Modification of Policy Guidelines on Expansion of FM Broadcasting Services through Private Agencies (Phase II)

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As NIC is aware, the policy guidelines for expansion of FM Radio Broadcasting Services through Private Agencies (Phase-II) have already been placed on the Ministry’s website. Now, the Government has decided to modify the guidelines to enable the private FM broadcasters to demerge their radio business.

2. Accordingly, the existing clause 8.3 of the policy guidelines is required to be replaced with the amended clause as given under:

**“8.3 No permission holder, whether with or without foreign investment, shall be permitted to change the ownership pattern of the company through transfer of shares of the majority shareholders/promoters to any new shareholders without the written permission of the Ministry of Information & Broadcasting, which shall not be granted for a period of five years from the date of operationalization of the permission, subject to the condition that the new shareholders conform to all the prescribed eligibility criteria. However, requests for transfer of shares for the purpose of creation of a subsidiary company, amalgamation of companies of the same group, de-merger of company etc. may be allowed within the period of five years also subject to the fulfillment of the following conditions : -**

- (a) **The majority shareholders/promoters would continue to remain as majority shareholders/promoters and together should hold at least 51% of the total shares.**
- (b) **The new corporate entities would maintain their FDI component within the prescribed limit and would not violate the terms and conditions of the Tender Document and Grant of Permission Agreement.**
- (c) **The new corporate entities should have minimum prescribed net worth and adhere to all the terms and conditions of the Tender Document and the provisions of the agreement.**

(Contd.)

- (d) **The new company shall sign a fresh agreement with Government on identical terms and conditions (except for transferability of shares as provided herein) for the remaining period of licence of the original company.**
- (e) **Such transfer of shares would be permitted only once during the first five years period from the date of operationalization.**
- (f) **No new tax regime will be designed to provide any incentive to encourage creation of subsidiaries, merger/demerger, amalgamation of FM Broadcasting companies.**
- (g) **Any tax implication arising out of such mergers/demergers or amalgamation would be governed by the provisions of the Income Tax Act, 1961 as applicable from time to time.**
- (h) **The processes/action taken by the licensee companies including for formation of new companies/subsidiaries/mergers/amalgamations and/or disinvestment of undertakings, or part thereof, of existing companies etc., need to be compliant with the Companies Act, 1956. The applicant shall not dilute such requirement through its Articles of Association or any Agreement.”**

3. NIC is requested to replace the existing clause 8.3 of the policy guidelines for expansion of FM Radio Broadcasting Services through Private Agencies (Phase-II) with the above mentioned amended clause.

**(S.P. VEER)**  
Under Secretary (FM)

NIC