

Sushma Singh
Secy.(I&B)

D.O. No.104/2/2008-FM

Dated: Nov., 2008

Please refer to your d.o. letter No.7-1/2007-CN dated 22 Feb. 2008 forwarding therewith recommendations of Telecom Regulatory Authority of India under section 11(1)(a) of TRAI Act, 1997 on issue of modifications to be incorporated in policy for FM Radio Broadcast Phase-III. After having considered the recommendations of the Authority, the views of the Ministry are being enclosed for reconsideration by TRAI.

2. It is further proposed to call for bids in three batches rather than going for a combined for all the cities at once to allow better market assessment , greater revenue and enable better response from the bidders. TRAI is also requested to propose a phasing accordingly including a good mix of various categories of cities. The border areas, J&K & NE may be taken up on priority in the first phase.

3. It is requested that as per the provisions of Section 11 of TRAI Act, the Authority may after considering this reference may kindly furnish their recommendations on the suggested modifications to enable the Government take a final decision in the matter.

Yours sincerely,

(Sushma Singh)

Shri Nripendra Mishra
Chariman,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg (Old Minto Road)
New Delhi-110 002.

Encl: As above

VIEWS OF THE GOVERNMENT ON TRAI RECOMMENDATIONS ON 3RD PHASE OF FM RADIO BROADCASTING

18.11.08

S No	Reco	Summary of Recommendation	Views of the Government
	1.9	REGULATORY ISSUES:	
	1.9.1	Need for Augmentation of Private FM Broadcasting	
		<ul style="list-style-type: none"> • The geographical basis for Private FM Radio bidding in future may be changed from City to District. • The districts existing as on 01.01.2008 shall be identified and will form the basis of further permission. Any new district formed after 01.01.2008 shall continue to be served from the district(s) from where it has been carved out. • In the districts, when no city is having any FM Radio permission, the new permission shall be given on district basis only. <p>The bidding process will remain the same as envisaged in policy on expansion of FM Radio broadcasting service through private agencies (Phase-II) dated 13th July 2005.</p> <ul style="list-style-type: none"> • 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. 	<p>While the issue of viability of FM Radio broadcast channel in Category ‘D’ cities is an important issue for consideration, however, there are other operational problems due to which such change of approach from city to district may not be possible.</p> <p>(i) While there is considerable clarity on the categorization of city there is lack of clarity on how a district will be categorized, whether on the basis of area or population or number of cities having population above a certain figure.</p> <p>(ii) There is a wide variation in the area, size and shape of the district. High Power Transmitters and higher antennas will be required for covering the entire district. If the city is located in a corner then the signals will interfere with the signals of the neighbouring district.</p> <p>(iii) Even with the present city based model only</p>

	<ul style="list-style-type: none"> • In case the Private FM Radio broadcast is functional in any part of the district, such operator/ licensee may be given the option to enlarge the area of operation for the same channel to provide coverage to full district after paying difference in maximum bid price determined through the auction for the district or similar district (category of the district) in the state and One Time Entry Fee (OTEF) already paid for city. If highest bid is less than the original bid price for city basis, the migration shall be allowed without any additional payment. However, no refund shall be given. • The reserve One Time Entry Fee (OTEF) shall be re-fixed based on the maximum bidding price through the auction for the district or similar district in the state. Annual fee for the district will now be determined considering revised reserve OTEF. • A private FM Radio broadcaster functioning in a city of the district shall be given option to migrate to district level within three months from the date of finalization of bid for that district. In case where the auction for a district is technically not feasible, then the existing FM Radio permission holder, if any, in the city of that district will be given an option to migrate based on the bid amount for a similar district (based on categorization of district). If it does not opt for enlarging its area of operation to district level, such an operator shall continue to operate in the city only till the validity of existing permission with no prospects for renewal. 	<p>10-12 frequencies are available for allocation in a city. In case of district based licenses to avoid interference one will also need to leave frequencies being used in the adjacent/neighbouring districts thus effectively reducing the number of available channels in a district. It will not be possible to repeat the frequencies being used in one district in any of the neighbouring districts. The frequency planning will not only require a major physical exercise but also may be extremely difficult to conduct.</p> <p>(iv) The availability of frequencies gets further reduced in the presence of high power transmitters of All India Radio or otherwise, as low power transmitter signals will get suppressed and may need a much larger frequency separation</p> <p>(v) If existing city based licensees don't migrate to district model then finding available frequencies will become still more complicated and extremely difficult. In the districts where some licenses have already been granted for a city shifting of the location of the transmitter will involve wasteful expenditure and may not be possible.</p> <p>(vi) Even if we do not allow higher power transmitter and high antenna and allow terrestrial repeaters the problems of spectrum planning interference of signals and availability of only a few channels will continue to remain. Technically, the use of the same frequency with small ERPs within</p>
--	--	--

	<ul style="list-style-type: none"> • The bidding for all vacant slots shall be done based on the district level. • 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. 	<p>the district will create pockets of disturbance at frequent intervals. Going for synchronized transmitters, working on same frequency have its own problems. Thus allowing multiple transmitters in a district is also not a feasible solution.</p> <p>(vii) To locate the tower centrally within a district itself involve a number of issues. Firstly, even with the present fixed tower locations difficulties have been faced in building a consensus amongst the LOI holders for selection of equipment and other issues for installation of CTI. Adding another critical variable, i.e., the location of tower will further complicate matter. The land and buildings will need to be purchased/hired thus increasing the fixed costs required for operationalisation and may be time consuming.</p> <p>(viii) The issue of viability of channels gets taken care of by the very fact that the prospective licensees will put their bids according to the possibility of revenue generation. We have already moved to a revenue sharing regime from a fixed license fee regime.</p> <p>(ix) With the successful implementation of Phase I and Phase II a number of operators have already gained experience of the radio business and the economics and commerce of business operations is already well established. There does not seem to be any dearth of interest in bringing investments into</p>
--	---	---

			<p>the radio sector.</p> <p>(x) District level licensees will act as a deterrent to the entry of small players.</p> <p>(xi) Radio coverage by area is the role of public broadcaster. The very objective of private broadcasting is different than that of public broadcasting.</p> <p>(xii) By giving district-wise licenses, the Government will be committing itself fully at this stage itself with no option to plan in future.</p> <p>For the above reasons, Ministry is of the view that the approach followed in FM Phase II for granting city specific licenses may be continued and the district based approach as suggested by TRAI may not be followed for the difficulty and reasons stated above.</p> <p>It is also felt that certain cities with a population of less than one lakh where the Prasar Bharati Infrastructure is available can also be taken up for allotment of channels. Number of FM channels in such cities can be kept at two. Some such cities in J&K and North-Eastern States and island territories can also be taken up irrespective of the availability of Prasar Bharati infrastructure if required for strategic reasons.</p>
	1.9.2	Additional channels in the same District	

	<ul style="list-style-type: none"> 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. The number of FM Radio broadcast channels for category 'D' cities, now changed to districts basis may initially be reduced to three from five as envisaged in FM Radio broadcast Phase-II, subject to technical feasibility. The progress of such FM Radio broadcasters in such districts may be observed for one year before taking appropriate decision to enhance the number of FM Radio broadcasters in such districts subject to technical feasibility. 	<p>Subject to the city based licensing approach discussed above, the total number of channels for allocation to private broadcasters should be kept as follows for Phase III:-</p> <table border="1" data-bbox="1234 423 1908 980"> <thead> <tr> <th></th> <th>City</th> <th>No. of Channels</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Category A+ cities</td> <td>9 to 11 Channels</td> </tr> <tr> <td>(ii)</td> <td>Category A cities</td> <td>6 Channels</td> </tr> <tr> <td>(iii)</td> <td>Category B cities</td> <td>4 Channels</td> </tr> <tr> <td>(iv)</td> <td>Category C cities</td> <td>4 Channels</td> </tr> <tr> <td>(v)</td> <td>Category D cities and cities with population less than one lakh</td> <td>3 Channels</td> </tr> </tbody> </table>		City	No. of Channels	(i)	Category A+ cities	9 to 11 Channels	(ii)	Category A cities	6 Channels	(iii)	Category B cities	4 Channels	(iv)	Category C cities	4 Channels	(v)	Category D cities and cities with population less than one lakh	3 Channels
	City	No. of Channels																		
(i)	Category A+ cities	9 to 11 Channels																		
(ii)	Category A cities	6 Channels																		
(iii)	Category B cities	4 Channels																		
(iv)	Category C cities	4 Channels																		
(v)	Category D cities and cities with population less than one lakh	3 Channels																		
1.9.3	Restriction on Ownership of Channels in a district																			
	<ul style="list-style-type: none"> At least three channels excluding AIR in any district will be given to three different entities. Once this condition is met, then the existing operator/ 	<p>The two recommendations together make it theoretically possible for only three large players to</p>																		

		<p>permission holder can bid for the remaining channels and 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.</p> <ul style="list-style-type: none"> • The existing ceiling limit of 15% of total FM Radio channels in the country permitted to a permission holder is no longer valid as the fear of monopoly is no longer real. This limit is also not practical, as the total number of channels will vary depending on availability. Hence such limit may be withdrawn. 	<p>operate at the national level. Even though the bidding process per se may ensure a greater number of operators to start with at the time of grant of licenses but the possibility of taking over of small operators by big houses subsequently is not ruled out. Removal of the ceiling limit will also deter small operator to enter and run the radio business. The essence of democracy is the presence of a large number of voices and sources of entertainment and information. Removal of 15% limit is also not in line with the approach proposed for the entire broadcasting sector in the draft Broadcast Bill.</p> <p>Thus the existing ceiling limit of 15% of total permitted FM Radio channel in the country cannot be waived. However, considering the special attention required to be paid for bringing/incentivising private operators to start FM Radio operations in the States of Jammu & Kashmir, North Eastern States and island territories, the channels allocated in the such areas can be allowed over and above the 15% limit.</p> <p>On the first recommendation the Ministry is of the view that private operators may be allowed to own not more than 40% of the total channels in a city subject to a minimum of three different operators in the city.</p>
	1.9.4	Foreign Direct Investment (FDI) limit	
		<ul style="list-style-type: none"> • The FDI including Foreign Institutional Investment 	

	<p>(FII) for FM Radio broadcasting permission holders, who are interested to broadcast news, may be enhanced to 26% from present 20% in view of FDI provision of 26% in news and current affairs in Television (TV) Broadcasting. All other terms and conditions will remain the same.</p> <ul style="list-style-type: none"> • Similarly, the FDI including FII for FM Radio broadcasting permission holders, who do not opt for news broadcasting, may be enhanced to 49% from present 20%. All other terms and conditions will remain the same. • FM Radio broadcaster can opt later to broadcast news only if they bring down the FDI including FII to 26%. For this, such broadcasters have to seek specific permission from Ministry of I&B after submitting the proof of FDI including FII not more than 26%. • The FDI including FII for FM radio will be revised as and when Government takes any further decision to revise FDI for TV broadcasting including news and current affairs. 	Accepted.
	1.9.5 Change in ownership of the permission to broadcast FM radio	
	<ul style="list-style-type: none"> • No change in holding pattern of the shares shall be permitted till start of the FM Radio broadcasting in any circumstances. 	The recommendations are accepted as proposed by TRAI. However, the experience of FM Phase II is that in many cases decision to participate in the bidding is taken at the last moment and bid is placed

	<ul style="list-style-type: none"> • The majority share holders/ promoters of the company holding permission to provide FM Radio broadcasting may be permitted to dilute their share holding subject to condition that their share holding does not reduce below 51% after start of FM radio operation, with the prior permission of Ministry of Information and Broadcasting which shall be granted after operationalisation of FM Radio broadcasting. • Any change in ownership or further dilution shall be permitted with the written permission of the Ministry of Information & Broadcasting after a period of three years from the date of operationalisation of the permission. Such requests shall be considered after three years of operationalisation subject to the condition that the new shareholders conform to all the prescribed eligibility criteria. Ministry of I&B shall examine before granting permission for dilution of majority shareholding that maximum number of channels to a permission holder in a district does not exceed 50% of total channels in that district. 	<p>from an existing company which at present might be in another business. In such cases restructuring is required subsequently either by way of demergers or amalgamations or readjustment of shareholdings between the holding companies or subsidiaries of the same group to create a separate entity for the radio business. Such a reorganization should also be allowed once within three years of operationalisation with the specific and prior permission of this Ministry. The new entities will have to conform to the eligibility requirements, security clearance and FIPB approvals, if any.</p>
	1.9.6 Annual fee structure	
	<ul style="list-style-type: none"> • The method of calculation of reserve one time entry fee (OTEF) and annual fee may be same as prescribed for FM Radio broadcasting Phase-II. 	Acceptable
	1.9.7 Relaxation of fee structure for North-East and	

		J&K	
		<ul style="list-style-type: none"> 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 North East (NE) and Jammu & Kashmir (J&K) region for an initial period of three years from the date of issue of Letter of Intent (LoI) to give such operators time to setup their network and start operations. This will ensure more FM Radio broadcasters, better program and viable business model for private FM Radio broadcasters in these regions. 	<p>Acceptable with some modifications. The benefit should also be extended to Island territories. Further since the operations do not start from the date of issue of LOI and also the annual license fee becomes chargeable only from the date of start of FM operations for one year from the signing of GOPA, whichever is earlier, the three year period should start from the date from which the annual license fee becomes payable and the permission period of ten years begins. The revised fee structure should also be made applicable to existing operators in these States to enable them to effectively compete with the new operators.</p> <p>Apart from the fee relaxation, it is further proposed that Prasar Bharati infrastructure should be made available at half the lease rentals for similar category cities in such areas.</p>
	1.9.8	Networking of FM radio programs across entities	
		<ul style="list-style-type: none"> All private FM Radio broadcasters may be permitted networking within their network. Networking across the permission holders should not be permitted. 	<p>Acceptable. However it is also to be ensured that at least 20% of the total broadcast in a day is in the local language of that city and promotes local content. This may include the Radio Jockey speaking in local language(s)/dialect(s) or programmes focused on local culture/tradition/folk music etc. or other permissible programmes/advertisements in the local language(s)/dialect(s).</p>

	1.9.9 News and Current affairs on FM Radio	
	<ul style="list-style-type: none"> • FM Radio broadcasters may be permitted to broadcast news taking content from AIR, Doordarshan (DD), authorized TV news channels, United News of India (UNI), Press Trust of India (PTI) and any other authorized news agency without any substantive change in the content. No other source of news is permitted at present. • The News broadcast should be based on the facts and sourced to any permitted agency only. Broadcasting of news contents having speculative, anticipatory or based on rumours/ hearsay is not permitted. • Ministry of I&B may clarify areas which do not come under restrictions of news such as traffic bulletin, results of international games such as cricket scores, etc. • The FM Radio broadcasters shall be responsible for misrepresentation of news and current affairs from identified sources and shall be acted upon in case of any violation. • Ministry of I&B may prescribe broad guidelines to ensure that any news broadcast may not negatively impact general law and order of the area and basic features of social cohesiveness and constitutional framework are maintained. 	<p>In the absence of a Regulatory Authority with a localized presence and any arrangement for monitoring the Private channels and the sensitivities involved, it is not possible to allow complete freedom to Broadcast News even though the content may be sourced from Authorised agencies as suggested. What is material is the way of presentation. The same event can be sensationalized or put in a sober manner taking care of the sentiments and sensitivities involved. Thus while the Government can allow the news bulletins of AIR or the Audio version of the news programmes of DD on such terms and conditions to be mutually agreed with Prasar Bharati, it is difficult at this stage to allow Private operators to Broadcast news on their own.</p> <p>However, Government recognizes the need to enable Radio broadcasters to bring in diversity in their content and to make the radio broadcast fulfill certain other needs of the listeners apart from remaining only as a means of entertainment. Therefore broadcast pertaining to following categories can be treated as a non-news and current affairs broadcast:</p> <p>(i) Commentaries (including live broadcast)</p>

			<p>and information pertaining to sporting events,</p> <p>(ii) Information pertaining to Traffic and Weather,</p> <p>(iii) Information pertaining to and coverage of cultural events, festivals</p> <p>(iv) Coverage of topics pertaining to examinations, results, admissions, career counseling</p> <p>(v) Availabilty of employment opportunities</p> <p>(vi) Public announcements pertaining to civic amenities like electricity, water supply, natural calamities, health alerts etc. as provided by the local administration</p> <p>(vii) Such other categories as may be specifically permitted by Ministry of Information and Broadcasting from time to time.</p> <p>Opinion of the Government as to whether a particular broadcast falls in these exempt categories or not shall be final and binding.</p>
	1.9.10	Applicability of FM Radio broadcast Phase-III guidelines on existing permission holders	
		<ul style="list-style-type: none"> • The guidelines for FM Radio broadcasting Phase-III shall be applicable to existing permission holders also subject to specific restrictions, if any stipulated in the recommendations. • The condition/ provisions, which are not discussed in the recommendations, will remain unchanged as 	<p>Acceptable.</p> <p>However, one modification will be required. In Phase-II at almost all places Prasar Bharati infrastructure was available. At five places where the Towers were not available Government provided money for their erection. However in Phase-III cities</p>

		mentioned in the policy dated 13th July, 2005 on expansion of FM Radio broadcasting services through private agencies (Phase-II). Hence all such conditions/ provisions may be adopted for FM Radio broadcast Phase-III also.	there will be many cities where land and tower of Prasar Bharati may not be available. The cost of land and tower required for collocation and CTI will have to be borne by the operators themselves.
	1.10	TECHNICAL ISSUES	
	1.10.1	Frequency Allocation	
		<ul style="list-style-type: none"> The determination of number of channels in a district is directly related to available frequencies, which should be analyzed and notified for private FM Radio Broadcasting by Ministry of I&B in consultation with the Wireless Planning cell of Department of Telecom. The maximum number of FM Radio channels in any district will be within overall framework discussed in para 2.5. 	Acceptable to the extent that citywise actual availability of number of channels will be identified/finalized in consultation with the WPC wing in DOT subject to the maximum number of channels prescribed for that category city and mentioned in the Tender Document.
	1.10.2	Co-channel spacing	
		<ul style="list-style-type: none"> 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 (as prescribed in FM Radio Phase-II). 	Acceptable. Feasibility to be further looked into by WPC.
	1.10.3	Signal Strength Requirements	
		<ul style="list-style-type: none"> The minimum signal strength requirement as specified in International Telecommunication Union- 	Acceptable

		Radio (ITU-R) recommendation BS.412-9 may be incorporated in Grant of Permission Agreement (GOPA) for Private FM Radio broadcasting.	
	1.10.4	Protection Ratios	
		<ul style="list-style-type: none"> • ITU-R BS.412-9 specifications should be adopted in respect of RF protection ratio. This may be included in Grant of Permission Agreement (GOPA). 	Acceptable
	1.10.5	Collocation of transmitters	
		<ul style="list-style-type: none"> • 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 month. • If facilities of All India Radio are not available, the successful bidders for FM Radio broadcasting may form consortium and setup required infrastructure for collocation of all transmitters identified for that district. They will mutually decide infrastructure sharing methodology, commercial revenue sharing model, service level agreement and methodology for upkeep of such infrastructure, within 3 months. • If successful bidders are not able to reach any agreement on different issues regarding collocation and erection of tower, then all successful bidders should be mandated to have collocation with facilities to be developed by Broadcast Engineering Consultants India Ltd. (BECIL). 	Acceptable. However in cities where it is a vacant channel of Phase-II and CTI has been created by BECIL, no such choice can be given and collocation at the site already chosen and utilization of CTI already created by BECIL will be mandatory.

	1.10.6	Effective Radiated Power (ERP)	
		<ul style="list-style-type: none"> • Effective power radiation and Antenna height as adopted in Phase-II of Private FM Radio broadcasting may also be followed in Phase-III. 	Acceptable
	1.10.7	Reference Collocation Offer	
		<ul style="list-style-type: none"> • Reference collocation offer should be mandated for better transparency and uniform treatment to all the FM radio operators. Such Reference Collocation Offer should also be posted on their websites for easy access. 	Acceptable
	1.10.8	System Integrator	
		<ul style="list-style-type: none"> • Work of system integration may preferably be entrusted to an agency involved in setting up of collocation facilities in a district or as mutually agreed. 	It has been the experience of Phase-I and Phase-II that because of conflicting views of the different operators not only with respect to location but also with respect to purchase of CTI equipment the process of building a consensus gets unreasonably delayed. Hence the Government is of the view that if the LOI/Permission holders are not in a position to choose any other agency or mechanism for collocation of facilities and installation of CTI within a period of three months from date of issuance of LOI the work should stand allocated to

			<p>BECIL. This will not only avoid further delays in operationalisation but will also be in the interest of operators as BECIL has developed sufficient expertise in the field. Further this Ministry is able to exercise better control in sticking to timelines and ensuring quality since BECIL comes under the administrative jurisdiction of this Ministry .</p> <p>Since CTI work for vacant channels of FM Phase-II cities is either complete or is nearing completion, the successful bidders/LOI holders in such cities will have to mandatorily utilize the CTI already created and no choice for opting any other agency can be given at such locations.</p>
	1.11	OTHER ISSUES	
	1.11.1	Time for operationalisation of the channel	
		<ul style="list-style-type: none"> • Total time from the date of issue of LOI till operationalisation of the channel should not be more than one year. Ministry of I&B may look into various activities and prescribe maximum time limit for each activity. It may consider capping maximum time limit from date of issue of LOI to signing of GOPA as six months and another six months from signing of GOPA to operationalisation of FM Radio channel. This will ensure efficient utilization of allocated frequency channel. • All permission holders must convey in advance, date of operationalisation of FM Radio channel to Ministry of I&B in writing to enable the Ministry monitor the programs and have effective control. 	<p>As per the existing conditions following time limits have been prescribed:</p> <ul style="list-style-type: none"> (i) Agreement with PB(DD/AIR) for land/tower lease- within 60 days of the issue of LOI (ii) Agreement with BECIL for CTI installation-within 90 days of the issue of LOI (iii) Signing of GOPA-within six months of Grant of LOI (iv) Operationalisation of channel-within a period of one year from the signing of GOPA <p>Since 3 months time is being given to private</p>

			<p>operators to find a system integrator other than BECIL for cities other than locations where it is a vacant channel of Phase-II and CTI has been created, time lines may be kept as follows:</p> <ul style="list-style-type: none"> (i) Agreement with PB(DD/AIR) for land/tower lease- within 120 days of the issue of LOI (ii) Agreement with BECIL for CTI installation-within 150 days of the issue of LOI (iii) Signing of GOPA-within six months of Grant of LOI <p>However for Operationalisation of channels a distinction will be required based on whether it is a vacant channel of Phase-II where CTI has already been created, or whether it is a fresh location where Land and Tower Infrastructure is available, or whether it is a location where land and Tower are not available. Accordingly following timelines can be considered for operationalisation:</p> <ul style="list-style-type: none"> (i) <i>Where it is a vacant channel of Phase-II and CTI has been created</i>-within a period of Nine months from issuance of LOI (ii) <i>Where LTI is available</i>: within a period of 18 months from the date of issuance of LOI (iii) <i>Where LTI is not available</i>: within a period of 24 months from the date of issuance of LOI.
	1.11.2	Technical Parameters	

		<ul style="list-style-type: none"> • Technical specifications as specified in ITU-R recommendations SM.329-10 for frequency stability and harmonic/spurious should be included in GOPA. 	Acceptable
	1.11.3	Floor price of the bid	
		<ul style="list-style-type: none"> • The Reserve OTEF should be fixed at 50% of the highest bid price in a District. • No bid shall be considered below Reserve OTEF and all such bids shall be summarily rejected. • Minimum annual fee for a district shall be calculated based on 5% of Reserve OTEF. 	Considering the fact that most of the cities put up for bid now will be 'D' category cities, interest in them is bound to be lesser as compared to other category cities, it may not become possible to successfully allocate all the channels if floor price is revised as suggested by TRAI. This will be more so since the 15% ceiling on total number of channels is not being completely waived. Thus we may continue with the existing system .
	1.11.4	Content Outsourcing	
		<ul style="list-style-type: none"> • 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. The permission holder will have to adhere to stipulated regulations & guidelines regarding content and will be fully responsible for any violations/omissions in this regard. • Permission holders may be permitted to hire or lease 	Acceptable

		broadcasting equipments on long-term basis as long as it does not impact permission holder's right as FM Radio broadcaster.	
	1.11.5	Auto Renewal of permission	
		<ul style="list-style-type: none"> • There should be provision for automatic renewal of permission to only district level permission holder of FM Radio broadcasting. • Interested permission holders shall seek extension in writing from Ministry of I&B 4 months in advance of expiry of their permission period. • If such permissions cannot be extended to seeker then Ministry of I&B shall inform to such permission holder within one month, stating reason in writing. • Ministry of I&B shall inform to such permission holders within one month from the date of application seeking extension of permission for another 10 years. • The amount for extension of the permission for another 10 years shall be equal to initial bidding amount or the highest bid price in the same area (District), whichever is higher, provided such permission is not denied. • Permission holder shall pay the required amount 	<p>While it is desirable that the policy for Renewal of Permission should be clearly laid which reasonably protects the interests of the existing licensee and ensures continuity of radio service to listeners, the revenue due to the Government should also be protected esp from utilization of such a scarce resource as spectrum. TRAI has proposed to allow renewal on payment of fee equal to initial bidding amount or the highest bid price in the same area (District), whichever is higher. Charging the same amount as OTEF even after the ten year initial period without charging an escalation therefore will not be acceptable and will not be in Government interest.</p> <p>Another option which can be considered is that fresh bids can be invited for allocation of the channel for which renewal is to be considered. If there are any other channels in the city for which the period of permission is also expiring they may also be taken up for bidding. It may also be possible that due to increase in the availability of frequencies some more channels need to be put to bidding for the first time. All such channels in that city</p>

	<p>within one month from the date of receipt of such demands from Ministry of I&B.</p> <ul style="list-style-type: none"> 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. 	<p>can be clubbed and put up for bids. The existing operator(s) can also participate during such bidding. Let us say there are three channels put for bidding and there are more than three players with bid amount above reserve OTEF. Only the first three highest bids can be considered for allotment. If there are two existing operators renewal of which is to be considered and none of them is amongst the highest three then each of the existing operators can be given the first right to get the channel reallocated for another term of ten years at the average price of the three highest bids. If any of them has already qualified and is amongst the highest three , he will be reallocated at the price quoted. The existing operator will however not be considered for reallocation if his track record of compliance of the terms and conditions of license and timely payment of fee and any other dues accruing to the Government has not been satisfactory, which will need to be clearly indicated in the FM policy. However if the existing operator declines or does not indicate his consent within a specified period, the balance unallotted channels will then be allotted to the other operators in descending order of the highest three bids. This formulation would be fair both to the operators as well as to the Government.</p>
1.11.6	Royalty related issue:	
	<ul style="list-style-type: none"> The Annual fee shall be charged based on Gross 	Acceptable

		Revenue (GR). No pass through shall be permitted. The percentage of Annual fee on GR shall remain unchanged.	
--	--	---	--