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RBNL/TRAI/LT/13-14/3354

17th December, 2013

To,

Shri Sunil Kumar Singhal,
Advisor (B&CS),
Telecom Regulatory Authority of India ("TRAI"),
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
New Delhi-110002

Ref.: Consultation Paper on Migration of FM Radio Broadcasters from Phase-II to Phase-III

Dear Sir,

This has reference to the Consultation paper on **Migration of FM Radio Broadcasters from Phase-II to Phase-III**, which has been rolled out by TRAI seeking views of the stakeholders. We, Reliance Broadcast Network Limited, having 45 FM Radio Stations across India in the name and style of "92.7 BIG FM" would like to provide our comments on the same as follows:

Q 1. What should be the date of migration for FM Radio operators to migrate from Phase-II to Phase-III? Please elaborate your response with justification.

FM Radio operator who are desirous of migrating from Phase-II to Phase-III should be permitted to immediately migrate with all benefits including networking of Channels and carrying the news bulletins, current affairs and sports broadcast of All India Radio. A complete migration can happen on the completion of the auction process.

Hence we would recommend as follows:

- Migration Date should be prior to Phase III auctions. **We propose 31st May, 2014 as the Migration Date.**
- Availing Phase III current benefits for Phase II licenses at the earliest.

Q 2. Do you agree that period of permission of the existing Phase-II operators, on their migration from Phase-II to Phase-III, should be 15 years from the date of migration? In case the answer is in the negative, please suggest the alternative period of permission? Please elaborate your response with justifications.

We agree that the period of permission of the existing Phase II operators on their migration from Phase II to Phase III should be 15 years. However we would recommend that the said period of **15 years should start from the date of expiry of current Phase- II licenses** instead of from the date of Migration. This will also be consistent with the period of Phase-III licenses. Further it is essential that Phase II licenses run for the entire normal period of 10 years since the Operators have already paid for the entire period. Also it would ensure that there is no anomaly or adjustments required as regards Residual Value/Residual Period.

Q 3. Do you agree with the methodology of charging migration fee, as NOTEF minus the residual value of Phase-II licence, from the existing Phase-II operators on their migration from Phase-II to Phase-III? In case the answer is in the negative, please suggest the alternate methodology to charge the migration fee. Please elaborate your response with justifications.

No, we do not agree with the methodology of charging migration fee on the basis of NOTEF as indicated in the consultation paper for the following reasons:

- a) Phase-III auctions are being conducted only for a limited number of "left-over" frequencies in the major markets. As an example, there is only one frequency on auction in Delhi (out of nine) . Making the bid for this single frequency the migration fee for all other frequencies in this city will be completely unjustified and unfair.
- b) Further, there are several cities like Kolkata, Indore etc where no Phase-III auctions are taking place. How will the migration fee in these cities be determined then?
- c) Also there is no certainty about the timing of the Phase-III auctions.
- d) The reduction in channel spacing from 800 MHz to 400 MHz which was to result in additional frequencies been offered in A+ & A category cities and which has already been approved by TRAI is still not been implemented resulting in partial Phase III auction and not a true Phase III auction. On account of the same, Phase III auctions in certain Phase II cities will be held under conditions of acute shortage. This will give artificially high rates, firstly due to shortage of frequencies and secondly due to the new condition that allows operators to operate more than 1 station in the city. Hence the NOTEF discovered during the ensuing Phase III bidding would not be a fair bench mark for migration. In the absence of the true NOTEF and delay in implementing the complete Phase III auctions, it is inevitable that the price determined during the Phase II auctions should be the benchmark for the purpose of migration to Phase III.

We recommend that **Migration Fee** should be average of the **Phase II bids** in each city.

Further Phase II was a closed tender wherein bidders did not know how others were bidding and hence bid higher than the minimum successful bid. The highest bid in Phase II would not reflect the true picture since it would reflect only the mindset of the said bidder and not a market mindset. Hence it is recommended that Migration Fee for Phase III should be based on the average of Phase II bids in the respective cities since the same would reflect the mindset of majority of the FM Broadcasters.

Payment Mechanism for Migration Fee:

Further we suggest that there should be a "Deferred Payment Mechanism for payment of the Migration Fee similar to Telecom Spectrum Auction for payment of the auctioned Spectrum.

Minimum Upfront Migration Fees	-	10%
Moratorium	-	2 years
Balance payment	-	Deferred annually over the extension period of 15 years

Q 4. Stakeholders may also provide their comments on any other issue relevant to the present consultation.

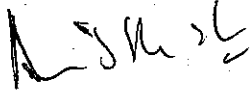
We would also like to highlight the following critical issues which would affect the migration:

1. The increase in FDI limit in FM Radio Broadcasting to 49% as recommended by TRAI earlier should be put into effect immediately to enable FM operators to seek capital for migration and Phase III bidding.
2. Phase III guidelines have prescribed a "no dues certificate" from BECIL, MIB and Prasar Bharti as a precondition for migration. There are disputed payments pending resolutions related to Chennai Tower Rentals, Monitoring Charges and Interest on Capital Advances

The full payment of these disputed items should be kept in abeyance as the same will be resolved in due course. The resolutions and payments of these disputed amounts should not be made a precondition for migration.

We, thus, request you to consider the aforesaid comments / suggestions, which we believe would benefit all the FM Radio Broadcasters and is necessary for the survival of the Radio Industry.

Yours Sincerely,
For **Reliance Broadcast Network Ltd.**



(Authorised Signatory)

- Copy to:
1. Dr. Rahul Khullar, Chairperson, TRAI
 2. Shri R. K. Arnold, Member, TRAI
 3. Smt. Vijatalakshmi K Gupta, Member, TRAI
 4. Shri Rajeev Agrawal, Secretary, TRAI
 5. Shri N Parmeswaran. Pr Advisor (B&CS)