SAMBHAAV GROUP

Sambhaav Media Limited

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CIN: L67120GJ1990PLC014094

SML/CS/2024/72
Date: September 02, 2024

To,
Shri. V K Agarwal
Telecom Regulatory Authority of India
New Delhi

Hon'ble Sir,

Subject: Submission of Observation with Recommendations

We, hereby most respectfully submit area of concerns and problem being faced by the radio broadcasters more specifically by Class D Stations at hilly stations along with suggested recommendations for the kind consideration of Hon'ble Telecom Regulatory Authority of India as under:

Key Points of Concern

(1) Costing of Antena:

- The permitted height of Antena for "D" Class at hilly station is 30 to 40 Meter which approx. costs around 20 Lakh to 25 Lakh as set up cost of Antena. At our hilly stations we are using Prasar Bharti's infrastructure in place of our own set up, for which Prasar Bharti is charging around 4.39 Lakh per broadcaster per station. There are three Broadcasters which are sharing one Antena, that generates revenue around 13.17 Lakh in a year for Prasar Bharti. In 2 to 2.5 years prasar bharti is making its cost of set infrastructure set **"NIL"**.

- After reviewing costing aspects, it is more cost efficient to set up own Antena in place of Prasar Bharti's Infrastructure. Setup of Own Infrastructure is giving ownership to the Company, depreciation claim and ultimately scrap value also.

- Broadcasters are struggling with High cost and less revenue model and in that scenario Prasar Bharti is at privilege position with incremental value every year.

(2) Operational Challenges:

- **High Overhead and Fixed Statutory Expenses:** As incorporated above, the existing broadcasters' faces high operational costs, including infrastructure maintenance, staff salaries, and other recurring expenses, which are not aligned with the lower CAPEX for new entrants. This discrepancy exacerbates the financial strain on established operators. The brief details of the major statutory payment are

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incorporated herein-below, on approximate expenses basis, for your kind consideration and review.

Expenses	Amount (Rs. in Lacs)
Revenue Sharing % (MIB) *for 13 Stations*	48.30
Rent and Lease Charges (Prasar Bharti) *for 07 Stations*	72.41
WPS License Fees (DOT) *for 13 Stations*	44.00
Total	**164.71**

- **High Charges of Lease / Rent:** Prashar Bharti charges high rental / lease charges towards radio station infrastructure in Class D stations. The amount of rent / lease is so high that, if the permission if given by the honourable Government, in the said case, it will be beneficial to establish own infrastructure rather than paying the rental / lease charges, for any broadcaster.

(3) High Electricity Costs:

- **Generator Dependence:** In hilly or remote areas, radio stations often have to rely on generators for electricity due to frequent power outages or insufficient grid infrastructure. The cost of fuel for these generators is significantly higher compared to regular grid electricity.

- **Maintenance and Operation:** The ongoing costs of maintaining and operating generators, including fuel expenses and repairs, further exacerbate the financial burden on these stations.

(4) Revenue V/s Cost for Class D Stations:

- Class D radio stations in remote and hilly regions typically generate much lower revenue due to limited population density and lower advertising opportunities. Despite their lower revenue, these stations are burdened with high fixed operational costs (such as maintenance, staff salaries, and equipment) and statutory fees (such as licensing fees and regulatory compliance costs).

- **Unsustainable Operations:** The mismatch between low revenue and high costs makes the business model unsustainable. Broadcasters in these regions struggle to cover their expenses, which threatens their ability to continue providing service.

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- **Service Disruption:** The financial difficulties faced by these stations can lead to reduced programming or even station closures, negatively impacting local communities that rely on these stations for information and entertainment.

(5) High Media Content Costs & Program Cost:

- **Licensing Fees:** Although Class D radio stations generate lower revenue, they are required to pay substantial licensing fees for the use of media content, including music, which significantly inflates their operational expenses.

- **Copyright Charges:** The additional burden of copyright charges further exacerbates the financial strain, particularly for stations in remote areas with limited revenue sources.

- **Change in Content Mix:**

  The permission to change the Content Mix by increasing time slot for News and Current Affairs the Broadcasters may significantly likely to reduce the Music Content Cost. The same was also discussed by AROI while its meeting with the Hon'ble Ministry of Information and Broadcasting.

(6) High Media Program Costs:

- **Talent and Skill Requirements:** Producing quality media programs necessitates skilled professionals, including announcers, producers, and technical staff. The costs associated with hiring and retaining such talent is substantial.

- **Production Expenses:** The production of professional-grade content involves various costs, including studio equipment, editing software, and other technical resources, all of which contribute to higher operational expenses.

(7) High Interest Charges & Penalties for Non-Compliances:

- **Delayed Payment Penalties:** Existing Radio broadcasters often face high interest charges on delayed payments. These charges accumulate rapidly and place an additional financial strain on broadcasters who may already be struggling with cash flow issues.

- **Excessive Penalties:** Excessive penalties for non-compliance with regulatory requirements can be financially debilitating. These penalties often result from unintentional lapses or administrative errors, which may be beyond the control of broadcasters.

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- **Operational Pressure:** The fear of incurring penalties can pressure broadcasters into prioritizing compliance over other critical operational needs, affecting overall service quality and financial health.

(8) High Content Monitoring Costs:

- **Current Monitoring Expenses:** The fees charged by BESIL for content monitoring are substantial and contribute significantly to the operational costs of radio broadcasters. These high costs are particularly burdensome for smaller and Class D stations, which already face financial constraints.

- **Impact on Financial Viability:** The elevated monitoring costs exacerbate the financial challenges faced by broadcasters, potentially leading to reduced programming quality or even station closures.

(9) Proposed Technology-Based Monitoring System:

- **Centralized Monitoring Model:** We propose the implementation of a technology-based monitoring system operated by a centrally located cell, similar to the monitoring systems used for television channels. This system would utilize advanced technologies to monitor content more efficiently and cost-effectively.
- **Benefits of Centralization:** A centralized system would streamline the monitoring process, reduce the need for on-site inspections, and leverage automation to lower operational costs.

(10) Fixed Revenue Commitments by DAVP:

- **DAVP Support for $CRS_{(S)}$:** DAVP has committed fixed revenue support to Community Radio Stations ($CRS_{(S)}$), providing them with a guaranteed financial cushion that enhances their operational stability and reduces financial uncertainty.

- **Lack of Equivalent Support for Existing Broadcasters:** Existing radio broadcasters, in contrast, do not receive such fixed revenue commitments, leaving them exposed to fluctuating revenues and increased financial pressure.

(11) Shift in Consumer Preferences:

- **Digital Dominance:** The increasing popularity of internet-based music streaming services and digital platforms has shifted consumer preferences away from FM radio.

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These platforms offer greater convenience, a vast selection of content, and personalized experiences that traditional radio struggles to match.

- **Obsolescence Concerns:** As more consumers turn to digital media for their music needs, FM radio is increasingly perceived as an outdated technology, further impacting its relevance and appeal.

(12) Challenges in Attracting Advertisers:

- **Difficulty Convincing Advertisers:** FM radio broadcasters find it challenging to attract and retain advertisers due to the declining audience base and the shift of advertising budgets towards digital platforms, which offer more targeted and measurable advertising options.

- **Revenue Pressure:** The inability to secure adequate advertising revenue exacerbates financial difficulties for broadcasters, making it harder to sustain operations and invest in quality programming.

We hereby, humbly request your honourable department to kindly review the above hurdles and request for possible resolution thereof.

Thank You.

For, Sambhaav Media Limited

Chief Executive Officer

Mr. Ashok Kumar Jain

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