TRAI Consultation Paper

Reserve Prices for auction of FM Radio channels

CPN – 9/2024   Dtd – 01/08/24

Response – Purvy Broadcasts Pvt Ltd, Guwahati, Assam

Q1 . No Comments

Q2. The current practice of deriving radio listenership from newspaper readership surveys is flawed. The medium of news consumption has drastically changed amongst the Gen Z and Gen Millennials (aged 7-22 & aged 23 – 38 & respectively). These groups are more inclined towards digital and social media platforms rather than traditional newspapers. Given that FM radio's TG includes younsters,young adults and middle-aged individuals, a data collection approach focused on digital platforms could be more accurate. In my opinion if the data collection sample is shifted from newspaper to digital/social media, a more present day trend and realistic measure maybe obtained. This change would align the measurement with the actual listenership patterns of the FM radio listener, offering a more accurate and contemporary view of the size of radio listenership.

Q3 . The multiplication factor of 0.7 used for estimating the reserve price of FM radio channel appears to be higher going by the present trend. The smart mobile phone has become the ubiquitous device for all and any kindly of content consumption. In the new generate smart mobile phone since FM radio is not included in the devices has had a big negative impact on the drop of FM radio listenership base. A lower multiplication factor 0.5 could give a more realistic average valuation of the FM radio valuation.

Q4. Rs.5 lakhs as reserved price for “Others” category of hilly states /UT is okay.

Q5 Okay

Q6 The FM Phase III Policy Guidelines dated 25/07/2011 to promote rollout of private FM broadcast service to increase the FM broadcast coverage is skewed towards government entities. These guidelines place a disproportionate burden on private broadcasters.

In case of **new fresh cities** , requiring successful bidders to use Prasar Bharati’s infrastructure wherever available is unfair :

Cost Disparity : Prasar Bharati's infrastructure costs are reportedly higher than what is available in the open market. Forcing successful bidder to use more expensive government infrastructure which increases both capex and opex costs unnecessarily. Mandating the use of Prasar Bharati's facilities forces permission holders to contribute to the revenue of a government entity, which is not their responsibility. It is rather an encumbrance to any investor.

Given these points, it would be market-friendly to allow successful bidders the freedom to select and co collocate their transmission infrastructures whether that involves using Prasar Bharati's facilities or other available options.

Q7 **Govt Incentives** - The challenges faced by **standalone or regional broadcasters** in remote and hilly regions, particularly in the northeastern states of India, when establishing and maintaining FM radio stations are significant.

Key Challenges:

1. High Capital Expenditure (Capex): The initial investment required to set up FM broadcasting infrastructure in these remote and hilly areas is comparable to that in more accessible regions. However, the return on this investment is much lower due to the lower population density and limited reach.
2. Lack of Advertiser Interest: Mainstream advertisers typically focus on densely populated urban areas, where they can reach a larger audience. As a result, these remote locations are often excluded from media plans, leading to lower advertising revenue for broadcasters in these regions.
3. Operational Expenditure (Opex) Challenges: For **standalone regional broadcasters**, the cost of maintaining operations becomes burdensome. Unlike national broadcasters who can subsidize less profitable stations with revenues from more lucrative ones, regional broadcasters lack such financial flexibility.
4. Competitive Disadvantage: The national broadcasters, with their extensive networks, can afford to offer steep discounts or even free airtime in these hilly regions as part of larger media deals. This leaves the **stand alone / regional broadcaster** at a severe disadvantage, unable to match these offers .

Potential Solutions:

1. Government Support Through Advertisements: Government intervention in the form of releasing government advertisements to these **regional stations**. Increase govt advertisements spend.
   There is Govt policy /notification whereby each client ministry has to allocate about 8% (maybe 10 %) of their respective publicity budget towards advertisement spent across various medium to NE States, Island Territories and J&K.

2. Incentives for Regional Broadcasters: The government could consider offering financial incentives, such as subsidies or tax breaks, specifically targeted at **regional broadcasters** operating in these challenging locations. This could lower the barriers to entry and encourage more local investors to set up FM stations. As per the present FM Phase III Policy, Permission Holders of the North Eastern states, J&K and island territories get a 3 years benefit – 2% of GR or 1.25% NOTEF from Ministry of Information and Broadcasting . Likewise Prasar Bharati also gives a 50 % discount on it's infrastructural cost. These incentives should be extended **upto 5 years** to standalone or regional Permission Holder.

   The combination of high capex, lack of advertiser interest, and operational challenges creates a daunting environment for FM broadcasters in remote and hilly regions like the northeastern states,J&K and island territories. However, with targeted government support, particularly through the release of government advertisements, and the introduction of financial incentives, it is possible to create a more sustainable business environment for regional broadcasters. This support would not only help maintain the diversity of voices in the FM radio landscape but also ensure that these regions are not left out of the national communication network.

(S Wassim Ahmed)

Director / C.E.O

Purvy Broadcasts Pvt Ltd

9435105319

ahmed.wassim@gupshupradio.com