

Information note to the Press (Press Release No. 10/2014)

For Immediate release

TELECOM REGULATORY AUTHORITY OF INDIA

TRAI issues recommendations on "Migration of FM Radio Broadcasters from Phase-II to Phase-III"

New Delhi, 20th February, 2014 - The Telecom Regulatory Authority of India (TRAI) has today issued its recommendations on "Migration of FM Radio Broadcasters from Phase-II to Phase-III". Phase-I of FM Radio broadcasting was launched in 1999 and under which 21 private FM radio channels became operational. Phase-II of FM Radio broadcasting was launched in July 2005 and 221 more channels were added. As of now, total 242 channels (21 migrated from Phase-I and 221 from Phase-II) are operational. In Phase-III, an additional 839 channels across 294 cities would be made available for auction.

2. The salient features of the recommendations are:
 - I. TRAI reiterates early implementation of its recommendations on minimum channel spacing of 400 KHz for FM Radio broadcast issued on 19th April 2012, which will in effect increase the number FM channels in each city for auction.
 - II. The period of Permission to operate the existing FM channels on migration from Phase-II to Phase-III will be fifteen (15) years. The Phase-II permission period was ten (10) years.
 - III. Cutoff date for migration is to be decided by MIB after the completion of auction process for Phase-III of FM Radio. However, the cutoff date for migration should not be later than 31st March 2015.

- IV. For calculating the migration fees, the cities have been categorized into 3 Groups X, Y & Z. This classification is based on the numbers of FM channels available in each city for the Phase-III auction. Group X consists of 17 cities where no channels are available for auction in Phase-III. Group Y consists of 26 cities where channels available for auction are 1/3rd or less of the total channels in that city. Finally, Group Z includes 42 cities where more than 1/3rd of the total channels in that city are available for auction.
- V. Regarding how to calculate the migration fee, the recommendations vary for the three groups.
- (i) For Group X, since no auction is possible for the cities herein, the migration fee is proposed to be derived from the percentage increase in the Phase-III auction prices obtained in Group Z cities. It is recommended that the migration fee for the operators in the 17 cities in Group X should be higher of -
- Phase-II average bid of the city multiplied by a factor of 1.5; or
 - Phase-II highest bid of the city increased by the average increase in auction prices in Group Z cities (vis-à-vis their reserve prices) in the same category in Phase-III.
- (ii) Group Y cities are those where auction will be held, but for a few channels. Since this is deemed to be a scarce market situation, the recommendation is that the migration fee for the existing channel operators should be higher of-
- Phase-II average bid of the Y city multiplied by a factor of 1.5; or
 - Phase-II highest bid of the city increased by the average increase in auction prices in Group Z cities (vis-à-vis their reserve prices) in the same category in Phase-III.
- ...but, the lower of
- The above; and
 - Actual Phase-III auction price obtained in the city.

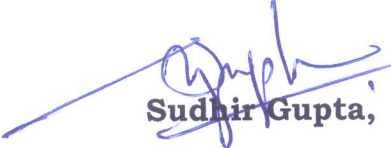
- (iii) Group Z cities, have sufficient FM frequencies available for auction and as such the actual auction price obtained in Phase-III will be the migration fee.
- VI. In all of these cases, the residual value of the Phase-II permission, calculated on a pro rata basis, is to be deducted from the Phase-III migration fee.
- VII. The methodology to be adopted for determining the reserve price for fresh cities in Phase-III should be reconsidered as the current methodology might jeopardise the auction.
- VIII. The cities in each group are:
- (i) Group X - Kolkata, Indore, Baroda, Bhopal, Jabalpur, Coimbatore, Visakhapatnam, Ranchi, Raipur, Gwalior, Jalandhar, Trivandrum, Kannur, Trichur, Gangtok, Panaji and Shimla.
- (ii) Group Y - Mumbai, Delhi, Chennai, Ahmedabad, Surat, Pune, Nagpur, Jaipur, Bangalore, Jamshedpur, Rajkot, Amritsar, Varanasi, Kochi, Madurai, Bhubaneswar, Siliguri, Guwahati, Jodhpur, Patiala, Udaipur, Kota, Puducherry, Mangalore, Hissar and Karnal.
- (iii) Group Z - Lucknow, Kanpur, Hyderabad, Asansol, Patna, Agra, Allahabad, Vijayawada, Rourkela, Muzaffarpur, Kolhapur, Nasik, Aurangabad, Sholapur, Sangli, Ahmednagar, Jalagaon, Dhule, Bilaspur, Akola, Nanded, Chandigarh, Ajmer, Bareilly, Jammu, Srinagar, Bikaner, Aligarh, Gorakhpur, Jhansi, Kozhikode, Tiruchi, Tirupati, Mysore, Tuticorin, Tirunelveli, Gulbarga, Rajahmundry, Warangal, Shillong, Agartala and Itanagar.

3. The Ministry of Information and Broadcasting (MIB) sent a reference dated 9th April, 2013, to the Authority, seeking recommendations of TRAI on Migration of FM Radio Broadcasters from Phase-II to Phase-III. The clarifications sought by TRAI were provided by MIB by 22nd November, 2013.



4. TRAI issued a consultation paper on "Migration of FM Radio Broadcasters from Phase-II to Phase-III" on 3rd December 2013 seeking comments from the stakeholders. Open House Discussion was held at New Delhi on 3rd January 2013. Taking into account the comments received during the consultation process and analysis of the issues, the Authority has finalised its recommendations.

5. The full text of recommendations is available on TRAI's website www.trai.gov.in.


Sudhir Gupta,
Secretary, TRAI