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**RESPONSE TO TRAI CONSULATION PAPER NO: 12/2013
MIGRATION OF FM RADIO BROADCASTERS FROM PHASE 2 to PHASE 3**

Date : 16th December 2013.

Mr. Sunil Kumar Singhal
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Telecom Regulatory Authority of India
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Please find our responses to the above mentioned paper.

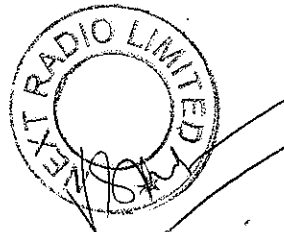
- 1. What should be the date of migration for FM Radio operators to migrate from Phase II to Phase III?**

The 'specified date' of migration to the new regulations governing Phase III should be 1st April 2014 as that is the beginning of the financial year. However, the migration to the new 15 year licence and NOTEF payment thereof should be upon the specific end date of the individual FM licences for each city. Phase II operators could be asked to provide an undertaking that the appropriate NOTEF will be paid upon the expiry of the ten year licence as and when each license expires.

Since all operators have paid in advance a sum of money for a ten year licence, it is only fair that the entire ten year period is completed before new fees are paid. This also allows operators who are not interested in the new 15 year period to simply run out their licences until expiry. Also the 'residual license payback' is not favourable for the players.

- 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?**

Yes, we are in agreement that the period of permission should be 15 years from the date of migration. However, the migration to the new licence period should be upon expiry of the 10 year licence under Phase II. This also removes the need for residual license payback.



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.

We are **NOT** in agreement with the proposed methodology of charging migration fee as detailed in the consultation paper. We suggest that the migration fee should follow the principal followed in migration from Phase II to Phase III and should be computed as the average of the OTEF of all bids including vacant ones in that city + for e.g. 30% increase (Table below for illustration):

Delhi (A+) Reserve Price for Phase-III =Rs. 31,42,00,000	Date of Operationalisation of Channel	Expiry of Phase-II license	Period of Phase-II license left beyond 01.04.2014 (in years)	OTEF (One Time Entry Fee) paid for Phase II (Rs.)	Migration Fee as NOTEF for Phase III License period of 15 years basis Average bids amounts of Phase II including vacant frequencies + Y% increase (e.g. 30%) (Rs.)
Operator 1	01.04.2007	31.03.2017	3	10,26,00,000	25,68,31,047
Operator 2	01.04.2006	31.03.2016	2	31,42,00,000	25,68,31,047

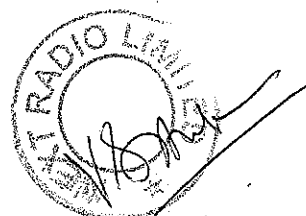
Since all operators have paid in advance a sum of money for a ten year licence, it is only fair that the entire ten year period is completed before new fees are paid. This also allows operators who are not interested in the new 15 year period to simply run out their licences until expiry. Also the 'residual license payback' is not favourable for the players.

Phase II operators have undertaken to build the private FM industry in the country, providing employment and free entertainment to millions of Indians, at a significant commercial loss. There must be some consideration of this pioneering effort on their part by allowing them to continue to broadcast at a fair and reasonable NOTEF which would not put significant financial burden on them, while also ensuring good collections for the exchequer.

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

We would like to reiterate our position that migration takes place in two steps:

- a. Migration to the terms and conditions of Phase II: April 1, 2014.



- b. Migration to the 15 year licence through the payment of NOTEF: Upon conclusion of the specific ten year licence in each city (Undertaking to pay NOTEF upon due date to be taken from each broadcaster).
- c. Dues to BECIL, Prasar Bharati, etc., which are in dispute in the courts or otherwise should not be made as a condition for migration as these are commercial disputes and will be resolved through due process.

We hope that our views are taken into consideration and look forward to providing any further inputs that may be required for speedy resolution of this matter.

Thanking you,

Yours faithfully,
For Next Radio Limited


Authorised Signatory

Name: Vineet Singh Hukmani

Designation: Managing Director