

From: <consumerk2@gmail.com>

To: "Deepak Sharma" <advbcs-2@traigov.in>, "V.K. Aggarwal" <jtadvbcs-1@traigov.in>

Date: Fri, 09 Aug 2024 21:39:43 +0530

Subject: View and comments on consultation paper 9/2024

Views and Comments on Consultation Paper on Reserve Prices for auction of FM Radio channels by Upobhokta Sanrakshan Kalyan Samiti, Kanpur (CAG member)

A. Q1. Do you agree that the methodology used in TRAI's recommendations dated 10th April 2020 for determining reserve prices of FM Radio channels should be used for determining reserve prices of FM Radio channels in the cities of Bilaspur, Rourkela provide a detailed justification for your views.

b. If no, please suggest an alternative approach/ methodology with details and justifications.

Ans-To expand the reach of FM Radio broadcasting across the country, the Government initiated Phase III, aiming to establish private FM Radio channels in all cities with a population exceeding 1 lakh. Furthermore, 11 additional cities with a population less than 1 lakh in the border areas of Jammu & Kashmir (J&K) and the North East (NE) region were included in this expansion. The Government issued Policy Guidelines for Phase-III of FM Radio Broadcasting on 25.07.2011.

Q2. Due to non-availability of updated radio listenership estimates data and Market Intensity Index, whether the same data, as used in 2020 recommendation, can be used in the present exercise as well? In case the answer is no, which alternative data/methodology can be used for the same purpose?

Ans-The e-auction of the first batch of Private FM Radio Phase-III channels commenced on 27.07.2015. This auction included 135 channels in 69 existing cities. The reserve prices for these cities were set by MIB as per Policy Guidelines for Phase-III of FM Radio, i.e. the highest bid price received during Phase-II for each respective city. Out of the 135 channels, 96 channels were successfully auctioned in 55 cities.

Q3. Should a multiplication factor of 0.7 be used for estimating the Reserve price from average valuation of FM Radio channels?

Ans- Subsequently, MIB vide its letter dated 19.03.2024 (Annexure-III) provided a list of 20 cities in Hilly states/UTs of Himachal Pradesh, Uttarakhand and Jammu & Kashmir, and

requested to recommend reserve prices for these cities.

introducing a new city category, i.e. Category 'E'. MIB further proposed that all the technical parameters applicable for category 'D' cities, except for ERP may apply to category 'E'. The proposed ERP for Category 'E' is 750W to 1 KW.

Q4. How should the reserve prices for 18 cities identified by MIB in hilly states/UTs be determined:

A. Whether it should be kept at Rs. 5 lakh as like cities of 'Others' category?

b. Whether any other methodology to be used for determining the reserve price in these cities ?

Ans.- No, MIB vide its letter dated 09.04.2024 (Annexure-IV) further clarified that TRAI has already recommended the reserve price for the city of Anantnag in its 2020 recommendations and that City of Rudrapur (Uttarakhand) belongs to Category 'D' as its population exceeds 1 lakh according to census 2011. Accordingly, for remaining 18 new cities, the new Category 'E' has been proposed.

Q5. Besides the Technical parameters i.e. Effective Radiated Power (ERP) and Antenna Height (EHAAT)] as proposed by MIB for category 'E', should the provisions related to the 'Financial Competence', 'Number of Frequencies' and 'Annual Fee' applicable to the 'Others' category under Phase-III policy guidelines be made applicable to category 'E'? If not, what provisions should be prescribed for these parameters?

Ans-In its recommendations of 2015, the Authority noted that advertising serves as the primary revenue source for FM Radio. Therefore, the revenue potential in a specific market relies on factors such as the duration and rates of commercial advertisements, which, in turn, depend on the scale of economic activities and FM Radio listenership in that city or coverage area. Recognizing the variations in these aspects across cities, the Authority identified relevant variables viz. per capita income, listenership of FM Radio, and per capita Gross Revenue (GR) earned by existing FM Radio operators, along with population, to assess the economic activities of a city/region. The Authority applied a two-stage process for estimating reserve prices for FM Radio channels in new cities, excluding those in the 'Others' category. The first stage involved determining the valuation of FM Radio channels in each new city, and in the second stage, the reserve price for each city was calculated by multiplying the channel's value by a factor of 0.8 (as detailed at Step 10, para 2.12 below). For 11 new cities of 'Others' category a reserve price of Rs. 5 Lakh was recommended in line with the Phase-III policy guidelines.