

AROI Comments on Consultation Paper On Issues related to Digital Radio Broadcasting in India dated 10th July, 2017. Consultation number 7/2017

Question 5.1

Is there a need to encourage or facilitate introduction of digital radio transmission at present? If so, what measures do you suggest and in which market?

AROI Comments

The private FM Radio industry in India currently operates under the Phase 3 policy regime of Ministry of Information & Broadcasting, Government of India, wherein radio stations are operated in analogue mode out of auctioned and allocated frequencies.

The radio stations are listened in through cheaply available fm receivers or as a free feature in mobile sets. This is totally a free to air media, and can be rightly called the only poor citizens source of infotainment in India.

The radio operators pay a large amount of money for the frequencies and the right to run radio stations, basis professional assessment of markets, revenues and potential listenership. The only revenue source is advertising, and advertisers pay basis an assessment of relevant listenership of a radio station.

Right now digital receivers are negligible in numbers and very costly. A DRM receiver is over 10000 Rs and HD receivers about 2500 Rs. Since radio is a poor citizens media in India with mass listenership, a affordable price would be about 100 Rs which is the price of analogue receiver. At these high prices, only a miniscule percentage of population in India can afford these digital sets,

Therefore we recommend that the analogue transmission of allocated FM frequencies of private FM radio stations be delinked from any digital radio transmission that may be planned. At most a simulcast analogue cum digital transmission option can be provided to the radio operators.

Question 5.2

Is there a need to frame a roadmap for migration to digital radio broadcasting for private FM broadcasters? If yes, which approach, mentioned in para 4.7, should be adopted? Please give your suggestions with justification.

AROI Comments

Firstly a framework for availability of affordable digital radio receivers that can be bought or given to say 90 percent of population, needs to be developed.

In the interim at most, in addition to analogue broadcast, digital broadcasting could be an additional simulcast option . However, since cost of content is high , it is unlikely that any private radio station will find it viable at such low listenership base.

Therefore we recommend that FM should remain separate from DRM, HD or any other digital transmission. The two should not be combined.

Question 5.3

Should the date for digital switch over for radio broadcasting in India need to be declared? If yes, please suggest the date with suitable justification. If no, please give reason to support your view.

AROI Comments

Since 15 years licenses for private radio have just been given and frequencies for these allotted, at high fees that factored in the huge analogue listenership base, any switch over date can be finalized only after the digital listenership base exceeds analogue base, or after 15 year license period expires.

Question 5.4

Is present licensing framework or regulatory framework is restrictive for migration to digital radio broadcasting? Please explain with justification.

AROI Comments

The rights and investments made by FM radio operators needs to be protected under any new regime proposed.

At most, the radio operators could be allowed to additionally run digital stations within their allocated frequency at no additional cost (simulcast option).

Question 5.5

Should single digital radio technology be adopted for entire country or choice of technology should be left to radio broadcasters? Support your reply with Justification.

AROI Comments

To achieve affordable digital receiver sets for all, a mass demand would need to be created, which can happen if only one standard is used.

Question 5.6

In case a single digital radio broadcast technology is to be adopted for the entire country, which technology should be adopted for private FM radio broadcasting? Please give your suggestions with detailed justification.

AROI Comments

The technology which provides for lower cost of receiver should be given preference.

A detailed analysis of digital technology and its impact in various regions – America, Europe, Asia and Africa , needs to be done to assess the best model suited for India

Question 5.7

How issues of interference and allocation of appropriate spectrum allocation can be settled in case the option to choose technology is left to radio broadcasters?

AROI Comments

The confusion that would be created by different digital technologies is best avoided.

Digital transmission should not be brought in private FM space at all, except as a simulcast option. There is no question of allowing broadcasters to choose whatever suits them. If anything, all of them should be allowed to simulcast from a common adopted technology should they choose to do so.

Question 5.8

Should the permission for operating FM channel be delinked from technology used for radio broadcasting? If yes, please provide a detailed framework with justification.

ARO Comments

Yes. The Radio operators should be allowed full use of auctioned and allotted frequency .

The present FM policy provides for appropriate framework through market discovery of prices through auctions and annual license fees based on revenues.

Question 5.9

Should the existing operational FM radio channels be permitted to migrate to digital broadcasting within assigned radio frequency? If yes, should there be any additional charges as number of available channels in digital broadcasting will increase? Please provide a detailed framework for migration with justification.

ARO Comments

Under present conditions of a non existent listenership base, here is no logic for any charge for use of digital broadcasting.

At most, radio operators could be allowed to simulcast digital alongwith analogue on experimental basis . However, who should bear the cost of content for digital is another issue as there would be negligible or no recovery at current digital base. Therefore option of simulcast should be left to operators.

Question 5.10

Should the future auction of remaining FM channels of Phase-III be done delinking it from technology adopted for radio broadcasting? Please give your suggestions with detailed justification.

ARO Comments

For new cities where there is no existing private station, this could be done.

In cities where private radio stations have already been allocated, which means that investment decisions have been made basis a listenership base, their interests need to be protected and a level playing field provided vis a vis new entrants.

Question 5.11

In case future auction of remaining FM channels of Phase-III is done delinking it from technology, should the present auction process be continued? If no, what should be the alternate auction process? Please give your suggestions with detailed justification.

ARO Comments

Present auction process would be fine for new cities being put up for auction, but the minimum reserve price will need to be removed.

Since digital would allow multiple increase in stations, the prices under auction or otherwise offered for these stations will be very low and best left to market rather than fix an artificial reserve price.

One could observe from auction results of batch 2 of phase 3, where three fourths of frequency were not taken, that reserve prices are already very high.

5.12 What modifications need to be done in FM radio policy to use allocated FM radio channels in technology neutral manner for Radio broadcasting?

The policy should provide for auction and allocation of a frequency and let broadcasters use any technology to exploit the frequency,.

Auctions and allotment will need to be on frequency basis and not stations basis. The operators should be allowed to simulcast both analog and digital within the allocated frequency, at their option.

The music royalty payable on digital broadcast should be covered under statutory licensing provision of copyright act.

Content restriction on FM radio broadcast should be expanded to allow sports, news and current affairs.

Reserve prices are best avoided and the market should be allowed to determine the prices through an auction process. The results of auctions of batch 1 and batch 2 of Phase 3 auctions clearly indicate that for many towns, reserve prices were over priced and therefore no bids were received for these stations.

Question 5.13

What measures should be taken to reduce the prices of digital radio receivers and develop ecosystem for migration to digital radio broadcasting?

AROI Comment

An assessment of measures required can be done basis results of current and proposed digital simulcast options on an annual basis.

On basis of increase in penetration of digital receivers acquired, the authorities and the industry can then decide the best way to provide affordable digital receivers @ Rs 100 or less so that poor citizens get the benefit of the technology.

Question 5.14 Stakeholders may also provide their comments on any other issue relevant to the present consultation.