FICCI's Industry Representation on TRAI's Consultation for a Digital Radio Broadcast Policy for Private Broadcasters

Context:
The Telecom Regulatory Authority of India (TRAI) issued a Consultation Paper on 'Formulating a Digital Radio Broadcast Policy for Private Radio Broadcasters' on September 30, 2024. This document addresses the shift from analog to digital radio broadcasting in India, inviting feedback on policy aspects that could impact private broadcasters, including market implications, operational hurdles, and the economic potential of digital radio.

In response, FICCI gathered insights from its Radio Forum members to prepare an industry-aligned representation. This document consolidates stakeholder input as answers to specific topics outlined in TRAI's consultation, emphasizing anticipated impacts on broadcasters' operations, revenues, and regulatory obligations.

Stakeholders Comments

Q1. Do you agree that single digital radio technology adoption is preferable for entire country? If not, support your reply with justification.

A1: Industry members support adopting a single digital radio technology for India to reduce costs and ensure greater accessibility of digital receivers. A unified standard would allow manufacturers to achieve economies of scale, making receivers more affordable for listeners and fostering quicker digital adoption.

Q2. In case a single digital radio broadcast technology is to be adopted for the entire country, which technology should be adopted for digital radio broadcasting? Please give your suggestions with detailed justification.

A2: The industry recommends adopting a single radio technology for India . However, the players are divided between adopting DRM and HD Radio .The industry recommends leaving the decision to the Government for adoption of the technology since both have their pros andcons.

Whie AIR has conducted trials with DRM, the HD Radio Technology has been successfully tested in United States, Canada & Mexico.

Q3. In case multiple digital broadcasting technologies are to be adopted, please specify whether it should be left to the market forces to decide the appropriate technologies and what

could be the potential problems due to adoption of multiple technologies? Please suggest probable solutions to the problems, with detailed justification.

A3: This question warrants careful consideration and a comprehensive analysis. While allowing multiple digital broadcasting technologies might let market forces drive innovation, it introduces significant challenges that need thorough evaluation.

Q4. What should be the approach for migration of existing FM radio broadcasters to digital radio broadcasting?

A4: According to the industry, while digital radio broadcasting has significant potential, the sector is currently facing challenges from pandemic-related losses and high annual fee costs. Consequently, investing in the necessary infrastructure could be burdensome at this time.

To ensure a smooth transition for existing FM radio broadcasters to digital radio broadcasting, a strategic and supportive approach is required:

1. **Financial Support:** The hardware upgrade costs for transitioning to digital transmission are substantial. Industry recommends establishing policy guidelines to incentivize and subsidize these upgrade costs. Additionally, consumer subsidies for digital radio receivers should be considered.
2. **Simulcast Transition:** FM radio in India is well-positioned for an early transition to simulcast broadcasting (both analog and digital). Significant government subsidies for capital investments in digital-enabled transmitters and infrastructure are crucial, particularly in smaller cities where digital infrastructure may be lacking.
3. **Retention of FM Transmission:** It is vital to retain analog FM transmission alongside digital broadcasting, especially in Category C and D cities. Many listeners, particularly lower-income groups in urban areas, may not be able to afford the expensive receivers required for digital transmission. A complete transition to digital is unlikely under the current market conditions.
4. **Pilot Projects:** Industry recommend piloting digital radio in select major cities to assess viability and refine the approach before broader implementation. This will provide stakeholders with insights from initial challenges and successes.
5. **Policy Guidelines for Channels:** Clear policy guidelines must be established regarding additional channels available with digital technology. Protecting the interests of existing frequency holders is essential, as their brand equity is closely tied to their frequency numbers.
6. **License Fees and Royalties:** Existing broadcasters should not incur additional license fees for new digital channels. Furthermore, clarity is needed on whether the current statutory licensing regime for FM transmission will apply to digital broadcasting, as uncertainty in this area could jeopardize the viability of the transition.

Q5. What should be the timeframe for various activities related to the migration of existing FM radio broadcasters to digital radio broadcasting?

A5: The industry suggests that the government should promptly notify the allowance for digital transmission on a simulcast basis for existing FM radio broadcasters as a voluntary option. This approach would enable broadcasters to adopt digital technology while continuing their existing operations.

Additionally, it is crucial that the current radio policy be applicable to digital broadcasting, with the annual license fees maintained at 4% of annual gross revenue. However, the economic feasibility of this transition will depend on securing Statutory Licensing for music content, similar to what is currently available for FM transmission.

Lastly, extensive consultations with all stakeholders are necessary to ensure a smooth migration process.

Q6. Please suggest measures that should be taken to encourage existing FM radio broadcasters to adopt digital radio broadcasting.

A6: To encourage existing FM radio broadcasters to adopt digital radio broadcasting, the industry suggests the same measures as mentioned in A4, most important being:

- **Annual License Fee Structure:** Maintain the annual license fee at 4% of net advertising revenue for all stations, ensuring that this fee is not linked to the Non-Refundable One-Time Entry Fee (NOTEF). This approach would alleviate financial burdens and provide a stable revenue framework for broadcasters.

- **Statutory Licensing for Digital Broadcasts:** Extend the existing statutory licensing provisions under Section 31D of the Copyright Act to digital radio broadcasting at the same rates currently available for FM broadcasts. This ensures that broadcasters can operate without the added pressure of increased licensing costs associated with music content, which is crucial for their revenue model.

Q7. What measures should be taken to facilitate the availability of affordable digital radio receivers?

A7: To facilitate the availability of affordable digital radio receivers, the industry suggests the following measures:

1. **Subsidies for Receivers:** The government should implement substantial subsidies for digital radio receivers to lower the cost for consumers. This would encourage wider adoption and accessibility across different income groups.
2. **Investment in Infrastructure:** Technology partners need to invest in building the necessary infrastructure for digital broadcasting, which includes not just transmitters but also affordable receivers.
3. **Policy Framework:** A clear policy framework for digital broadcasting should be established, guiding both the transition process and the technical specifications for receivers. This will help create a conducive environment for manufacturers and consumers alike.
4. **Retention of FM Transmission:** It is essential to maintain FM transmission alongside digital broadcasting, particularly in underserved areas where digital infrastructure may not yet be available. This dual system will ensure that all listeners can continue to access radio services.
5. **Pilot Initiatives:** Implementing pilot programs in selected cities can provide critical insights into consumer behavior and preferences regarding digital radio, helping to refine approaches before a nationwide rollout.
6. **No Additional Fees:** Existing broadcasters should not incur additional license fees for digital channels, which would otherwise deter them from migrating to digital platforms.

Q8. Should private radio broadcasters be permitted to simulcast their live terrestrial channels on the Internet? If yes, what should be the terms and conditions for such simulcast? Please provide your comments with detailed justification.

A8: Yes, private radio broadcasters should be allowed to simulcast their live terrestrial channels on the Internet. The industry recommends that this should be done without imposing any additional music license fees beyond the existing statutory rates set by the Intellectual Property Appellate Board (IPAB) on December 31, 2020.

This approach would simplify the licensing process and lower the financial barriers for broadcasters, facilitating their transition to digital platforms. Additionally, maintaining the current statutory license fees ensures that broadcasters can monetize their content effectively while expanding their audience reach in the digital space.

Q9. (i) Should the provisions relating to eligibility criteria prescribed in FM Phase-III Policy guidelines be adopted for Digital Radio Broadcast Policy?
(ii) If yes, is there any need to add or remove any criteria?
(iii) If not, please suggest the plausible eligibility criteria for granting authorization for digital radio broadcasting.

A9: According to industry, the current eligibility criteria prescribed in the FM Phase-III Policy guidelines are adequate for adoption in the Digital Radio Broadcast Policy.

Q10. Should the financial eligibility criteria provided in existing policy guidelines be adopted for digital radio broadcasting policy? If not, what should be the financial eligibility criteria for different categories of cities for digital radio broadcasting? Provide your suggestions with detailed justification.

A10: According to industry, the current financial eligibility criteria outlined in the existing policy guidelines are suitable for adoption in the Digital Radio Broadcasting Policy. This continuity will ensure stability in the market and facilitate the transition for existing broadcasters. By maintaining these criteria, stakeholders can benefit from a familiar regulatory environment, thereby encouraging investment and participation across different categories of cities.

Q11. Should the provisions regarding the period of permission as per existing Policy Guidelines be adopted for the Digital Radio Broadcast Policy? If not, what should be the validity of the period of permission for Digital Radio Broadcasting? Provide your suggestions with detailed justification.

A11: The provisions regarding the period of permission in the existing Policy Guidelines should be adopted for the Digital Radio Broadcast Policy. Maintaining consistency will provide stability for broadcasters and encourage investment in digital infrastructure. A validity period of 10 years, similar to FM licenses, would ensure a balanced approach, allowing broadcasters sufficient time to establish their services and recoup their investments.

Q12. Should the provisions regarding the Earnest Money Deposit provided in existing policy guidelines be adopted for the Digital Radio Broadcast policy? If not, what should be the Earnest Money Deposit for digital radio broadcasting services?

A12: The provisions regarding the Earnest Money Deposit (EMD) in existing policy guidelines should also be adopted for the Digital Radio Broadcast policy. The EMD should be set at a level that reflects the investment required for digital infrastructure while remaining accessible to new entrants. A tiered structure based on city categories may be appropriate to ensure fairness and encourage participation across different market segments.

Q13. What should be the amount of application processing fee for Digital Radio Broadcast services? Please provide your suggestions with justification.

A13: The application processing fee for Digital Radio Broadcast services should be based on factors like technology used, infrastructure, and whether the operator is established or new. Given these complexities, it requires careful analysis and should be finalized by TRAI.

Q14. Should the provisions regarding the Performance Bank Guarantee provided in existing policy guidelines be adopted for the Digital Radio Broadcasting services? If not, what should be the amount of Performance Bank Guarantee for digital radio broadcasting services?

A14: We leave it to TRAI's discretion to establish a reasonable figure that balances the need for security while not being prohibitive for new entrants and existing broadcasters.

Q15. Should the provisions regarding the time schedule for signing of authorization and operationalization of radio channel as prescribed in existing policy guidelines be adopted for Digital Radio Broadcasting services? If not, please suggest with justification the changes required in the time schedule for signing of authorization and operationalization for channels for Digital Radio Broadcasting services.

A15: The timeline should allow sufficient time for broadcasters to transition and set up their digital infrastructure effectively. However, any adjustments necessary to align with technological advancements and industry practices should be left to TRAI's discretion to ensure that the framework remains relevant and practical.

Q16. What should be the provisions relating to the annual fee including payment methodology be adopted for digital radio broadcasting services? Provide your suggestions with detailed justification.

A16: The provisions for the annual fee for digital radio broadcasting services should stipulate a fee of 4% of Net Revenues, excluding GST, as recommended by TRAI.

This proposed methodology ensures a fair and reasonable fee structure where the license fee is directly proportional to the broadcaster's actual revenues. Specifically, the calculation of the annual license fee should be based on the Gross Revenue (GR) of the FM radio channel during the financial year, explicitly excluding GST collected on behalf of the Government. Moreover, it is crucial to delink the annual license fee from the Non-Refundable One-Time Entry Fee (NOTEF), allowing for a more equitable fee structure.

Q17. Should there be a minimum amount of annual fee for digital radio broadcasting services? What should be the criteria for deciding such a minimum annual fee? Provide your suggestions with detailed justification.

A17: The industry recommends that there should be no minimum annual fee for digital radio broadcasting services. The fee should instead be set at 4% of Gross Revenues, excluding GST, as suggested by TRAI. Furthermore, it should be delinked from the Non-Refundable One-Time Entry Fee (NOTEF) to promote fairness in the sector.

Q18. Do you agree that the amended provisions of calculating annual fee as 4% of GR only and de-linking it from Non-Refundable One Time Entry Fee (NOTEF), be made applicable to existing operational FM radio channels, who migrate to digital radio broadcasting?

A18: Yes, it is essential to apply the amended provisions of calculating the annual fee as 4% of Gross Revenues (GR) and to delink it from the Non-Refundable One-Time Entry Fee (NOTEF) for both migrating and non-migrating FM radio channels. This approach is crucial to prevent significant disparities between stations within the same tier, ensuring a level playing field.

Q19. What should be the definition of Gross Revenue (GR) to be adopted for digital radio broadcasting services? Provide your suggestions with detailed justification.

A19: The definition of Gross Revenue (GR) for digital radio broadcasting services should exclude GST collected on behalf of the Government and actually paid to the Government. The annual license fee (ALF) for FM radio channels must be calculated as 4% of the GR, excluding GST, in line with TRAI's recommendations.

Q20. Should the provisions regarding the restrictions on multiple permissions in a city be adopted for Digital Radio Broadcasting services? Please provide your suggestions with detailed justification.

A20: Yes, provisions restricting multiple permissions in a city should be adopted for Digital Radio Broadcasting services. This will help prevent market saturation and promote healthy competition among broadcasters.

Q21. Should frequency be considered, or multiple channels operated on single frequency be considered for the purpose of putting restrictions on multiple channels in a city? Please provide your suggestions with detailed justification.

A21: For restricting multiple channels in a city, the total number of channels—whether on a single frequency or multiple frequencies—should be considered. This ensures a balanced media landscape and prevents overconcentration of ownership. Each applicant should be allowed to operate a maximum of 40% of the total channels in a city, ensuring a minimum of three different operators. This aligns with Phase-III policy guidelines, promoting diversity in broadcasting.

Q22. Do you agree that the maximum number of channels that has been identified by MIB in category A+ and A cities as given in Table 3 (below) should be put up for auction for digital radio broadcasting? If not, please give your suggestions with detailed justification and criteria for deciding the maximum number of channels in each of the cities mentioned in Table 3 below.

Table 3: Number of digital radio channels identified by MIB in category A+ and A cities

City	No. of Channels
Delhi	4
Mumbai	4
Kolkata	8
Chennai	11
Hyderabad	7
Bengaluru	8
Ahmedabad	10
Surat	12
Pune	5
Jaipur	14
Lucknow	7
Kanpur	5

A22: TRAI is best positioned to evaluate the dynamic market conditions, technological advancements, to determine the optimal number of channels.

Q23. Should the provisions regarding the Programme Content provided in the existing policy guidelines be adopted for Digital Radio Broadcasting?

A23: Yes, the Programme Content provided in the existing policy guidelines can be adopted for Digital Radio Broadcasting,

Q24. Should digital radio broadcasters be allowed to broadcast self-curated news and current affairs programs as recommended by TRAI in its recommendations dated 5th September 2023? If yes, what should be the duration of such programs. Please give your suggestions with detailed justifications.

A24: Yes, digital radio broadcasters should be allowed to broadcast self-curated news and current affairs programs, as recommended by TRAI. Given that 99% of radio reach currently relies on analog transmissions, and digital reach is expected to gradually increase to 10-20% with affordable digital receivers, this approach allows broadcasters to engage their audiences effectively.

Broadcasters should be permitted to publish news using their internal resources, similar to the provisions for news publishers. This flexibility ensures that radio stations can provide timely and relevant news content rather than solely relying on All India Radio (AIR) news capsules. Such a policy not only supports diverse voices in the media landscape but also enhances listener engagement.

The duration of self-curated news programs should be determined based on market demand and audience preferences, allowing broadcasters to tailor content effectively while adhering to regulatory standards.

Q25. Is there a need to prescribe the guidelines for genres of programmes that a broadcaster can provide on multiple channels available on a single frequency allocated to it for digital radio broadcasting? If yes, what should be the genres of channels permitted in digital broadcasting? Please give your suggestions with detailed justifications.

A25: Industry suggests that there is no need to prescribe specific guidelines for the genres of programs that broadcasters can provide on multiple channels available on a single frequency for digital radio broadcasting. The discretion regarding programming genres should rest with the owners and operators of the frequency.

Allowing broadcasters to determine their own programming genres fosters creativity and innovation, enabling them to tailor content to the interests and preferences of their audience. This flexibility can lead to a more vibrant and diverse radio landscape, as operators can explore niche genres and adapt their offerings based on listener feedback and market trends. Ultimately, this approach supports the growth of a dynamic media ecosystem that reflects the varied tastes of the public.

Q26. Should the provisions regarding penalties prescribed in extant guidelines be adopted for digital radio broadcasting? If not, what are your suggestions for modifications? Please give your suggestions with detailed justification for each.

A26: The provisions regarding penalties prescribed in existing guidelines for broadcasting should be determined by TRAI/MIB. Given the evolving landscape of digital radio broadcasting, it is essential that any penalties reflect the specific challenges and nuances of this medium.

Q27. What should be the methodology for examination and creation of new Common Transmission Infrastructure (CTI) setups required for new channels including their upkeep, given the fact that existing CTI setups and towers may not have vacant space and apertures, respectively, for accommodating additional new channels in category A+ and A cities?

A27:

Q28. What should be the methodology for examination and modifications to existing CTI setups or creation of new CTI setups required for transmission of digital components/ simulcast operation by existing broadcasters including its upkeep given the fact that existing CTI setups, including towers, may not support the addition of digital components without modifications?

A28:

Q29. Are there any changes required in the format prescribed for reporting of Financial Accounting by radio broadcasters for the Digital Radio Broadcast Policy? If yes, please suggest changes with justification.

A29: Industry suggests that for digital radio broadcast policy, financial reporting should be streamlined to an entity level, rather than requiring independent reporting for each station. This adjustment would align reporting requirements with standard practices, reduce administrative burdens, and provide a more comprehensive view of each broadcaster's financials. This approach is efficient and avoids unnecessary complexity for multi-station operators, ultimately contributing to better resource allocation within the industry.

Q30. Whether any other provision of the existing policy guidelines that may require review for their adoption of the Digital Radio Broadcast Policy? If yes, please provide your comments with reasons thereof for amendments (including any addition(s)) required in the existing policy guidelines for FM Radio, that the stakeholder considers necessary. The stakeholders may provide their comments in the format specified in Table 4 explicitly indicating the existing clause, suggested amendment and the reason/ full justification for the amendment in the existing policy guidelines for FM Radio for inclusion in Digital Radio Broadcast Policy.

A30: Table 4: Format for stakeholders' response on amendments required in Policy guidelines for expansion of FM Radio Broadcasting services through private agencies (Phase III) for inclusion in Digital Radio Broadcast Policy

S. No.	**Clause No. of Existing Policy Guidelines for FM Radio**	**Provisions of the existing clause (2)**	**Amendment/ new provision(s) suggested by the stakeholder (3)**	**Reasons/ full justification for the proposed amendment (4)**
1.	**Clause 6: Annual fee; sub-section 6.1 (a)**	The Permission Holder shall be liable to pay an Annual Fee to the Government of India every year charged @ 4% of Gross Revenue of its FM radio channel for	The Permission Holder shall be liable to pay an Annual Fee to the Government of India every year charged @ 4% of	T Annual license fees must be a percentage of revenue and not fixed to auction fees (NOTEF) as the later tends to

		the financial year or @ 2.5% of NOTEF for the concerned city, whichever is higher.	Gross Revenue (Excluding GST) of its FM radio channel for the financial year.	swing to factors like shortage or excess of supply / demand.
	Clause 6: Annual fee; sub-section 6.1 (b)	The permission holders in the States of North East (i.e. Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim and Tripura,) and Jammu & Kashmir (J&K) and island territories (i.e Andaman and Nicobar islands and Lakshadweep) will be required to pay an Annual Fee to the Government of India charged @ 2% of Gross Revenue for each year or 1.25% of NOTEF for the concerned city, whichever is higher	The permission holders in the States of North East (i.e. Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim and Tripura,) and Jammu & Kashmir (J&K) and island territories (i.e Andaman and Nicobar islands and Lakshadweep) will be required to pay an Annual Fee to the Government of India charged @ 2% of Gross Revenue (excluding GST) for each year	Same reason as above
3.	**6.2 Gross revenue**	Gross Revenue shall, therefore, be calculated, without deduction of taxes and agency commission, on the basis of billing rates, net	Gross Revenue shall, therefore, be calculated, after deduction of taxes and agency commission, on	The definition of Gross Revenue (GR) for digital radio broadcasting services should exclude GST collected on

		of discounts to advertisers	the basis of billing rates, net of discounts to advertisers	behalf of the Government and actually paid to the Government. The annual license fee (ALF) for FM radio channels must be calculated as 4% of the GR, excluding GST, in line with TRAI's recommendations
4.	**Section 11.1 News & Current Affairs Programs**	The permission Holder will be permitted to carry the news bulletins of All India Radio in exactly same format (unaltered) on such terms and conditions as may be mutually agreed with Prasar Bharati, No other news and current affairs programs are permitted under the Policy (Phase-III).	The permission Holder will be permitted to carry the news bulletins of All India Radio in exactly same format (unaltered) on such terms and conditions as may be mutually agreed with Prasar Bharati. Furthermore, the permission holder are allowed to air other curated news and current affairs programs (in line with program content code) which are permitted under the Policy (Phase-III).	In an era where access to timely, reliable information is essential, lifting these restrictions would allow private radio to better serve the public, similar to other media channels.

Q31. 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 digital Radio channels.

a. If yes, please provide detailed justification for your views.

b. If not, please suggest an alternative approach/ methodology with details and justifications.

A31: As per the industry, the factor applied on derived valuation should be 0.25 and not 0.8 (25% instead of 80 percent).
While acknowledging the right of TRAI and Government to fix a minimum value, the objective of expanding FM network into these towns should not be overlooked, because:

- In most of towns there is little or no professional media to share local news and information which is an essential component of democracy
- A professional media will create economic opportunities through advertising opportunities and large reach.

This will ensure greater participation and successful bidding. There will be gain to Government as highly successful auctions ensure that less frequency will lie dormant which give no contribution to Public Exchequer.

Industry therefore recommends

Reserve Price = 0.25 x Valuation Price (Currently Trai has used 0.8 x valuation price)

Q32. Do you agree that due to the 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?

A32: Radio broadcasters agree that the 2019 IRS listenership survey be taken for listenership estimates of this exercise.

Q33. Do you agree that a multiplication factor of 0.7 be used for estimating the reserve price from average valuation of FM Radio channels or otherwise? Please provide your suggestions with detailed justification.

A33: The multiplication factor should be 0.25 for reasons stated in our main comments and in our response to question 31.

Alternatively a drop down reserve price be used as described in our main comment, viz..

The auction could start at 70 percent of fair values as estimated by Trai, but if there are less bids than frequencies then the reserve value be lowered in stages (say 60%, 50’%, 40 %.., 25%) till bids equal or exceed the number of frequencies available.

Q34. Stakeholders may also provide their comments/ suggestions along with detailed justification on any other issue that may be relevant to the present consultation.

A34: Please see our main comments before Question 31 and in Question 31.