Policy Guidelines for expansion of FM Radio Broadcasting services through private agencies (Phase-Ill)

The Union Cabinet in its meeting today has approved the proposal of the Ministry of Information and Broadcasting to approve of the 'Policy Guidelines on Expansion of FM radio broadcasting services through private agencies (Phase-Ill)'. Cabinet has also cleared the proposal of the Ministry for conducting ascending e-auction, as followed by Department of Telecommunications for the auction of 3G and BWA spectrum, mutatis-mutandis, for award of license of FM Channels, as recommended by the GoM on Licensing Methodology for FM Phase-Ill.

FM Phase-Ill Policy extends FM radio services to about 227 new cities, in addition to the present 86 cities, with a total of 839 new FM radio Channels in 294 cities. Phase -III policy will result in coverage of all cities with a population of one lakh and above with private FM radio channels.

Salient features of the approved Policy for Phase-Ill as against Phase-11 are as under;-

i) Radio operators have been permitted carriage of news bulletins of All India Radio.

ii) Broadcast pertaining to the certain categories like information pertaining to sporting events, traffic and weather, coverage of cultural events, festivals, coverage of topics pertaining to examinations, results, admissions, career counselling, availability of employment opportunities, public announcements pertaining to civic amenities like electricity, water supply, natural calamities, health alerts etc. as provided by the local administration will be treated as non-news and current affairs broadcast and will therefore be permissible.

iii) The limit on the ownership of Channels, at the national level, allocated to an entity has been retained at 15%. However channels allotted in Jammu & Kashmir, North Eastern States and island territories will be allowed over and above the 15% national limit to incentivise the bidding for channels in such areas;

iv) Private operators have been allowed to own more than one channel but not more than 40% of the total channels in a city subject to a minimum of three different operators in the city.

v) FDI+FII limit in a private FM radio broadcasting company has been increased from 20% to 26%;

(vi) Networking of channels will be permissible within a private FM broadcaster's own network across the country instead of in 'C' and 'D’ category cities only of a region allowed at present.

(vii) A choice is proposed to be given to the private FM broadcasters to choose any agency other than BECIL for construction of CTI within a period of 3 months of issuance of LOI failing which BECIL will automatically become the system integrator and set up co-location facilities and CTI.

(viii) **Special incentives for North East (NE) Region and Jammu & Kashmir (J&K) and Island territories:**

• Private FM Radio broadcasters in North East (NE) Region and Jammu & Kashmir (J&K) and Island territories will be required to pay half the rate of annual license fee for an initial period of three years from the date from which the annual license fee becomes payable and the permission period of fifteen (15) years begins.

• The revised fee structure has also been made applicable for a period of three years, from the date of issuance of guidelines, to the existing operators in these States to enable them to effectively compete with the new operators.

• Apart from the fee relaxation, it is further proposed that Prasar Bharati infrastructure would be made available at half the lease rentals for similar category cities in such areas.

• The limit on the ownership of Channels, at the national level, allocated to an entity has been retained at 15%. However channels allotted in Jammu & Kashmir, North Eastern States and island territories will be allowed over and above the 15% national limit to incentivise the bidding for channels in such areas;

The provisions of the Policy will also be available to FM Phase-II operators.

The incentives provided in the Policy with regard to J&K, North Eastern States and Island territories will make the operations viable in these areas and are expected to result in better offtake of channels. The steps taken in the new policy will bring down operational costs and improve viability in general. To improve the viability further as against a maximum of 4 channels in D category cities permitted in FM Phase-II, FM Phase-Ill proposes only 3 FM channels in D category cities so that there are lesser operators to share the advertisement pie. The reduction in the lockin period of shareholding of promoters/majority shareholders from the present 5 years to 3 years will give them greater freedom to change the Share Holding Pattern.

Content diversification because of news content provided by All India Radio, because of categories being specifically permitted and because of multiple ownership of channels in a city except in D category cities will allow operators to distinguish themselves from others to be able to cater to niche audiences. This will also increase the overall listenership base and the listening time.

E-auction for the channels will be conducted in batches and number of batches will be decided by the Ministry of I&B, depending upon the response from the bidders after auction of first batch. The Ministry of l&B will appoint an independent expert agency, though a transparent selection process, following established procedure, to conduct e-auction. The Ministry will separately issue a detailed Information Memorandum, in due course, enabling the prospective bidders to participate, and also indicating the cities, reserve prices city-wise, number of channels to be taken up in each batch and other procedures for e-auction. A Notice Inviting Applications (NIA) for participation in the Auction(s) will also be issued in due course of time.