Telecom Hotline

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RADIO GAGA: 100 % FOREIGN OWNERSHIP IN SATELLITE RADIO BROADCASTING MOOTED

The Telecom Regulatory Authority of India ("**TRAI**") submitted its recommendations on Satellite Radio Service ("**SRS**") to the Ministry of Information and Broadcasting on June 27, 2005 advocating 100 per cent foreign ownership in satellite radio broadcasting. TRAI proposed that the operation of SRS providers should be in line with those of FM radio broadcasters.

TRAI's salient recommendations include:

- No entry fee should be imposed on SRS providers, either existing or new as there is adequate supply of spectrum. In case of excess demand for the available spectrum space, tenders may be invited on the lines recommended for FM radio.
- A single license for carriage should be issued, under which the licensee itself would be responsible for content regulation. There should be common rules for subscription as well as broadcast type services.
- Licensing should be on a case by case basis, primarily aimed at establishing whether the applicant has the necessary financial and technical capacity to execute the SRS project.
- The license should be granted for a period of 10 years with a provision for an automatic extension for five years unless there are technical developments. ·
- No annual license fee should be levied so long as terrestrial repeaters are not permitted. Once terrestrial repeaters are permitted a revenue share of 4 per cent of the gross revenue generated in India should be imposed as has been recommended for FM radio.
- A limit of 15 per cent could be imposed on agency commission for advertisements or collection of subscription.
- The AIR Programme and Advertisement Codes should be made applicable to SRS also.
- There should be no ban on news and current affairs being broadcast by satellite radio.

In addition, TRAI proposed certain technical considerations including:

- A particular transmission standard need not be mandated for SRS providers and instead they should be free to decide their own preferred transmission standard, subject to the approval by the licensing authority.
- While licensing, it should be made mandatory for SRS operators to provide addressability to every subscriber, which is capable of blocking unwanted channel or group of channels.
- Initially, multi standard receivers which can be used with different transmission standards need not be mandated for SRS operators.
- Foreign ownership requirements for the terrestrial repeaters should follow the same regulatory approach as SRS.
- Further, terrestrial repeaters should be permitted only for the re-broadcast of their signal from the satellite and should not be allowed to broadcast locally inserted programmes.

TRAI recommended that the government should encourage uplinking of satellite radio channels from the country and evolve a common uplinking and downlinking policy for both television and radio taking into account all aspects including security. We expect detailed guidelines on satellite radio broadcasting to be issued by the Ministry of Information and Broadcasting on the basis of the TRAI recommendations soon.

Source: **TRAI**

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Radio GooGoo: Private FM Radio Broadcasting Phase 2 Announced

The Government of India on June 30, 2005 announced the policy framework for the second phase of private FM radio broadcasting, replacing the existing licensing model with a revenue sharing regime.

Some of the salient features of the second phase include:

- 20 percent Foreign Direct Investment ("**FDI**"), including FII and NRI investment, has been permitted in 330 stations located in 90 cities. Previously, FDI was not permitted in FM radio broadcasting.
- New FM radio stations would have to pay a one-time entry fee that would be decided through a closed bidding process, which each successful bidder would pay according to his bid amount. The existing operators would have to pay the average bid amount of new players. According to the Union Minister for Information and Broadcasting, Mr. S Jaipal Reddy, the bidding for the second phase will start by the end of July.
- In addition to the entry fee, the bidders will have to pay an annual license fee of four percent of their annual revenue.
- Being involved in any litigation would not constitute a ground to blacklist any bidders.
- Private FM radio stations will, primarily, be entertainment-oriented as they will not be allowed to air any current affairs or news content.
- Establishment of a quasi-judicial body for regulating the private FM radio sector has been proposed. It is not clear whether this quasi-judicial body would only regulate FM radio or regulate other broadcasting services too.
- To prevent monopoly by a single operator, a company would not be allowed to run two channels in the same city.
- In the second phase, the cities would be divided into four broad categories -- A, B, C and D -- starting from the metros and flowing down to the smaller ones.

According to the Ministry of Information and Broadcasting, common infrastructure for private FM channels will be set up in nine cities and a total of 48 FM channels would be available for bidding by the private sector on the common infrastructure network. Hyderabad and Bangalore would have the highest number of FM radio channels available for bidding at seven each, while Kolkata and Mumbai would have five FM radio channels each.

The new policy could prove to be just the right impetus required by the ailing FM radio sector as the license fee regime adopted in the first phase had 108 frequencies put on bid and only 21 are operational, 2 of which have also been given notice to close down.

Source: PIB / FICCI

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