

**GOVERNMENT OF INDIA
INFORMATION AND BROADCASTING
LOK SABHA**

STARRED QUESTION NO:492

ANSWERED ON:30.04.2013

EXPANSION OF FM RADIO

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Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

- (a) the status of expansion of FM radio broadcasting services in the country under various phases so far;
- (b) the details of FM radio operators blacklisted so far, under all the three phases;
- (c) whether the Government proposes to relax the existing investment policy for the FM radio stations;
- (d) If so, the details thereof and if not, the reasons therefor; and
- (e) whether the Government is considering to set up a separate authority to review the performance of the FM radio broadcasting services and if not, the steps being taken in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI MANISH TEWARI)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.492 FOR ANSWER ON 30.04.2013.

FM radio sector was thrown open for private participation in the year 1999 when the policy for FM Phase-I was announced. FM Phase-I policy was a limited success as only 25% of the expected licenses could become operational. The deficiencies of Phase-I, which resulted in only 21 operational channels in 12 cities, were overcome in Phase-II Policy, announced in the year 2005. It provided a revenue-sharing regime instead of a fixed fee regime alongwith other changes, resulting in a quantum jump in the growth of the sector. Presently, a total of 242 channels are operational, including 21 channels of Phase-I. The FM Phase-I and Phase-II policies have resulted in a total revenue accrual of about Rs.1847.21 crore upto 31.3.2013 by way of One Time Entry Fee (OTEF), migration fee, annual fee etc.

Under Phase-II Policy 12 FM radio stations of two broadcaster companies namely M/s Century Communications Ltd and M/s Pan India Network Infravest Ltd, have been debarred from allotment of another channel in the same city(ies) for a period of five years for violation of Clause 25.1.1 of Grant of Permission Agreement (GOPA) for not operationalising the channels within the prescribed time period. Details are given at Annexure.

Under the Policy of expansion of FM broadcasting through Private Agencies (Phase-III), which has been approved on 07.07.2011, Government propose to e-auction 839 FM channels in 294 cities. The detailed policy guidelines for FM Phase-III are available on the Ministry's website www.mib.nic.in.

Under Phase III Policy, foreign investment cap in FM radio sector has been enhanced to 26% from the earlier level of 20%. Further, the largest Indian shareholder in a permit holding company is allowed to dilute its shareholding to a level below 51% after a lock in period of three years from the date on which all the channels allotted to the company holding permission stand operationalised and further subject to fulfillment of conditions as prescribed in the Policy. Phase-II policy did not allow such dilution below 51%. Other incentives in FM Phase-III includes permission of carriage of news bulletins of All India Radio only in an unaltered form. Operators have also 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 3 different operators in the city) and subject to a national ceiling of 15%. Networking of channels is permissible within a private FM broadcaster's own network across the country instead of 'C' and 'D' category cities of a region allowed under Phase-II. Also, Annual license fee has been fixed at 4% of gross revenue or 2.5% of bid price whichever is higher. For the NER, J&K and Island territories the license fee is fixed at half the normal rate for an initial 3 years period.

Government is not considering setting up of a separate authority to review the performance of the FM radio broadcasting services. However, contents of FM radio broadcasts are being monitored by Broadcast Engineering Consultants India Ltd. (BECIL). Further permission holders are legally obliged under the term of the Grant of Permission Agreement (GOPA) to adhere to the same programme and advertisement codes as followed by All India Radio, as amended from time to time.