

Telecom Regulatory Authority of India

Dated: 24th July 2020

Corrigendum to the Recommendations on “Reserve Price for auction of FM Radio Channels” dated 10th April 2020

1. Ministry of Information and Broadcasting (MIB) vide its letter dated 22nd August 2019 sought recommendations of the Authority on fresh reserve price for 283 cities (260 new +23 existing), under FM phase -III Policy in terms of Section 11 (1) (a) of TRAI Act.
2. The Authority sent its Recommendations on “Reserve Price for auction of FM Radio Channels” to MIB on 10th April 2020.
3. MIB vide its letter dated 25th June 2020 sought clarification on certain issues on the TRAI’s Recommendations dated 10th April 2020. MIB has also sought Reserve Price of one channel in Chennai. Accordingly, TRAI issued this Corrigendum which should be read with Recommendations on “Reserve Price for auction of FM Radio Channels” dated 10th April 2020.
4. As regards determination of Reserve Price for Chennai, it is observed that the issue of lack of data points as was the case with Kolkata is also applicable to Chennai. Apart from Chennai, the reference price is only available for one A+ city viz., Mumbai. It may be noted that as detailed in paragraphs 2.19 and 2.21 of the Recommendations dated 10th April 2020, even in standard methodology, the data was adjusted with the identification and elimination of outliers. This was considered necessary to ensure that the Reference Prices

and corresponding valuations are representative of the overall city/state dynamics.

In the instant case, with only one relevant Reference Price (other than Chennai itself), the results obtained are not likely to be reflective of actual dynamics. Notwithstanding the same, in order to further explore the possibilities, the general revenue trends of Chennai and Mumbai from years 2015-16 to 2018-19 have been compared and it is observed that revenue for Chennai is almost around half of that of Mumbai. Under the circumstances, it is felt that the RP of Chennai would be significantly overestimated by the reference price of Mumbai if standard methodology is followed for determination of RP for Chennai. The same may not be appropriate considering the overall objective of the exercise of determination of RPs and also considering the overall approach followed and considering significant differences in general trends of revenue of Chennai and Mumbai.

As such, it would be appropriate to consider the past successful bid price of Chennai viz., Rs.5339 as the RP for the upcoming auction. Accordingly, the Reserve Price for FM Radio channel in Chennai is recommended as Rs. Rs. 5339 Lakh.

5. While analysing the issues for providing clarification sought by MIB, TRAI reviewed the recommendations and revised the Reserve Prices of the following cities:

S. No.	Name of City	State	City Category	Reserve Price Recommended in Recommendations dated 10th April 2020 (Rs. in Lakh)	Revised Reserve Price (Rs. in Lakh)
1	Asansol	West Bengal	B	306	194
2	Dhule	Maharashtra	C	240	47
3	Mysuru	Karnataka	C	328	321
4	Nanded	Maharashtra	C	221	30
5	Rajahmundry	Andhra Pradesh	C	270	150
6	Tiruchy	Tamil Nadu	C	500	407
7	Tirunelveli	Tamil Nadu	C	388	126
8	Tirupati	Andhra Pradesh	C	450	253
9	Vijayawada	Andhra Pradesh	B	700	658
10	Warangal	Telangana	C	293	125

6. In Table 1 depicted in para 2.34 of the Recommendations, Revenue (Rs. in Lakh) may be read as Revenue (Rs. in Million). However, this has no bearing on the recommended Reserve Prices.