

Is All India Radio FM Station Sulking?

- A Case Study

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Radio is one of the fascinating media available today with its unique characteristics of mobility and cost effectiveness. Though there are more glamorous media available today, radio continues to be the potential mass media providing its audience with information, education and entertainment. In India, All India Radio was the pioneer in public service broadcasting for more than three decades till the government announced privatization of broadcasting in 1990s. The private players revolutionized the entire broadcasting sector especially after government opened licenses to them. The emergence of private players has shaken the monopolistic pride of AIR thus challenging their business model of public broadcasting to revenue sharing model.

Birth of Radio Broadcasting

Radio Broadcasting in India took birth in 1926 as an agreement that was signed between Government of India and a private company called the Indian Broadcasting company Ltd, (IBC). IBC initially operated in Bombay (Mumbai) which later set up transmitters in Calcutta (Kolkotta) in 1927. Though it took off well initially, the company went in to liquidation during 1930 and was later taken over by the government completely. Indian broadcasting services were renamed as All India Radio (AIR) on 8 June 1936 which changed to 'Akashvani', meaning sky's voice; the word 'Akashvani' often found its place in Hindu mythology meaning, god's message. Until World War II the services of AIR or Akashvani was not that significant.

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The real breakthrough for broadcasting came through during World War II. The war environment made it necessary for the government to broadcast the news services originated during war. Radio emerged as one of the powerful media of communication during that time. This led to an increase in transmitters and transmitter hours & services. By the time India got her independence in 1947, AIR had expanded its services to 18 transmitters and had about 2, 75,000 radio sets.

The Growth of AIR

Broadcasting in India being a national service has grown significantly since independence. With mere 2.5% coverage area and 11% population it has grown to 91.8% of area and catering up to 99.18% of population¹. It totally has 239 broadcasting centres now with 149 medium frequency (MW), 54 high frequency (SW) and 177 FM transmitters and has its presence in 54 countries across the globe. AIR is guided by its principle of “BahujanaHitaya; BahujanaSukhaya” i.e. to promote the happiness and welfare of the masses through information, education and entertainment. AIR provided its customer with different services both home services and external services as well. It also evolved a three-tier system of broadcasting -national, regional and local. It Broadcasts programmes in 24 major languages while 146 tribal and other dialects locally and in 10 foreign languages and 17 Indian languages globally. The Five Year Plans have given a new impetus to the growth of its services. It offered varieties of programme on the primary channel which includes : Music - Devotional, Classical - Indian, Western, Folk, Pop, Light film, News and Current affairs, Development oriented broadcasts, Sports news, Educational and non formal education, Specific audience programmes - for farmers, ladies, children, youth and others. Till early 2000, AIR excised complete monopoly in the country and played a significant role as a medium of information, education and entertainment.

¹ Ibid2

The Changing Environment

During the 1950s AIR had withdrawn broadcasting film songs on the ground that they were vulgar and cheap. But the popularity of film songs was so strong that the listeners were drawn to Radio Ceylon² which started broadcasting the Indian film songs. This shift saw a sharp dip in the audience, but AIR counter attacked Radio Ceylon by launching a new service called VividhBharathi in 1957 mostly consisting of film songs thus regaining its competitive edge. Soon it gained popularity and became a source of entertainment. During 1957 AIR took another initiative to set up Radio Rural Forums and launched it on experimental basis at the Poona station and later it was set up in all other stations. The main aim of this forum was to establish two way communications among the farmers and broadcasters. But the scheme did not take off successfully and was withdrawn in 1970. By this time Transistors were gaining popularity and people preferred to sit at home and listen than attend the Radio forum at the community centres in group. The emergence of transistor radio gave a real fillip to radio revolution. During 1959 Television services made an entry with the objective of providing education and information. AIR entered into an agreement with Television services to provide educational programmes to school children. The popularity of Television overshadowed the radio broadcasting in the days to come. But the Chanda committee that was set up during the tenure of Mrs. Indira Gandhi when she was a Minister of Information and Broadcasting came as a sigh of relief. The recommendation made by this committee included converting AIR into a corporation run like BBC, separating Television and Radio and commercializing radio channel to increase revenue and improve the quality of AIR's programmes. The development of communication satellites in the early 80s also gave a boost to radio broadcasting. The radio stations moved away from shortwave transmission and started using satellite for networking.

² Vinayak Purohit, *Arts of Transitional India Twentieth Century*, Volume 1, Popular Prakashan Copyright. pg898

Chanda committee's recommendation³ of introducing commercial broadcasting created a different niche in FM (Frequency Modulation) radio world. Though FM radio was in operation in India, the private FM firms created a different wave by changing the style, format, content and delivery. The Radio jockeying got a new makeover symbolizing the youth icon. In 1993 the private firms were allowed to broadcast on AIR FM channel on payment of a license fee. They were allowed to get a block of time, advertise and prepare programme content. In fact these FM firms had to pay large sum of money to government as license fee and had huge operating expenses; the growth of private players was limited due to the restrictions imposed by PrasarBharthi in excluding them from news and current affairs programmes. These players had huge pressure to attract listener audience as there were already other media players like Television, Press, cable television, etc. In early 2000 some of the private players started broadcasting thus bringing a new vibrancy in radio broadcasting. Bangalore private FM radio stations like Big FM, Radio Indigo, Radio Mirchi, Fever FM, Hello FM, Suryan FM, Radio city FM and Big FM from Chennai have brought about complete change in advertising scenario in radio broadcasting. The private FM stations introduced new marketing and programming skills to radio apart from differentiating themselves through airing programmes relating to social cause. For instance, Red FM conducts AIDS awareness campaign to truckers; Radio city has initiated 'Carpool on Radio' which helps the commuters to go on carpool⁴, etc. The competition from the private channels in FM Radio has threatened the monopoly and monotony that AIR enjoyed over long period of time. Also the private players were more techno savvy. The two FM channels of AIR: the FM Rainbow and FM Gold had to fasten their seat belts to combat with the other private players. In order to respond to the technological advancement made by other private players, AIR started the service of 'SMS News on Mobile Phone' through which anyone can get news through SMS by sending a SMS-NEWS at 5676744. Apart from this it also started 'News on

³ <http://www.egyankosh.ac.in/bitstream/123456789/32617/1/Unit13.pdf>

⁴ Bhanu Pande, Private FM Radio players bet big on rural India. ET Bureau, Dec 31, 2010

Phone service' which enables its users get the update of latest news by just making a phone call. Internet based broadcasting was an apt step taken by AIR in the context of digitalization of broadcasting. Through this AIR was able to reach out to its global listeners in different parts like Canada, USA, South Africa and others. AIR has also ventured into computer hard disk recording, editing and playback system. AIR resources, a wing of AIR provides consultancy and turnkey solutions in the field of broadcasting as well but the advent of satellite radio can pose a threat to AIR. Satellite radio is an analogue or digital radio that is relayed through one or more satellites that can be received in a much wider geographical region than the conventional FM radio stations⁵. Nevertheless radio being the oldest and cheapest form of entertainment is poised for growth in the wake of new policy initiative taken up by the Indian Government. The Indian radio industry has good growth potential and is expected to grow at 20% per annum and reach a size of US\$360.32 million by 2014⁶. The Indian Broadcasting market has thrown open the challenge of survival to both the national public broadcasting system AIR and the other private players. AIR plays a vital role of nation building while the other private players are with commercial motive. It remains to be seen whether AIR would sustain its competitiveness in view of its popularity, mobility and cost-effectiveness.

Table 1: All India Radio coverage of medium wave FM (population v/s area)

	Coverage	By Area (%)	By Population (%)
1	During Day time (MW+FM)	91.87	99.19
2	By FM Signal Only	25.09	37.02
3	By MW Signal Only	90.63	98.41

Source: <http://allindiaradio.org/national-coverage-mw-FM.pdf>

⁵ Satellite radio. http://en.wikipedia.org/wiki/Satellite_radio

⁶ Vamshidhar, Govind. Policy Reforms in FM Radio Industry Make Way for Advertisers. IIM Lucknow , 6 August 2011.

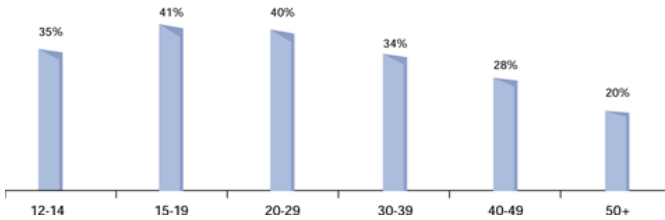


Fig. 1 FM Stations across age groups

Source: Indian Entertainment Industry Focus 2010. Televisionpoint.com

Annexure

Phases of FM radio privatisation:

I Phase of Privatisation (1999): During the first phase of Privatisation, the private operators were allowed to bid for 10 year license to set up and operate FM radio stations. They had to pay huge license fees to the government which escalated at 15% every year. The private players were allowed to buy only blocks of programme content and were not allowed to broadcast news or current affairs. The first phase of privatization saw deep fall in its growth due to high operating cost and underdevelopment of FM radio market.

II Phase of Privatisation: A revenue sharing model was proposed in this phase. The bidding process was more rational compared to phase I. There was one-time entry fee (OTEF) up to 25% of the highest bid and a revenue sharing of 4% of gross revenue. The second Phase of privatization also allowed FDI up to 20%.

III Phase of Privatisation: This phase will see e-auctions by private operators. The FDI and FII participation will go up to 26%, thus enabling private operators to look out for foreign capital⁷. The radio operators will be allowed to carry out news bulletins of AIR. Apart from this the operators are allowed to own more than one channel with maximum of 40 per cent of the total channels in a city.

⁷ Radio Industry welcomes FM Phase III at large. <http://www.bestmediainfo.com>