Privatisation,convergence and Broadcasting regulations:A case study of the Indian Television Industry,

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The Asian Conference on Media and Mass Communication 2013

Official Conference Proceedings 2013

Abstract

In India till 1991 there was only one television channel –Doordarshan, the public service broadcaster. With the opening up of the Indian economy in early 1990s enabled the entry of private broadcasters in India. The number of television channels has proliferated manifold. By 2005 India had more than 200 digital channels. The number of television channels has grown from around 600 in 2010 to 800 in 2012.This includes more than 400 news and current affairs channel. Technological changes have caused intense competition in news and general entertainment channels, as a result of which there is growth in regional and niche channels. The growth of cable and satellite television and direct to home television services has continued to drive television as the most preferred medium among advertisers. Broadcasters are also tapping into online and mobile media to increase their revenue.

This paper seeks to study the impact of privatisation on media policy of the Government of India and how it has evolved various institutional mechanisms to deal with the growth of television as the medium to study the effect of privatisation and convergence on media regulations as television is the most powerful medium. The visual images transmitted by television reach large section of the Indian population irrespective of linguistic and cultural differences.

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GROWTH OF THE TELEVISION INDUSTRY IN INDIA:

Television began in India in 1959 as an educational project supported by the United Nations Educational Scientific and Cultural Organisation (UNESCO) and the Ford Foundation. Television was based on the model of a public broadcasting system prevalent in many countries of Europe. In independent India, the political leaders recognised the value of information and its use for accelerating the process of development. Thus was started a model of public broadcasting committed to inform, educate and entertain the people.

In the decades since 1959, vast changes have taken place in the television landscape of India. In its early years, apart from being used as an educational tool, television was also misused as a mouthpiece for the central government and the party in power. Programming was primarily in Hindi and much of the news and current affairs focussed on Delhi – the seat of political power (Singhal and Rogers, 2001).

Indian television in its infancy was managed by All India Radio. In 1976, television was separated from radio and given a new name – Doordarshan. (Page and Crawley, 2001).The practice of accepting advertisements on Doordarshan was started in 1976. By the mid-1970s, the proportion of entertainment programmes including feature films and song and dance sequences along with commercial advertisements and sports coverage had increased considerably while the school and rural telecasts had begun to take a backseat (Joshi, 1985).In 1982 before the Asian games to be held in Delhi National broadcasting was introduced. With the Asian games also came colour television in India.

The central government launched a series of economic and social reforms in 1991 under Prime Minister Narasimha Rao. Under the new policies the government allowed private and foreign broadcasters to engage in limited operations in India. Foreign channels like CNN, Star TV and domestic channels such as Zee TV and Sun TV started satellite broadcasts. Starting with 41 sets in 1962 and one channel, by 1991 TV in India covered more than 70 million homes giving a viewing population of more than 400 million individuals through more than 100 channels. In 1992, the government liberated its markets, opening them up to cable television. Five new channels belonging to the Hong Kong-based STAR TV gave Indians a fresh breath of life. MTV, STAR Plus, Star Movies, BBC, Prime Sports and STAR Chinese Channel . Zee TV was the first private owned Indian channel to broadcast over cable. As of 2010, over 500 TV Satellite television channels are broadcast in India. This includes channels from the state-owned Doordarshan, News Corporation owned STAR TV, Sony owned Sony Entertainment Television, Sun Network and Zee TV.

Other than English and Hindi channels there was growth in the regional media in television too. Sun TV (India) was launched in 1992 as the first private channel in South India. Today it has 20 channels. Channels of the Sun TV network are also available outside of India. Recently Sun TV launched a DTH service. The Raj Television Network was started in 1994 and continues to be an important player in the South Indian cable TV provider space.

The advent of satellite television in the 1990s is landmark in the history of television broadcasting in this country as it changed the television landscape. Indian television suddenly became much for entertainment driven (Sinha, 1998). The cable TV industry exploded in the early 1990s when the broadcast industry was liberalized, and saw the entry of many foreign players like Rupert Murdoch's Star TV Network in 1991, MTV, and others

Further, in a reflection of India’s growing diaspora, Indian channels have also been aggressively increasing their presence across international markets. General Entertainment

channels like Zee TV, SET, Star Plus and Colors are available in approximately 169, 77, 70 and 50 countries respectively. In addition to the Indian diaspora, offerings are also targeted at the local population, primarily through dubbed or sub-titled content. ZEEL launched its second Arabic channel, Zee Alwan, in 2012, and industry discussions suggest that the response has been positive. ZEEL has been syndicating Indian dramas dubbed in Mandarin to Chinese television channels since 2006 and became the first Indian channel to receive landing rights in China in 2012.
Television in India is a huge industry and has thousands of programmes in all the states of India. Approximately half of all Indian households own a television. As per FICCI Report 2013 there are 730 million TV Viewers in India and 800+ TV channels.

IMPACT OF PRIVITISATION:

Privatisation has impacted the growth of television industry both in terms of numbers of channels as well as the variety of programmes .It has also led to the popularity of entertainment channels over news channels.

There was a worldwide trend during the 1980s towards the commercialisation of television. Herman and Mc Chesney (2001) argue that during this decade the policies of deregulation and privatisation were applied to national broadcasting and telecommunication systems that were traditionally regulated and often publicly owned and operated. This had a detrimental impact on public service programs which were replaced with more and more entertainment programming.

The television industry is still struggling to produce quality content and the main reasons for it are-high carriage fees and low subscription revenue which limit the broadcasters ability to invest in quality content and the lack of good quality talent for the media industry.(Vanita Kohli-Khandekar:2010)

Television slowly became an industry that involved huge money. With huge investment, the producers needed assurance of returns. As the economy opened, the Indian producers became aware of the cultural products abroad. These two phenomena combined, triggered several producers to copy programmes. The copyright laws couldn't keep pace with the rapid growth of Indian television. TV formats would fail to fall within the definitions of the law. How could one protect their original work was the rising question? (Sukhpreet Singh: 2008). Intellectual property rights and specifically copyright laws were expected to provide a mechanism to protect such work.

A lot of popular television formats such as 'Who Wants to be a Millionaire' licensed to the UK based Celador, was bought by Kaun Banega Crorepati [Star TV]. This was 'replicated' by Sawal Dus Crore Ka on Zee TV and further by Koteeswaran on Sun TV. These quiz and drama programmes have raised various copyright issues which might become much graver in the future. As these quiz and drama programmes are also a major source of revenue for the television industry. (Thomas: 2001)

The quickest and easiest way to create a large audience base is to serve entertainment appeals to the lowest common denominator of popular taste i.e.crime,sex and violence. There has been a surge in programmes of this kind like –CID,Crime Patrol,Koohni,Dastak etc.The television programmes began to have an urban bias as the advertisers were interested in the urban middle class population.They conveyed consumerist and materilaist culture(Munshi:2012).

A positive development was the availability of less biased news and current affairs programmes than in the days of the Doordarshan monopoly.But the growth in concentration of ownership and ownership of TV channels by political parties have also led to the creation of biased news and propoganda vehicle for the political parties.

CONVERGENCE:

Technological changes have impacted the media and entertainment industries in a variety of ways. One of the major impact of technological innovation is convergence.

From a Media &Entertainment perspective, convergence results in offering content in its various forms (like print, radio, television, films, gaming, music, etc) through wired and wireless digital networks and making it accessible to customer devices such as cell phones, tablets, PC's, PDAs etc. Convergence is also being witnessed from telecom service providers venturing into the Media &Entertainment industry. For example telecom operators have ventured into satellite distribution of television channels, music producers have launched YouTube channels, etc. Primary drivers for convergence in India are penetration of broadband, device capabilities, digitization technologies and favourable regulations and policy. The rapid increase in mobile and wireless connections continued to drive the growth of internet penetration in India. With better access, through cheaper and smarter devices, audiences (especially youth) are consuming more content and are getting increasingly engaged. 4G technology will enable greater uptake in services including Live TV, HD video/ audio streaming, real time online gaming, high speed data downloads and uploads and could enable introduction of new innovative offerings. These are some of the reasons for the aggressive roll outs by telecommunication companies. Some of the companies like MSM India, Zee Network, Star Network have launched multi-screen platforms to provide a variety of services to the subscribers Online video viewership has witnessed significant growth in India, growing from 45 percent to 63 percent between December 2011 and December 2012. Online television content consumption shows this trend, and broadcasters are catching up to expand presence across digital platforms like online portals, video platforms, and mobile applications. Availability of robust networks today has enabled secure delivery of live and on-demand content on multiple platforms. Several leading broadcasters have launched or partnered with mobile video delivery platforms, such as Apalya, Geodesic, Zenga, DigiVive and iStream. Google is also reported to be licensing entertainment and sports content for its youtube website.

REGULATORY FRAMEWORK:

The government of India had set-up the Doordarshan under the Ministry of Information and Broadcasting. Television was included under the Telegraph act of 1885.Under the act telegraph included telephone, TV, radio, wireless, mobile, video equipment etc. The Ministry of information and broadcasting was to grant permission for agreement. Ministry of communication and Information technology granted license for broadcasting services i.e. wireless operating service and The Telecom Regulatory authority of India (TRAI) under the Ministry of telecommunications regulated broadcasting and cable services in India. Any broadcasting service had to get different kinds of license in India. For telecasting of films on TV the broadcaster had to get the certification from the Film certification authority. The regulatory framework extended the incubation time for any channel.

In 2002 the digitization of cable was started. It was planned to be implemented in stages. Phase I was done in the four metros. Phase II and Phase III is to be implemented by the end of 2014. Mandatory digital access system (DAS) will help the television Industry to realize benefits over the medium term – including enhanced ability to monetize content, greater transparency and equitable revenue share across the value chain, lower burden of carriage fees and hence increased ability to invest in differentiated and sophisticated content. TRAI has recommended a revenue share of 55:45 (MSO: LCO) for the basic free to air tier and 65:35**11** (MSO: LCO) for a combination of free to air and pay channels. There have, however, been instances of LCO protests against the TRAI recommendation with demands for a greater revenue share for LCOs. Digitisation has reduced the carriage fee payout. The largely digitised markets of Mumbai and Delhi have witnessed a 15 to 20 percent drop in carriage. In some cases, broadcasters have continued to pay the same carriage, but are able to carry a larger bouquet of channels at the same cost The implementation of Direct Access system(DAS) conditional Access system (CAS) has streamlined revenue collection. From the mid of 2013 DAS and 4G are expected to further the growth of the television industry.

The Union Ministry of Information and Broadcasting (I&B) and the Telecom Regulatory Authority of India (TRAI) have made concerted efforts to promote digital addressable systems, such as direct-to-home (DTH), head-end in the sky (HITS), internet protocol television (IPTV) and digital addressable cable television (DACT) systems to improve the quality of television services provided to subscribers. What this has done is to bring the cable operators – there are an estimated 60,000 of them in India at present – accountable by facilitating enumeration and by plugging leakages of revenue. This has been done through the Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff Order, 2010 and the Cable Television Networks (Regulation) Amendment Act 2011, the latter seeking to make full digitisation of cable television mandatory in three years.

There is a self-regulatory requirement in terms of advertising that is only 12 minutes of advertising for one hour of programming; which has been put forth by Telecom Regulatory Authority of India (TRAI).In October2012, 74% Foreign direct investment(FDI) in CATV and Direct –to-home (DTH) permitted; the Telecom Dispute Settlement Appellate Tribunal (TDSAT) relaxes TRAI order requiring MSOS to carry a minimum of 500 digital channels.

Communication commission of India has been set up as a single body to monitor both the carriage and content of communication i.e. specify programme content and codes.The proposed Broadcasting Services Regulation Bill seeks to achieve the following:-i) To provide legislative sanction retrospectively to Government guidelines on various regulatory aspects such as television channels' Uplinking/Down linking, private FM Radio and Community Radio, DTH, Teleport, etc. ii)To set up a new Broadcasting Regulatory Authority of India and delegate the regulatory functions presently being performed by the Ministry of Information &Broadcasting to this new authority. iii)To incorporate the provisions of the existing Cable Television Networks Regulation Act in the new legislation through appropriate repeal and savings clauses and provide for licensing of cable operators iv)To make enabling provisions on the following:- a)Cross media ownership and restrictions on accumulation of interests to provide for competition and plurality of views. B)Minimum domestically sourced content in foreign channels to promote indigenous media/entertainment industry, particularly in the field of animation and gaming etc. c)Minimum obligations on all channels for public service broadcasting in their programme and advertising content. However, government support is also needed for measures to aid curtailment of piracy and encourage investments to support further growth of the sector. The increased FDI limits / liberalization in FDI norms in respect of broadcasting sector would

improve accessibility of broadcasting services, up-gradation of networks towards digitalization and addressability across the country, and also bring in international best practices in the key sector.

CONCLUSION:

The broadcasting industry witnessed action as players took the Mergers &Acquisitions route to enter new markets, expand presence in regional markets, consolidate presence in focus markets and exit non-core businesses. This new wave of consolidation threatens, as Arvind Rajagopal points out in his article in *The Hindu* (24 January 2012), to effectively disenfranchise a number of Indian citizens as television broadcasters and cable distributors integrate their operations vertically, combining both hardware and software within the ambit of corporate conglomerates with the same controlling interests. Thus, the STAR group controls cable distributor Hathway, Zee controls Dish and the Sun group Sumangali Cable. He points out that “with greater economies of scale for business promoters, and far more viewing options for those who can afford them” the issue of “affordability for the wider public...remains a big question”. **TRAI 2009 Report**.

The entry of Reliance Industries, India’s largest corporate entity in the private sector, into the country’s media industry in a major way with strategic associations with the Network18 group and the Eenadu group, has been perceived as an instance of consolidation in a sector in which big players have been steeped in debt and strapped for cash over the past few years. What the formation of the new media conglomerate (arguably one of the largest, if not the largest, in India) in the shake-out also signifies is growing concentration of ownership in an oligopolistic market that could lead to loss of media heterogeneity and plurality. In India as in the world over, large media corporations are today clearly playing a bigger role in the political economy that they report on. In India, these concerns have acquired greater relevance after the disclosure of the role played by some prominent journalists in the nexus between politics and big business in the Niira Radia conversations.

According to the TRAI report of 25 February 2009 on “Recommendations on Media Ownership”, vertical integration in the media market has already resulted in numerous disputes being brought before the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) between broadcasters and cable operators alleging denial of content by other service providers. New cases are being added regularly, which the TRAI regarded as “a clear indication that the current market situation requires corrective measures”. The TRAI report further drew attention to the fact that all restrictions on vertical integration are currently placed on companies. However, large conglomerates of the Indian media are usually groups that own many different companies. This allows them to have controlling stakes both in broadcasting and distribution by acquiring licences under their different subsidiary/associate companies, totally bypassing current restrictions and defeating the purpose of their existence. The TRAI report, therefore, suggested that the restrictions no longer be placed on “companies” but on groups and conglomerates.

If international best practices are to be followed, cross-media restrictions should be put in place to prevent large groups from owning stakes across several media, such as print, newspapers, television, radio and the internet. In the US, restrictions place a limit on the market-share available to one entity and that prevents newspaper/broadcast cross-ownership in the same market. In France and Canada, a “two out of three” law prevails, whereby companies can only own two of three of the following: terrestrial television services, radio services and daily newspapers. In the UK, the ownership of both newspapers and radio stations, and of both television channels and newspapers in the same area, is prohibited.

The RIL deal has enabled Network18, Eenadu and the merged group to expand its offerings to benefit both its stakeholders and its advertising target audiences. What remains to be seen is whether clear boundaries can be etched between the boardroom and the newsroom. The deal, therefore, raises significant questions about the diminishing levels of media plurality in a multilingual and multicultural country. Most of the reportage on the deal has focused on its business aspects. Questions about the future nature of editorial control remain unanswered. The complicated holding structures and investments made through layers of subsidiary companies make it difficult to discern the real "bosses" and the powers they wield. The real challenges that lie ahead for the media in India are to ensure that growing concentration of ownership in an oligopolistic market does not lead to loss of heterogeneity and plurality. In the absence of cross-media restrictions and with government policies contributing to further corporatisation, especially with respect to the television medium, diversity of news flows could be adversely affected contributing to the continuing privatisation and commodification of information instead of making it more of a"public good".

The private channels changed the very mandate of broadcasting in India. The aim of education and development through television was made to seem outdated, and rural India was no longer a viable constituency to cater to. Western programmes and Indian-produced programmes on the private networks conveyed consumerist and material values (Singhal and Rogers, 2001). It created wants and desires that were not always synchronous with the needs or financial resources of the people (Ninan, 1995; Page and Crawley, 2001). In the space of two decades, the media in India has become the vanguard of consumerism. All this is done at the expense of difficult stories and issues such as poverty, exploitation and the dark sides of globalisation. While one can argue that the satellite television revolution has increased choice for the „consumer‟, it is fuelled by a ratings war, advertisement revenues and is located at and responds to the demands of urbanity (Mehta, 2008; Thomas, 2010).

There is a new found interest in fashion, lifestyle, sports particularly cricket, gadgets and celebrities. In the genre of news, this is particularly stark as the above mentioned items have become newsworthy whereas the struggles and concerns of rural India and those of the urban poor have been relegated to the backburner. Little or no space is devoted to issues related to how the other half of India as distinct from the young urban middle-class lives and dies in rural and urban India (Thomas, 2010).

The increasing marginalisation of issues affecting the lives of the poor and disenfranchised in mainstream media particularly television was aptly brought out during the „India Shining‟ campaign launched by the Bhartiya Janata Party-led government prior to the general election of 2004. The media euphorically and unquestioningly got on the „India Shining‟ bandwagon even as the rural hinterland was reeling under a severe agrarian crisis and the consequent suicides of small farmers (Pavarala, 2007).

There have been some positive developments too with the coming of the private satellite channels with the availability of less biased news and current affairs programming than in the days of Doordarshan monopoly. This led to an improvement in the quality of the televised public sphere though it still leaves much to be desired (Herman and Mc Chesney, 2001; Thomas, 2010).The various regulatory frameworks evolved by the government will also lead to more revenue generation in this sector. Once the revenue generated is substantial, there is likely to be improvement in both quality and quantity of content. But the government has to evolve a policy to check the proliferation and consolidation of media conglomerates in India.

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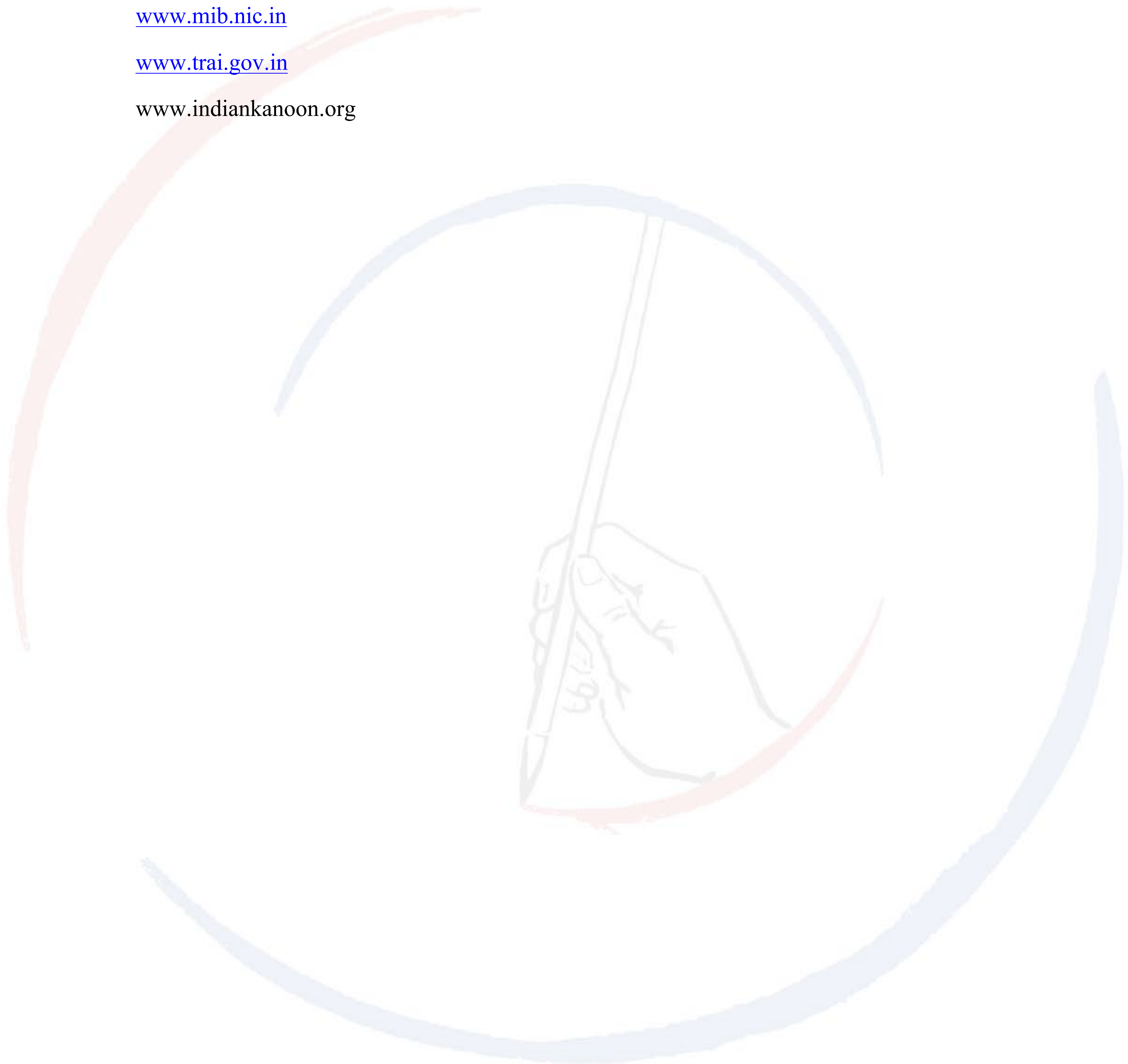

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