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FDI IN INDIAN MEDIA - EFFECTS AND IMPLICATIONS

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Abstract:-The media essentially plays the role of the fourth estate in a democratic polity, shaping, reflecting and refracting opinion, acting a check on the abuse of power and ideally the press must seek diffusion and not concentration of authority. For the media to function democratically, responsibly and responsively, an environment conducive to healthy and democratic debate, free from vested interests is a pre-condition and a pre-requisite. The role of the Indian press in shaping the nationalist discourse in Pre-Independence India is far too well known to merit a reiteration here. Suffice it to say that the press remained at the fore front in its demand for a democratic polity, and despite various shortcomings has contributed a healthy debate reflective of the diversity of opinion that India is well known for. A free press has engendered the argumentative Indian. However what India has seen in the post liberalization era has been marked by a commodification of news and its conversion into a saleable commodity, governed by the iron law of supply and demand. While foreign investment is feasible and desirable, the opening up of the Indian media to investment from abroad is fraught with grave implications and merits serious examination. Foreign direct investment (FDI) in the media engenders a scenario where an Indian press substantially owned by MNCs may come into conflict with constitutionally guaranteed right available to Indian citizens only.

Keywords: Indian Media , environment , democratic polity , FDI.

1.INTRODUCTION

The Post Independence Indian history betrays the anxieties of the press falling into wrong hands. Prior to Independence, there were two kinds of newspapers: newspapers owned by Indians and newspapers owned by foreign nationals. Immediately after Independence the Indian cabinet felt that newspapers being vehicles of public utility, it was essential that their ownership remained in Indian hands. Subsequently foreign nationals were eased out from Indian newspapers.

The First Press Commission which was established in 1952 under the chairmanship of Justice G.S.Rajadhyakha and which also boasted of other luminaries such as Dr. Zakir Hussain, J. Natarajan, and Chalapathi Rau, was of the opinion that the press needed safeguards to protect its newly won independence and autonomy from control.

The First Press Commission believed that the press should 'regulate the conduct of their own brethren without any outside or governmental interference' (Ray, 2006). While any form of governmental intervention was unacceptable, the Commission opined that safeguards could be provided by a quasi-legal institution specially instituted for the purpose, for which a Press Council was suggested. Correspondingly it recommended the constitution of a Press Council specifically to ensure that the press in India 'maintain its independence …keep under review any development likely to restrict the dissemination of news public interest and importance, to study the development in the press which may tend towards concentration of monopoly and if necessary suggest remedies'. In the early 80s, the constitution of the second press commission, under the chairmanship of Justice P.K.Gosawki (later justice K.K.Mathew) observed that, 'there can be no doubt that a newspaper is essentially a public utility and whatever be the precise form of ownership of newspapers, the exercise of ownership rights has to be subject to some measure or restraint or regulation…public interest should be the criterion that should regulate this activity' (Agarwal, 1994, p. 100).

The current media situation in India also merits an examination. The media and entertainment industry is expected to grow at 18% annually over the next 5 years and is expected to be worth Rs. 1.57 trillion by the end of 2012 (Sarkar, 2011). Whereas the film industry has received sanction for 100% investment in production and distribution, investment in radio has been capped at 20%, keeping in mind the reach of the medium and its affordability, (radio being the cheapest source of news and entertainment in India). The print media stands bifurcated into the news and the non-news segment. Foreign direct investment to the tune of 74% has been allowed in scientific and technical journals, magazines and periodicals, and foreign sourced investment in the news sector has been capped at 26%. And while there demands from certain quarters to increased FDI in the Indian print media, 'there is no unanimity in increasing the FDI quotient' (Times News Network, 2011).

The Indian Media sector has shown robust growth even at a time when other sectors of the Indian economy showed negative growth and depressing trends. A robust demand fuels the media and entertainment industry. For example while the Indian media and entertainment industry grew by US$ 12.9 Billion in 2009, the next year saw the industry grow further by 11% to reach US$ 14.4 Billion in 2010. The industry kept up the momentum and showed 13% growth scaling new heights and setting a new benchmark at US$ 16.2 Billion. The industry is expected to grow further to US$ 28.1 billion by 2015 (ITP Division, Ministry of External Affairs , 2010).

Several factors have accounted for this consistent growth. While the Indian media has resorted to strategic cost reduction through 'planning, budgeting, and out sourcing', (ITP Division, Ministry of External Affairs , 2010), high level of penetration by the media to discover new markets in the Tier B and Tier C towns and cities of India has also helped. The prospects of rising levels of literacy adds to the robust demand.

The reach of the Indian media hovers at 64.7% (Neogi, 2011) as per the Indian Readership Survey which released its fourth quarter data of 2010. The potential growth prospects can be gauged further from the fact that despite high levels of penetration of the media into Indian households, 35% of India is yet to be reached by the conventional Media and if we consider total readership, 'then Press' reach is 38.9 per cent' (Neogi, 2011). With the breakup of the traditional Indian family system and the rise of the nuclear families system, the consumption of the media is expected to rise further. Reading a newspaper or watching the television is no longer a family activity. The scenario of multiple purchases of the same media within a single household is also on the rise. With such potential for further expansion, growth and consolidation the question that begs an enquiry is whether foreign direct investment is feasible or rather desirable. Unlike, say the Indian aviation industry which is seeing upheavals, the Indian media industry is much stable, and resistance to market upheavals.

The apprehension about a foreign controlled press goes a long way back. The first Indian cabinet passed a resolution in 1955 putting a bar on foreign capital sneaking into the Indian press. That, despite the obvious socialist economy already in place, the cabinet felt the need to reiterate the ban on foreign capital in Indian print industry merely highlights the importance, the Indian decision makers attached to the press and its capacities to mould public opinion.

In 2002 it was the NDA government that reversed decades old policy on foreign investment in the print media and allowed 26% of foreign equity in the news and current affairs magazines. The print media was split into news and non-news category. Surprisingly the term non-news has nowhere been defined. Whether an investment category falls into the news or the non-news category has been left open to speculation and debate. Interestingly enough, no foreign investment is allowed in the news agencies which continue to operate within the cabinet resolution of 1955.

Even the decision to open up the Indian print media wasn't unanimous and came with certain riders. The management of the media house was to be in Indian hands. Apart from this, three-fourth of the board of directors were to be Indian nationals, and 'key' editorial positions were to be in Indian hands. The single largest Indian shareholder was to hold more than 26% of the equity, thereby ensuring that the foreign financial institutions were hedged in by a majority of Indians in the board room. And any change in the share holding patterns was to be intimated to the ministry of Information of Broadcasting. This was probably done to assuage the fears of those who opposed the move on grounds of national security.

The Standing Committee which took the call on the issue was evenly divided with 8 for and 7 members against the move, showing how wide differences of opinion prevailed within the decision making body. While agreeing to various conditions of foreign direct investment in the non-news print media, the Parliamentary Standing Committee on Information and Technology expressed its reservations about any kind of foreign investment in the print media. The decision of the NDA Cabinet to allow FDI in the print therefore came in the wake of stiff opposition from the then Samata Party, the Left and the Telegu Desam Party (TDP). That there is no unanimity on foreign investment was reiterated again by the Information and Broadcasting minister Ambika Soni who last year who while replying to a query in Parliament said, 'With the liberalization process, 26% FDI has been allowed in foreign news and that category of newspapers. But it has been our considered policy and there is no unanimity in the country on increasing the FDI quotient. It is also an endeavour on the part of the government to encourage the newspaper industry which is indigenous, which is Indian, so that our people do not lose their source of employment' (The Times of India, 2011).

In 1997, replying to a civil writ petition the government had submitted an affidavit to the Delhi High Court and pointed out that, 'the government is anxious to see that powerful foreigners or foreign companies do not take over and monopolize the broadcasting in the country, which is so crucial for effective functioning of our democracy'. The government also pointed that 'control of powerful distribution platforms and infrastructure by foreign companies and foreigners 'will be detrimental to our sovereignty apart from influencing and corrupting the Indian values and culture' (Mookerji, 2009).

But far more worrisome are chances of serious ideological conflict creeping up, once citizen's right come into conflict with ownership issues. Even more worrisome will the trends of consolidation of the media industry, which might put more and more media corporations into fewer hands, a scenario doesn't bode well for Indian democracy, where few will decide what many should read. Even if we are to treat the media like any other industry, then it begs the questions: why no FDI in news agencies? We rest our case.

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