

TOWARDS GLOBALISATION OF THE INDIAN TELEVISION INDUSTRY
CAUSES AND CONSEQUENCES

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Requirements for the award of the Degree of
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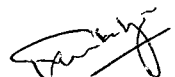
I hereby affirm that the research for this dissertation titled '*Towards Globalisation of Indian Television Industry: Causes and Consequences*' being submitted to the Jawaharlal Nehru University for the award of the Degree of Master of Philosophy was carried out entirely by me at the Centre for Development Studies, Thiruvananthapuram.

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Acknowledgement

Deadlines have always horrified me. They are crystal walls in the Time Continuum. Yet we hope to hop beyond the sign board until some one place you in front of the wall and tell you bluntly that beyond that you are a non-entity . No matter it is study or life.

I was fancying on the unique topic which I thought would form the link between Applied Economics and Communication. It was only few months, before, I was destined to stop in front of the crystal door that Thomas Issac, my guide (maash)made me realise that all these days I had been running round in circles. The revelation rocked me. But the guide guided me towards an ocean of confidence. Along with me he too burned his midnight oil and helped me to put my chin up. The work underwent a total metamorphosis after that. But definitely not like Gregory Samsa. The study is on a pedestal. I believe. Words when expressed become untrue. But what is my option when I have nothing but words to tell the truth.

I am not acknowledging Maash, a good guide and moreover a good human being, a rare specimen in this era of global village. That I know will be understating his role.

As I submit my study on the dot of the time, to enter into a new phase in life with new deadlines, I carry with me the fragrance of memories. And memories whether pleasant or not can only be painful.

I still remember with clarity the day I entered CDS. Economics is the subject, then was Greek and Latin to me. Unfamiliarity with the subject made the environment totally alien to me. Before I could make friendship with the first person, unknowingly I had build enmity with more than one. But today at the fag end of my life in CDS I realized that 'all and all' were helping me to bring out the research paper. My mind has undergone a definite morphological change. Today I have no foes in CDS.

The nostalgic in me found shelter in my friends' love and in their scolding, that I even forget to miss my home. Why should I spill over my most precious innermost feelings by naming them ?. Your care and the pain (even forgetting the eternal journey to the guiness record) you took to complete my work in time forced me to have an introspection. Do I really deserve it? Am I a worthwhile person for all the love you have poured on me ?. I now realise that inexpressible is and will always remain inexpressible.

Also I don't know how to thank the serene atmosphere of the unplastered saffron continuum that Backer had sculpted for me atop this hill. At the same time how can I forget those moments of utter insecurity in hostel rooms a factor Laurie had overlooked.

And my family - my solace and my strength. I have nothing for you except this meaningless rhetoric words.

Manjula B

Chapter 1

INTRODUCTION

1.1 The Background

Mass media refers to a range of institutions in any society by which symbolic forms and the meaning they carry and create are produced, distributed and consumed. They are a part of cultural apparatus and historically specific mode of wider process of cultural production and reproduction (Graham, 1986). Nevertheless, there exists a close inter-weaving of economic, political and ideological levels within concrete media institutions like the press and the broadcasting as also within their specific commodity forms. Though television programmes are economically determined, within the bounds of commodity production in general, it performs an ideological function and explicitly operates within the sphere of politics. Mc Luhan (1973) suggested that information is no longer an instrument for providing economic merchandise, but has itself become the chief merchandise. Communication has itself become a heavy industry (Eco, 1986). This intermingling of various developments of social praxis renders any attempt to study the dynamics of mass media extremely susceptible to fundamental flaws concerning conceptualization of the problematic. The major discomfiture arises out of the question as how to approach mass media; whether from the ideological point of view or from the angle of economic analysis. This has been a major point of debate in the literature, especially within the Marxist theoretical framework, ever since the industrialisation process of the mass media began in the west.

1.2 Approaches to Media Theory

Media studies are generally categorised in two broad schools, namely, the empirical and the theoretical.

The empirical school focuses on the 'mass communication process' and on the impact of media on atomized individuals at the primary and secondary level. All the earlier models prior to the Katz and Lazarsfelds's two step flow model (1955)¹, assumed the omnipotent nature of media, having uniform and direct impact on the passive and defenceless audience. The dynamic nature of the communication was sacrificed in almost all the models, except in a few like the Dance's Helical Model (1974)².

The theoretical studies were characterised by a concern with ideology, culture and mass awareness. During early 1950s, mass media was treated as the ideological apparatus of capitalist, and the propaganda medium of military rulers to dominate and influence the masses (Melkote, 1991). In the 1960s, Marxist theorists on media, stressed the relative autonomy and specificity of the cultural sphere, and its indivisibility to class control and class interests. For instance, Althusser's theories on social formation, is done on a relatively autonomous level of the economic, ideological and political sphere, and has its own specific dynamics and effective uniqueness.

1 The two-step communication flow suggests that while the first step was from mass media to opinion leaders, the second step was from these leaders to rest of the community.

2 Dance's Helical model considered communication flow as a spiral helix. The cognition spiral widens according to the changes in the receiver's cognition through communication process.

The Marxist theorists focused their analysis on two aspects of media, namely, their intra and inter relations. They studied media as a process of material production on one hand, and as sites of ideological struggle on the other hand (Williams, 1973). The 1970s witnessed drastic changes in the structure of capitalism throughout the west. This had its impact on the media systems too. Monopoly capitalist firms had grown to become transnational in their operations. This resulted in surplus capital which looked for potential areas for new investments. Simultaneously, the technological innovations and developments conspicuously changed the structure and content of the media system. High demand for the mass media made it profitable and economically viable. Consequently, the capitalist logic has been imposed on the cultural sector which slowly resulted in the 'industrialisation of culture' (Fiskie, 1991). The industrialisation of culture and its profit motive began to treat cultural forms as commodities to be marketed (Snow, 1993).

Technology played an important role in the emergence of culture industry (Horkeiman, 1991) and conspicuous 'production', or blatant cash investment became the major determining factor for the media to survive (Sen, 1993). The cultural monopolies have proven to be weak to resist the onslaught of the business interests on the sector as they have to depend on capital for the survival of media. In the west, this has been demonstrated through the absorption of firms in the cultural sector into large industrial conglomerations (Horkheimer, 1993).

The growing concentration of control in the hands of large communication corporations was the key defining characteristic of the emerging situation. Williams (1974) recognised the centrality of expanding corporate economic control, and its potential for determining the range and the form of emerging media system. Golding and Murdock (1973) gave the most direct expression regarding the economic nature of mass media. They treated mass media first and foremost as industrial organisations which produce and distribute commodities. The capitalist conglomerates gradually dominated the western media sector in the 1970s. The objective of profit maximisation resulted in many changes in the structure, organisation and content of the mass media. Such changes in the mass media cannot be apprehended unless they are located within the general context of accumulation process. Hence, any study on the mass media without considering its economic aspects tends to be partial and incomplete.

The prime objective of the mass media is to provide information, education and entertainment to the masses (McLuhan, 1973). With the penetration of mass media into everyday life, economists began to theorise the economic nature and impact of information. Kay stated that all economic problems are reducible to problems in information (Kay, 1989). Lime (1990) identified information / knowledge as one of the prime movers of economic activities of production and exchange. Information was recognised both as a commodity and as a resource. Torr (1980) treated information as a commodity for which demand and supply curve can be derived. Since information is intangible and cannot be quantified, its inclusion in functional relationships is questionable. The impact of

information on intensive activities is growing appreciably and making a significant contribution to the overall national income (Kay, 1984). This drastic change in the concept of 'information' in the international market has made the investment strategy more information intensive.

Van House (1991) notes that the public nature of information has led to the system of patent and copyrights. While information itself may be a public good, the form in which it is presented may have private characteristics.

Information / knowledge may be viewed as a public service or business. In the former, information is seen as an enriching and a limited resource that should be used to serve the needs of the entire spectrum of society. But in the latter approach, the information can render service best when privately owned. This view sees the production, storage and distribution of information as essentially a source of profit.

The arguments surrounding information as a public / private good is very complex. In the case of public good, the consumption of an additional unit of good by one does not reduce the consumption of others. A private good is subject to the exclusion principle, whereby the consumption by one reduces the consumption of others. Unlike a private good, there is no equilibrium of supply and demand in the market for a public good, as there are two marginal cost concepts. One is derived from the total production cost curve, and the other is additional cost of consuming the good (which is zero).

This means that the decision must be whether to produce the goods at all.

Learner (1958) found the existence of strong co-relation between indices of mass media and socio-economic and political developments of a nation. Of the mass media, television with its audio-visual nature is more powerful to change the society (Hamelink, 1983). Shangi and Mody (1986) notes that in developing countries especially with the prevailing illiteracy, Television will play a significant role in the development process.

1.3 Television Media in India

Television is the most vibrant and most popular mass media worldwide. It has gone through varying phases of development. In the west, the transformation of the television from public broadcasting to the present cognizable industrial activity has been a significant phenomenon. In the Third world countries too, Television has undergone significant organisational changes, despite its short history. The gradual transfiguration of Indian Television from its inception in 1959 as an experimental and developmental tool to the present day of media globalisation is discussed in what follows.

Almost everywhere it was the newspaper that heralded the era of mass media. The modern newspaper in India is a direct legacy of British colonialism. The influential newspapers of today, with high rates of circulation, are in the hands of few industrialists who consider it as a business activity. The press, despite its

limited reach³, plays an important role in the country's political milieu playing an agenda setting role (Yadava, 1985). Radio broadcasting began in 1927 with two privately-owned transmitters in Calcutta and Bombay. They were taken over by the government three years later. Unlike the press, broadcasting has always been a government enterprise.⁴ Government policy encouraging import substitution has had its impact on the broadcasting sector. As a result, the electronics industry now indigenously produces most of the hardware for receivers and production equipment. The advent of television, audio-visual media, adversely affected the popularity of radio (James, 1992).

1.3.1 The Beginnings (1959-71)

The history of Television in India commenced in September 1959, with a low power transmitter and a make shift studio in Delhi. The scope of the programmes were restricted to educational broadcasts for a limited area around the capital city. The principal goal of these programmes was to supplement classroom based education. In addition, there were some programmes meant for farmers in the agricultural areas around the capital. These programmes offered instructions on farming methods, notes on hygiene, methods of family planning and similar information. There were also some entertainment programmes to supplement these broadcasts which were

³ About three fourth of newspaper circulation is confined to cities where, according to 1991 census, only 25 percent of the country's population reside.

⁴ The All India Radio (AIR), leader of Indian broadcasting, had a network of 183 sections and 257 transmitters covering 91 per cent of the population in 1992. It broadcasts to home listeners in 60 Indian languages and dialects, and abroad through its External Service Division in 24 foreign languages.

primarily based on Hindi feature films. The variety and choice of programmes were, however, limited.

The television was viewed to play a catalyst role for the development activities like family planning and social awareness programmes. Television viewing remained primarily a community affair, with specific instructional aims and most of the receiving sets were located in community centres. Television, at the initial phase, was not considered as a medium of entertainment rather a pedagogic tool. Given this principal purpose of television, it was also financially supported by the government. Thus, government decided through the Ministry of Information and Broadcasting, the content of television programmes and sponsored production of programmes and running of studios. Most of the community television receivers were also provided by the government and television remained very much under state control. During these initial years, the potential of television as a cultural artefact was totally ignored.

The production and transmission facility was based in New Delhi and it was a part of the existing radio transmission centre of AIR. A 500 Watt transmitter was installed and operated in the evenings for one hour on Tuesdays and Fridays. In this initial phase of television development, there was little reason for any private group to consider broadcasting on television as a profitable venture. The government also made it clear through the Chanda Commission Report (1961) that Television need to be a medium of education and any other programmes are relatively irrelevant within the future plan of television. Consequently, there was little

debate about ownership, and the question of autonomy did not figure in the discussions.

By the middle of the 1960s, though broadcasting was still of the instructional type, the variety of instructional programmes had increased. There were more programmes for middle school children and agricultural programmes were long and covered a larger range of concerns. Television was beginning to be considered a useful tool for transmitting information to the large community of farmers.

In the latter part of the 1960s, there were rapid developments in the television infrastructure in India. The programmes became a mix of educational material and items based on feature films. Television receiver technology was indigenously developed and an increasing number of domestically built black and white sets were available in the market. This led to the acquisition of personal sets by households and the earlier practice of community viewing was increasingly replaced by the growing popularity of the television set among upper and upper middle class households. This increase in the number of audience led to significant changes in the nature of programme selection. Consequently, the programmes on Television began to gradually incorporate items that would appeal both to the rural farmers as well as the urban viewers of Delhi.

1.3.2 The Phase of Slow Expansion (1971-82)

The 1970s witnessed a gradual expansion of television in India. Two aspects of television that saw dramatic changes in this decade were the proliferation of newer series of programmes and development in production and transmission technologies. The

educational phase of the 1960s was increasingly supplemented by a variety of programmes which included sports, news, feature films and also plays. Programmes began to be produced by trained and qualified television personnel. Earlier, television programmes were primarily produced by either the personnel in cinema or in radio.

The initial phase of television as an educational medium with a set of standardized programmes, with head-and shoulder lectures on a variety of subjects, was replaced with the more imaginative use of talent to present similar material in more attractive formats. This resulted in the emergence of programmes such as talk shows, quiz and dramatisations. The new format also addressed the issues of education and family planning, but was more specific to the narrative, representational style of television. The significance of these developments was the enhancement of variety and choice of the program structure of television.

Simultaneously, the broadcasting facility also witnessed expansion since 1970s. Local television stations were set up in metropolitan areas of the country. There was also a proliferation of repeater stations, thus bringing even small towns under the umbrella of local broadcast network. In certain parts of India, such as Punjab and West Bengal, bordering Pakistan and Bangladesh respectively, there was competition between Indian and foreign broadcasts. Hence these two states were first to have local broadcast facilities, at Jalandhar in Punjab and Calcutta in West Bengal.

The period also recorded a growth in the indigenous manufactures of receivers. With the increasing liberalisation of licensing regulations, there was an expansion in commercial manufacture of television sets. The number of television sets produced increased from 84114 in 1972 to 2,095,537 in 1982, and recorded a growth rate of 23.9 percent per annum (Doordarshan, 1995). These were marketed primarily to the urban audience, often the only section of the population, who could afford it. One of the consequences of this expansion of urban audience base was the recognition of Television in India as an excellent medium for advertising. This realization, coupled with more financial requirements by government for the expansion of television industry, led to the initial move towards the commercialisation of TV programmes in India.

Declaring its policy to accept commercials in 1976, the government made its stand very clear that Doordarshan even after commercialisation would remain under state control. Government stressed also stressed that television would not be treated as a commercial venture to make profit. In a country like India, encumbered with massive illiteracy, the importance of audio-visual media was emphasised in gaining access to rural masses.

Thus, the role of Doordarshan as a tool for national development was visualised clearly by the policy makers. Hence, commercialisation, through the sale of air time to commercial agencies, offered a symbiotic relationship between the commercial firms and the government, where commercial firms could advertise their product to the large TV audience and the government could earn the needed revenue. Commercialisation was initially limited

to companies buying time from the government to air stills between programmes.

Until 1976, television was managed by All India Radio. In April 1976, TV was separated from All India Radio and formed an independent unit, '*Doordarshan*', under the Ministry of Information and Broadcasting.

This period witnessed yet another remarkable event in the broadcasting history of India. The first experiment with satellite technology in India, the Satellite-Instructional Television Experiment (SITE), was conducted in 1975-76. It was one of the pioneering attempts anywhere in the world in the use of satellite technology for social education. Through the joint efforts of U.S. National Aeronautical and Space Administration (NASA), ISRO, Doordarshan and various other state governments, 2400 villages in the backward regions of India could receive TV programmes on agriculture, health education and so on, in five different languages, in the evenings and educational programmes on the mornings.⁵ The SITE reiterated the usefulness of satellite as an improved technology for the expansion of educational infrastructure.

⁵ This was a programme set up in collaboration with NASA. The programme was made available to India through a geostationary satellite ATS-6. The primary purpose of the project was to gain experience in development, testing and management of a satellite based instructional television system, particularly in rural areas, to demonstrate the potential of satellite in developing countries, and to stimulate national development in India to contribute to health, hygiene, and family planning and national integration, to improve agricultural practices, to contribute to general school and adult education and to improve occupational skills. For a detailed account, see Mirchandani, 1976.

Gradually, TV had become a common household artefact in most middle class urban houses. Doordarshan began to play a central role in redefining domestic space and time. The commercial revenue of Doordarshan increased from Rs.7.7 million in 1976-77 to Rs.102.7 million in 1981-82. The percentage of entertainment programmes began to increase and consequently the popularity of Doordarshan programmes also increased. These changes and developments in both broadcasting and receiving technology, brought dramatic transformation of Doordarshan during the next decade.

1.3.3 Phase of Rapid Expansion

Though the government had always claimed that television would be used primarily for national development, the immediate reason for its take off in 1982 was a sports event, the Asian Games (ASIAD). Restriction on the import of TV sets were relaxed to meet the demands of the viewers. As many as 22 transmitters were commissioned in 1982 alone which is more than the number of all transmitters built till then.⁶

In July 1983, the government approved an extraordinary special plan for the expansion of TV in India. Under this plan, TV coverage was to be extended to 70 per cent of the population (from 19 per cent in 1982) through a network of 47 high power (10 KW) and 133 low power (1 KW) ground transmitters by the end of 1985. INSAT-1B, the second of India's communication satellites launched in 1983, was to serve the networking of the country. In 1984, a second channel was added at Delhi to provide alternative viewing option to the

⁶ Table showing the growth of Doordarshan network is shown in Annexure I of this chapter.

heterogenous metropolitan population. Another key development which occurred after the ASIAD was colour broadcasting using a variety of microwave and satellite links, to get a wider coverage.

With an increasing audience volume particularly in the more affluent urban sectors, big corporations crowded to sponsor TV programmes. The corporations which purchased time on TV began to show increased interest in the characteristics of the audience, in terms of age, gender, viewing habits and preferences. This led to rudimentary Doordarshan rating system which advised the sponsors about the popularity of the entertainment programme. This rating system increased the demand for the time slots between the entertainment programme which, in turn, led to an increase in the percentage of such programmes.

The mid 1980s, saw the emergence of soap opera serials⁷ on Doordarshan. The duration of broadcasting hours increased, constantly. The Sixth Plan period (1980-85) ushered in a new policy structure aimed at liberalization of licensing and production, removal of most the entry restrictions and overhaul of tariff structure in the electronics industry. The easing of import restrictions on electronic components and kits during this phase of liberalisation, led to a 'kit assembling boom' in the electronics sector. The share of television manufacturing industry in the total

⁷ A soap-opera is a television serial with an ostensibly gripping story and has a host of characters. In the USA such serials came to be known as Soap Operas because the sponsors of such programmes are usually companies producing the detergents and other house-hold cleaners,

sales of consumer electronics products increased from 30 per cent of total production in 1980 to 72 per cent in 1986.⁸

In the meanwhile in 1984, Joshi submitted a report on the software planning on Doordarshan, a comprehensive compilation of problems and provides an entire perspective of TV in the country. The report emphasised more on the original intention of applying TV medium for education and development. According to the report, Doordarshan is increasingly catering to the needs of the new rich. It pointed out that if the medium was to be used only for the entertainment and recreation of the richer classes, the investment in it cannot be justified. Doordarshan's new role as an entertainment medium with less priority given to education and information, for which it was institutionalised was severely criticised by the Committee. The shift in the focus of the programmes was brought to the notice of the policy makers in the debate session of parliament. Though the Ministry of Information and Broadcasting, agreed to view the issue more stringently in future, no policy change were seen in the format and content of Doordarshan programmes in the subsequent years.

By early 1989, there are three large segments of broadcast on wednesdays and Saturdays. Morning section, afternoon section and evening section were spread over a three tier primary programme service - the national, regional and the local.

⁸ A brief analysis of the growth of television manufacturing industry is given in Annexure II of this chapter.

The advertisement slots were interspersed mostly in the entertainment programmes, which were usually telecasted in the prime time (8pm-10pm). The variety of programmes increased with time. With the operation of Doordarshan I Channel, the choice of the programmes were also available to the urban population.

Simultaneously, there was also a growing awareness that Doordarshan was becoming increasingly urban biased. It was partly aided by the fact that the primary transmission centres were located in urban areas. The urban middle class population had the material resources to buy receivers more readily than the rural viewers. The practice of television viewing was becoming an important activity of the urban audience just as other social, cultural and domestic activities already were. Thus, Doordarshan was becoming a part of day to day life of the urbanites.

1.4 Doordarshan Policies in the 1990s

The ideological offensive against the new trends in Doordarshan from the old guards, however, did not influence the new policy initiatives. In fact, though in the parliamentary debate it appeared that the government tended to concede to many of the demands and agree with the fears expressed by the critics, the transformation that came about in the television scenario in 1990s seem to confirm the market orientation of Doordarshan. The focus of its policies in the 1990s are of the following:

The first and most important change was a qualitative change in the degree of dependence on commercial revenue for Doordarshan. There was a definite shift from service and development orientation to

business interests. Increase in the revenue through commercials are given priority and thus the role of the sponsors in deciding the nature of transmission is accepted *de jure* through preview of programmes, permitting them to select and even decide on the content of the programmes.

Secondly, a limited amount of privatisation through sub-contracting of production to private commercial firms has been introduced. Doordarshan further codified the rate structure and the producers were graded on the programmes produced.

Thirdly, there was a definite shift in the focus of Doordarshan to the urban elites with a high disposable income, to appease the sponsors who pay for the commercials.

Lastly, the government has come to accept satellite transmitters and its cable networking as a legal commercial venture, though uplinking within Indian territory is not permitted. Emergence of Star TV, and the regional channels like Sun TV, Gemini and Asianet forced Doordarshan to improve the quality of its programmes.

There is no doubt that the above demarcate a new phase in the broadcasting policy in India. The developments were so dramatic and quick that there has not been much serious discussions about it. Further, it did not take long time for the new trend to be reflected in the formal policy pronouncements. The factors responsible for this turn around is the focus of the analysis of our study. Accordingly, the causative exogenous and endogenous factors that compel Doordarshan to reorient and restructure its

policy are enquired in the context of the ongoing liberalisation and globalisation of the media economy.

1.5 The objectives of the study

The main objective of the study is to analyse the factors responsible for the reorientation of television policies in India. The analysis is done by examining the globalisation of television industry and the ongoing economic reforms. Another objective is to examine the comparative advantages of developed nations in the international trade on television software. And, finally, the study explores the implications of changing Doordarshan policies.

1.6 Data source and methodology

The study uses secondary materials which include Comptroller And Audit General Reports, Court Documents, RBI reports, Doordarshan Annual Reports, Doordarshan Audience Research Analysis Findings and various Journal Articles on broadcasting media.

The method of the present study is essentially multi-disciplinary in nature. Though the topic broadly falls under media studies, we have attempted to integrate economic and sociological aspects into our analysis. The econometric, statistical and other quantitative methods have been used in the study to illustrate various economic processes that underlay development of television media industry at the global level as well as within India.

1.7 Chapterisation

The chapters are organised as follows: Chapter Two discusses the development in the international media industry. The focus is on the globalisation of television industry in terms of trade in software; the technological changes that made the process of internationalisation possible; and, the oligopolistic industrial structure which made international market penetration imperative. Chapter Three examines the endogenous factors in the Indian economy that compelled Doordarshan to change its policy. More specifically the chapter enquire into the impact of the recent stabilisation and structural adjustment programme on Doordarshan.

Chapter Four discusses the factors that determine the direction and character of the trade in television soft-ware industry. And the Chapter Five summarises the findings of the study and discusses the possible impacts of global as well as national media policy on the Indian polity and economy.

Annexure I

Growth of Doordarshan Network

As on	PPCs	HPTs	LPTs	VLPTs	Trans- posers	Total trans- mitters	Popula- tion Coverage(%)	Area Coverage (%)	Urban	Rural
31.3.80	10	18	-	-	-	18	25.0	13.5	-	-
31.3.81	10	19	-	-	-	19	25.7	13.7	-	-
31.3.82	10	19	-	-	-	19	25.7	13.7	-	-
31.3.83	10	23	20	-	-	43	26.4	15.4	-	-
31.3.84	11	25	21	-	-	46	30.4	17.5	-	-
31.3.85	17	40	132	-	-	172	56.2	36.5	6.30	1.60
31.3.86	17	44	135	-	-	179	66.7	43.5	8.97	1.79
31.3.87	17	46	148	3	-	197	70.3	46.8	12.00	2.03
31.3.88	18	50	182	11	-	243	72.0	49.1	13.04	4.93
31.3.89	18	52	237	46	-	335	73.9	51.4	17.16	5.41
31.3.90	18	55	370	72	18	519	76.3	54.5	22.06	6.01
31.3.91	20	60	372	76	19	527	78.7	57.7	23.75	6.15
31.3.92	20	62	374	76	23	531	81.1	61.4	26.86	8.7
31.3.93	25	67	374	80	23	542	82.9	63.5	27.36	11.41
1.12.93	31	68	380	82	23	553	83.6	64.5	29.97	15.71

Note: PPC - Programme Production Centre, HPT - High Power Transmitters,
LPT - Low Power Transmitters, VLPT - Very Low Power Transmitters.

Source: Doordarshan, 1994.

Annexure II

The impact of electronic policy on the Television manufacturing industry is analysed here. India's experimentation with economic liberalisation started with the electronics sector. The evolution of India's electronics policy can be broadly categorized into two policy regimes. The first, which lasted till 1980, was characterized by a high degree of regulation and was pro-public, pro-small-scale-sector, anti-large business, anti-foreign investment bias.

The second phase started in the 1980s with the liberalisation policy for the electronics sector. The changes in electronics policy can be attributed to the recommendations of the Sondhi Committee which was published by the Department of Electronics in 1979. The committee felt that restrictions on investment and capacity and an emphasis on the regulatory mechanism had restrained development in the electronics sector. Its recommendations included a promotional tariff structure, selective deregulation for certain items for MRTP/FERA companies, and unrestricted technical collaboration/imports for items or processes whose indigenous supply is non-existent or inadequate.

The policy initiatives in the electronic sector include the introduction of colour TV transmission and provision of licenses for assembling imported colour TV kits. Besides this measure, specific policies were formulated for some products that were expected to grow significantly in the future. (e.g. colour TVs, computers, and computer software). In all cases, the policy package included substantial deregulation and delicensing.

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This resulted in the growing importance of television manufacturing industry in the electronics sector as seen in the following Table.

The Growth of Television Manufacturing in India, 1971-81
(at Current Prices, Rs.Million)

YEARS	Total Sales		TELEVISION as % of Consumer electronics
	Consumer electronics	Television Sets	
1971	525	56	10.7
1972	625	107	17.2
1973	640	262	41.1
1974	780	265	34.0
1975	845	339	40.1
1976	1,030	502	48.8
1977	1,305	836	64.1
1978	1,585	945	59.6
1979	1,790	1,088	60.8
1980	2,140	1,295	60.5
1981	2,460	1,533	62.3
Compound annual Growth Rate (%)	16.6	39	

Sources: Centre for Monitoring the Indian Economy, "Electronic Industry in India" (Bombay, September 1984); Bureau of Industrial Costs and Prices, Report on Electronics, New Delhi, December 1987.

The television manufacturing industry received further inducement by the 1982 Asian Games hosted by India at New Delhi ushered in the era of colour television to the country. To meet the immediate demand for the colour television receivers, the government allowed extensive import of colour TV kits for assembly by small-scale manufactures.

The impact of the liberalisation policy on the industrial performance of Television manufacturing industry is analysed below by taking two time periods; 1973-1980 and 1980-1987.

The period prior to 1980-81 was characterized by the clear domination of small-scale sector and from 1981 onwards the

liberalisation policy was introduced in the electronics sector which gave it a new phase.

To calculate the growth rate in the two time periods a linear regression was run first of the form :

$$Y = A + Bt + e.$$

But, an exponential equation gave a statistically significant result and hence it is used in the form:

$$\text{Log } y = A + Bt + e.$$

The results are given in the Table below.

Comparison of Growth Rates for some Economic Indicators in the Electronic Equipments Sector Before and After 1980

Economic Indicators	1973/74 to 1979/80	1980/81 to 1986/87
1. Gross output per factory	1.2 (0.32)	7.60 (3.40)
2. Net value added per factory	-1.2 (-0.76)	4.10 (2.21)
3. Total value added industry wide	4.1 (1.28)	9.02 (1.06)
4. Total output industry wide	6.4 (3.29)	11.59 (2.83)
5. Value added to invested capital	-1.6 (0.84)	3.20 (1.74)
6. Value added per employee	1.4 (0.66)	8.40 (2.54)
7. Total output per employee	3.1 (2.61)	10.21 (2.42)

Source : Government of India, Annual Survey Of Industry (New Delhi, Various issues).

Note : Figures in parentheses are the t-statistics for the corresponding growth rates.

The high growth rate and the significant t-value suggests that the economic policy had a positive impact on the electronics sector especially on the television manufacturing industry.

Chapter 2

INTERNATIONAL TELEVISION INDUSTRY: RECENT TRENDS

2.1 Introduction

America set the role model for other countries in the globalisation of Television. It pioneered all the breakthrough in Television broadcasting industry like networking, cable television, satellite Television and so on. Hence, a study of the American Television Industry would help to decipher the globalisation process of Television in the international scenario. This chapter examines trends in International television industry with a focus on the role played by American industry.

The chapter is divided into three sections. In section 2.2, the networking in America, its growth and the commencement of cable television is examined. Technological changes in broadcasting is also looked into. In Section 2.3, an analysis of the changes in the American broadcasting industrial structure and the emergence of media oligopolies in broadcasting is attempted. Section 2.4 examines the gradual penetration of satellite television in Asia and India.

2.2 American Network Era

Private entrepreneurs took a leading role in the development of Television in America, thus, the industry assumed an industrial dimension right from the outset. Hence, it becomes pertinent to study the system of networking in America in its historical perspective. The first broadcasting station KDKA was started by Dr. Frank Conrad in 1920. The non-crowding and the non-interference of other signals made it an immediate success.

Pulsing the immense potential of broadcasting, American Telecommunications and Telephones (AT&T) brought it under its control. Simultaneously, a radio group Radio Corporation of America (RCA) was started by General Electric (GE) under the leadership of Sarnoff. The AT&T, with its immediate access to telephone lines and technological know-how, started experimenting on network broadcasting and gradually began to add stations that are interconnected. This stimulated RCA to organise the network facilities.

In 1927, Federal Corporation of Commission (FCC), the regulatory body of the government redefined the patent right of these companies. Subsequently, exclusive control over telephony was granted to AT&T, and broadcasting to RCA. Later RCA formed a new subsidiary National Broadcasting Corporation (NBC), the first company to be organized exclusively for broadcasting.

Many radio stations emerged independent of NBC in the subsequent years. But these small and non-affiliated stations found it difficult to get adequate programmes to fill out their schedule. This led to the formation of United Independent Broadcasting (UIB) which provided programmes on a network basis. The UIB sought financial assistance from a recording company and started Columbia Broadcasting Service (CBS) with a view to augment its financial resource base. With this, as observed by Porter (1973), the launching of competing national network on a commercial basis completed the evolution of American broadcasting network. By early 1940s, the network system which was strongly established in radio broadcasting was extended to Television. Since then the growth of

Television Networking in America had been remarkable. The spectacular growth of Television earnings during the last 40 years can be seen in Figure 2.1.

Figure 2.1

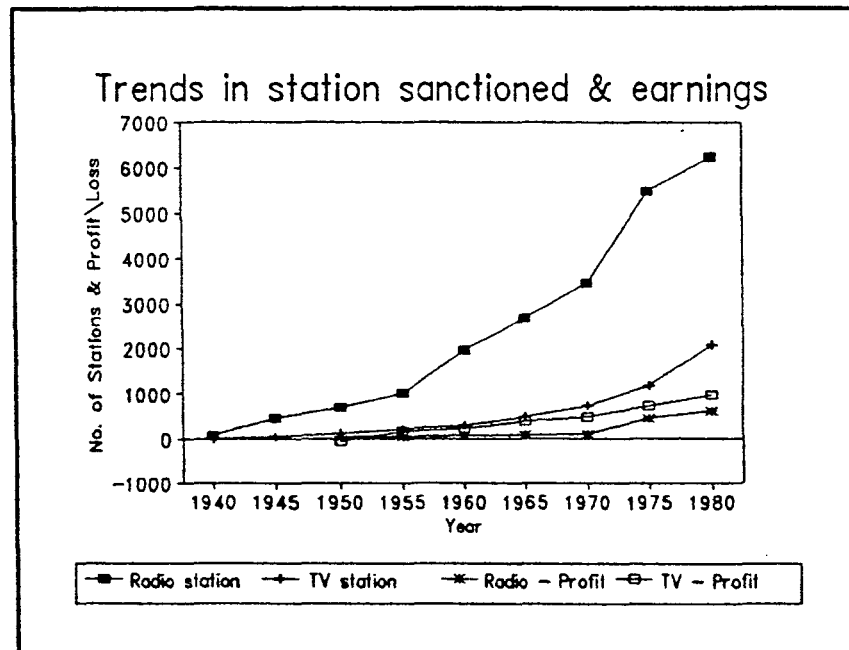


Figure 1

Television was making loss in 1950. However, by 1953, its earnings covered that of radio, and after that the gulf between the two widened as shown in Figure 2.1. Though the growth of Television depressed radio's earnings for a decade, from 1962 onwards radio earnings also showed an upward trend. The sudden rise in the number of commercial radio stations in the 1970s is attributed to the introduction of education FM, and the use of narrow casting radio stations to cater the needs of local community. The decade also saw a steep increase in the number of Television stations. (Broadcasting Year Book, 1982).

2.2.1 Economics of Television Networking

Networks made possible the growth of broadcasting in America into a universal national medium in a short span (Head, 1990). Network affiliation remained the sine qua non of television station profitability except in the few megapolitan markets¹. Networks perform three main functions for their affiliates. They provide programmes, arrange and pay for interconnection facilities, and sell affiliates time in the national market. In return, an affiliate gives 20 hours a week or thereabouts (contracts vary) to its network at no charge, and charge only about 30 per cent of its regular rate for the remaining hours used by the network (Noel, et al, 1989). Network enjoy advantage over the independent stations through different strategies. They include the structuring of programming into consistent and attractive patterns, the cultivation of a distinct institutional personality, the timing of interconnected distribution, the opportunities for promotion and planned audience building and the incorporation of prestige programs either at a loss or at a reduced profit into the schedule.

Parallel to the steady growth of networking, American broadcasting also witnessed the advent of cable television, which subsequently proved to be another new phase in broadcasting not merely in America but also in the entire world (Ault, 1981).

¹ In 1988, 87 per cent of very high frequency (vhf) and 55 per cent of ultra high frequency (uhf) network affiliated stations reported operating at profit whereas only 67 per cent of the independent vhf and 21 per cent of the independent uhf stations reported profit.

2.2.2 Community Antena Televisions (Cable Television/CATV)

Cable Television was started to provide TV signals to the hilly community where television signals were not receivable otherwise. The original cable TV concept consisted of only the redelivery function: taking TV signals off the air and sending them to subscriber houses by wire. During the initial phase CATV remained primarily a local concern. Later on, a three tier system - municipal, state and federal - of control was developed. Until mid seventies, growth of cable was hindered due to unfriendly laws imposed on it by the state and FCC (Walters, 1973).

After the initial success in meeting the demand for access to broadcasted programmes, cable operators started searching ways to augment their service to make subscription more saleable. Expansion of CATV took several forms, made possible by the changes in the industrial regulation that allowed the import of distant broadcast signals. Basically there were three ways through which the services of cable operations were augmented. The first was importing signals via micro wave relays in order to broaden the range of broadcast service. Next one, called local origination, supplied programmes via closed circuit. A third form was syndicated programmes like feature films and major sports events, which cable operators could receive only by giving special payments and by installing special recording instruments (Phillips, 1971).

The above development stimulated greater entrepreneurial interest in CATV investment. Businessmen looked for ways to use the cable television on a massive industrial scale. Mega cities, where they

found concentration of potential subscribers, became the primary focus of cable television systems.

The major breakthrough in cable television came with the introduction of satellite transmission. The movie Service and Ted Turner's Atlanta TV service were the pioneers in the field. With cable systems that could provide more than fifty channels, the terrestrial TV with limited number of channels became obsolete and traditional in America (Polman, 1972). As a result, there was a rapid increase in subscriber base of cable televisions.

2.2.3 Impact of CATV on broadcasting

As long as CATV acted as a delivery system in small towns filling the shadow areas, covering up the fringes and overcoming local interference, TV stations welcomed cable operations. The growing practice of importing signals from distant stations and the cable television's penetration into the large cities posed a threat to the terrestrial broadcasters. Leap forging² also helped the cable operators to increase the subscriber base.

The cable television draws revenue from both the advertisers and the subscribers. Advertisement is the sole source of income to the terrestrial broadcasting as most of the networking are not pay channels. The dual income source leaves cable television in a financially better place than terrestrial broadcasting. Consequently, cable television could draw off the most popular

² For some reasons if a cable system failed to carry the programme of a local TV, network affiliate can import the same programme from other affiliate in a distant market. This is called leap forging.

talent, the best feature film and the right to telecast major sports events. This better availability of programmes in the cable increased its viewership. The phenomenal growth in the number of cable TV subscribers is shown in Table 2.1 (see Table 2.1).

During the period from 1980 to 1992, the number of cable subscribers increased from 19 million to 59 million. In 1994, out of 96 million TV homes, 62 million homes were connected to cable. From a small market of 4 million dollars in USA in 1972, cable industry has expanded to 25 billion dollar industry in 1994 (Dalvi, 1995). The cable industry is on the verge of yet another technological phase of full service multi media network which encompasses voice, video and data.

Table 2.1

Growth in the number of cable subscribers

Year	No. of basic cable subscribers (Millions)
1980	19
1982	22
1984	33
1986	41
1988	49
1990	56
1992	59

Source: Media Impact, 1994.

Programming and Technology played an important role in the success of the cable industry. Exploiting the immense potential of the abundant channel capacity of the cable, the industry started making narrow cast programmes which were targeted to specific interest groups. Cable industry differentiated their product (TV Programmes) into different categories and each category was placed

in separate channel on a 24 hours service. Consequently, specialized channels like CNN (News), World of Discovery (Science), ESPN (Sports) and MTV (Music) emerged, which gave an indepth treatment to the programmes similar to that of magazines. The integrated and cumulative effect of narrow casting, easy access of programmes, day and night service of the channel and indepth analysis of the specialised programmes made the cable a success.

Regarding the technology aspect, there are 3 types of broadcasting technology, namely, production, distribution and reception. Though production and reception phase of the broadcasting technology underwent significant changes, its impact on the globalisation process was minimal. Technological development from U-matic camera³ to Betacam BVW⁴ enhanced the quality and reception of the programme in CATV, which induced the demand for such programmes. The flexibility of new technology made the upgradation of hardware possible without its complete replacement especially in the editing section. The latest editing unit like the Digital Betacam AB Role⁵ can easily adapt itself to the advanced software changes.

Receiving sets also underwent conspicuous changes from Black and White TV to the high definition television which provided noiseless, high picture quality reception sets. Much of this new technology uses durable capital equipment that is programmable and

³ U-matic is a traditional type of camera where the picture quality is low.

⁴ Beta cam is a technically advanced version of camera where the signal quality is very high.

⁵ Beta cam AB role is a linear editing console where editing is done through a computer hardware using an edit software.

adaptable to multiple tasks (as products change, the same hardware can be used for new products with a simple change of programme). Technological developments in the hardware enhanced the efficiency in CATV. In spite of huge initial investments they were cost effective due to the flexible nature. In the software, technological developments increased the picture quality, clarity and also provided variety of lay outs and designs through editing and post production techniques. But, it is the transmission technology that gave a new dimension to broadcasting making the global satellite transmission a reality.

Satellite technology has revolutionised the distribution pattern of the broadcasting system. It has specific advantages over land-based broadcasting technologies. The foremost of these is the ability to broadcast signals over the entire coverage area of the satellites. Unlike in terrestrial broadcasting, the cost is independent of the distance or intervening geographical characteristics. This enables the satellite technology to telecast programmes even to inaccessible areas. Satellite technology was used in different commercial applications of television broadcasting.

Pay television is the first commercial application of satellite broadcasting. In America, Home Box Office (HBO) began pay TV operation in early 1970s. Pay TV has since then been used to telecast movies, sports and other types of commercial and special interest programmes to viewers who are willing to pay extra. The signal for a pay TV is encrypted or scrambled and the subscriber must have the necessary decoding equipment to view the signals.

The second application is the Direct Broadcasting System (DBS) which allows individual household to directly receive satellite signals by-passing the cable operator. DBS makes use of much higher power signals with frequencies in the KU band. Most of the other channels are equipped with C band which constitute much lower frequencies⁶. Another important advantage of DBS is the marked improvement in picture quality. The DBS has proved to be successful in Canada & Europe.

The third is Digital Compression Transmission which help satellite operators to deliver many channels from a single transponder. In digital compression technology eight channels can be provided from one transponder. Earlier one transponder was needed for each channel. Thus the satellite service incurs only one-eighth of the previous cost.

The cable television with its unique programming and satellite technologies extended their markets from domestic to the international side. The giant among the cable operator, Telecommunications Incorporation had in 1987 a revenue of \$1.7 billion, and an operating cash flow of \$ 1 billion which was larger than the operating cash flows of all other networks combined (Downing, 1994).

⁶ Recent satellites are equipped with more KU-band transmitters. The C-band signals carry 55 Watts of power while KU-signal, 115 Watts.

The other three leaders in the cable field were Time Warner⁷ Broadcasting System's Cable News Network (CNN) and Turner Network Television (TNT); and ESPN, the sports cable channel.

The other important reason for the growth in CATV was legal deregulation. It was the cancelling of the 'must-carry legislation', which demanded cable systems to carry all network and independent stations in their area. This compulsion impaired the prospects of CATV to generate their own revenues.

The rapid increase in the growth of cable television had an adverse impact on the American Network Television. Over the period 1980-87, it lost one consumer in eight, to the three big networks. (Downing, 1990). The operating profit of the three American networking companies during 1991-1993 is given in Table 2.2.

Table 2.2
Operation Profit of the Networking Companies (1991-93)

	1991	1992 (\$ Million)	1993
ABC	120	98	194
CBS	71	33	153
NBC	-60	45	61

Source: Paul Kagan associates, 1994, Inc. Analysis of Network Programming - Schedule data.

Profits of ABC had declined from \$120 million in 1991 to \$98 million in 1992; and showed a remarkable recovery to \$194 million in 1993. Similarly, CBS's profit declined in 1991-92 and in the subsequent year it increased to \$153 million. NBC, who was

⁷ It is the second largest cable system which incorporated American Television and Communications, Home Box Office, Cinemax, and Warner Cable Communications.

operating on a loss of 60 million in 1991, recovered in 1992. This recovery of the American networking companies in 1992 was due to changes in their prime time net revenue. The increase in prime time net revenue of NBC and CBS, was mainly due to the strategic change in the programme composition, during 1991-92 (see Table 2.3)

Table 2.3
Prime Time Programme Changes in NBC and CBS
(1991-1992)

Type of programme	Share of Programmes in Prime-time			
	CBS		NBC	
	1991	1992	1991	1992
News &				
Current affairs	43	26	38	24
Sports & Gameshows	14.8	14	11	18
Fiction/Drama	29	20	37	26
Infertainment	15	21	3	18
Variety show	0.5	0.5	-	1
Children	3	3.0	5	6
Youth	1	1.5	2	4
Education	10	12	-	-
Other	4	2	-	-

Source: Paul Kagan associates, 1994, Inc. Analysis of Network Programming - Schedule data.

The drastic reduction in the share of news / current affairs with a simultaneous increase in infotainment programmes in both CBS and NBC indicate the shift of investment from programmes like news / current affairs to infotainment and gameshows. From its traditional program format, ABC shifted and followed a similar programme schedule of CBS and NBC in 1992-93 (Kagan, 1994).

Another interesting point revealed by Table 2.3 is the decline in the importance of Fiction/Drama in both the networks. Drama/comedy involves high production cost. Its popular rating on which the advertisers price the program is, however, very low. Hence, producers opt for programs like entertainment/games/sport show,

which incur less production cost but have high demand among the viewers.

Though the share of drama in the total programme composition of Television has declined, American Broadcasting Network still dominate and remain the primary supplier of similar programmes to other countries. It was the reduction in the percentage of news items and incorporation of games and entertainment items in the prime time that resulted in the hike of prime time revenue from \$ 1519 million in 1992 to \$ 1646 million in 1993. The same period also saw an increase in sports revenue from \$ 536 to \$ 693 million.

Both networking and cable of American Television industry have become purely profit oriented. The trend set up by American Television industry is reflected in the worldwide television programme also as evident from Table 2.4.

Table 2.4 confirms that the producers are looking for cost-effective methods and strategies to increase the profit margin. Also, syndicates have resorted to every tactics available - from pre-selling backends to opting for pure - barter deals or selling to both cable and free TV simultaneously. The growing commercialization of television industry and the consequent accumulation imperatives in the context of technology breakthroughs had significant impact on the ownership and structure.

Table 2.4
World-wide Television Programming Revenues (1986-95)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
REVENUE (in millions)										
Best ntwrk prog.spending*	\$5584	\$5926	\$6433	\$6586	\$7108	\$7490	\$7864	\$8258	\$8670	\$9104
Best.syndication.(cash)	1680	1785	1864	1765	1817	1891	2030	2142	2261	2385
Barter syndication.(gross)	916	1040	1173	1309	1272	1369	1479	1597	1725	1854
Intl.TV(feature films)	752	755	989	884	928	984	1063	1169	1286	1414
Intl.Pay TV (feature films)	167	181	307	438	525	604	677	758	849	951
Basic cable networks(cash)	345	553	776	946	1067	1204	1324	1450	1581	1715
Intl.TV(series& NOWs)	623	748	852	935	962	1026	1131	1265	1403	1524
Pay TV/Minipay domestic†	989	1087	1133	1141	1165	1174	1182	1182	1188	1195
Total TV Programming	\$11656	\$12075	\$13527	\$14004	\$14844	\$15742	\$16750	\$17820	\$18963	\$20141
REVENUE GROWTH RATES (%)										
Best.ntwrk License fees	--	6.1	8.6	2.4	7.9	5.4	5.0	5.0	5.0	5.0
Best syndication(cash)	--	6.3	4.4	(5.3)	2.9	4.1	7.4	5.5	5.6	5.5
Barter synd.(gross)	--	13.5	12.6	11.6	(2.8)	7.6	8.0	8.0	8.0	7.5
Intl.TV(feature films)	--	0.4	31.0	(10.6)	5.0	6.0	8.0	10.0	10.0	10.0
Intl.Pay TV (feature films)	--	8.4	69.6	42.7	19.9	15.0	12.1	12.0	12.0	12.0
Basic cable networks(cash)	--	60.3	40.3	21.9	12.8	12.8	10.0	9.5	9.0	8.5
Intl.TV(series& NOWs)	--	20.1	13.9	9.7	2.9	6.7	10.2	11.8	10.9	8.6
Pay TV/Minipay domestic†	--	9.9	4.2	0.7	2.1	0.8	0.7	0.0	0.5	0.6
Total TV Programming	--	9.2	12.0	3.5	6.0	6.0	6.4	6.4	6.4	6.2

Note: Intl. refers to International.

Source: Paul Kagan associates, 1994, Inc. Analysis of Network Programming - Schedule data.

2.3 Economic Oligopolization in American Broadcasting

Contrary to print media, which was run by the private enterprises, broadcasting was either state owned or state regulated. Four types of broadcasting systems are identified, namely, 1) Private / commercial system (America); 2) Public broadcasting service systems (India); 3) Mixed system (Japan); and, 4) Dutch system⁸.

In early periods, public service system held the monopoly of broadcasting except in USA. In the west, the major rationalisation often cited was the shortage of broadcasting frequencies. In the

⁸ In Dutch system several private non-profit organisations share transmission lines in proportion to the number of members.

developing nations, government controlled the broadcasting media for security reasons and also for non-profit development interest of the nations (Melkote, 1991).

But this monopolistic structure came under severe pressure in developed nations from the late 1960s and in the developing nations from the late 1980s. This is mainly due to 3 interrelated developments: (a) the growing transnationalisation of broadcasting industry; (b) the economic pressures towards commercialization; and (c) the diversification and multiplicity of hardware channels and their availability at a relatively low cost (Jan Servaes, 1993). Therefore, in the late 1970s and 1980s, a more mixed broadcasting system has been established in the west as a result of economic and commercial pressures. It resulted in a situation in which the public service system has to compete with a commercial broadcasting system.

In USA, policies fostering racial and ethnic pluralism in mass media were formulated by the FCC in the 1970s to promote racial accommodation or racial polarization. Rather than continuing past policies, the new one focused on the deregulation which provided greater freedom for broadcasters to serve the free market than the regularoty concept. Under deregulation, regulatory intervention in free markets is assumed to be invalid, unless it is demonstrated that a market failure in the relevant social good has occurred. The new deregulation has resulted in a degree of acquisition and other ownership transactions.

As a result, public service broadcasting, which was earlier non-profit oriented, also began to give importance to ratings, evaluation figures, and viewer density. With this new market orientation, the difference between public service broadcasting and profit oriented commercial television began to disappear slowly (Porter, 1991). Due to internationalisation, the market is slowly and irrecoverably changing from parallel national markets, in which public broadcasting systems were dominant to a single global market. Catering to the vast global market, given its advantage in consumer penetration, the television industry has been attracting an increasing share of advertisement (see Table 2.5).

Table 2.5
Percentage Share of Different Media in Total Advertising in USA

Year	Newspaper	Magazine	Radio	TV	Total
1960	51	11	22	16	100
1970	49	11	20	20	100
1980	44	12	17	27	100
1990	40	14	11	35	100

Source: Media Impact, 1994.

As seen in Table 2.5, the share of newspapers, though is the largest, has been continuously declining. The share of magazine has marginally increased. This may be attributed to their ability to adopt to changing needs of the population (Bragi, 1991). Share of radio also has registered a decline. A sharp increase in the share of television is noticed. Thus, it is possible to see that television has increased its share largely due to decline in that of magazine and radio.

The profit-maximisation has increasingly become objective of television broadcasting to the gradual neglect of the traditional

concerns like pluralism, political balance, diversity, sensitivity to cultural aspects. This is revealed by Table 2.5 which gives the sources of revenue of top ten media giants in America.

Table 2.6
Sources of Revenues of Top Ten Media Giants in USA

Company	1991 revenues (millions of dollars)					Total
	News papers	Maga- zines	Radio and TV	Cable TV	Other	
1. Time Warner	-	1,928	-	3,301	-	5,229
2. Capital Cities/ABC	521	321	3,712	489	128	5,171
3. Gannet	2,629	-	360	-	392	3,381
4. TCI	-	-	-	3,206	-	3,206
5. General Electric	-	-	3,086	68	-	3,154
6. CBS	-	-	3,305	-	-	3,035
7. Advance Publications	1714	859	-	440	-	3,013
8. Times Mirror	1974	292	94	404	-	2,764
9. News Corporation	164	575	964	-	575	2,278
10. Knight-Ridder	1954	-	-	-	-	1,954

Source: Data from Advertising Age, August 10, 1993.

Firstly, the total revenue of the media giants is \$ 33,202 million which constitute a considerable share of total corporate revenue in USA. Secondly, these media companies do not operate confining to any single media rather horizontally integrated with different media industries with the exception of TCI and Knight Ridder. Thirdly, Television has been the major area of operation for most of the media giants. Radio, Television and cable TV accounts for 58 per cent of the total revenue. This indicates the importance of electronic media. Of these, Cable TV alone accounts for 24 per cent of the total revenue of the media giants. Fourthly, cable television revenue for these corporations is as important as regular networking.

The business firms use diversification as a protective strategy to escape from the high competition that has arisen in the wake of

deregulation of broadcasting media. Some companies opted for consolidating and extending their control over a single media sector. This facilitated maximising economies of scale and shared resources (horizontal integration). Some others opted for the acquisition of different stages of production in a particular sector (vertical integration). Network affiliated broadcasting, explained in section (2.2), is an example of the vertical integration. These integrative process ultimately resulted in consolidating control within media sector by four or five leading enterprises through mergers.

The business firms involved in the expansion are mostly from the industrialised nations such as America, United Kingdom, France, Italy and Japan. The everchanging technological developments, and the huge infrastructure needed for broadcasting make the size of initial capital investment massive⁹. This implies that the price of entry to the audio-visual market is limited only to financially sound firms. The high level of profitability and deregulation of the audio-visual sector attracted further investment. This has resulted in a marked growth in multinationalism, and an increase in media related investments among the leading companies of different countries. The globalisation of Television market, made possible by satellite technology, has given rise to the oligopolisation and transnationalisation of television companies.

⁹ The huge capital resources needed is indicated by the fact that \$1100 million of capital was required for British satellite broadcasters to license 5 direct broadcasting satellite channels to English viewer (Servaes, 1993).

In brief, media concentration followed four trends:

1. Concentration of ownership within one industry, such as chain ownership in print and network affiliation in broadcasting.
2. Expansion of cross media ownership companies that own more than one type of media.
3. Trend towards conglomerate ownership companies that own media and also involved in business other than the media.
4. Efforts towards vertical integration, that is, control of several aspects of a single media industry such as production and distribution.

With this media concentration and conglomeration across media ownership and across country media ownership, the market of the entrepreneurs become global. The media conglomerates are now focusing their investment on the Asian region realizing the untapped potential broadcast market of Asia. To reach this potentially enormous subscriber base, the conglomerates have capitalised on the flexible and far reaching capabilities of the satellite.¹⁰ At the same time, they have modified their programming to meet the diverse demands of the cultures they are targeting.

2.4 Satellite Television in Asia

With the penetration of cable and satellite communication in the late 1980s, Asian region is witnessing an information boom (1989-94). During this period, the number of television households in Asia has increased by 70 per cent, as compared to 4.3 per cent in

¹⁰Turner Broadcasting System, ESPN and Discovery channel are examples of network that capture the Asian markets through satellite distribution.

United Kingdom and 6.7 per cent in USA (Takashima, 1995). A 70 per cent increase of households with TV in Asia in the last 5 years indicates the fast expansion of broadcasting in this region. However, the total penetration of TV in the Asian region is low compared to Europe or America which are nearing the state of saturation. The number of broadcasting media in different regions is given in Table 2.7

Table 2.7

No. of radio sets and television sets per thousand population in 1992

Region	Population No.(million)	%	Television No.(million)	%	Radio No.(Million)	%
Africa	476.66	9.2	18 (37)	1.7	73 (153)	3.5
America, North	273.93	5.3	202 (820)	19.2	608 (2270)	29.6
America, South	437.21	8.5	88 (230)	8.4	171 (391)	8.3
Arab World	215.10	4.1	38 (180)	3.6	75 (348)	3.6
Asia	2937.28	57.2	329 (110)	31.3	524 (177)	25.5
Oceania	26.03	0.5	10 (380)	1.0	30 (1152)	1.5
Europe-USSR	786.20	15.2	366 (432)	34.8	575 (535)	28.0
Total	5162.41	100.0	1051	100.0	2056	100

Source: Khushu, O.P (1993)

The picture emerging from Table 2.7 shows an unequal distribution. While North America and Europe (including USSR) share 5.3 per cent and 15.2 per cent of World's population, the share of ownerships of radio and TV is 19.2 and 34.8 percent respectively. On the other hand, in Asia which accounts for 57.2 per cent of the global population, the share of radio and TV sets is only 31.3 per cent.

Satellite broadcasting in the 1990s is a major factor behind the broadcasting boom in Asian region. The Asian region is suitable for satellite communications because the terrain includes jungles, swamps, mountain and deserts that are normally unreachable by terrestrial communications. Many rural areas in Asia cannot receive the signals of normal terrestrial transmitters. Hence, broadcasting via satellite can provide an inexpensive way to deliver television programming directly to users. The economic expansion and increasingly flexible attitudes towards foreign ownership and technology are fuelling the dramatic growth of cable and satellite services and programming throughout the Asian region. The estimated current Asian market for cable and satellite is over 100 million houses.

Meanwhile, 13 countries of the Asian region have made commitments on audiovisual sector in the General Agreement on Trade in Services (GATS). The commitment is binding in the sense that no new measures are imposed that would restrict entry to the market or the operation of the service or service supplier. In the GATS agreement, there is no exceptional clause to culture or any other specific reference to the audiovisual services. In legal terms no distinction exist between audio-visual sector and any other sector. Hence the rules of the GATS hold good for the audiovisual services also. The countries that have made commitments for liberalisation have important obligations as they are required to fulfil those market access commitments according to the terms and conditions. Article 19 calls for successive rounds of negotiations with an aim for further liberalization and market access in all sectors; audiovisual sector will not be an exception. India is one among the

13 countries and hence the market access conditions to satellite television had its impacts on Doordarshan also.

2.5 Satellite Television Broadcasting Industry In India

The first stage of satellite television in India was the launch of Star TV in 1991 that catalysed the demand for satellite TV. Realizing its high demand, some businessmen began to look for transponders. Since Indian Government does not allow private operations to uplink from the country, these channels had to look abroad.

The second stage in the evolution of TV market was the entry of the regional language channels beginning with Zee TV. Southern regional channels like Sun TV and Asianet followed with programmes beamed from relatively low cost Russian transponders.

The early enthusiasm for English programmes on STAR TV began to decline and there was a marked shift of viewers towards the regional channels. Star TV realised this and bought a 50 percent share in the Zee TV. At the same time, the satellite channels in English co-exists with the regional languages as there is a potential market for such programmes. The entry of channels like ESPN, TNT, ABN and CNN in English supports this perception.

These satellite channels provided high quality programmes with channel choice and variety and hence even without the up-linking facilities, the subscribers base continued to show an increasing trend (see Table 2.8).

Table 2.8
No. of Star TV Homes (in Millions)

Year	No. of STV Homes
Jan.92	0.41
Jun.92	1.28
Feb.93	3.30
Oct.93	7.28
Dec.94 (estimate)	10.00

Source: Doordarshan 1995.

The number of Star TV homes has risen from 0.41 million in January 1992 to 10 million in 1994 which shows a growth rate of 23.39 per cent. To meet the resultant high demands for channels new satellites were launched.¹¹ There exists variety of channels based on the elements like content, format, emphasis, regional orientation, language, duration, price (pay TV) etc. Each class is made up of channels that are different and that they live by their special character. Members in each class though are not perfect substitute, compete closely and directly with one another.

Today, there exists cut-throat competition among the existing thirty channels in the Television industry in India. Product differentiation through Unique Selling Proportion (USP) is one of the unique competitive weapon.

¹¹ Recently Launched Satellites along with their launch date

Satellite	Launch date
Insat 2C	Nov.last/Dec.first 95
Asiasat 2	Early 96
Rimsat E1	Dec. 95
Palapa C1	Jan 96

Source: Doordarshan 1995.

Since most of the Indian channels are 'free to air', advertising holds the key to their profitability. The competition is especially fierce in southern states with several regional language channels offering almost similar programmes. The expansion of television advertisement widened the economic base of the TV industries in India. The main target of satellite television is the high income group in the metros. Advertisers also target this group that control the greatest amount of disposable income. Added to this, due to economies of scale, the advertisement rate in satellite channel is low. Consequently, satellite television became the favourites of the advertisers.

The need for skilled personnel, professionals, and the equipments like camera, editing units, lighting apparatus which demands massive capital investment restricted entry in satellite broadcasting. Only business giants like Sony, the publishing industry giants like Times of India and Manorama were able to start their own satellite channels.

The national regulators are facing an array of complex policy issues including the transition from protected monopoly to open competition in television. There is no way in which government can stop the flow of programme through satellite television due to the nature of the satellite technology. Nation has to open its market and compete with the television programmes provided by the multinationals through satellite television in their domestic market.

Chapter 3

ECONOMIC REFORMS AND DOORDARSHAN

3.1 Introduction

The developmental orientation of the broadcasting policy adopted after independence and the external factors that forced changes in the Indian broadcasting industry have been examined in the previous chapters. The present chapter deals with the endogenous factors which exerted pressures on Doordarshan to reorient and restructure its policy and operation. The public ownership and control of radio as well as television were considered important, given its strategic role in development communication. This can be better understood only in the background of overall development strategies pursued.

The rest of the chapter is organised as follows: Section 3.2 summaries the key factors of development strategy, and of ongoing economic reforms. Section 3.3 examines the response of Doordarshan to the financial crisis in terms of increased advertisement and sub-contracting.

3.2 Macro Economic Changes and Doordarshan

In the initial stages of development, the role of State was considered central to the development strategy. Planning was, therefore, considered as the key instrument of state intervention. The State was to mobilise resources, direct the investment, initiate institutional changes to overcome the structures of underdevelopment and promote the ideology of developmentalism.

The economy was officially recognised as a mixed economy where public and private sector co-existed. The public sector was designated to control the commanding heights of the economy through its monopoly of key basic industries and infrastructure facilities. The state was armed with a host of regulatory mechanisms like industrial licensing to control and monitor the private sector. Telecommunications including broadcasting media, with radio and television, were the public utilities under state monopoly.

Parallel to this, to provide essential impetus to the growth process and to protect the home market, import substitution strategy was pursued. This was done mainly through the introduction of trade barriers and controls on foreign investments.

Following Bagchi (1981), the import substituting industrialisation in India can be divided into three phases. The first phase, extending up to the middle of the First Five Year Plan, witnessed the substitution of consumer goods (like cotton textiles and sugar), and crude basic and intermediate goods (like steel, cement and paper). The second phase of import substitution witnessed a spurt in the consumer expenditure by upper income classes. The third phase of import substitution which started during the third five-year plan, based primarily on the domestic fabrication of goods demanded by the richer groups. A powerful and comprehensive industrial licensing system combined with price and distributional control were the domestic policy instruments used to complete the import substitution policy.

In the meanwhile, the early communication scholars also tended to emphasise the communication solutions to overcome barriers of development. Mass media were treated as the vehicles for transferring new ideas and models. The task of mass media at this point was to speed up and ease the long, slow social transformation required for economic development. During this period, studies of researchers like Lakshmana Rao¹ also emphasised the importance of mass media in this direction.

In India, during the 1970s, the role of Doordarshan was perceived at two levels. Firstly, at the individual level, Doordarshan served to introduce new ideas to overcome the traditional and social barriers. It also served to promote the diffusion of innovations which could change the traditional modes of economic activity. Secondly, at the community level, Doordarshan was intended to aid in the process of national integration and was considered as an important instrument of social change.²

Coming back to the macro economic policies, the import substituted strategy of development entered into a phase of crisis from the mid sixties due to both demand and supply constraints. On the one hand, the poverty of the masses tended to restrict home market; on the other, the credibility of state to undertake regulatory and

¹ In India, it was Lakshmana Rao who first highlighted the importance of mass media in the development process. In his study of two villages, conducted in 1963, he observed that access to mass media in one of the villages acted as a catalyst for the development process in that state. For details see, Melkotte (1991).

² The SITE experiment and the initial phase of Doordarshan (which emphasised on mass awareness and educational programmes) are examples.

promotional tasks proved to be weak. Though Indian planners viewed Import Substituted Industrialisation (ISI) as a dynamic process leading to the creation of strong linkages between various sectors and branches in the domestic economy, it failed to generate the expected intra and inter sectoral linkages.

Following the failure of ISI, the state intervention in all spheres of the economy was also questioned. Failure of the preplanned developmental strategy resulted in a macro economic crisis. This was mainly due to the increase in public spending which resulted in increased fiscal and financial deficits.

To correct this macro economic disequilibrium, a process of liberalisation was initiated from the 1980s in order to ease some of the supply constraints and to tap the possibilities of export market. However, these measures did not bring about the expected results. This period was also marked by a rapid expansion of television broadcasting in India. Television, being an important consumer durable industry, with relatively high import intensity, grew at a faster rate during this period.

The factors such as high import intensity of the consumer goods led growth, the increased defence outlays, escalation of oil import burden and so on accentuated the macro economic imbalance in 1991. The consumer durable boom was fuelled to a large extent by the expansion of state expenditure on revenue and current account that snowballed into a budgetary crisis. Deficit financing through borrowings and the drain of foreign exchange reserves, was

accompanied by accelerated double-digit inflation which further worsened the situation.

Consequently, a stabilization programme to contain growth in the budget deficit and a stringent monetary policy were implemented. The trade liberalisation was accompanied by a sharp devaluation of the rupee to curtail imports and to promote exports. The stabilisation process was followed by the Structural Adjustment Programme (SAP). The first steps of the programme were industrial delicensing, and relaxation of Monopoly and Restrictive Trade Practices Act (MRTP) and Foreign Exchange Regulation Act (FERA) regulations. Reforms were also introduced in the financial sector to make it more market responsive. The trade liberalisation process was consistently pursued and more importantly, the exchange rate was systematically deregulated towards free convertibility of rupee.

The stabilisation programme and the subsequent budgetary squeeze had adverse impact on the budgetary support to Doordarshan. Similarly, the market oriented focus of the SAP began to reflect in the broadcasting policy also. The '*Prasar Bharathy*' Bill³ was introduced in Parliament proposed to give autonomy to electronic media. The Bill highly criticised the increased government intervention in the functioning of broadcasting media and recommended for a limited role of state.

³ The Bill proposed a three tier structure and envisaged financial and administrative autonomy to electronic media, with an accountability to the Government of India.

3.3 Responses to the Financial Crisis

The phase of rapid expansion of Doordarshan witnessed a corresponding growth in the shares of budget allocation to broadcasting⁴ and Doordarshan (see Table 3.1).

Table 3.1
Trends in Broadcasting and Doordarshan Budget

Year	Union Budget Expenditure	Broad-casting Budget	(2) as % of (1)	Doordarshan budget	(4) as % of (2)
	(1)	(2)	(3)	(4)	(5)
1981	24177	68	.28	43.21	63.2
1982	26415	83	.31	69.65	83.9
1983	22230	97	.30	77.65	80.0
1984	37771	119	.31	104.92	88.0
1985	45847	159	.34	142.57	89.0
1986	56907	224	.39	174.28	77.8
1987	61558	341	.55	295.01	66.0
1988	66834	421	.67	374.03	88.0
1989	77055	551	.58	429.36	77.0
1990	107994	632	.56	562.60	89.0
1991	114483	696	.53	601.73	86.0
1992	126063	755	.51	643.87	85.0
1993	141853	798	.50	767.11	86.2
1994	162272	824	.50	798.24	84.3
1995	172151	843	.48	807.32	80.3

Source: Doordarshan 1995; Report on Currency and Finance (various issues).

As shown in Table 3.1, the developmental budgetary support extended to broadcasting increased from 0.28 per cent in 1981-82 to .67 per cent in 1989-90 since when it has been declining. Doordarshan received a major chunk of the budgetary support⁵, indicating importance attached to it over radio. A comparison of the

⁴ Broadcasting involves both All India Radio and Doordarshan.

⁵ The budgetary allocation to Doordarshan was mainly used for the expansion of its infrastructure facilities. For details, see Annexure 2 of Chapter 1.

direction of support to broadcasting and to Doordarshan shows the decline of the former is a result of the latter. The fall in the budgetary support to broadcasting in general and to Doordarshan in particular coincides with the fiscal reforms pursued in the early 1990s, as a part of the SAP. This has necessitated Doordarshan to adopt various strategies for the generation of revenues to become more self reliant. Doordarshan has responded to these challenges as reflected in its performance of revenue collection which are discussed subsequently.

3.3.1 Role of Advertisement

Doordarshan is not a pay channel where viewers have to pay for viewing the programme. The sole source of Doordarshan's income (other than government support) is advertisements / commercials. Doordarshan started accepting advertisements since 1976. Initially, only static advertisement caption were allowed on Doordarshan. As it had only a limited success, Doordarshan decided to commence spot advertisements too⁶. Subsequently, by mid 1980s, the regional centres were also given permission to offer commercial services.

The demand from advertisers for television media also began to go up during the latter half of 1980s. As seen in Chapter 1, the number of Television sets and Television viewers had increased over the years. This led to a shift in advertisers attraction from traditional media like press to TV.

⁶ Spot advertisements are specially prepared capsules of varying durations approved by Doordarshan. The charges for spots are usually for 10 seconds.

The Table 3.2 maps the share of different media in total revenue from advertisements. As seen in the table, though press has the largest share of advertisement, its share has declined. At the same time, the share of television has increased.

Table 3.2

Share of Different Media in Advertising (per cent)

Year	Press	Radio	Television	Cinema	Outdoor	Total
1980	78	7	6	3	6	100
1985	75	4	12	4	5	100
1990	71	4	14	1	10	100
1991	68	3	17	2	10	100
1992	67	3	20	1	9	100

Source: 'Doordarshan', 1995.

With more focus on revenue from advertisement, Doordarshan had to formulate a rates structure for advertisements. The rate structure is prescribed in the DD Manual for commercial advertisement. The Director General of Doordarshan is empowered to revise the commercial service rates in consultation with financial adviser of the Ministry. The rates are renewed from time to time keeping in view the factors such as number of viewers, number of television sets and popularity of programmes.

According to Doordarshan Manual 1995, 10 per cent of the total transmission time was allotted for commercials. Depending upon the type of advertisement⁷, time allotted, and the reach and popularity of the programmes, Doordarshan fix rate structure for the

⁷ Three types of advertising are accepted by Doordarshan. (1) Time Check: Name of companies or product flashed before news for 10 seconds, (2) Spots: Specially prepared capsules of varying duration approved by Doordarshan, and (3) Sponsorship of programmes telecast on payment of fee in exchange of free commercial time.

commercial tariff in National Network, Regional Centres and in different channels. The commercial tariff in the National Network is given in Annexure 1 of this Chapter. The trends in revenue of Doordarshan is given in Table 3.3.

Table 3.3

Trends in Revenue and Budget of Doordarshan

Year	Doordarshan Budget	Doordarshan Revenue	Revenue as % of Expenditure
1977	na	20.7	na
1978	na	49.7	na
1979	na	61.6	na
1980	na	80.8	na
1981	432.1	102.7	23.7
1982	696.5	158.9	22.8
1983	776.5	179.9	23.2
1984	1049.2	314.3	29.9
1985	1423.7	692.0	42.2
1986	1742.8	933.1	53.5
1987	2950.1	1303.0	44.2
1988	3740.1	1612.6	43.1
1989	4293.6	2101.3	48.9
1990	5626.0	2538.5	45.1
1991	6017.3	3006.1	49.2
1992	6438.7	3602.3	49.3
1993	7671.7	3980.5	51.9

Note: na denotes non-availability of data.

Source: Doordarshan, 1995.

As indicated by Table 3.4, the commercial revenue of Doordarshan increased considerably from a mere 20.7 million in 1977 to 3980 million in 1994-95. An increase in revenue, as percentage of expenditure, is also noticed from 29.9 per cent in 1984 to 42.2 per cent in 1985. Commercial revenue almost doubled from 314.3 to 642.0 during the same period. This is mainly due to the commencement of highly popular serials like 'Buniyad' and 'Humlog' into the national network. The entertainment shift in Doordarshan's programme chart enhanced the popularity of Doordarshan in the mid 1980s which increased the number of

advertisements. Apart from the increased emphasis on entertainment programmes and advertisement, an important strategy to compensate the reduction in budgetary support was subcontracting.

3.3.2 Sub-contracting of Doordarshan Production

Subcontracting in Doordarshan in the form of leasing out the programme production to outside companies/individuals was the result of partial privatisation of Doordarshan. Improvement of quality and enhancement of competition was the other declared goals of privatisation. This is in agreement with the Varadhan Committee Report⁸, appointed to review the working of electronic media. Liberalisation and de-regulation also introduced a climate suitable for the privatisation of the electronic media.

In the 1980's more than 80 per cent of the Doordarshan programme were produced in Doordarshan itself (in-house production) by its employees (producers). The partial privatisation of Doordarshan in post 1990s resulted in substantial changes in the programme sources. As a result, the share of in-house production reduced to 48.6 per cent and the rest (51.5%) are either sponsored, acquired, commercials, (Indian and/or foreign).

In general, subcontracting refers to a specific aspect of the organisation of industrial production where large and small firms with high degree of specialisation co-exist in an informal cooperation in production and in investment (Nagaraj, 1991). There are different forms of subcontracting like component sub-

⁸ For details, see Varadhan Committee Report, Government of India, 1991.

contracting, activity subcontracting, assembly sub-contracting and product sub contracting⁹. Though sub-contracting as such does not exist in Doordarshan, the one that exists is a variant of product sub-contracting. In this type, subcontractors produce the complete product and the parent firm performs the marketing function, that is, selling the product under its brand name.

Doordarshan was the sole producer of its programmes in its initial phase. Programmes were not directly sold to advertisers. It is the free time, along with the programmes, were sold to advertisers. Hence, advertiser has to pay for the time like the space in the print media.

However, Doordarshan found it difficult to maintain the monopoly over production of programmes. It was also realised that Doordarshan personnel were not expertise enough to produce the number of programmes required to fill in the extended broadcasting timings. A survey, conducted by Doordarshan to verify the quality of the programmes, revealed that only 30 per cent of respondents assessed the quality of the programme as appealing. Consequently to enhance the deteriorating quality of programmes, Doordarshan began to subcontract it to external agencies.

This was also the case with regard to the operation of latest technology in programme production. Training these employees to impart the know-how demanded massive expenditure. An easier venture was, therefore, sub-contracting of production.

⁹ For a detailed discussion of various forms of sub-contracting, see Nagaraj (1991).

In subcontracting, Doordarshan sells the right to produce a programme to outside individuals/agencies based on the specified quality criteria. The subcontractor becomes the producer of the programme, and they in turn sell their product to Doordarshan. Doordarshan, in turn, sells the free commercial time to advertisers who sponsor the programme.

In addition to cost reduction in the long run, subcontracting also aims to enhance competition, to ensure quality and to fill the broadcasting time which increased steadily during the phase of rapid expansion.¹⁰

However, in the short run, subcontracting leads to underutilisation of the existing capacity and a rise in the cost of production. To examine the extent of underutilisation due to subcontracting Thiruvananthapuram Doordarshan Kendra and Central Production Centre (CPC) are taken as case studies.

In the year 1990 the total coverage of Thiruvananthapuram Doordarshan Kendra was 3550 events. The percentage coverage by private agencies has steadily risen from 8.4 per cent in 1990 to 67.04 per cent in 1995 (see Table 3.4).

¹⁰ The new Delhi Television (NDTV) of Prannoy Roy, which broadcasts Tonight, World This Week, and Election Analysis are often cited as examples of the quality enhancement through subcontracting.

Table 3.4
Statistics of Coverage in Doordarshan Trivandrum

Year	Coverage by Doordarshan	Coverage by Private Agencies	Total coverage	% coverage of Private Agencies to total
1990	3250	300	3550	8.4
1991	2860	850	3710	22.9
1992	2026	1730	3756	46.4
1993	1816	1991	3807	52.2
1994	1768	2152	3920	54.9
1995	*1484	*2816	*4200	67.0

Note: * Calculated using the average figure upto August 1995.

Source: Doordarshan ledgers (Various issues).

Trivandrum Doordarshan has installed studio infrastructure of over Rs.150 crore with a utilisation capacity of 324 hrs/month. As given in Table 3.5, the utilization of the studio has reduced drastically during the last 5 years (1990-1995).

Table 3.5
Capacity Utilisation in Thiruvananthapuram Doordarshan

Year	Number of Inhouse Programmes	Doordarshan Studio Utilisation (in hrs.)	Capacity Utilisation (in %)
1990	500	2250	60.0
1991	430	1860	47.8
1992	300	1660	42.6
1993	330	1330	34.2
1994	250	1230	31.6
1995	*70	720	18.5

Notes: * Calculated using the average figure upto August 1995. Doordarshan Kendra, Trivandrum, Annual Ledger reports, Various Issues.

Source: Kerala High Court Document, 1996.

Despite the availability of infrastructure to produce more than 500 programmes per annum, the facilities were utilised to produce only 70 programs in 1993. Capacity utilisation of studio was reduced from 60 per cent in 1990 to 18.5 per cent in 1995. Studio which

has the utilisation capacity of 3888 hrs/year (324 hrs/months) is using only 720 hrs per year.

Central Production Centre¹¹ at New Delhi was instituted in 1989, to enhance the quality of Doordarshan production. The Table 3.6 gives programmes recorded at CPC under various formats during 1990-93.

Table 3.6
Programme Production chart in CPC (1990-93)

	Hours				
	1990	1991	1992	1993	T
A.					
1. Telefilm/serial	17.5	6.5	5.5	11.0	40.5
2. Documentary	4.0	5.5	0.5	1.0	11.0
3. Variety programme	6.0	3.5	1.5	-	11.0
	27.5	15.5	7.5	12.0	62.5
B.					
1. Ballet	8.5	7.5	9.0	6.0	31.0
2. Light Music	11.5	17.5	12.5	29.5	71.0
3. Classical music	20.0	22.0	9.0	10.0	61.0
4. Dance	3.5	12.0	9.0	10.0	34.5
5. Current affairs	6.0	-	-	-	6.0
6. Puppet shows	-	5.0	1.0	-	6.0
7. Others (Pop music, folk dance, interviews, animation)	24.0	25.5	35.0	20.0	105.0
Total	73.5	89.5	75.5	76.0	314.0
Total (A+B)	101.0	105.0	83.0	88.0	377.0
% of A (Telefilm, serials documentation variety prog) to total production	27	15	9	14	16.6

Source: CAG Report, Vol.2, Civil, 1995.

Table 3.6 shows that out of 377 hours of programme produced by CPC during the last 4 years, only 62.5 hours that is (16.6 per cent)

¹¹ The budgetary allocation for CPC from the total Doordarshan budget was comparatively high (around 55 per cent).

utilised the skills of personnel and facilities available at CPC. Further, there was a sharp decline in the number of telefilms and serials produced in 1992-93 compared to 1990. As against 377 hours of programme 314.5 hours (83.4 per cent) were utilised in recording songs and dances composed or choreographed and presented by artists from outside. This suggests the planning failure in the programme chart of CPC where the infrastructure facilities and technical expertise could have been utilised more efficiently. This underutilisation of the capacity in both Thiruvananthapuram Doordarshan Kendra and CPC is the immediate result of subcontracting.

Also, it is often argued that the technical quality of coverage by private agencies are not up to the prescribed levels and quality is not properly assessed by the monitoring agencies. Another effect of sub-contracting is the confinement of recording areas in the metropolitan cities. The non-profit oriented in-house productions give adequate representation to the remote areas of the country, whereas private agency programmes are mostly limited to the metros. Out-house productions which are either commercial or on royalty basis by private agencies are cost effective, as their aim is not the service, but profit (Chakraborty, 1993).

Annexure 1

Commercial Tariff in National Network

Category/Programme	Spot Buy (Rs. thousands)	Sponsorship Fee (Rs. thousands)	FCT (Seconds)
Super A			
Episodes 1-13	70 (60)	240 (240)	90 (60)
Episodes 14 onwards	90 (60)	300 (240)	90 (60)
A Special			
Episodes 1-13	60 (40)	200 (160)	90 (60)
Episodes 14 onwards	70 (40)	260 (160)	90 (60)
Time A	25	50 (100)	120 (60)
Time B	15	25 (40)	150 (60)
Hindi Feature Films			
Saturday Evening	110	600 (450)	60 (40)
Sunday (Delhi+LPT)	40	180 (160)	60 (40)
Mega Serials	85	260	120

Source: 'Doordarshan', 1995.

Chapter 4

ECONOMICS OF TELEVISION PROGRAMME PRODUCTION AND TRADE

4.1 Introduction

The dominance of video technology and infrastructure of wealthy developed nations which favour successful internationalisation of their television software production and trade, is made possible through the higher budgetary allocations to this sector (Pool, 1977). Based on this argument, it would follow that in Asian economies, development of video media on domestic production industries and public television system will be less than that experienced in the west. This chapter attempts to verify this hypothesis. The chapter is sequenced in the following order. Section 4.2 discusses an economic analysis of television programme production. Section 4.3 provides a profile of the countries selected for the study. Section 4.4 discusses the results from the study.

4.2 Television Programme Production - An Economic Analysis

A basic premise of Pool's model of international trade in television programmes is that producers in a given country make investment decisions on the basis of total market potential for their products. The total market could comprise of both domestic and foreign markets. In a two country world, the potential market for a producer in a country 'a', (PMa) can be written as

$$PMa = VaSa + dVbSb$$

Sa , Sb which indicate the total size of audience pools available in the respective countries and Va and Vb are the average amount of

money the television systems raise from the economy on a per capita basis. Its collection could be via direct viewer payments, per capita advertiser fares, general tax revenues or any combination of these. The product terms $VaSa$ and $VbSb$ are referred to as broadcast television economic infrastructure of countries a and b respectively. The parameter d is a "cultural discount" factor which ranges between 0 and 1. This reflects the preferences of foreign audience for the programmes produced in country a. As a corollary, the cultural discount factor reflects the preference of audience of country b for television programmes produced by native producers (Mills, 1985 and Tracey, 1988)¹.

Pool further points out that the potential effective market for producers in large and wealthy countries, especially those with relatively efficient systems for garnering economic resources from viewers, is greater than for those in smaller and less wealthy countries. While the former have a full slice of a large market and a partial slice of a small market, the latter have a full slice of a small market and a partial slice of a large one.

To the extent that television systems are responsive to economic incentives, Pool's study predicts that countries with greater aggregate wealth will produce relatively large proportions of the television programme domestically. Given the advantage of economies of scale in distributing video products, the marginal benefit from the money spend on a given television programme rises

¹ However, Wildman and Siwek (1988) explicitly consider language as a factor by including the relative sizes of worldwide linguistic markets as a variable that encourages programme trade, rather than suppressing language into the cultural discount factor.

more or less proportionately with the size of the total potential effective market. It follows that producers in wealthier countries, or in countries that devote relatively large proportions of their national incomes to broadcasting, will be induced to produce more expensive programmes, thereby earning more revenue. A possible interpretation of this trend is that, other things being equal, audience prefer programmes that have higher budgets.

We would further expect that imported television programmes² shown in all countries will tend to come from a country's wealthiest trading partners because it tend to embody higher expenditures of economic resources. Pool's study clarifies that imported software works out to be relatively cheaper compared to the cost involved in direct investment in developing indigenous software.

The amount of a country's economic resources, and the propensity to expend on video products, are hypothesized to determine the proportions of imported and domestic programmes that the television systems of that country broadcast. Thus economic factors such as larger budgetary allocations, consequent technological expansion and the effective market for its products determine the strength of a country's domestic television software industry and its position in the global television software trade.

Pool's study provides a framework for examining whether the empirical experience in Asian television industry are consistent with the economic explanation given for programme trade flows.

² Drama is one of the most expensive type of television programme that is being imported.

Though the analysis is confined to the explanatory potential of the economic factors, it does not undermine the importance of cultural, political, or other non-economic factors in explaining programme trade flows in the region. For the purpose of analysis, nine countries³ of the Far East Asia were selected with U S A's television statistics as a benchmark. The selection of countries was determined by factors such as data availability and their comparability⁴ with India and USA. The data are collected from published sources of the national television systems in these countries.

4.3 Profile of the Countries Selected for Study

An analysis of the effective market size, ownership patterns, production trends, programme composition and sources of revenue is attempted in this section.

The effective market available in each country for its television software can be evaluated using the level of per capita income of these countries and /or the television availability across the population of each country.

³ They include Hong Kong, Japan, South Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand and India.

⁴ In reply to a query in the Parliament, the Minister of Information and Broadcasting stated that in the case of export of television India is comparable to the economically better off Far East Asian countries.

Table 4.1

Coverage of Video Media across Selected Countries, 1990

Country	Population (millions) (1)	GDP (Billions US\$) (2)	GDP per capita (US\$) (3)	TV sets/ 1,000 pop. (4)	VCR penetration (%) (5)	Other non- broadcast video media (6)
1. Hong Kong	5.7	55.6	9,800	263	53	-
2. Japan	122.6	2,897.0	23,628	265	75	Cable (18%)
3. South Korea	42.0	174.9	4,146	174	24	-
4. Malaysia	16.9	34.7	2,048	118	45	-
5. Philippines	58.7	38.0	648	82	16	Cable TV (<1%)
6. Singapore	2.6	24.5	9,398	210	45	-
7. Taiwan	19.9	122.3	6,147	338	19	-
8. Thailand	54.5	59.6	1,092	75	17	-
9. India	827.4	295.7	358	62	na	na
10. United States	245.0	4,840.2	19,751	543	-	Cable TV (50%+)

Notes: na indicate not available
 - indicates less than one per cent

Source: Hoover, Singh and Wegner (1994), Report on Currency and Finance, Reserve Bank of India Report, Various issues; Doordarshan 1994.

Table 4.1 shows that these countries are diverse in terms of their population and economic prosperity. Japan dominates over the Far East Asian region in terms of Gross Domestic Product (GDP). With their relatively small populations Hong Kong, Singapore and Taiwan have the highest per capita income of the region. The United States, however, remains an extreme or near extreme case with its high GDP. As one would expect, the diffusion rates for TV and VCR are positively correlated with the levels of economic development, indicated by the level of GDP, across countries. Cable and other pay television systems had achieved substantial diffusion only in Japan. Approximately 90 per cent of the Japanese cable systems, however, served only to improve the reception of existing broadcast signals. A few experimental cable systems are operating in the Philippines. It is evident that compared to America, the diffusion

of pay media is at a very low level in these Far East Asian countries.

The organisation of the television systems of the different countries show that all nine countries had some nationally distributed broadcast programming, ranging from India's single part-time network to Japan's full-time network. The organisational aspects are given in Table 4.2.

Table 4.2
Type of Television Broadcast Systems in 1989

Country	National broadcast TV stations mode of operations	Revenue Sources		
		Advertising/commercial	Viewer/private contributors	Govt.
Hong Kong	4 private	p	-	-
Japan	2 public	-	p	-
	4 private	p	-	-
South Korea	3 public	p	s	-
	1 private	p	-	-
Malaysia	2 public	p	s	-
	1 private	p	-	-
Philippines	1 public	p	-	-
	4 private	p	-	-
Singapore	3 public	p	s	-
Taiwan	3 private	p	-	-
Thailand	3 public	p	-	-
	2 private	p	-	-
India	1 public	p	-	-
United States	1 public	-	p	p
	3 private	p	-	-

Note: 'p' denotes primary, 's' secondary and '-' None or negligible.

Source: Hoover, Singh and Wegner (1994); Screen Digest, Various Issues, Doordarshan, 1994 and 1995.

Table 4.2 categorizes the 38 broadcast stations or networks, for the year 1989, according to their pattern of ownership. Five of the nine Asian countries had a mix of publicly and privately operated broadcast systems.

The classification of the sources of revenue of the different systems indicate that advertising is the dominant source of income for most of the public as well as the private television systems under study (see Table 4.3).

Table 4.3

Economic infrastructure in the Television Broadcast Systems, 1988

Country	Sources of total income(%)		Total TV broad- cast system income (\$US millions)	Total broadcast system income per capita(\$US)	Total TV broad- cast sys. Income to GDP	Total TV adver tising to GDP
	Advertising (a)	Other (b)				
Hong Kong	100	-	334	58.86	.60	.60
Japan	79	21	13052	106.45	.35	.50
Korea	75	25	810	19.29	.35	.46
Malaysia	81	19	97	5.70	.28	.28
Philippines	100	-	74	1.26	.19	.19
Singapore	64	36	87	33.41	.23	.36
Taiwan	96	4	415	20.86	.33	.34
Thailand	100	-	153	2.81	.26	.26
India	46	54	284.6	0.34	.09	.03
United States	95	5	27066	110.45	.53	.56

Note: Program sales and other ancillary income are excluded from the total in these calculations.

Source: Same as Table 4.2

While viewer fees provide secondary income to Malaysian, South Korean and Singaporean public television stations, only Japan has maintained a 100 per cent viewer-supported broadcast television. The Table 4.3 also indicates high dependence on advertising to support the broadcast television⁵. Column (2) reports an estimate of the total income that accrue to the television broadcast

⁵ The high level of dependence on advertising by most publicly operated television systems in Asia contrasts with the Western Europe. Lange and Renaud (1989: 17) report that as of 1985 only 3 of the 21 publicly operated systems in the 17 western European countries received a major part of the income from advertising.

systems. This income is referred to as the broadcast television economic infrastructure. Column (3) brings out the variability in this in per capita terms which reveals the differences in economic advancement. Column (4) indicates that the income of broadcast television system ranges between is 0.60 to 0.19 of GDP. It can be seen that advanced countries tend to spend relatively large proportions of their GDP on television services. Column (5) indicate that these differences reflect the development of advertising in the countries chosen.

4.3 Television Programme Trade: Some Evidence on Pool's⁶ Hypothesis

Except Singapore and Malaysia, the television systems produced majority of their television software domestically. Analysis also reaffirms the research finding of Waterman and Rogers (1992), on the economics of television programme production and trade in Asian countries. The domestic production in Japan accounts to nearly 97 per cent of its television programme, and 84 per cent of its drama programmes. Japan with a per capita income of 23678 US dollar supports Pool's hypothesis. Japan with technologically developed television provide the high quality programme to its viewers. Consequently, it has a low tendency to import programmes.

⁶. For details see Annexure 1 of this Chapter.

Table 4.4

Television software trade between countries

Country & TV Stations	Total 1/2hrs 2-week Period	Domestically produced	% imported from US	% imported from Japan	% imported from Hongkong	% imported from Europe	% imported from India	% imported from other countries
Hongkong								
Private (4)	1906	61	34	2	-	-	-	-
Japan								
Public (2)	1023	97	3					
Private (4)	2103	94	6					
All (6)	3126	95.5	4.5					
South Korea								
Public (3)	860	92	7	-	-	1	-	
Private (1)	348	90	8			1		1
All (4)	1208	91	7			1		1
Malaysia								
Public (2)	596	43	36	3	6	5	3	4
Private (1)	305	32	46	3	9	5	2	3
All (3)	901	40	40	3	7	5	2.5	3.5
Philippines								
Public (1)	447	65	33	-	-	2	-	-
Private (4)	1697	66	31	1	1	1	-	-
All (5)	2144	65	31	1	1	1	1	-
Singapore								
Public	636	32	40	3	3	14	3	3
Taiwan								
Private (3)	1149	81	17	2	-			
Thailand								
Public (3)	1176	85	6	5	1	3		
Private (2)	674	73	13	3	8	1	1	
All (5)	1850	81	8	4	4	2	1	
India	345	91	4			1		4
United States								
Public (1)	250	96				4		
Private (3)	1010	100				1		
All (4)	1260	99						

Source: Same as Table 4.2

Table 4.4 indicates the total number of half hours available on the public and private television systems of each country during the

14-day period of study, with percentage breakups for the country of origin of television programming. While there are substantial variations from country to country, a majority of television programme hours were domestically produced, with the exception of two countries, namely, Malaysia and Singapore. They show that the national television broadcasting systems of Asian countries have a relatively lower tendency to depend on imported programming overall, but a relatively higher share of the imported programmes are from the United States. The United States dominates as the primary supplier of imported programmes. They accounted for about 40 per cent of the imported programmes in most of the countries. A corollary to this finding is the relative unimportance of regional trade among these Asian nations, as can be inferred from Table 4.4. This was further supported by studies [Pragnell, (1985); Antola & Rogers (1984), Large and Renaud (1989)] on the Asian region. They state that a larger number of television programmes are imported from United States and small quantity are obtained through regional trade among Asian countries. Results from the present study also reiterates that the countries under study have a relatively low tendency to trade television programmes.

Table 4.5

Percentage Distribution of Television programme hours

Country & Television Stations domestically	(Percentage to total broadcast hours)			Dramatic hours produced formats
	Information	Dramatic	other	
1. Hong Kong Private (4)	46	35	19	48
2. Japan Public (2)	79	6	15	64
Private (4)	37	25	40	87
All (6)	51	17	32	84
3. South Korea:				
Public (3)	37	19	44	80
Private (1)	27	25	48	76
All (4)	34	20	46	78
4. Malaysia				
Public (2)	27	31	42	20
Private (1)	21	41	38	12
All (2)	25	40	35	18
5. Philippines				
Public (1)	37	20	43	29
Private (4)	17	40	43	51
All (5)	21	36	43	48
6. Singapore				
Public (3)	25	40	35	22
7. Taiwan				
Private (3)	36	30	34	80
8. Thailand				
Public (3)	46	12	42	50
Private (2)	28	38	23	60
All (5)	39	21	39	57
9. India				
Public (1)	29	20	51	78

Source: Same as Table 4.2

Table 4.5 indicates substantial variations across countries in the proportion of informational, dramatic and other television programmes broadcasted. It is also seen that the proportion of domestically produced dramatic programmes in different countries has declined. According to Pool, this should move in proportion to the change in budgetary allocations of the concerned countries. Most publicly operated television networks in the sample countries with mixed systems exhibit higher proportions of information programming and, a lower proportion of dramatic programme. It confirms the existence of Pool's hypothesis in these countries.

Countries like Malaysia, Singapore, Phillipines and the private channels of Thailand have more hours of dramatic programmes. These countries also have the greatest proportions of the U.S. imports. These countries have relatively larger English speaking populations, suggesting the likely significance of non-economic variables in determining trade in television software.

The above analysis may contribute to the anticipation of future developments. How will continuing diffusion of private broadcasting and alternative video technologies affect the balance of domestic versus imported programs in broadcasting and other video systems of the Asian region? The answer to this question would determine the prosperity of television production industries in US trading-partner nations. The economic model has direct implications for these issues. In this respect, the present study offers an empirical foundation useful for public authorities and researchers to develop and evaluate media policies. As in the Western Europe, the issue of how privatization and expansion of

television options would affect the balance of imported and domestic programmes has been a central issue in Far East Asia. Lau (1988 and 1992) discusses this issue with respect to the introduction of cable television in Hong Kong, and considers the impact of direct broadcast satellites (DBS) in Asia more generally. Woo-Hyun (1993) considers impacts on programme trade from Korean perspective. Both conclude that globalisation of the media and the resultant international market for the media software favour only the developed nations who hold sway over the technology.

Annexure I

To check the statistical significance of the Television trade flows, correlation test was used. GDP and broadcast Television infrastructure were taken as the economic variables. It was tested against total programmes and percentage of drama programmes domestically produced. The result is given below.

Predicting Television Trade Flows

Economic Variables	Prog. % domestically	% drama prog domestically produced
GDP	0.54	0.63
Broadcast TV Infrastructure	0.52	0.61

Correlation test showed that the variables are statistically significant, thus, supporting Pool's model.

Figure depicting drama versus GDP

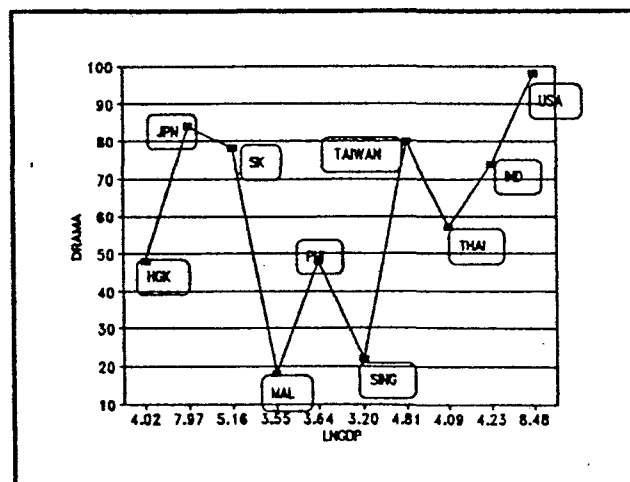
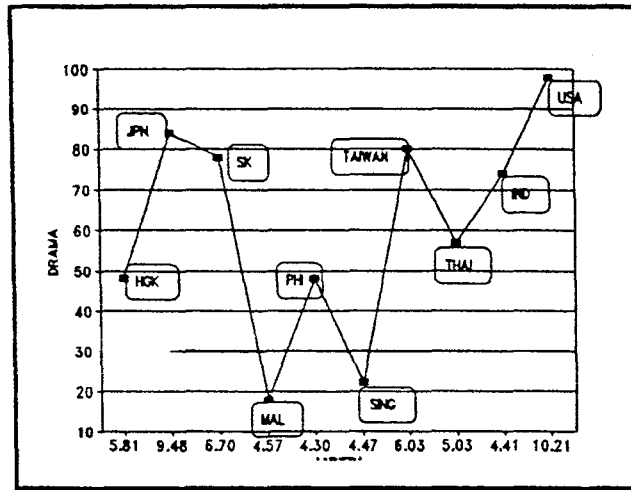


Figure depicting drama versus broadcasting infrastructure



Chapter 5

SUMMARY AND IMPLICATIONS

The relevance of broadcasting media in the development process has been well accepted. Indian planners assigned a well defined role to it ever since the launching of development planning. This led to the virtual state ownership over the broadcasting media, including radio and television. Doordarshan, a television medium, was initiated for educational purpose and creating mass awareness. In line with ongoing globalisation process of the television industry, Doordarshan has increasingly become market oriented, refocussing its priorities. The study attempted to examine the factors that shaped the transfiguration of Indian television broadcasting policy.

Several exogenous and endogenous factors were identified. Discussion of exogenous factor revealed the following facts. The advent of Cable Television and Satellite Technology had revolutionised and gave a new dimension to the broadcasting industry not only in USA but in the entire world. The global television media is increasingly becoming market responsive rather than welfare oriented. The structure of the telecasting market has been changing from monopoly to oligopoly. The profit motivated media conglomerates are shifting their focus to the untapped Asian market. The conditions of the new world trade order, such as GATS (which includes audio-visual sector), made the satellite TV's penetration more easy. These exogenous factors made shift in the Doordarshan policy an inevitable.

Among the endogenous factors, reduction in the budgetary allotment to Doordarshan assumed significance. In order to augment its financial resource base and become self reliant, Doordarshan had to look for other potential avenues for revenue generation and cost minimisation. This, in turn, led Doordarshan to emphasis more on commercials (advertisements) and subcontracting. The analysis revealed that receipts on account of advertisement had been increasing over the years. Simultaneously, the space for commercial programmes had also increased with a reduction of space for informative programmes. An analysis of the subcontracting process in Doordarshan showed that, though it was intended to minimise cost in the long run, it had actually led to the underutilisation of capacity in the short run. The Thiruvananthapuram Doordarshan Kendra and Central Production Centre (CPC) were taken as case studies. The analysis reaffirmed the excessive underutilisation of capacity due to subcontracting.

It is argued that, in the globalisation process of Television, developed nations have a comparative advantage in the international trade of television software. This has been confirmed by the study, using Pool's model of international trade. The analysis showed that international market for the media software, a result of globalisation of the medium, favoured the developed nations given their advantage over the technology.

Thus, it could be concluded that the changing scenario of the telecasting media, together with macro economic reforms, had dictated the evolution of Indian telecasting policy. The reorientation of the policy, more in favour of commercials to the

neglect of its original societal goals, has its implications on Indian polity. They are discussed under four heads, namely, social, cultural, economic, and political.

The mass media helps to narrow down the gap in knowledge. In India, the home ownership of television is still rare in rural areas. This, along with the urban bias of Doordarshan and the advent of Satellite Television, has created a social scenario in which the people with a higher socio-economic status would have more avenues and better access to knowledge. This is likely to accentuate the gap in knowledge. The emphasis on commercials reduces the quality of the programme to suit the tastes and interests of certain section of the society. This is particularly true when the role of advertisers in programme selection has increased. In India, with heterogeneous population, the advertisers prefer to seek a small target group with high disposable income. Consequently, programmes would be designed to suit their tastes and interests. This makes television a 'class' medium rather than a 'mass' medium.

The penetration of Satellite Television in India promotes cultural homogeneity, that is, global culture. The global culture is a threat to the 'real culture', that is, the local or indigenous culture. Instead of preserving cultural diversity, the centrally controlled modern communications technology, in reality, have become 'the instrument through which diversity is being destroyed and replaced by a single global culture'. This is not to undermine the positive aspects of global culture. It gives the world community a common platform to interact and communicate, leading to

a greater understanding and harmony. Interactivity does not mean dominance of one culture over others, rather means more of a mutual appreciation of cultures.

On its economic implications, the expansion of Satellite Television reduces the current monopoly enjoyed by Doordarshan. This has resulted in Doordarshan losing its audiences and consequently revenue. Further, the global advertisement of foreign media promotes consumerist cult and enhances the import intensity consumption. This, together with their revenue generation, would exacerbate balance of payment crisis with more outflow of foreign exchange.

The political implication is related to New World Information Order (NWIO), the subject matter of debate worldwide. The proponents of NWIO argue that Western news agencies portray developing countries negatively in a perpetuated stereotypes, and contribute to a qualitative imbalance in the coverage of international news in the Western media. The satellite invasion and globalisation of Television would only further strengthen the dominance of the West over the flow of information. As an important member of the Non-aligned Movement, India has been in the forefront of the intellectual debates surrounding NWIO and, therefore, cannot ignore the political dimension of globalisation of Television.

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