

The Rise of the media and entertainment industry in India— Paradigm shift in communication

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For long, in mass communication schools in India, the neophytes have been brought up on an academic fare of mass communication theories that specify information, education and entertainment as the three objectives of all mass communication, with the information and education component outweighing the entertainment component. These theories are further bolstered by others who talk of the social obligation of the mass media as an agent of change. Throughout the curriculum, the emphasis remains on projecting mass media as the champion of citizens' freedom of expression.

The illusion breaks the day the student joins a mass media organization. Instead of being assigned a crusading investigative story, he/she is asked to cover human interest stories with a slant towards beauty, fashion and celebrities. He/she keeps waiting Godot-like for the time when he/she will get an opportunity to investigate a big story. Then comes the realization that all the theories of mass communication, learnt in the journalism school, were a mere academic exercise with no practical implication; the world of media is the world of media and entertainment industry (M & E industry) that thrives on bottom line profit and TRPs/circulation figures.

The liberalization of Indian economy in 1990 heralded a period of privatization and globalization in

all sectors of the economy, including media and entertainment industry. With the opening up of the flood gates of Foreign Direct Investment (FDI) in all sectors of the economy, media and entertainment industry too stood to gain, even though the FDI was restricted to 26%. All the same, liberalization unleashed the entrepreneurial spirit within the Indian business and industry, bottled till then by the regulatory regime of a command economy.

The liberalization of the economy was complemented by another important development: the advent of new information and communication technologies embracing the wide gamut of technologies such as satellite television, internet, web-based communication and mobile communication. The world began to shrink and the flow of information across regions acquired a lightning speed which became uncontrollable by government watch dogs and corporate houses. It also opened up new business opportunities which were immediately seized by the entrepreneurial class in India and abroad. This gave birth to new business ventures such as satellite television and direct to home (DTH) television. The wide reach that satellite television and DTH television gave to broadcasting made it possible for media and entertainment industry to look not only at the domestic market but also at the global market which was already peopled with the Indian Diaspora.

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The changing technological and economic scenario has had its impact on the fortunes of the media and entertainment industry in India. While the advent of new information and communication technologies has opened up new business opportunities in media and entertainment, liberalization of the Indian economy has led to the globalization and modernization of Indian media and entertainment industry. The growth of this industry has been phenomenal post-2003, a period marked by corresponding growth in other sectors of the Indian economy. However, the media and entertainment industry has shown a much sharper growth rate than other sectors of the economy. This sector has, in fact, been growing at twice the rate of the country's GDP.

Phenomenal growth

According to a study by Federation of Indian Chambers of Commerce & Industry (FICCI) and Pricewaterhouse Coopers (PWC) in 2007, the sector grew by 17% to reach Rs. 50,000 crores. The sector is predicted to have a cumulative annual growth rate (CAGR) of 12.5% in the period 2009-2013 to touch USD \$20.09 billion by 2013. This growth rides on the crest of the foreign direct investment in the sector, which shot up to USD \$211 million in 2007 from USD \$89.16 million in 2006. The period 2007-2008 also witnessed the entry of media and entertainment business conglomerates like Viacom Inc., NBC Universal Inc., and Walt Disney through partnerships with Network 18, NDTV and UTV.

The pattern of growth at the sectoral level reveals trends that are going to be crucial for the evolution of this industry in the country. Print media, which has been the oldest surviving media industry in India, was written off by soothsayers when television hit India. But they have been proved wide off the mark by the strong economic fundamentals of this sector.

In 2005, as per the FICCI report, this sector had a size of Rs. 10,900 crores. By 2007, the sector had grown by CAGR of 16%, with revenues touching USD 3.3 billion in 2008. The drivers of this phenomenal growth have been a growing economy, FDI, rising percentage of literacy particularly in the rural areas, spurt in regional languages publications and the launch of a slew of magazines and newspaper supplements. Post-liberalization, the Government of India raised the FDI limit to 74% in the case of scientific and technical publications and to 26% in the case of newspapers and other periodicals publishing news and current affairs. As a result, there were 295 approvals in the first category and 15 approvals in the second category by 2007. The inflow of capital through FDI and rising advertising revenues through newspaper supplements fed this growth. So, even when newspapers in the developed countries have been struggling with falling bottom lines, the Indian newspaper industry has been looking up.

Radio at the receiving end

In contrast with the newspaper industry, the radio has been at the receiving end of all changes in media in pre-liberalized India. Liberalization came as a fresh lease of life to this people's medium. Post-liberalization the Government of India gave away 338 FM broadcasting licenses to private players with the rider that they were not to venture into news and current affairs. FM broadcasting, with its stereophonic audio, became popular among the masses creating a number of new opportunities of growth and resurrecting radio in India. Channels like Radio Mirchi, Radio City, Radio Meow won the hearts of people through entertaining broadcasts. Presently, there are around 241 private FM channels in 83 cities of the country.

Along side, the FM deluge, satellite radio and

community radio also began to make waves. World Space India Pvt. Ltd. launched satellite radio in India, while the Government awarded 29 community radio licenses. In 2005, the size of the radio industry was Rs. 300 crores and was growing at a CAGR of 32%. In 2007, it grew to Rs. 620 crores and was projected to grow to Rs. 1800 crores by 2012. As per the 2009 report of FICCI, this sector is expected to grow at a CAGR of 18% in the period 2009-2013, touching USD 391.15 million in 2013 which is roughly more than double the size it had in 2008. The growth of radio promises opportunities of employment which a few years ago did not exist. This should come as a boom to those who are interested in such jobs as radio jockeys, sound engineers and sound editors.

In contrast with radio, television captured the imagination of the entire nation right from day one. However, until the liberalization of the economy and the advent of satellite television, the growth in this sector remained stunted, with only the public broadcaster Doordarshan monopolizing the public space. After liberalization of the Indian economy and the entry of satellite television, the number of TV channels shot up from 1 in 2000 to 273 in 2007, out of which 115 were non-news and 158 news and current affairs based channels. The industry was valued in 2009 at USD 4.63 billion and its CAGR was projected at 14% in the next four years. The industry is expected to grow to USD 19 billion by 2017.

This phenomenal growth of television was driven by high advertising revenues and the proliferation of satellite TV channels. In recent times, the industry has been witnessing a change in its distribution platform from cable to Direct To Home (DTH) and Internet Protocol Television (IPTV).

Offering a bouquet of satellite TV channels as large as 400 in numbers, DTH subscription revenues are expected to climb from USD 3.8 billion in 2007 to USD 7.8 billion in 2012 and to USD 12.3 billion in 2017. With such huge revenues, this sector is poised to offer a large number of employment opportunities and to contribute to the GDP in a big way.

Film-based entertainment industry

Film-based entertainment industry has been there in India right from the days of the silent movies like Raja Harishchandra in the 1920s. In fact, films have been the most popular form of mass entertainment in India since then. This medium has seen many milestones in its growth as film technology evolved from one decade to another. In the post-liberalization phase, it has registered a tremendous rate of growth, with an estimated CAGR of 13% in the period 2008-2012. In 2005, the industry had grown to the size of Rs. 6,800 crores and the projection for 2010 is Rs. 15,306 crores. The Government has allowed 100% FDI in this sector which is sure to fuel its growth. Besides, recent trends of corporatization, cinema multiplexes, home video and remake rights have further given a fillip to this industry. The advent of mobile television and digital cinema halls is expected to further increase the volumes of the turnover in this industry. In other words, this sector too offers a host of gainful employment opportunities.

The music segment of the media and entertainment industry came in for a revolutionary change when T-Series launched its music - based audio cassettes at prices as low as Rs. 20 when the other music-based entertainment companies were charging as high as Rs. 75 for a similar cassette. In the post-liberalized phase, technological changes such as the

introduction of compact disks and DVDs further increased the business potential of this segment. However, compared to the other sectors of the media and entertainment industry, this sector seems to have entered a phase of moderate growth. As per the FICCI report, the size of this sector in 2009 was estimated to be USD 149 million and was expected to grow USD 164.56 million by 2012. This sector is in for a change with the advent of mobile music and licensed digital distribution of music in stead of the sell of CDs and cassettes.

The advertising industry

That the advertising industry has been a major factor in the growth of the various sectors of the media and entertainment industry can be gauged from the fact that 38% of the revenue generated by the M & E industry was contributed by advertisements. The main drivers of advertising industry have been at the macro-economic level the general up swing in business and industry and at the micro level the advent of internet advertising, radio advertising and out of home (OOH) advertising.

Internet advertising which stood at Rs. 100 crores in 2005 rose to Rs. 750 crores in 2010 translating into a CAGR of 50%. Television advertising cornered 42% share of the total advertising turnover in 2007. Its CAGR is expected to be pegged at 19% in 2007-2012 to reach USD 3.5 billion in 2012 and USD 6.3 billion in 2017. The share of television advertising is going to be stable around 39-40% in the years to come. The share of radio advertising is expected to rise from 3.8% in 2009 to 5.2% in 2013. OOH advertising is estimated to be the size of Rs. 1,750 crores in 2010.

Journalism takes a backseat

Though the phenomenal growth of the M & E

industry in India promises to contribute in a big way to the national Gross Domestic Product (GDP) and increase gainful employment opportunities, yet it also raises questions pertaining to the role of journalism in society such as whether journalism has moved away from public service news agenda making to consumer journalism and whether market driven media is eroding the public sphere. In his book, *The Indian Public Sphere: Readings in Media History*, Arvind Rajagopal mentions how the proliferation of TV channels in the public sphere has not, as expected according to mass communication theory, led to the widening or enrichment of the public sphere. Instead, it has shrunk the public sphere by harping on similar news stories of interest to an elite section of the society. In fact, with growing commercialization of media and its transformation from public service into an industry, journalism has taken a back seat while managerial decision making, in particular investment decision making, has taken the driver's seat.

In such a scenario, crusading journalists have turned to the new media. The least capital intensive, new media offers a host of earning as well as communicational opportunities which do not dilute the communicators' commitment to the age old journalistic ideals. TV journalists, who are otherwise hamstrung by the editorial/managerial decisions, can make use of video-streaming/webcasting sites such as you tube or else launch their own web sites with these features as the online media is multi-medial. Similarly, print journalists who feel suffocated in their huge money-spinning vaults of media houses can also launch their web sites, blogs and discussion forums.

These developments could circumvent the control of capital over intellect and help arrest the

deterioration of journalistic ideals. Besides the new media offers a new business model which is not dependent on heavy investment of capital. The knowledge worker can now hope to earn out of his innovation in stead of losing the returns on his/her innovation to the capital-owner.

So, while the new media offers new business opportunities to a new class of people - the knowledge workers, it also broadens the base of opportunities for the growth of media and entertainment industry. Films, television programmes, radio broadcasts, print messages of all kinds—not just news—can all be accommodated on this new media platform, separately and together.

With its ability to steamroll over all barriers of communication, the new media can help all these forms of media and entertainment to reach every household and individual in any part of the globe. This means a market which has not even the sky as its limit. With mobile computing getting embedded in cell phones, the liberating influence of new media for serious minded knowledge workers and change agents such as journalists has become a reality. Their empowerment should surely help to galvanize the oral communication networks and quicken the Indian public sphere with life.

Impact of digitization

Before we close, a word about the impact of

digitization on media and entertainment industry. Digital processing of data of all kinds - verbal as well as non-verbal – has like any other innovation created new production techniques in media, most notable among them being animation. The animation industry has been growing in size not only in the developed countries but also in India. In fact, many of the foreign media companies have started outsourcing animation work to animation firms in India. This promises to be a very profiteering as well as creative proposition for M & E industry, in which professionals with animation skills but without much capital can set up their own shop and earn huge revenues.

To sum up, while the birth of mass communication technologies created a huge edifice of M & E industry which has been growing by leaps and bounds particularly in the post liberalization phase of Indian economy, it also created a power inequality by privileging the owners of such technologies and passivizing the general public in the public sphere as consumers of this industry. The birth of new media promises a change in this communication and power imbalance between media owners and consumers by bringing about a paradigm shift in the process of communication that liberates all the inhabitants of the public sphere from the vice-like grip of capital to produce and consume media products as per individual choice and discretion.

Its failings notwithstanding, there is much to be said in favor of journalism in that by giving us the opinion of the uneducated, it keeps us in touch with the ignorance of the community.

Oscar Wilde (1854-1900)