

Expansion of the Media Industry in India



Rapid economic growth and FDI has resulted in huge growth of media industry in India. The industry is benefited from the favourable laws and liberation of the market. The growth of media market led to the high competition but still there is scope for new companies to enter and existing companies to expand. This is also creating many opportunities and scope for the consumers, investors and related professionals. Read on...



Dr. Harendra Kumar

(The author can be reached at doctor.harendra@gmail.com)

In post-independence era media had huge role to play towards the development of society in India. In 1947 when India attained independence, the country was facing many socio-political-economic challenges. Therefore, at that time media's role towards society was highly critical and challenging. The main goals set by the government for media to perform were to inform and educate the Indian population. During that period print media was flourishing as it contributed a lot in the freedom struggle. However, the reach of this medium was very limited because the literacy rate of India was very low. As opposed to this, boom came in broadcasting in 1980s when television made a grand entry to the media market. The medium was controlled by the government body, Doordarshan, unlike newspapers which have been owned by the private organisations. Since then media market has witnessed massive growth in its every sector.



On the basis of languages, media can be divided into three broad categories: English language media, Hindi language media and regional language media.

Recent years have seen a big growth of regional language channels and newspapers over English and Hindi languages media. For example, especially in South India local audience is serviced by local media produced by local companies, like Sun TV, Manorama, etc. ☞

Features of Indian Media Market

Before moving on to the analysis of market growth in India, let us see the characteristics of Indian media market.

1. Competition effecting content of programmes:

The kind of commercial growth an Indian media market is experiencing is affecting the quality of the content. Commercialisation is overpowering the content of the programmes. Many big companies are competing for advertisers and audience attention. Therefore, media market in India has become more price-oriented than content-oriented. It is also affecting the overall taste of the audience.

2. Private Ownership:

Majority of media organisations are owned by the private entrepreneurs. Major companies and families have invested in these media organisations. Although, recent years have seen the small investors investing in media, but their investments are limited to subsidiaries and these are not into the group holding companies.

3. Cross Media Ownership:

As we know that for many decades newspapers had strong hold on the media market. Therefore, when government monopoly broke down over broadcasting media and many private entrepreneurs entered this sector, many of them were well established in print media sector. For example *Aaj Tak* news channel belongs to India Today Group, a leading media company which publishes well known *India Today* magazine. Similarly, *Radio Mirchi* is owned by the Entertainment Network India Ltd. (ENIL), which is one of the subsidiaries of The Times Group. This represents the relatively young nature of the Indian media sector. However, we are likely to see increasing specialisation as competition intensifies and the media industry matures. On the other hand, Government is planning to restrict the cross media ownership as part of the Broadcast Services Regulation Bill (which has been debated in Parliament).

4. Transparency in Media Regulation:

Two main

divisions of the Government, Ministry of Information & Broadcasting and Telecom Regulatory Authority of India keeps an eye on the media sector. In India, especially the editorial enjoys the freedom of expression. The policies and regulation set by these regulatory bodies can be challenged in court.

5. Foreign Direct Investment:

Many foreign companies have been investing in media organisations as a joint venture or as partnership or as a direct investment. In the era of pre-liberalisation, the role of foreign investment in India was very limited. However, post-liberalisation the 1980s onward and softness of Indian government on foreign investors drastically changed the face of India media industry. Currently nearly 74% of FDI is allowed in telecommunication whereas 100% is allowed in the Internet. If we largely talk about media market then news programmes has 26%, in radio FM has 20% and similarly DTH too has 20% of FDI and cable can have around 49% of FDI.

6. Transparent regulatory policies:

In India there are many policies which regulate the working of media to make it more responsible towards society. Especially print media is bound by regulations. In broadcasting sector, *Doordarshan* and *All India Radio* have to follow broadcasting codes or guidelines which have been set by the Government.

7. Regional & cultural diversity in media:

On the basis of languages, media can be divided into three broad categories: English language media, Hindi language media and regional language media. Recent years have seen a big growth of regional language channels and newspapers over English and Hindi languages media. For example, especially in South India local audience is serviced by local media produced by local companies, like *Sun TV*, *Manorama*, etc.

These characteristics of Indian media market distinguish it from rest of the world. The kind of investment being put into the media market is creating lots of possibilities and opportunities for further growth. The upswing of the media market has resulted in new trends in media and entertainment sector. Some of these are as follows:

(a) Expansion of mobile phones as entertainment channel:

Mobile manufacturing companies are incorporating many entertainment modes in mobile set like radio, games, movie players, Internet, etc. These features have made it a mobile medium of communication. This has also led to easy access to information by the consumer.

(b) **Convergence:** The expansion of media industry has increased the consumer expectations. The convergence means merging many mediums of mass communication into one. Communication distributors like DTH (direct-to-home), CAS (Conditional Access System) and IPTV (Internet Protocol television) have merged radio, TV and Internet into single signal. Recent examples of convergent service include: Services delivered to TV sets via system like Web TV, Email and World Wide Web access via digital TV decoders and mobile telephones and using Internet for voice telephony.

46% and is most dominating sector in media. Following it is print sector with 28% and then film sector with 16%. These three sectors have been dominating the Indian media industry for decades. The other sectors like radio, online/Internet, OOH, animation, gaming & VFX and music have relatively low share in market with 2%, 1%, 2%, 4% and 1% respectively.

India's Place in Global E&M Market

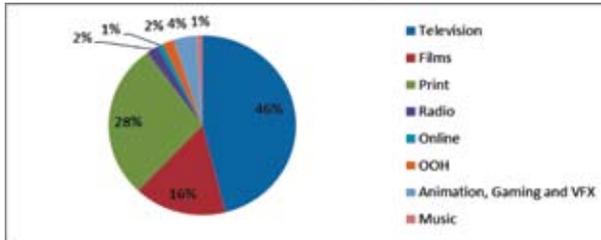
Countries	2005	2006	2007	2008	2009
India	8,746	10,503	12,401	13,616	14,052
China	41,297	47,245	57,496	69,166	75,815
Japan	150,975	160,716	166,999	169,298	164,337
US	433,842	454,572	469,096	460,997	428,140

All figures are in USD millions

Source: PwC Global E&M outlook 2010

The figures indicate the position of Indian media market as compared to other countries. In comparison to countries like China and Japan, the Indian market is quite small. Advertisement as a percentage of the GDP in India is only 0.53% as compared to 1.08% for developed countries like US and 0.90% for Japan. These figures show that there is still a lot of scope for growth in Indian media industry.

The Share of Different Media Sectors in India



Source: PwC Analysis and Industry Estimates

The above pie chart shows the breakup of the E&M (Entertainment & Media) market in India. The figure clearly shows the television has the greatest share of

Television industry is the most dominated sector in media industry and projected to continue to be the major contributor in the industry. It has been estimated that the television sector will grow at a healthy rate of 13.0% cumulatively over the next coming years, from an estimated ₹307 billion at a CAGR of 15.6% in 2010. The overall television sector is estimated to reach ₹488 billion by 2014. ☺☺

The Growth of Media Industry in India

The Indian Entertainment and Media market is estimated to grow from estimated ₹ 668.8 billion in 2010 to reach ₹1040.8 billion in 2014. Let us see the sector wise projected growth of various industries in media markets.

- a. **Television Industry:** Television industry is the most dominated sector in media industry and projected to continue to be the major contributor in the industry. It has been estimated that the television sector will grow at a healthy rate of 13.0% cumulatively over the next coming years, from an estimated ₹307 billion at a Compound Annual Growth Rate (CAGR) of 15.6% in 2010. The overall television sector is estimated to reach ₹488 billion by 2014.
- b. **The Indian Film Industry:** The film industry in India is estimated to grow at CAGR of 12.4%, reaching to ₹170.5 billion by 2014 from the ₹114.5 billion, at a CAGR of 20.5%. However, particularly this sector has experienced the downturn in 2009 due to the strike in multiplexes and economic recession.
- c. **Print Media Industry in India:** The second most dominating sector in media industry is print media. The sector is projected to grow by 7.4% over the period 2010-2014, reaching to ₹230.5 billion in 2014.
- d. **Indian Radio Industry:** Though the share of radio in media market is small as compared to television, film and print sector yet it has shown the good growth in the market. The industry is estimated to grow at a CAGR of 12.2%, reaching ₹16 billion in 2014 from the estimated ₹10 billion in 2010. In advertisement share it is projected that radio advertisement share will grow from 4.2% to 4.3% in the coming years.
- e. **The Animation and Gaming Sector in India:** It is worth noticing that many international production houses in the field of animation

are dependent on Indian animation industry. This dependency will help the Indian animation sector to grow at a faster rate. The sector is estimated to grow at a CAGR of 25.2% reaching to ₹73.4 billion in 2014. The Gaming industry will grow to an estimated ₹19.4 billion by 2014 from ₹5.3 billion in 2009.

- f. **OOH:** Out of Home advertisement was the worst hit industry in 2009 due to the economic recession faced by the country. However, the industry has rebounded with the use of digital technologies and tools. The estimated size of OOH sector was ₹12.5 billion in 2009 and its projected growth is at a CAGR of 11.0%, reaching ₹21 billion in 2014.
- g. **Music Industry:** The predictions say that music industry is expected to be the fastest growing segment in E&M industry. It has been estimated that Indian music industry would grow to ₹26.5 billion in 2014 with a 29% of CAGR. However, this industry has been facing lots of challenges out of which piracy is the biggest threat to the growth of the music industry. The other challenges are acquisition rights and the cost of music royalty.

Conclusion

Rapid economic growth and FDI has resulted in very big growth of media industry in India. The industry is benefited from the favourable laws and liberation of the market. The growth of media market led to the high competition but still there is scope for new companies to enter and existing companies to expand. This is also creating many opportunities and scope for the consumers, investors and related professionals.

References:

- Srinivas, Lakshmi, *Media, Culture and Society*, New Delhi: SAGE Publication, 2002, Vol. 24 pp. 155-173
- V.K. Natraj: 'Economics Through Journalism' in *21st Century Journalism in India: New Delhi: Sage Publication Pvt. Ltd., 2007: Part II, Ch. 8, pp. 123-131*
- Krushna Singh Padhy: *The Press in India-Perspective in development & relevance: New Delhi: Kanishka Publishers, 1997*
- Robin Jeffery: *India's Newspaper Revolution-Capitalism, Politics & the Indian-Language Press 1977-1999: New York, USA: St. Martin's Press, 2000*
- V.S. Gupta, Rajeshwar Dyal: *Media and Market Forces Challengers & Opportunities: New Delhi: Concept Publishing Company, 1998*
- Om Gupta: "The Prasar Bharti (Broadcasting Cooperation of India) Act, 1990" in *Encyclopaedia of Journalism & Mass Communication, New Delhi: Isha Books, 2006, Ch.11, pp. 250-280* ■