UNIT-5 : MEDIA OWNERSHIP

UNIT STRUCTURE

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5.1 **LEARNING OBJECTIVES**

After going through this unit, you will be able to –

- analyse the different ownership patterns of mass media in India
- know the advantages and disadvantages of the different ownership patterns

5.2 **INTRODUCTION**

Different forms of media have affected our lives in some way or the other. The humongous growth of the different mass media vehicles have necessitated the need to regulate the functioning and have a proper ownership in place. This particular unit will throw light on the different ownership patterns of mass media in India.

5.3 **OWNERSHIP PATTERNS OF MASS MEDIA IN INDIA**

Right from the days of Hickey, the Indian press has been a private commercial enterprise. The trend towards individual ownership and later concentration of ownership was already discernible in pre-independent India. There was a time when all newspapers were local and most of them were individual enterprises. The earliest colonial newspaper was owned and operated by a printer as a supplement to his job of printing, Today, individuals own the largest number of newspapers. Nearly, 70 per cent of the total newspaper circulation is in the hands of a few families or units and although their number may be limited, their circulation and influence is much more than what their numbers would suggest. This is exactly the grievance against the Indian press. Although it is published in several languages and is spread over the length and breadth of a vast country like India, the virtual control of the press is in a few hands. The newspapers are also brought out by co-operatives, religious and political groups or by journalists themselves. Some of the Government departments at the centre or in the states also bring out publications.

Colonial politics and its variations in post-colonial India have structured the nature of media ownership and control. Broadcasting was deemed to be a privilege of the government, a tool to better the sensibilities of India's teeming masses. In the aftermath of Independence, the press, given its close association with the nationalist struggle was allowed to retain its essentially private status as long as it was not seen to be consistently anti- government. However, armed with press and censorship laws and with its control over newsprint distribution, pricing and disbursement of public advertising, the government has a formidable hold over private sector media. After independence, broadcasting, particularly radio and television, came under state control, and was used as a tool of national policy. However, the scenario is fast changing with the emergence of satellite and cable TV.

Radio which started as a Raj supported private enterprise, was passed on from one bureaucratic department to another, until it came under the Department of Information and Broadcasting in 1941. It was expanded and exploited as a means of propaganda during the Second World War. After independence, the government of India kept broadcasting firmly in the hands of the central government. This opened the way for more political access by the government to the air-waves and a more vigorous use of radio as an instrument of public policy.

Like All India Radio, Doordarshan was until November 1997 a 'unit' of the Ministry of Information and Broadcasting. The Indian Government always claimed that Doordarshan enjoyed 'functional autonomy' in its programming and administration, but no matter what it claims, the Ministry remained the real decision-making body. A fair amount of freedom was permitted in the selection and production of entertainment programmes. But news and current affairs programmes were closely monitored by the Ministry.

Concentration of ownership or monopolies in the sphere of newspaper and magazine publishing takes the form of industrial houses bringing out multiple publications such as morning and evening papers and dailies for the general readers, specialist dailies for businessmen and professionals as well as science journals, comics, business weeklies, women's magazines and children's periodicals. The Times of India is the largest publishing house bringing out regularly all types of publications. The ***Indian Express Group,*** its closest competitor, is owned by the ***Goenka Industrial house*** and publishes its daily from as many as nineteen major cities. ***The Anand Bazar Group*** and the ***Hindustan Times Group (owned by Birlas***) are the other contenders. In Kerala, the ***Malayalam Manorama Group rules the roost.***

Rules the roost: To be the most powerful member of a group

Ownership of newspapers is thus concentrated in the hands of a few groups which as a result wield much power. The concentration of ownership is a major threat to a free press, for it considerably narrows the range of opinions and the field of debate.

The First Press Commission had focused the following forms of ownership of newspapers and periodicals prevalent in 1954:

a. Individual
b. Partnership

c. Joint Stock Company
d. Trust
e. Society registered under various Acts
f. Cooperative ownership

Though the concentration of newspapers are mostly in the few hands but other types of newspaper ownership management and operation are also developed. There are :

a. Individual Ownership
b. Partnership
c. Corporation
d. Group or Chain Ownership
e. Employee Ownership
f. Vertical Ownership
g. Joint operation

In the newspaper industry, ownership is important, but most significant is the influence that a newspaper unit commands. And the influence that a newspaper wields in the society is measured in terms of paid circulation, advertising volume and revenue.

5.3.1 Individual Ownership

This type of ownership is mostly seen among weekly newspapers. The owner acts as the editor, printer, publisher and manager, etc. Almost all of the entire work is done by himself or herself . He or she can serve in almost any position in the plant whenever any need arises.

- The main advantages of an Individual ownership are :

a. The owner makes all decisions related to business and editorial policies
b. He is given absolute control of newspaper
c. He receives all profits and bears losses that may occur
d. He keeps intimate connection with the newspaper
e. He maintains secrecy in operations

f. He makes quick decisions

- The main disadvantages of an Individual ownership are :

a. The owner is liable for the newspaper's entire debt
b. Unlimited liability is placed on the individual owner
c. Individual ownership is not adaptable to an expanding business
d. In case of owner's death decline in business is evident
e. Long term loans may be difficult to obtain, since creditors must consider the life expectancy of the proprietor
f. Success of the newspaper depends heavily on the ability and the credit status of the owner

5.3.2 Partnership

According to the Indian Partnership Act, 1932, partnership is "the relationship between persons who have agreed to share profits of a business carried on by all or any of them acting for all". In a partnership firm, there should be at least two partners, the maximum number can be raised to twenty. In partnership, persons make an ownership agreement, either orally or in written for the purpose of establishing, purchasing or operating a newspaper. To avoid legal problems it can be registered with the Registrar of Firms. A partnership deed containing name of business, amount of capital, name of place of operation of business, duties and powers of partners, appropriation of profits etc. should be signed.

There are generally two types of partnership – General Partnership and General Partnership.

a. General partnership

This type of partnership is based on an agreement between two or more persons to establish or purchase a newspaper and engage in publishing it. It is a more common form of partnership but each partner is liable to an unlimited degree. Each partner is a

general agent for the newspaper and in any business matter one partner may act for both

b. Limited Partnership :

A limited partner is responsible for the debt of the newspaper only to the amount agreed upon as an investment and has no right to contract for the newspaper and on the control of its assets.

- Advantages of Partnership are :

a. Responsibilities of newspapers are divided, thereby lessening the workload on each partner
b. Judgement of more than one mind is brought into business operation
c. Persons of different capabilities and financial standings are permitted to pool their talent and money
d. Maintenance and operation costs are divided
e. Partnership is easy to form
f. Quick decisions are possible
g. Larger resources are also possible

- Some of the disadvantages of Partnership are :

a. Each partner runs the risk of becoming liable for an usually large debt incurred by any one of the partners
b. Partnership may be discontinued at any time by death or withdrawal of a partner]
c. Each partner is liable for the newspaper's entire debt
d. Long term credit is sometimes hard to obtain
e. A partner who is irresponsible may jeopardize the interest of the other partner or partners.
f. Lack of harmony among partners also sometimes creates problems
g. Partnership also has a lack of public confidence.

5.3.3 Corporation

This is the most common form of ownership for daily newspaper because it is more adaptable to the problems of expansion, centralization or transfer of fractional ownership.

- The advantages of Corporation are :

a. The personal liability of investors in case of lawsuit is limited to their share of interest in the corporation
b. The business of the newspaper is not readily affected by changes in stock ownership
c. Transfer of control is flexible
d. Operations can be expanded easily by increasing capital
e. A publisher who owns 51% of the shares in the newspaper and whose powers are defined in the articles of the corporation may control the policies and obtain from outside sources 49% of the capital needed for operation.

- Disadvantages of Corporation :

a. Profits distributed to stock holders are first taxed as income to the corporation and again as dividends to the shareholders
b. Corporation taxes are imposed

5.3.4 Group or Chain Ownership

Group comprises two or more newspapers published by a single establishment from the same centre.

Chain ownership applies to more than one newspaper published by the same establishment from more than one centre.

Newspaper chains take various forms depending on the point of operation at which cooperation is dominant. In some cases a holding company controls at least 51% of the shares in each newspaper. The holding company may have supervision over editorial policies of individual newspaper or the company may allow each to formulate its own. Major materials such as newsprint, machinery and other equipment and supplies usually are brought through general headquarters.

Newspaper groups are formed without a common holding company but with a chain of command from an elected set of offices and directors. Publishers in the organization have the controlling interest in the newspaper they publish and also may have an interest in the other newspapers. They manage their own newspapers and formulate their own policies with the advice and council of the officer.

- Advantages of Group or chain ownership :

a. Supplies may be purchased through a control office with discounts for quantity
b. Advertising space may be sold nationally with a single organization representing all newspapers in the group
c. Certain details of book keeping and other office procedure may be centred in a common office for all newspapers
d. A large group owner could afford to improve news coverage by having correspondents and news bureaus in the state capital and foreign cities. This arrangement is too expensive for a small owner to maintain
e. The chains are also better able to afford the latest technical equipment thereby making newspaper production more efficient.
f. Chains have the resources to provide more elaborate training and public service programmes than do individually owned papers , the validity of each of these agreements depends in great measure on the particular group owner involved

- The main disadvantages of Group or chain ownership are :

1. Managers or publishers might not feel compelled to promote the local community to the same agree that they would if the newspapers were owned by them or by a local corporation or partnership
2. Permanence of management is more in question than when the newspaper is entirely locally owned.
3. Subscribers sometimes feel that the newspaper is managed by remote control and they are not as close to the editor as they would like to be.

5.3.5 Employee Ownership :

Employee ownership usually develops where a publisher has held the controlling interest and upon retirement or death wants the paper continued under its establishment policies in the hands of the employees. This type of ownership allows employees to buy shares in the newspaper corporation. In some cases the employees own a majority of shares and control the policies of the newspaper.

- Advantages of Employee Ownership are:

1. Employees are given an incentive to protect the best interest of the newspaper
2. Very few changes are made in personnel
3. Sense of ownership on the part of the employees helps to create high morale
4. Questions pertaining to wages, hours and other production matters are understood better and are more easily handled
5. Interdepartmental barriers are more easily broken

- Disadvantages of Employee Ownership are :

1. Opportunities for bringing new people into the organization are fewer.
2. Sale of property is difficult even though it should appear beneficial to the newspaper
3. Length of an employee's service is likely to be given greater consideration than his production abilities.

5.3.6 Vertical Ownership :

A newspaper may also operate under a vertical ownership plan, meaning that the newspaper and the enterprises serving it are under common ownership. A corporation owning and operating a large city daily, for example, may also own and operate other media, news and advertising syndicate, a paper mill and a transportation system etc. These allied institutions contribute to the success of the newspaper.

- The advantages of Vertical Ownership are :

1. It helps to reduce the general expenses of newspaper operation

2. it provides practical investment of newspaper profits
3. It assures the newspaper of certain services and materials needed for its successful operation

- The disadvantages of Vertical Ownership are :

1. It widens the publisher's interests and responsibilities to the extent of a possible lessening of attention in the newspaper
2. Capital that would be used for the improvement of the newspaper might be drawn into the financing of other jointly owned enterprises

5.3.7 Joint operations :

It is a system of co-operative operation between two or more newspapers of different ownership within the same premises. This system is sometimes used to reduce the maintenance and operation costs. The newspapers are produced in the same plant, but each has separate news and business offices and its own reporters and editors, advertising and sales, people and circulation employees. Each newspaper formulates its own policy. For a joint publishing operation, an agreement is drawn up setting forth the financial obligations of each newspaper or a corporation is formed representing capital from each ownership.

- Advantages of Joint Operation are :

    1. Maintenance and operation costs are reduced
    2. Production hours in the plant are increased
    3. Attention of publishers and owners is focused more on the community than on competition
    4. Publishers may give more unified and complete newspaper service to their public.
    5. Pleasant relations are developed among newspapers in a competitive field.

6. Advertisers usually are permitted to buy space either in all newspapers at combination rate or in separate ones at the individual newspaper's standard rate.
7. Joint handling of some advertising and perhaps some news copy permits reduction of personnel in the news and advertising sections as well as in the mechanical department.

Oligopoly: a state of limited competition in which a market is shared by a small number of producers or sellers

- Disadvantages of Joint Operations :

1. With reduced competition, publishers might strive for greater projects than their newspaper service deserves.
2. Use of common production facilities may lead to standardization resulting in loss of newspaper's individuality
3. With competition partly eliminated efforts towards specific improvements might be lessened.

It is well known that there does exist a concentration of newspaper ownership , call it a monopoly or **oligopoly.** The press commission came to the conclusion that even if the concentration of ownership might not be controlled there should be diffusion of ownership which would minimize the effects of monopoly control.

5.3.8 Cross ownership :

It refers to a type of media ownership where one type of communication (for instance a news agency) is the sole owner or is the sister company of another type of medium(as for example a radio or TV station). One of the prime examples is The New York Times' ownership of WQXR Radio and the Chicago Tribune's similar relationship with WGN Radio (WGN-AM) and Television (WGN-TV). In India, the Broadcasting Bill of 1997 bans cross-media ownership (newspaper publishing houses can have no more than 20% equity in television or cable companies).

In other words, cross ownership is a method of reinforcing business relationships by owning stock in the companies with which a given company does business. In the US, it refers to a type of investment in different mass-media properties.

CHECK YOUR PROGRESS

1. Which is the largest publishing house in the country?

2. Who owns the Indian Express Group?

3. What are the different ownership patterns in a newspaper industry?

5.4 LET US SUM UP

- The media industry describes the once very distinct, but today interacting, mass media businesses of newspaper, magazine, books, radio, internet and TV industries. It is basically competing within three different markets: the content, the consumer and the advertising market. On the content market, it purchases content of different kinds (for eg, music, manuscripts, screenplays) and converts it into products (for eg : compact disks, books, movies). This product is then sold on the consumer market. Through its circulation and reach it is an important actor in the advertising market, where it sells its capacities to place advertising for other companies. The growth of the media industry walks hand in hand with new forms of communicative based technology.

- Broadcast, print, cable and television, internet, radio , film and recording industry fall under the purview of media industry.

- Media management is an important function of any organization. Managing a media organization requires skill and technical knowledge. Hence, organizations must hire professionals who are expert in looking after the sales, marketing and all the different divisions of an organization.

- As far as the ownership patterns of mass media in India is concerned, print media ownership is more pronounced. The main forms of print media ownership patterns are individual ownership, partnership, joint operations, vertical ownership, cross ownership and group ownership.

5.5 FURTHER READING

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1. Media Economics, Understanding, markets, industries and concepts - Alan B. Albarran
2. Mass Communication in India - Keval J. Kumar
3. Handbook of Journalism and Mass Communication – Vir Bala Aggarwal and V.S Gupta
4. Media Management – K P Yadav

5.6 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1 : The Times of India is the largest publishing house in the country.

Ans to Q No 2 : Goenka publishing house owns the Indian Express Group.

Ans to Q No 3 : The different ownership patterns in a newspaper industry are- Individual ownership, Partnership, Employee ownership, Joint operations, Vertical ownership, Cross ownership, Group or chain ownership

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5.7 POSSIBLE QUESTIONS

A. Short Questions (Answer each question in about 150 words)

Q.1 : Briefly discuss motion picture industry

Q.2 : Write short notes on –

(a) FM Broadcasting
(b) Internet industry
(c) Print industry

Q.3 : Name any two ownership patterns of mass media in India and bring out their differences

Q.4 : Can we call media an industry? Give examples

B. Long Questions ((Answer each question in about 300-500 words)

Q.1 : Describe the media industry in Indian context.

Q.2 : Describe the importance of media management

Q.3 : Discuss the different ownership patterns of mass media in India

Q.4 : On what grounds can media be included in management?