



A STUDY ON IMPACT OF FOREIGN DIRECT INVESTMENT (FDI) IN MEDIA SECTOR

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Abstract

Foreign Direct Investment (FDI) in media refers to investments made by foreign companies or individuals in the media sector of a country. This can include investments in newspapers, television channels, radio stations, online media platforms, and other forms of media.

FDI in media can have both positive and negative effects on the media industry and society as a whole. On the positive side, FDI can bring in much-needed capital and expertise to the media sector, leading to the development of better infrastructure and technology. It can also provide new sources of revenue and employment opportunities.

However, FDI in media can also have negative consequences. One concern is that it may lead to the concentration of media ownership in the hands of a few powerful foreign companies, which can limit the diversity of viewpoints and the free flow of information. Another concern is that foreign ownership may lead to biased or distorted coverage of news and events, particularly if foreign investors have political or ideological agendas.

Therefore, countries have different policies regarding FDI in media, with some allowing it only with restrictions or conditions, and others banning it altogether. It is important for governments to carefully consider the potential benefits and risks of FDI in media and to regulate it in a way that promotes a free and independent media industry.

Keywords- FDI, Employment opportunities, Media, Infrastructure, Employment opportunities, Ideological agendas.

Introduction

The media industry in India is among the fastest-growing industries in the present Indian economy. The media industry has benefited a lot from the Indian current economic growth coupled with the rising earnings levels in India. The media industry is presently in a critical stage of revolution. Since 2006, the media industry has enjoyed a good time in terms of growth and development as it has been characterized by realignment, consolidation and expansion in many sectors of the media industry. In addition, the media industry is anticipated to grow up faster than the GDP growth of India and subsequently, more spending is being expected in the media industry.

Future of the Media Industry in India

According to a report done by PricewaterhouseCoopers, and carried in New Delhi, on March 11, 2006, The Indian Media industry is positioned to grow up at 19% compound yearly growth rate. This rate is expected to go on until 2010. (PWC, 2007) Unraveled potential, good Economic growth, increasing earnings levels, consumerism, and technological innovations and policy plans undertaken by the Indian administration which are currently encouraging the inflow of investments in the country, will attest to be significant drivers for the media industry in India. The media industry has

been predicted to surpass the overall economic growth every year, till the year 2010. (PWC, 2007)

Two main factors which will contribute to the industry growth are,

1. low media access or penetration in lesser socio-economic groups and low advert spends; At present media penetration is slow in lower socio-economic groups, however efforts to raise it even just slightly are possible to bring much high results, merely owing to the total numbers being great.
2. India's economic growth, increasing consumer spending couple, with regulatory rectifications are pulling foreign investment in many sectors of the media industry, particularly the print segment. The sector needs a consistent and uniform media policy for increase in investments.

Objectives:

The objectives of Foreign Direct Investment (FDI) in media in the 21st century can vary depending on the perspectives of the investors and the host country. However, some common objectives that are sought by FDI in media in the 21st century are:

1. **Access to New Markets:** One of the primary objectives of FDI in media is to gain access to new markets. Media companies are increasingly looking to expand their global footprint, and investing in media outlets in foreign countries can provide them with an entry into new markets. This can also help them to tap into new audiences and demographics.
2. **Technological Advancements:** Another objective of FDI in media is to acquire technological advancements. Many media companies invest in foreign media outlets to gain access to new technologies and innovative practices. This can help them to improve their products and services, and stay competitive in a rapidly evolving industry.
3. **Diversification of Portfolio:** FDI in media can also help companies to diversify their portfolio. Media companies may invest in foreign media outlets to expand their range of services and products. This can include investing in digital media platforms or acquiring companies with expertise in new media formats such as podcasts or streaming services.

Overall, FDI in media can be seen as a strategy for media companies to expand their reach, diversify their portfolio, and gain access to new technologies and markets. However, it is important for governments to ensure that such investments do not compromise the independence of the media industry or restrict the free flow of information.

Different types of Media-

Media in India aims at reaching an extensive audience. Apart from the news media segment, which include radio, print and television, the internet also plays an increasing function, alongside with the increasing Indian blogging community.

Television

Television presently is the key driving strength of the media industry in India. Television is predicted to be a main source to India's GDP in the recent future. As at present, television is accessible by roughly a hundred million households in India. Out of these, roughly half are satellite and cable. India is the third biggest television market, in the whole world coming after China and USA. India also is amongst the cheapest subscription of cable market, where in numerous places a monthly cable cost is merely an average US \$ 4 and hardly ever surpasses US \$ 10.

print media

A roaring Indian economy leading to increasing necessities for contents and regime initiatives which have opened up the segment to foreign investments are pushing growth in print media. Also, with increasing literate population, more folks in rural and urban regions are reading the newspapers and the magazines nowadays. The internet at present offers a fresh avenue to create more advertising income. (PWC, 2007)

Radio:

The most cheap and oldest model of media in the India that is dominated by AIR, the sector is witnessing a myriad-change very. In 2005, the India announced three main policy proposals which have driven growth in the sector. These policies were migrating to a returns share administration, permitting foreign investments into the sector and opening up licenses to the private players of the sector. This surge of radio stations have resulted in increasing requirement for content and experts. Latest concepts such as satellite, community radio and internet have also started to punch the market more and more, and radio is gradually making a return in the lifestyles of the people.

Research Methodology:

The research is purely done on the basis of secondary data. Secondary research methodology involves the use of existing data and literature to answer research questions or test hypotheses. It involves a systematic review and synthesis of existing sources of information, such as academic journals, government reports, and databases. Secondary research is a cost-effective and time-efficient way to collect data and can provide insights into trends and patterns in the field of study. However, it is limited by the quality and availability of the sources of information, and there is a risk of bias and errors in the interpretation of the data. A well-designed secondary research methodology involves careful selection and evaluation of the sources of information and the use of appropriate analytical tools to ensure the accuracy and reliability of the research findings.

Review of literature:

Here are three brief reviews of literature related to Foreign Direct Investment (FDI) in media:

1. "Foreign Investment in the News Media: A Study of the Australian Experience" by Wendy Bacon and David J. Nolan (2007)

This study examines the impact of FDI on the Australian media industry. It finds that FDI has led to greater concentration of media ownership and reduced diversity of viewpoints, particularly in regional areas. The study also suggests that the regulatory framework for FDI in media needs to be strengthened to ensure that it does not undermine the public interest.

2. "The Political Economy of Foreign Direct Investment in the Media Sector: A Comparative Study of India and China" by VibodhParthasarathi (2014)

This study compares the regulatory frameworks for FDI in media in India and China. It finds that while both countries have restrictions on FDI in media, China's regulations are more stringent, reflecting its concern for state control over the media. The study suggests that FDI in media can have both positive and negative impacts, and that the regulatory framework needs to balance the interests of investors and the public.

3. "The Impact of Foreign Direct Investment on the South African Media Industry: Ownership, Control, and Content" by Julie Reid (2017)

This study examines the impact of FDI on the South African media industry, focusing on the ownership, control, and content of media outlets. It finds that FDI has led to increased concentration of ownership and control in the hands of a few large corporations, limiting diversity of viewpoints and content. The study suggests that there is a need for greater transparency and accountability in the regulatory framework for FDI in media in South Africa.

Opportunities

1. The industry still has room to expand within India as the market is wide. Media services are being sought with many organizations this offers the industry to increase its market share.
2. The high technological innovation which is happening everyday also presents a good opportunity for the media industry to utilize the latest technology in expanding its product mix or improving existing ones hence reaching or increasing its market. This also helps the industry reach to the global market.

3. The media industry is a strong and well developed industry which is currently growing at high rate; this aspect gives the industry a lot of strength. With the increase in the level of education the media industry has a well educated and skilled workforce with innovative ideas and technology which is an added positive aspect of the industry strength.

4. The competitiveness of the media industry has enabled the industry to grow technically both vertically and horizontally, which is another positive aspect in the industry. India also offers strategic location and market in terms of its high population which is a boost to the industry.

5. The liberalization in the FDI regime in media and entertainment (M&E) should be encouraged by the government as it would create employment opportunities and generate revenue.

6. The Indian government has taken several policy measures to attract FDI in various sectors, including the media industry. In 2019, the government announced 100% FDI in the media sector, which allowed foreign companies to own and operate media outlets in India without any restriction on equity participation. However, some restrictions are still in place for certain media sectors, such as the news and current affairs segment.

Challenges.

1. Though India can be said to be stable political, the country has known for frequent changes in government administration and instability in some regions or states, this issue negatively affects the media and it is a threat to the media. Also government legislations in India are known to some extent as hindering the growth of industry especially for foreign companies. Also, the current threat posed by piracy, which persists to deter investments in all media sectors has continued to threaten the industry growth.

2. The inability of the industry to adhere to ethical standards in the industry which has led to lawsuits filed against some media industries. The industry also has been slow in its growth only picking up in the recent past, thus its innovation and marketing strategies may be not competitive on the global arena.

3. Very important among the major challenges facing larger FDI in media industry, is the need to speed up the implementation of policies, rules, and regulations. The vital part is to keep the implementation of policies in all the states of India at par. Thus, asking for equal speed in policy implementation among the states in India is important.

Conclusion

Media industry in India remains among the fastest growing industries of the present Indian economy, industry has benefited a lot from the Indian rapid economic growth coupled by the rising earnings levels in India. Good laws and liberations of the market are other factors which have enhanced the media industry, though there is high competition in the industry there is room for new players and expansion of the current players. The television and the print media are the biggest segments of the industry. Of late FDI in India is a rise and the country is positioned has a major market global for the media industry.

In 2020, the Indian government approved the acquisition of a 49% stake in the media company Network18 by the global media conglomerate ViacomCBS. This deal was worth approximately \$500 million and was seen as a significant investment in the Indian media industry.

In the same year, the Indian government also approved FDI proposals in other media-related sectors. For instance, the government approved a proposal by Mibelle Group, a Swiss cosmetics company, to set up a wholly-owned subsidiary in India to carry out trading and marketing activities. The government also approved a proposal by AT&T Global Network Services India Private Limited to increase its FDI from 60% to 100%.

It is worth noting that FDI in media in India is subject to certain restrictions and regulations, particularly in the news and current affairs segment. The government has also been considering

proposals to strengthen the regulatory framework for FDI in media to ensure that it does not undermine the public interest or national security.

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