

THE PRINT PERPLEXITY: Issues of Concentration in Newspaper Industry in India
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Abstract

Concentration in media is not a new emerging problem but an existing one which is deep-rooted. By concentration, it reflects upon the creation of conglomerates, merging of industries where the control is confined to few hands. In newspaper industry, concentration means few owners being able to grasp control over more than one newspaper firm which creates a shift in power to few hands rather than being dispersed in a democratic fashion. However, the central question that lies is as to why concentration is bad and why should it be a concern from development point of view? Newspaper industry, being a non democratic organized force having the ability to influence politics, public discourse and culture, can pose severe issues to democracy if it possesses immense market power. Concentration in newspaper can not only restrict the multiplicity of viewpoints in a democratic society but can also create issues of dominant language, plurality, in informing the citizenry and most importantly a source for generating profits through newspapers by covering those facts which have a higher sale value. The paper analyses the patterns of concentration from the Report of the Fact Finding Committee on Newspaper Economics (1975) and the kind of impact it posed on the Indian society.

Keywords: Print, Perplexity, Newspaper, Society, Democracy, Politics

Introduction

The notion of concentration in the media industry has attracted a lot of attention from the media scholars in terms of analyzing what concentration is and how it has impacted the media industry in India. Since different forms of media have a very crucial role to play in mediating between the citizens of a nation and the exiting government, it is important to understand how concentration existing in the media industry has affected the channels of information dissemination that exists between the government and the citizenry.

The primary focus of the paper is towards understanding the existing policy debates which emerged during the period of 1970s on concentration in the newspaper industry and how these policies identified and addressed the issue of concentration. About concentration, many scholars have pointed out that it is a process by which in a particular industry there is a decline in the number of independent existing firms and a pattern has been observed where these independent media industries merge into a single or bigger industry where the control or power of decision making gets confined to a few hands. In the case of any commodity (tangible in nature) production industry, concentration may not be seen negatively as the commodity has a utility value through consumption and concentration may help in increasing the efficiency. However, in the case of information production which is intangible and which can affect the decision making process of the individuals, concentration may not be taken positively as it may channel the flow of information towards a fixed direction, thereby limiting the creation of political capital.

In the case of India, we may find that during the struggle for independence, newspapers had a social responsibility of informing the Indians so as to prepare or make them aware of the active struggles that were taking place against the British rule. The idea of information as a commodity did not emerge initially. However, during the time of 1920s to 30s when the market for information grew with the rising demand for information, all the newspaper agencies that operated in that time faced a financial constraint as they without economic support, could not cater to the information demand that had emerged. As a result, they began to look for private entrepreneurs or sponsorship to acquire financial aid in the running of these agencies. During this process, the private players understood that since they were knitting the economic thread of these agencies, they could basically control the aorta of these agencies and decide the kind of information required to be printed, for whom to be printed and how to be printed. There was a limited to no role for editorial at this stage of information development. These were seen as the early signs of concentration in the case of India.

However, during the 1950s to 60s, the Government of India very much understood the existing and emerging problem of concentration in the newspaper industries and tried to take active steps in understanding the problem and offering solutions for it. The problem persisted, and to some extent even evolved. The First Press Commission Report (1954), for instance, primarily focused on concentration existing in the newspaper industries during 1950's and also on how much revenue these industries were generating.

The report highlighted the existence of concentration in dailies very clearly and cited the low number in the circulation of dailies. The report also highlighted the difference between the circulation of English and local dailies, where local dailies had more circulation (projecting concentration in local newspaper agencies). The report cited the reason of illiteracy as a constraint. However, in 1970s, as the level of literacy rose, the Fact Finding Committee Report (1975) cited the existence of concentration in English news dailies as it garnered more circulation after a point of time. Similarly, in the case of advertisements, the First press Commission Report showed advertisement concentration more in the local newspapers. In the Fact Finding Committee Report (1975), it was indicated that advertisement concentration was more in the English newspapers. Thus, what can be understood is how the changing conditions have also resulted in the changes in the concentration in the newspaper industries and why the policies addressing the problem after a point, lost their significance due to the changing social and economic scenarios.

It, therefore, became important to understand as to how the different policies introduced during the time, the notion of concentration in the newspaper industry was addressed and whether they were successful in tackling the problem as they proposed to. Most importantly it was necessary to identify how concentration existing in the different spheres of the newspaper industry like ownership, geographical location, market share, type, etc. changed with the change in policies.

Interpreting Newspaper Concentration and its Early Inception in India

Concentration can be seen as an inevitable process both in a developed economy as well as a developing one. By concentration, one comes to understand it as a process which leads to a decline in the ownership or control over a particular firm, enterprise or an activity from a diverse orientation to a limited one. The creation of conglomerates or mergers between firms where the control of those firms gets confined to few or a single individual can be very much understood as “concentration”. Under concentration what can be observed is that the earlier existing industries during the pre-concentration phase were independent of any form of dominant control within the industry. However, under the post concentration phase one can easily observe that the control was upto a limited number of players over the concentrated industries.

Concentration, however, as argued by the media scholars, has not always been criticized for its negativities. In the case of commodity production, concentration of industries was seen to improve the efficiency which the independent, individual industries lacked. But when it came to understanding concentration in the context of information production, it was not taken positively as it led to the emergence of severe complications and problems within India in terms of sound information channels.

Newspaper industry in India is a non-democratic organized force which has the ability to influence politics, public discourse and culture. Concentration in the newspaper industries resulted in restriction of the multiplicity of viewpoints needed in a democratic society. Concentration also posed a threat to language, plurality, in informing of the citizenry and most importantly creating avidity for generating profits by the newspaper industries through the coverage of those facts which had a greater economic value attached to it while ignoring the rest. It also posed a threat to the public by focusing on circulation to those areas where the demand for information was more. This process resulted in the formation of an information-gap within the society. It also posed a risk to the survival of small independent firms which fulfilled the purpose of informing the public by shutting down most of the economic channels for their sustenance as well as creating severe limitations and restrictions in the market for the entry of new newspaper firms or development of the existing newspaper firms for healthy competition and development of alternate voices.

Robert G. Picard has tried to measure concentration in the newspaper industry in USA. He has tried to analyse the degree of concentration that existed in the newspaper industry in 1988. The attributes that he used to measure concentration included the change in the ownership pattern, the geographical markets targeted, degree of circulation both within the national and regional markets and also the focus of advertisements in the newspaper industry. In terms of ownership, he found large firms gradually occupying small firms. In the case of geographical markets, the firms focused more towards those providing greater economic returns or where the chances for circulation could be high. Circulation rising in the national markets and falling in regional centres, projected a degree of concentration existing in the newspaper industry in India. As for the advertisements, the preference towards big newspapers over small newspapers, as well as, the availability of ads more inclined towards

the big and small newspapers, according to Picard, reflected high degree of concentration existing in the newspaper industry in India.

The problems of concentration were common among many different countries due to the conflict between generation of economic value and social responsibility of the media firms (specifically newspaper industry). The issues of concentrated views, political authority, information gap, etc., were some of the concerns which highlighted as being not suitable for the democratic society and also the existence of business transaction making the problem of concentration difficult to tackle due to the market conditions being created by them to avoid the policy impacts. Therefore, it was necessary to identify the problem of concentration in media industry, to have a fuller understanding for bringing needed policy reforms within the newspaper industry in India.

The early patterns of concentration in India were seen during the 1920s to 30s. In 1920s, India observed a dynamic growth phase of the daily press due to socio-economic upliftment and the rise of literacy. Newspapers came to wield a significant influence on the social and political realms and had begun their publication. There was a general political awakening as well as heightened political activism observed during that time period. There also was the emergence of an indigenous capitalist class who had accumulated considerable wealth through its collaboration with the foreign capital and the colonial government (Nair, 2003, p. 4182). The process of political mobilization created and enlarged a market for news and information. On the economic front, the scale of operation and complexity of organization increased making the indigenous press increasingly dependent on the occasional generosity of the emerging Indian businessmen as also the wealthy local rulers. Even though there was availability of brilliant editors, the outdated and worn out printing and composing machines made it difficult for most of the Indian newspaper firms to compete with the other existing, well established newspaper firms like The Statesman which received the largest subsidized government advertisements and could afford modern equipment and experienced staff. This developed the realization for the significance of financial patronage which led to many newspaper firms to try to woo the big businessmen to fulfill their financial objectives.

In the 1930s to 40s, the interest of the capitalist class in owning and controlling the press became clearly visible which catalyzed a process of transformation of this institution form of craft to a commercial venture. There was a change in the pattern of ownership and the organization of the Indian press. Business magnates like G.D. Birla, Ramnath Goenka etc., started taking interest in running newspapers. Newspapers began to be used by them to further their business interests. It completely ignored the role of nurturing brilliant and independent journalism (Nair, 2003, p.4182). A good number of Indian newspapers like The Hindu, The Indian Express etc., became the representatives of this shift where the strength did not lay in the brilliant editorial qualities, but in a strong sense of guiding the editorial policies towards greater business success. Much of the Indian press enjoyed the patronage of the business by functioning as what is known as the 'jute press'. As a result, there was a considerable decline in the creation of diverse political capital within the Indian society.

The trends in concentration of ownership and organization of newspapers which were beginning to be apparent in the late colonial period, became fully visible by the beginning of 1950s. The First Press Commission Report of 1954 took note of these trends. The profit motive replacing the missionary spirit of the former days as well as the individually owned or family concerns getting converted into the joint stock companies and the number of papers under the control of each individual concern getting increased, led to the concentration of ownership. This inevitable trend was critically analyzed by the Press Commission Report, however, very limited policy action could take place due the volatility of the situation. What was also observed was the shift of the editorial control to the management and the public interest getting subordinated to the business and commercial interests of the owners. All these aspects were the concern of the First Press Commission.

Report of the Fact Finding Committee (1975)

The Fact Finding Committee reported an increase in the number of circulation of newspapers from 588 (1967) to 830 (1973) and the combined circulation rose from 70.3 lakhs in 1967 to 94.4 lakhs in 1973. However, there emerged a shortage of newsprint since the beginning of 1972 and gradually became acute during 1973. Despite the presence of such an issue, there was still an increase in the circulation of national dailies seen in the Indian society. However, there still existed concentration in terms of language. With the improvements in the levels of literacy there was also an increase in the preference for English and Hindi newspapers. Though newspapers of other Indian languages witnessed a growth like in the case of Malayalam, Marathi or Tamil, but in comparison with the English and Hindi dailies, they were still low in number. The importance for English language dailies rose from 17 % (1967) to 22 % (1973). The English dailies accounted for about 1/4th of the total dailies in India. In the case of Indian languages, Hindi, Bengal and Tamil showed a considerable improvement in the circulation from 1967 onward (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.20).

In the case of centres of publication, it was seen that about 42% of the all the dailies were published from cities (excluding metros). The Metropolitan centres still had the largest slice out of the total. In the case of towns, there was an improvement but it was not considerable. In 1973, 55% of the total circulation of the metropolitan dailies were within the metropolis and only 44% outside the metropolis. There was a sharp contrast to the position in 1967 when the respective percentages were 47% and 53% resp. the circulation of the dailies outside the cities declined which indicated that the hold of metropolitan dailies on mofussil readers declined due to the growth of the local dailies or newspaper readership in the metropolitan cities increased considerably. The non-metropolitan dailies correspondingly increased 53.5% to 60% in 1973 which indicated that the local dailies were holding their own and giving competition to the metropolitan dailies (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.43).

In terms of the ownership patterns, it was seen that still more than 3/5th of the total dailies were under the control of individual owners. Joint stock companies owned the next largest slice of dailies followed by partnerships. So therefore, there was no form of diffusion of

ownership which was recommended by most of the reports to control the risk of concentration. A large percentage of the dailies and still a larger share of the total circulation were accounted for the dailies owned by COUs described as chains, groups and multiple units. The total number of COUs at the end of 1973 were 94 which together owned 206 dailies. Their circulation also increased by 45% and 34% respectively during 1973 against 41% and 34% respectively in the case of all dailies (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.50). Thus, there existed a strong form of concentration in terms of ownership and circulation but still the change that was seen was improvement of the local dailies in comparison with the previous years.

In the case of price-page schedule that was given a lot of importance for the development of small newspapers, it was observed in 1973 that unlike in 1960s the price-page schedule was not required to be enforced as the large increase in price and shortage of newsprint, there was no risk that a large newspaper would outsell the small newspaper by charging a lower price. Price competition between large and small papers became unimportant. The competition was possible in regard to the commission paid to the distributors. If the small papers suffered in competition with the large papers, it was due to improvement in the facilities of communication that made it possible for the metropolitan papers to reach the outlying stations quickly (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.47).

In the case of commissions which were given to the advertising agents which reflected a concentration in the advertisements, in 1973 saw a considerable change. The general rate of commission was 15% given to the advertising agents. However, it was seen that most of the newspapers received advertisements directly from the customers and it involved no payment of commission. Even on classified advertisements, no commission was paid. The average incidence was of the order of 12%. The English newspapers particularly the bigger ones had an average incidence of 10-11%. However, the Indian language papers had to pay a higher rate of commission. In the case of commission to the distributors, the average commission paid by the dailies accounting for a circulation of little over 58 lakhs amounted to 29.5% of the retail price. The commission ranged from 22% to 39%. In the case of language papers it was 29% and for English dailies it was 28%. Thus it was clear that here the circulation mattered more than the large and smaller firms competing with each other in terms of attracting advertisements (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.119).

During 1974-75, the newsprint allocation policy imposed a 30% cut in the newsprint quota. The impact of this move in terms of big newspaper firms was that there was a marked decline in the average number of pages. The 30% cut was distributed between the number of pages and the number of copies printed. There was also a decline in the average consumption of newsprint from 683 (1973) to 542 (1974). The decline by only 20.6% reflected that the firms had existing stocks or they used white printing paper. Also, interestingly there were some newspapers like the Hindu that increased the number of copies printed by reducing the number of pages very sharply. The number of copies increased from 1, 99,850 to 2,00,000

and 23,170 in 1974. The similar trend was also seen in the case of Nav Bharat Times and TOI etc. There was a marginal increase in the circulation, but the number of copies printed dropped substantially in most of the cases. Except Hindu, TOI the rest of the papers witnesses an increase in the price and also an increase in the advertisement rates (Report of The Fact Finding Committee on Newspaper Economics, 1975, p. 117).

In the case of advertisements, there was not much of an increase in the space allotted to advertisements. But there was an increase in the advertisement rates. The increase in the ratio between the advertisements and the news space acted as an additional corrective for what most of the newspapers would have considered a very difficult situation. In the case of Hindu, the number of pages fell by 33% while the advertisement space ratio increased by 14%. The actual advertisement space fell by 24%. The effect of this was neutralized by a 31% increase in the advertisement rates. The increase in the advertisement space ratio was also observed in HT and Navbharat Times as well (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.119).

In the case of small newspapers, they were not affected by the newsprint quota. Though, some of them reduced the number of pages due to the shortage of newsprints and high cost. There was no increase in circulation. Some papers increased the selling price but most of them increased the advertisement rates to some extent. Thus, in general the changes that were made were reduction in the number of pages, increase in the selling price, increase in the advertisement space ratio and increase in the advertisement rates.

In the case of advertisements, it was seen that advertisements distribution was still concentrated. Large newspapers gave 25-40 and 40-50% of their total newspaper space. In comparison with 1967, there was an increase in space for advertisements by the big newspapers in 1971. The number of papers with more than 50% of space devoted to advertisements was 4 in 1967 which rose to 9 in 1971. The newspapers which provided space more than 60% for advertisements in 1967 was just 1 and in 1971 rose to 2. Also the dailies giving 50% or more of its space to advertisement were only English dailies. But in 1971 an Indian language newspaper Thanthi, was the one which gave more than 50% space to advertisements. Hence, there was an increasing trend in the terms of advertisements in big newspapers from 1967-71 (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.100).

In the case of small newspapers there was a rise in the number of papers which published advertisements but the advertising space range did not experience much of change as still most of the newspapers provided space between 25% and below. There were very few newspapers which provided advertisement space between 25-40% and surprisingly no newspaper existed in 1971 which gave more than 40% space for advertisements which in 1967 were 2. Thus there still existed concentration in the distribution of advertisements in India in 1971 and the change in concentration pattern was miniscule (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.120).

In the case of government advertisement policy, it was witnessed that still the government was more focused towards helping the small newspaper firms by ensuring that they were the recipients of government advertisements. However, the small newspapers complained about the manner in which DAVP allocated advertisements as well as their rates. Also, like before the use of government advertisements as instruments of aid to the small newspapers were not sufficient enough to bring about a drastic change (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.137).

It was also witnessed that many newspapers adopted unfair means of acquiring space for advertisements which were considered as unfair ways to boost circulation. Some of these moves were 1)creating special positions out of ordinary positions in the newspaper; 2)pressuring the advertisers to take space in other publications of a group having a little advertising value, to enable them to get space in their top line publications; 3) introducing an 'appointments page' and increasing the number of columns in these pages etc.

In the case of newsprints, it was evident that India relied on import of newsprint as the domestic manufacturers of newsprint did not provide the newsprint of good quality and on top of that charged a price greater than the price of imports. However, there emerged a shortage in the import of newsprint which led to a series of changes in the newspaper industry.

It was felt that the domestic output of newsprint would not reach the plan target of 350,00 by 1978-79, but any substantial increase in the present output would provide a large cost advantage and save foreign exchange and would make the newspapers function with an assured supply of a large part of their requirement.

The price of newsprint rose considerably. It was Rs. 1320-1365 per tonne which further increased in 1974-75 to Rs. 3642. The change that was seen was that now Nepa newsprints became cheaper than the imported newsprints. In 1974 the price was 2300 per tonne which in comparison was cheap. However, in the case of quality, Nepa did not improve much as its quality remained inferior to imported newsprint. There were also complaints on Nepa that the packaging of the newsprints was quite poor as a result most of the newsprints would get damaged and had to be discarded. This resulted to a lot of wastage of the newsprint (Report of The Fact Finding Committee on Newspaper Economics, 1975, p. 157).

For small and medium newspapers, Nepa provided them the newsprints. The requirement of newsprints by the small and medium newspapers was less. It would never be more than 50,000 tonnes/year. The reservation of Nepa output for the small and medium newspapers gave them a substantial cost advantage. It not only assured them a regular supply but also obviated their financial difficulties. Nepa also produced cut sheets from the manufacturing waste which the small newspapers received in the form of ready for use. This increased the costs of newsprint to the larger papers because they depended on imports except to the extent that the Nepa output exceeded the allocations to the small and medium newspapers (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.167).

In the case of distribution of newsprint, the annual import policy in 1971-72 provided for some circulation increase on a graduated scale to the big, medium and small newspapers. The percentage increase in the quota allowed for circulation increase which was seen largest in small newspapers. The 10 page ceiling for allocation of newsprint in 1972-73 led to papers with a circulation above one lakh being reduced to 3% while allowed a 10% increase in circulation in the case of all other papers which had a lower circulation range. However the Newsprint Allocation Policy could not sustain itself as it was challenged in the court as it violated the fundamental right of freedom of speech and expression. The policy was revised and it abolished the practice of differential rates of increase in circulation allowed to big, medium and small papers. The revised allocation policy provided no increase in the quota at all to the newspapers which were to receive their quota on the basis of their performance. In 1974 the policy was revised again and the quota was fixed to 30% (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.170).

Also in terms of ownership patterns it was seen that there existed inter-links. There existed a number of interlinks between many different newspapers which made the ownership pattern appear more like a monopoly. The big industrial group would hold the controlling interest in a number of papers through the acquisition of shares in these papers not directly but indirectly through other companies owned by them. This sort of interlocking not only of a number of newspapers but also of newspaper business with non-newspaper business made it difficult to justify or reject any contention about the declining profitability of newspapers on account of rising costs. The extent of monopoly in the newspaper industry was not easily measurable but it was evident that those who were in the field of big papers could start new big papers and it was possible for the big papers to purchase smaller newspapers to eliminate them from competition. There were cases where a new edition of established paper offering 16-18 pages was at a price which the local papers could offer only 6-8 pages. There were certain papers which also compelled the advertisers to pay a joint rate for two different editions without giving them the option to get the advertisement published only in the main edition. Thus the control still reflected monopoly but it had shaped itself differently with the changes in other factors (Report of The Fact Finding Committee on Newspaper Economics, 1975, p.197).

Here it was seen that the idea of diffusion of control was still not fulfilled as the shareholding was only distributed among the primary members than the employees and still a majority of players who performed important roles were kept outside the wage board awards.

Conclusion

Thus what is evident from all the facts explained above is that the problem of concentration despite the various measures of newsprint allocation or import quota or price-page quota, did not help much in bringing about uniformity. The policy reforms that were tried to be implemented to address the concerns in turn resulted in the change in the concentration rather than its eradication. Also the changing patterns of concentration be it ownership or geographical concentration etc. led to a revision of policies as well to address both the existing as well as new emerging forms of concentration.

Ultimately, it can be understood that the recommendations and the approach to addressing concentration did not bring about much of change as it was expected to. Like in the case of advertisements, the small newspapers increased in numbers but the share of ads they were getting remained the same. As a result, it is important to highlight that concentration had very much become a part of newspaper industry and could not be removed that easily with the proposed strategies.

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