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## **FDI in Indian Media Industry: Boon or Bane?**

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### **INTRODUCTION**

The Contribution of foreign investments in an emerging economy like India can never be undermined. Foreign investments have been a crucial game changer in projecting India overseas as a country of opportunities, inspite of its inherent challenges. The foreign direct investment means “cross border investment made by a resident in one economy in an enterprise in another economy, with the objective of establishing a lasting interest in the investee economy.” FDI is also described as “Investment into the business of a country by a company in another country”. Mostly the investment is into production by either buying a company in the target country or by expanding operations of an existing business in that country. Such investments can take place for many reasons, including to take advantage of cheaper wages, special investment privileges like tax exemptions offered by the country.

### **BENEFITS OF FDI**

- Countries whose domestic capital is inadequate for purpose of economic growth seek foreign direct investment.
- Foreign capital usually brings it with other scarce productive factors like technical knowhow, business expertise, knowledge and management skills.
- Helps in employment generation.
- Helps in increasing production.
- Helps in capital formation by bringing fresh capital.
- Increases competition within the local market and this brings higher efficiencies.
- Helps in increasing exports.
- Increases tax revenues.
- Consumers will get variety of good quality products at low prices compared to market rates and will be able to choose from various international brands.

### **DISADVANTAGES**

- Domestic companies fear that they may lose their ownership to overseas companies.
- Small enterprises fear that they may not be able to compete with world class large companies and may ultimately be edged out of business.
- Large giants of the world try to monopolize and take over the highly profitable sectors.

- Such foreign companies invest more in machinery and intellectual property than in a wages of the local people.
- Government has less control over the functioning of such companies as they usually work as wholly owned subsidiary of an overseas company.

### **FDI in India Scenario**

India has one of the most liberal investment regimes with a conducive foreign direct investment environment. The media and entertainment industry has significantly benefited from this liberal regime and most segments of the industry today allow foreign investment. Government has permitted 100% foreign direct investment in the advertising sector and it has also liberalised the conditions for 100% FDI in the film industry. Under the Broadcasting Content Services' investment policy, 74% FDI is permissible for Teleports, Direct-to-Home (DTH) , cable networks and mobile TV.

Under the Broadcasting Content Services' investment policy, 26% FDI is permissible for terrestrial broadcasting, FM radio and up linking of news and current affairs' TV channels with the Government approval. Under the Broadcasting Content Services' investment policy, 26% FDI is permissible for print media in publishing of newspaper and periodicals dealing with news and current affairs and publication of Indian editions of foreign magazines dealing with news and current affairs with Government approval.

### **INVESTMENT OPPORTUNITIES**

- Theatre/multiplex infrastructure
- Television segment
- Film entertainment
- Animation segment
- Print media
- Mobile entertainment
- Television software content
- Advertising

### **CONCLUSION**

Recognising that FDI can contribute to economic development, all governments want to attract it. Indeed, the world market for such investment is highly competitive, and developing countries in particular, seek such investment to accelerate their development efforts. As far as Indian media industry is considered FDI is a blessing in disguise. As Arun Anant, CEO of Kasturi & sons ltd. which publishes 'The Hindu' newspaper says "Indians are already consuming a lot of global news through online and other media. So 49% FDI in all aspects of media industry should be allowed to go through".

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