Chapter Four

Localising the Global: STAR TV in India

The live coverage of the Gulf War in 1991 by CNN brought the concept of cable and satellite television in India. But STAR TV was the first to enter into Indian households with MTV and BBC, which are considered symbols of western domination. The programmes, which were shown on STAR TV platform initially, were western in content, and this is the main reason why its entry into India was initially resented. Today, STAR TV is one of the popular television networks in India, and thus it is important to understand why and how the Indian audiences have finally accepted this television network. This chapter is an effort to look into the brief historical background of STAR TV, its Asia operations and finally its entry into Indian homes. Over the years STAR TV's programming content and its policy have undergone drastic changes to suit the local culture and sensitivities. In turn, its audience base has also increased. The chapter will try exploring all those possible factors responsible for such changes over the years.

4.1 Rupert Murdoch and his Media Empire

Keith Rupert Murdoch, born 11 March 1931 in Australia, personifies and shapes the News Corp. In a special report about America’s most influential and powerful people TIME placed him fourth. It wrote, “If Machiavelli was alive today, he would be reading Murdoch”. Murdoch is an admirer of the science fiction writer, Sir Arthur Clarke, who as early as 1945 predicted the global networking by satellite television and other technologies. Clarke argued that the struggle for access for free information would not be decided by politics but by technology.
Literature about Murdoch, to put it cautiously, is marked by certain extremity. If one sums up the various assessments of his personality we are apparently dealing here with an ideal combination of tough as-nails entrepreneur and journalist, bookkeeper and punter. Michael Elliot characterises the entrepreneurial dynamism of Murdoch as follows:

“If the Murdoch family business had been making bicycles, young Rupert would, by now, have bought General Motors. If his father had owned a small oil well, the son would have built up the stake into a firm to rival Shell. But dad was a newspaperman- and the rest of the story, you already know”.2

The history of News corp. is without a parallel in the media sector. Murdoch began in 1953 with one newspaper in Adelaide, the capital state of South Australia. Expansion began in 1956. The Sunday Times of Perth in Western Australia was bought and turned into a profitable tabloid. Also in 1956 the Northern Territory News in Darwin was bought. In 1958 Murdoch made his first move into television by taking over the Adelaide Station Channel 9. The financial success enabled the acquisition of further newspapers in Australia, including printing plants. In 1963 another TV station was bought in Sydney and in 1964 The Australian, a serious newspaper and not a tabloid was launched, the only daily newspaper to be circulated through out Australia. In 1995 70 per cent of all daily newspapers bought in Australia were Murdoch papers. Murdoch has followed a vertical strategy. He controls not only the dailies press but at the same time has a market dominating position in the production of newsprint in the printing industry, in book publishing and in bookstore chains. What News Corp. still lacks in the entertainment sector is a music division; without doubt one of the most reliable profit generators of the entertainment industry.
Without wanting to retrace all purchases and resales of News Corp. here, Murdoch in 1963 ventured abroad, to Hong Kong and New Zealand. The chronology of other events can be summarised as follows: start of investment in Britain in 1969, start of activities in the USA in 1973, purchase of the venerable *London Times* in 1981, engagement of satellite TV in Britain in 1983. Twentieth Century Fox and start of Fox TV network in 1983, purchase of STAR TV and Delphi Internet Services in 1993, satellite TV in Latin America in 1995 and announcement of the intention to launch 24 hours news to compete with CNN in 1996. In 1995 News Corp. reaped 1.3 billion Australian dollars or $US 991 million, in income.³ The Corporation, which was close to bankrupt in the early 1990s, was free of debt worries by mid 1996. Consolidated revenues grew up in 1995 to $A12.2 ($US 9) billion. The major global competitors such as Time, Warner, Turner, Disney and Viacom were heavily on debt from their take-overs.

4.2 STAR TV: Activities in Asia

Murdoch bought his first newspaper in Hong Kong in 1963, when he bought 50% of *South China Post* in Hong Kong, one of the world’s most profitable papers. It was again sold to fund the acquisition of STAR TV on 26 July 1993 operating in the enormous growth potential of the Asian market. At first he bought 63.6% of STAR from Hong Kong based media baron Li Ka Shing for US$ 525 million, the rest of it was acquired in July 1995 for US$ 299 million. In 1993, he bought 49.9% of Subhash Chandra’s Asia Today Limited (Zee TV), reportedly for US$ 64 million.⁴ In 1996, to expedite its entry into China, News Corp. scrapped its main Chinese channel, replacing it with channels produced by the Phoenix Satellite Company, a joint venture based in Hong Kong in which News Corp. has a 45 per cent stake. In June Murdoch bought 21 per cent of prestigious Japanese Asahi TV.
STAR TV is to be expanded further together with local partnership. There had already been joint ventures in Indonesia with Indo vision, that country’s only pay-TV licensee. Meanwhile STAR TV can be received in Singapore via Singapore cablevision. In April 1995 Japan designated STAR TV as one of the officially recognised international broadcasters. From 1996 STAR TV started broadcasting from more powerful satellite Asiasat 2. The 1995 Annual Report argues: “With Asiasat2’s digital capabilities, combined with state-of-the-art digital compression techniques pioneered by News Datacom, STAR TV will be able to offer dozens of channels and a range of services customised for its target markets”.

STAR TV started broadcasting on August 26, 1991. It was a 50:50 joint venture between the Hong Kong conglomerate Hutchinson Whampoa and media tycoon Li Ka Shing. Leasing 12 transponders on Asiasat 1, Hutch-Vision was granted a broadcasting license by the Hong Kong government in December 1990. Asiasat 1 was launched in April 1990. Hutchinson Whampoa Ltd., Great Britain’s Cable & Wireless then owned the satellite, and Technology Corporation controlled by the Chinese departments of foreign trade. When Hutch-Vision owned STAR (Satellite Television for the Asian Region) launched its “free-to-air” service in May 1991, it became the first privately owned satellite television network to reach all of Asia. Though transmission of regular programming on Asiasat 1 southern beam started in late 1991. Covering some dozen of countries from Egypt through India Japan, and from Indonesia to China, Asiasat 1, carrying the multi-channel STAR TV network, made it possible to reach three to four billion, two-thirds of mankind.5

When Murdoch’s News Corp. acquired 64.6% of it in July 1993 STAR TV was estimating its audience at 45 million, spread over 38 countries. After two years, the 1995 Annual Report describes STAR TV as the first and only pan-Asian satellite broadcaster that offers an array of regionalised
programming to an estimated audience of more than 220 million viewers (54 million homes) in 53 countries. In 1995 programmes in 32 languages were broadcast and there are plans for 100 languages. According to the Leo Burnett advertising agency, in 1996 the STAR channels have at least four times the audience of any other cable and satellite channel in Asia.

Initially on its southern beam, STAR TV offered a channel MTV Asia for music videos; BBC World Service for news and documentaries; a third offering live coverage of international sports events (US based Prime Sports); and a fourth channel providing general family-oriented entertainment with drama, comedies, cartoons, talk-shows, serials etc. (STAR Plus). On its northern beam, Asiasat I carried an additional channel of broadcast in Mandarin Chinese. In 1994, MTV Asia and BBC World Service were taken off the STAR TV platform.

Channel [V], a joint venture between the News Corp., BMG, EMI Music, Sony Pictures Entertainment and Warner Music group was launched by STAR TV sometime later to compete against MTV, it has two distinct services: a Mandarin, Japanese and Tagalog channel for viewers in greater China and Northeast Asia; a second service in Hindi, Arabic and English aimed at Southeast Asia, India and the Middle East. Channel [V] is a good example to illustrate hybrid channel identity. From its start it sought to project a “fused” Indian-global channel identity. By the summer 1996, channel [V] south had no less than eighteen locally produced music and talk shows on air, grabbing the space that existed for the Indian music channel.

In 1993 Murdoch had declared in a speech that satellite TV is the enemy of totalitarianism, that satellites had made it possible to By-pass State controlled television. In 1994 however he yielded to pressure from China and on March 31, 1994 removed BBC World Service Television from the
northern beam. Although STAR has continued to maintain that there was a commercial reason for this removal, privately it is concluded that it was a purely political decision, specifically a response to a direct request from the People's Republic of China to drop services following a frank documentary on Mao Zeadong and the use of file footage from Tiananmen square. Cinema films in Mandarin filled the BBC's slot. BBC's removal from the STAR TV footprints in 1994 and its total strategy to go “local” illustrates that the reactions to the cross-border accessibility of STAR TV vary from country to country. Joseph Man Chan investigated the national media-political responses in Asia and in his study identified the following:

- virtual suppression, as represented by Singapore and Malaysia;
- regulated openness, as represented by Hong Kong and the Philippines;
- illegal openness, as represented by Taiwan and India;
- suppressive openness, as represented by the People's Republic of China, where no effective control is possible.

Chan comes to the conclusion that “STAR TV tries not to violate the national regulations, creeds, and beliefs of various countries to show any ideological or political bias”. D. Atyeo, then head of STAR TV's MTV is quoted, “When you are dealing with a wide range of religions, cultures and beliefs it's hard to see not offending someone and we are very conscious of this”.

4.3 STAR TV in India

Like other Indian industries, the media and telecommunication sectors were transformed by the liberalisation of the economy introduced in 1991 by Congress government led by P.V. Narasimha Rao. As India was forced to open up its economy in the wake of the disintegration of the Soviet Union, Rao announced a new economic policy that began the process of privatisation, dismantling of state controls and liberalism of these sectors under the influence of the World Bank and the International Monetary Fund.
paving the way for the entry of global media empires in India. Constrained by its commitment to an "open-door" policy, the Indian government did not seriously attempt the difficult task of limiting the reception of these global channels. To do so, would have meant curbing the ability of Trans-national advertisers and programme providers from reaching to potentially significant audience. It would also have run afoul of middle classes and elite who were already tuning into available global channels.

A more profound consequence of media globalisation has been the entry of foreign, mainly Western commercial satellite television in what used to be one of the most closed broadcasting system in any democracy. The Gulf crisis and its tele-visual coverage were the launching pad for the proliferation of Ted Turner's Cable News Network International (CNNI) in South Asia as in other parts of the world. When the Gulf War finally erupted in February 1991, it created an unprecedented demand for satellite and cable television among India's urban upper and middle classes. (It was not CNN, though, that brought satellite television into India for the first time but Satellite Instructional Television Experiment (SITE), launched in 1975 to expand the reach of Doordarshan's social educational programmes to remote villages). The bombing raids on Baghdad captured the imagination of the Indian anglophile elite sufficiently for some thousand local cable networks offering CNN to spring up over night. By 1992, the estimated numbers of cable operators were 12,000. It was, of course, accessible only to the small minority who a owned TV set and could pay for cable connection or dish and decoder. But that minority was influential, fast growing, and of particular interest to the advertisers.

STAR initially carried mainly American and British programming. Within a few months, the STAR TV package made a successful inroad into an expanding consumer and advertising market, which by now has become one of the largest in Asia. BBC World Service hooked middle and upper class
Indians starved for uncensored news and reporting on international events. Sophisticated techniques of production and use of latest equipment, as seen also on some other channels, were far above the standards of programming viewers were used to seeing on Doordarshan. Thus, even though many of the programmes on STAR channels were culturally irrelevant and difficult to understand, they managed to attract some million Indian viewers. By November 1993, STAR TV had penetrated the Indian market reaching almost 30 million-television household. This figure corresponds to about 17 per cent of the total number of households with access to STAR TV in Asia.

In 1998, more than seventy cable and satellite channels were operating in India. In the Indian market of satellite cable viewers is estimated to be between 12 to 18 million homes. This represents approximately 200 million television viewers, with a base of 55 million sets. In 1980, the number of TV sets in India was approximately 1.6 million. By 1994 it was up to 32 million, and by the end of year 2000 projection in TV sales is over 65 millions, with cable viewership reaching between 25 to 40 million homes. With the operation of the major trans-national satellite channels (STAR, BBC, CNN, MTV, Discovery, National Geographic, Sony, TNT Cartoon, CNBC and scores of other foreign and Indian channels), India has adapted to global media forms and firms, the media empires have had to adjust their strategies to suit Indian context.

Being part of the global media empire confers significant advantages of STAR. Global media companies like STAR are able to move resources like money, programming and management talent round the world. By far the greatest advantage to STAR TV is the patronage of multi-national firms who can advertise to multiple countries through STAR TV footprints. These companies benefit from using global companies and consolidating all their advertising with one agency. Companies like Procter & Gamble find that
applying an existing advertising campaign to a new market can decrease cost and help the company move faster. Global alignments reflected in the Indian context.

The primary target audience for pan-Asian STAR TV was, right from the beginning, an elite 5 per cent in potentially huge market like China, India, Hong Kong, Taiwan, South Korea and Indonesia. However, as long as STAR TV’s southern beam was broadcasting in English only, it was not possible to increase the programme’s audience base beyond this elite minority. At the same time, STAR TV’s market share came increasingly under pressure with the arrival of other foreign and domestic satellite channels. Just a few years after STAR TV’s take off, India’s non-terrestrial television market was saturated with a multitude of audio-visual services. Thus, in India, as else where, trans-national satellite services trying to consolidate and to proliferate their relative market position to learn: “learn to reconcile global ambitions with local complexities”.

4.3.1 STAR TV in Asia: Localising the Global

In the last seven to eight years, India’s mass media has witnessed: (a) the arrival of trans-national audio-visual services; (b) an increasing crisis of national public spheres and (c) significant developments towards the emergence of mixed television system: “Where global, national, and local agents of programme production and circuits of programme distribution overlap and interact in a multi-faceted way”. Thus initiating process of globalisation versus localisation in shaping India’s emerging multi-channel television landscape.

The localisation of programming is less of a choice than a necessity to attract mass audience in a major local market. For the trans-national media conglomerates “localisation” on the level of programme production involved
some strategic advances. Firstly, it allowed them to exploit their local affiliate's knowledge of domestic television audiences, resulting in a more subtle understanding of the Indian viewer's preferences and programme expectations. Secondly, this form of co-operation opened up the utilisation of "a reservoir of private distribution and marketing experience, which could be transferred to new forms of programming and distribution in the 1990s.\textsuperscript{15} Finally, the localisation of production strategy had helped the trans-national corporations "to avert charges of cultural homogenisation and domination, to develop local credentials and credibility".\textsuperscript{16}

Murdoch seems to have grasped these points much more readily than his critics who thought that STAR TV would homogenise Asia with Western culture and so misread the economic imperative that was motivating his moves have. Within six months of acquiring STAR, the declared strategy was to develop a regional focus each major market to have tailored package of both international and local language channels. STAR affirmed that its 49.9\% acquisition of Zee TV and its 'upgrade' of the Chinese channels were consistent with achieving such a desirable mix of international and local programming. STAR TV's strategy of 'going local' meant: (a) observing the local language, recognising the local culture, local sensitivities and local market conditions; (b) people who watch television shows in their own languages that reflect circumstances they can 'identify' or 'relate to'.

The implementation of this strategy has involved a number of deliberate steps. There is the creation of a programme production base in the major markets of the region, either by direct investment (as in the case of Zee TV in India), or by co-production arrangements, such as STAR TV has established in Taiwan, Hong Kong, and Philippines. At the same time, there is ever more dilution of management and programming functions out of Hong Kong and into the major markets.
The ‘going local’ strategies outline above constitute a calculated game-plan base on the analysis of the limitations and losses of STAR as it was operated when News Corp. first acquired its share in 1993. In a play on the aphorism, ‘think global, act local’, STAR is integrated into Murdoch’s global structure, and could deliver just one pan-Asian regional service, but instead it is treating each national market on a case-by-case basis. Also known as ‘multi-localism’, ‘global localism’ and even ‘glocalisation’, “going local emerged in the 1980s as a corporate response to the contradiction between the increasingly globalised nature of production and the localised character of consumption. 17

News corp.’s strategy since 1993 has been to shift STAR TV from a “global brand” to ‘multi-domestic’ one. Like STAR, CNN has sought to obtain local programming and Ted Turner has declared that programme schedules dominated by Western material fail in Asia.18 STAR’s strategy of ‘going local’ shows how much language and culture have emerged as a tangible ‘market force’ which global broadcasters, in pursuit of their pursuit of their self-interest, must come to term with sooner or later. The localisation of the global works at different levels in employing metropolitan visual codes and conventions, in broadcast language and in programme formats unknown on television in India before globalisation

STAR TV sees its interest served by meeting the different demands of its various national markets, not provoking them with the same Western programming which works for news in other markets, as such with Fox in United States and BSkyB in Europe. In addition to Murdoch’s unilateral deals with Asia’s most resistant leaders, the STAR organisation itself is set to take care not to offend the considerable sensitivities and cultural differences within and between the 53 nations under its footprint. STAR claims to observe the condition of its Hong Kong licensee, that its ‘Standards of Practice Department’ vetoes its self-censor all programming
and advertisements, and maintains liaison with national regulatory agencies throughout the region to advise it in doing so, and that it classifies films and provides advance programme information for viewers guidance. 19

4.3.2 STAR Plus: Indianising the Global

Various channels such as Zee, Sony and now STAR Plus have aimed to reach the mass market in India by pioneering entertainment television based on popular culture. That movie-based entertainment was the key to the success of any television channel, in a country whose popular culture has been define for the past six decades by the hugely successful film industry, was perhaps best understood by a small scale Indian entrepreneur, Subhash Chandra and STAR Plus, Murdoch's undisputed flagship on the STAR platform began as a purely English language channel offering 24 hours of world class movies, drama, Comedy, talk shows, women and children's programming, mini-series, documentaries and general international entertainment. The Minority status of English programming in India were clearly felt through the limitations STAR experienced as long as it carried just a regional blanket of Western programmes in India, because a good part of success of Zee TV and Sony TV is based on the fact they produce bulk of their programmes in popular genres and languages.

Historically, STAR TV has always considered India a very profitable market. The same market, which ironically had not even been considered in the pre launch business plan of the Hong Kong company suddenly, emerged as the key revenue market for the network. However the approach towards India, before the take over of STAR TV by News Corp., was one of caution, while strengthening the presence of the network in the market. The entire focus of the network was to create a strong niche based on its uniqueness of access to international programming, and capture a mind share of the audience which would be significantly larger than the audience share o the service.
Nevertheless, in October 1994, STAR Plus officially split its satellite beam providing separate services for different regional audiences. In 1996, STAR TV decided not to leave Indian market for the Indian produced television programming uncontested to either Sony TV or Zee TV. By incorporating Indian produced shows, serials and news magazines into STAR Plus South, STAR TV network decided to take on its commercial adversary in the fight for audience share and advertising revenue.

In 1996 Rathikant Basu was appointed as head of the STAR’s operation in India. A high-level bureaucrat, who had also served as director general of Doordarshan, Basu chucked up his government job, forging his pension and other retirement benefits for STAR’s India operation. The first thing he did was to take a long, hard look at the programming. It was Basu’s belief - and one that has been vindicated by the subsequent localisation drive of such channels as the BBC - that no channel in India can succeed purely on a diet of imports. He introduced a whole range of Hindi programmes and placed them on STAR Plus’s prime band. The speed and determination shown by the company under Rathikant Basu have raised several questions among media managers and media analyst. Has Indianisation of STAR TV been done to increase its audience share in India? Is it that the partnership with Zee TV is crumbling? Is it that there is threat to the very survival of the network? How will the regulators address the issue of a foreign network with an Indian face?

STAR Plus which launched its Hindi band in October 1996 has quickly established itself as a viable advertising and programming alternative. The exodus of programmes from Doordarshan to STAR has not stopped since Hindi band came into existence. *Chadrakanta, Tu Tu Main Main, Living on the Edge, The Priya Tendulkar Show, The News Tonight*, and *Good Morning India* – all these commercially successful and critically acclaimed shows have all ended up on the STAR Plus’s bandwagon. Despite the loss of the
large viewership that Doordarshan guarantees, a host of first-rate producers - Pranoy Roy's NDTV, Nirja Guleri's Prime Channel, Ramesh Sippy, Niret & Nikhil Alva of Miditech, Sanjeev Kohli of Meta Vision and Anupam Kher's Entertainment Company have headed for the STAR Plus. Professionalism and an unwavering commitment to international standards of production are the principle ingredients of the STAR formula. Quality is the strength of STAR Plus Indian band which had opened its doors only to those software producers who are capable of delivering programme that look and sound spotless, particularly in terms of technology.

STAR Plus needs to be analysed in two parts - the pre-Indianisation and the post-Indianisation era that started in October 1996. In the first phase, the emphasis on serials increased. This came at the expense of talk shows, children's programming and telecast of English movies. All three were reduced in 1996. By then the channel had become a fairly uniform mix of all genres, with overwhelming presence of English serials. The move towards the Hindisation of STAR Plus and its recent rescheduling, perhaps is an indication of the pressure of the local reading on market forces? Yet this can perhaps be interpreted as the co-option of this local reading, the localisation of international products, converting them to local tastes and in doing so further expanding the commercial market. Further, the use of vernacular language to reinforce locality has become omnipresent in the India media landscape. English language programmes on trans-national broadcasting networks such as Sony Entertainment International and Discovery continue to be dubbed in Hindi and Hindi-language software is being developed for formerly English-based News Corp.'s STAR TV. The vernacularisation of global software and popularity of vernacular language networks has been forwarded as an example of indirect audience participation in the form of creating market pressure. However, the appropriation of vernacular language software does not necessarily mean a victory for the local over the
global but rather a more virulent marketing strategy to expand market share.\(^{20}\)

The second phase saw a marked increase in news and current affairs programming, which went up to nearly 20 per cent. Talk shows went up in the grid, though they now sported an Indian face. Movie-based programming also saw an increase in share. The increase came from programmes based on Hindi movies. Meanwhile, English movies virtually went out of the window. The dependence on serials continues, though now most of the prime time serials are in Hindi. Thus, the Indian STAR Plus case has demonstrated that “it is not just language which firm a natural cultural barrier against Western content but that the cultural content of programme is an issue”. \(^{21}\)

A year after the introduction of new strategy, *Cable Waves*, a monthly newsletter on Indian satellite & broadcasting industry analysed the impact of the STAR Plus gambit in the areas of its impact on the audience share, impact on traffic and revenue, impact on profitability and, impact on brand positioning and brand value. The new strategy certainly helped to arrest the erosion of viewer’s interest in the channel. The Hindi band started showing a comparatively higher TRP than the non-Hindi band. There is visible increase of Prime Time traffic on the service. Media reports indicate that the channel is now completely sold out during the Prime Time (Hindi Band) till the end of November 1997. *Cable Waves* estimated that while the revenue of STAR Plus may have grown by about 15 per cent, the cost of replacing every hour of English licensed programming by original Indian production increased. The profitability of the service likely to be under pressure for quite some time for various reasons. In terms of the programming, the trend is clear. From being a leader and the monopoly holder in the English Language niche, STAR Plus has shifted to be the third Hindi channel and is open to competition from most other Hindi services. In terms of brand value,
the erosion in the reach of the channel after shifting to Hindi in the evening prime time probably indicates that section of STAR Plus viewers who were originally loyal to the channel are no longer interested in the new look. What is a big challenges for a channel that is the latest entrant to the crowded and highly competitive Hindi language television market in India.\textsuperscript{22}

4.4 **STAR TV and Contemporary Media Scenario**

Even after three million dollars of investment over five years, a bold change in the management, and dramatic shift in channel’s content, STAR TV is still scrabbling for a foothold in the region. The recession has hit channels, software houses and even the colour television market. The world’s most charismatic media magnate seems finally into the next phase of his plans for the sub-continent. After the phenomenal success of BskyB in the United Kingdom (the pioneering pay-television network that critics once predicted would sink News Corp. ship) and JSkyB, the pay-TV in Japan, he is in negotiations to tie up similar projects in Europe, one with Canal Plus, the French media giant. If the partnership comes through, it would result in the world’s largest television conglomerate. A joint venture project with Sony has achieved a subscription base of 60,00,00 subscribers in the first year, about six times the projected target. Murdoch is also expected to go back to his native Australia and attempt to replicate his success.

4.4.1 **STAR TV and Direct-to-Home (DTH)**

In March 1997, Basu announced the launch of the ISkyB, which promised Indian subscriber exclusive channels on DTH platform. However, the Government of India has effectively placed all DTH operations on hold. In a notification issued by the Government of India on December 19, 1996 has declared that:
"No person can establish, maintain, work, possess or deal without a license in any antenna, including a dish antenna, satellite decoder and associated front end converter capable of receiving signals in frequency above 4,800 MHz".23

This frequency ceiling of 4,800 MHz means that no one can use a Ku-band without a license, and a Ku-band transponder is essential to broadcast DTH services. The Government of India is evidently determined to regulate DTH services from the point of view of "frequency monitoring" rather than "content monitoring". That is why the Department of Telecommunications and not the Ministry of Information and Broadcasting has issued the notification. It is based on the Indian Telegraph Act, 1885 and the Indian Telegraphy and Wireless Act, 1933.

The notification was, however, challenged at different courts. In fact, Allahabad and Gwalior court had judged that Government had not put any unreasonable restricts. Further Government lawyers said the authorities did not want by DTH service to start until broadcasting bill was in place. Legal experts say Article 19 (1) of Indian Constitution advocates freedom of speech and expression, but the Government will tow the line that it has right to control the contents of information that reaches people under Article 19 (2).

Later, the government clarified that this ban was a temporary measure and would remain in force only until a regulatory mechanism was be put in place. The DTH ban was not the only battle between Government of India and STAR. In August, the department of personnel wrote to News Television India, STAR’s holding company, asking it to sack Basu who, the government claimed, had violated the terms of his service contract by joining a private company within two years of his seeking retirement. Basu defence was that he could not be prosecuted because he had voluntarily given up his pension.
In India, Murdoch is heavily banking on pay-TV, or Direct-to-Home (DTH), to play survivor to the beleaguered STAR TV. STAR TV has acquired as many as seven Ku-transponders on PanAmSat 4 in order to launch what it hopes will be India’s first DTH platform, a 40 channel service. When ISkyB comes through, it will be the third wave in Indian television industry. The first was the terrestrial television, marked by the national broadcaster Doordarshan. The second was cable and satellite, which changed not just design of living room across the country, but buying habits, morality, political reactions and consumer marketing. DTH will be the third and most dramatic wave yet. STAR is optimistically looking forward to launching in the third quarter of 1999. But it does not seem so. Meanwhile, the Information and Broadcasting ministry has not ruled out approval for DTH broadcasting for Doordarshan in the coming months. However, official sources have made it clear that DTH approval for private companies is “out of the question at this stage”. If STAR had been able to take advantage of the current political crisis and launch its DTH service right now, the managers of the company may have saved their jobs after all. But now, the future of DTH in India looks more and more uncertain all the time and STAR’s strategy to start DTH service in the current political turmoil in unlikely to work.

4.4.2 STAR TV and Broadcasting Bill

As seen above, STAR TV’s DTH services are still no closer to getting off this ground. Meanwhile, the government’s deliberations on some desperately needed broadcast legislation are not going too well, at least as far as Murdoch is concerned. Drafted during C.M. Ibrahim’s tenure, the Broadcasting Bill, a 30 page bill introduced by the former Information and Broadcasting minister S. Jaipal Reddy on May 16 seeks to bring to order
India's broadcasting industry, currently regulated by the Telegraph Act of 1885. The bill has raised a storm over five issues:

1. It divides broadcast services into six categories: terrestrial radio, satellite radio, terrestrial TV channels, satellite TV channels, DTH broadcasters and local delivery services. An operator can get a license for only one category.

2. A 49 per cent cap on foreign equity in satellite channels (foreigners cannot invest in terrestrial networks). Moreover, foreigners are not allowed management. The BJP, in fact, has stated its commitment to reducing this to 20 per cent. This would bring about a dramatic change in the ownership pattern of almost every channel in the country.

3. Channels must transmit from India. The Government of India in its first phase has allowed private Indian broadcasters to uplink.

4. Regulation of DTH services, a system that allows viewers to receive satellite signals directly in their homes.

5. To prevent anyone from cornering the market, the bill stipulates that there have to be at least two DTH services.

Murdoch has been hit the hardest through these regulations. ISkyB is losing Rs. Two crore every month and banned until the bill is passed. He is already losing on STAR's India operations. The bill will force Murdoch to choose between the STAR and ISkyB since he can't run both. He will have to find an Indian partner, dilute his stake and give up management control. Finally, he will have to move his uplink facilities from Hong Kong to India. For the time being STAR TV India "accounts barely 1 per cent of News Corp.'s business". But as per the media and industry analysts, time is running out for Murdoch.
4.4.3 STAR & Zee TV Merger

The first rush of media reports that began in the month of August 1998 hinted that Rupert Murdoch and Subhash Chandra of Zee TV were planning to merge their respective channels. Quoting sources close to Zee, speculation continued over the price of the deal. Chandra reportedly wanted US$ 250 million plus management control. Then just as suddenly all stories died out. Naturally, a merger of this nature if it comes about bound to be very complex because of the complicated ownership and holding patterns. On the other hand, the merger between ESPN and STAR Sports, which took place in the first quarter of 1999 has allowed both companies to retain their individual identity, even though they bid jointly for telecast rights of programmes.

The merging interests for STAR TV and Zee TV are many. Firstly, Rupert Murdoch’s News Corp. brings in the fund that Subhash Chandra needs to fuel his expansion plans. Secondly, Subhash Chandra will use his considerable lobbying skills to get Murdoch stalled DTH project off the ground. Thirdly, joint ventures with Zee Telefilms help Murdoch stay under the 20 per cent foreign equity cap when Broadcasting Bill is passed. And finally, Murdoch’s proposal is a moral victory for Subhash Chandra that he can not survive in India without his help. If the merger does happen, it will create a media monopoly of the kind India has never seen and Subhash Chandra will emerge India’s undisputed media czar. If Murdoch and Subhash Chandra, who is valued at $ 450 million, join forces, they will gain control of 90 per cent of India’s cable market. Cable operators will thus become members of a dwindling tribe and everybody is alarmed by the prospects of a new behemoth emerging on Indian media scene.
The merger is much more than just a matter of reconciling two balance sheets. It has equally to do with getting a hold on the South Asian market - which Murdoch has not been able to do in five years. It is about getting ahead and cashing in on the latest technological advancements. It is also about power and influence; about becoming the true gatekeeper to Asia. It is about reconciling the business interests of two powerful media tycoons. One thing is clear; however, mergers and acquisitions are here to stay. A marriage of convenience is almost inevitable. How long it takes two powerful adversaries to shake hands is another matter. But again, at this juncture, any merger or restructuring will take place only the ground rule becomes clear. Thus everything depends on the Broadcasting Bill. It is not clear how the government would react to the creation of this mega-corporation. Will it go Tata-Singapore Airlines way? Or will these powerful barons be able to wing it along? 27

4.4.4 STAR TV and Zee TV split

The media scene is thus all set for an interesting tussle. On September 24, 1999, STAR TV sold its 50 per cent stake in Zee Telefilm’s Asia Today, SitiCable and PATCO for US $ 296.51 million and later on April 01, 2000 Zee Telefilms paid the rest US$ 154 million to end 50:50 joint venture relationship between the two networks. The relationship went sour when STAR Plus decided to start Hindi programming. This deal also means the gloves are now finally off for a real fight between the two media houses for the Indian market. The agreement frees STAR from non-compete clause. The ‘non-compete’ clause in the September 1994 agreement between Murdoch and Chandra states that “each party and their affiliates shall not carry on business which competes with other’s business or Group Company either during the term of this agreement or two years thereafter. This is one of the rarest deals mutually beneficial to both partners. STAR TV is now best positioned to maximise the value of its assets. For the moment STAR TV can
go full stream ahead in the 24 hour Hindi programming on the STAR Plus, clearly the biggest market in India.

The case of STAR TV provides an example of the necessary accommodation between global and local dynamics. As a part of their strategy for global hegemony, media corporations have sanctioned the world into large geo-economic region. For Murdoch, the Asian regions and more specifically India with a billion populace is a part of his 'global dream', and he will seek to market his Sky channels here. But Murdoch has also recognised the enormous cultural and linguistic differences within the region, and has created separate services for India and China, and possibly for Indonesia. Given the diversity and complexity of this market and the enormous political and religious sensitivities, Murdoch’s ‘local’ partners are crucial to the future success of STAR. Success will depend on finding the right balance between market integration and market diversity.
Endnotes

1 TIME, June 17, 1996
2 Newsweek, February 12, 1996
3 Ibid
5 Time, September 26, 1993