

CHAPTER - I

PROFILE OF TELEVISION INDUSTRY.

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Television is the most important and interesting invention of 20'th century. Because of television, man's hidden desire of centuries has been fulfilled. One could see a programme sitting in one's room comfortably that too which is far away from him.

Max Flezner, a journalist had written a fantasy in 1892 about 'telectroscope' and through that instrument drama, opera, important events, lectures, variety of seens and games could be seen. This was an imagination of Max Flezner, so he gave the name as 'telectroscope'.¹ To make this imagination to reality it took many years to the scientists. Even it is said that the 'Divyadrishi'(insight) of 'Sanjay' in 'Mahabharat' given by 'Maharshi Vyas' is the earlier concept of television.

Experiment to produce images with the help of light and shade has started as early as 19th century. The first break-through came in 1926 when John Baird showed images of moving human faces at 'Royal Institute of London'.² Further experiments in this regard were interrupted with the second world war. By the end of 1940's most of the principal cities of Europe and U.S.A., television stations

1. Sahastrabuddhe Ramesh - 'Television'(Marathi) -
Aniruddha Sahitya - 1973.

2. Fernandis F.A. and Doctor Aspi - 'Mass Communication'
Seth Publishers Pvt. Ltd.

were in operation. On 30th Sept.1929, the first black and white programme was telecast from 'Baird Studio' at London. The first colour television programme was telecast in 1953 at New York. By the end of 1955 most European countries were linked to each other by television network. Europe and U.S.A. began to exchange telecast with the help of satellites in 1962.

Television in India

Government of India decided to start experimental telecast at Delhi, when Phillips(India) offered a transmitter and UNESCO offered a grant of money. The first television transmission was aired on 15th Sept.1959.³ Afterwards the programmes were telecast just twice a week for one hour and were received by 21 community sets. By 1965 a regular daily transmission from Delhi was available.

In 1969 NASA-USA(National Aeronautics and Space Administration - U.S.A.) and Department of Atomic Energy (India) made an agreement regarding the satellite telecast, then the ATS-6 (Application Technology Satellite - 6) launched by U.S.A. in 1974 was made available to India for this purpose for daily four hour programme. Some 2400 receiving sets in 2400 villages received telecast directly

3. Facts For You - (Monthly) - April 1984 -

from the satellite.⁴

Meanwhile in 1972 Bombay centre was opened. In 1974 Calcutta, Madras, Lucknow centres were started. Commercial television commenced in 1976 and in the same year television is separated from 'All India Radio' and became an independent media under the Ministry of Information and Broadcasting called as 'Doordarshan'.

India's space efforts passed another milestone, on 9th June 1981 as it's satellite 'APPLE' went into orbit, taking the country to the doorsteps of an independent satellite system. At present INSAT-1-B links the whole country in its network⁵.

Television became extremely popular all over the world in the very short period of time on account of the fact that it combined sight and sound. It has all advantages of Radio and Cinema and could be viewed in comfort and privacy. Television programmes are telecast in the developed countries over several channels throughout day and late night. People have become addicted to television. They have started calling television as 'Idiot Box'. Television can prove tremendously important in building relations among nations and became very important media of communication.

4. Fernandis F.A., Doctor Aspi- op. cit.

5. Ibid.

In 1981, Govt. of India started colour transmission on 'Doordarshan'. Govt. allowed to import colour television sets for ASIAD-1982. Within a year, Indian manufacturers entered the field of colour television. Change have also been noticed in television sets. From the earlier 'valve type sets' to the latest 'solid state', flat surface tube (FST), horizontal to vertical models. FST, Tinned Square Tube, Remote Contro, Picture in picture, Three Dimentional projection are the latest inventions. Innovations in televisions are taking place almost every day. Along with these modifications in television sets, video-virus has also been spreading. Video Cassates Recorders and Video Cassate players have become order of the day.

Television Industry In India

The television industry of India occupies a place of pride in consumer electronics sector of this industry. It contributes 71% of the total production in consumer electronics sector.⁶ The term 'television industry' includes every sphere of activity related to television from research laboratories to television receiver manufacturers. It includes manufacturers of television sets, transmission of programmes, production of television programmes, sale of TV sets, and other related activities.

The present study, however focuses on the marketing activities of Television set manufacturers and sellers.

In the early phase of development of Indian Television Industry, between 1969 to 1972, the Indian manufacturers entered into collaboration agreements with foreign manufacturers. Two decades ago, when three companies permitted to start the Black & White television sets, no one has imagined that the TV industry in this country would blossom the way it done today. In 1969, all the four companies manufactured only few thousand sets. But in 1988, TV industry manufactured 4.40 million Black & White sets and 1.30 million colour TV sets. Govt. had issued licences to 500 companies for the manufacture of TV sets. Out of them only ten percent, i.e. 50 of them are in existence.

The television industry received a tremendous Filip in 1981. When the Govt. announced its plan of expansion of relay transmitters in the country and also introduced colour transmission.

The gradual increase in the production of television sets is as follows.

TABLE NO. 1.1

Annual Production of T.V. sets in India

Year	51 cms B&W TV	36 cms B&W TV	51 cms CTV	Total
1970	12500	--	--	12,500
1971	16,000	--	--	16,000
1972	31,000	--	--	31,000
1973	75,000	--	--	75,000

(Table contd. on next page.)

Year	51 cms B&W TV	36 cms B&W TV	51 cms CTV	Total
1974	76,000	--	--	76,000
1975	97,000	--	--	97,000
1976	1,41,000	--	--	1,41,000
1977	2,39,000	--	--	2,39,000
1978	2,70,000	--	--	2,70,000
1979	3,11,000	--	--	3,11,000
1980	3,70,000	--	--	3,70,000
1981	4,35,000	--	10,000	4,45,000
1982	5,70,000	--	70,000	6,40,000
1983	6,60,000	--	50,000	7,10,000
1984	8,25,000	1,75,000	2,80,000	12,80,000
1985	13,60,000	4,40,000	6,85,000	24,85,000
1986	13,30,000	8,20,000	9,00,000	30,50,000
1987	14,25,000	17,75,000	11,00,000	43,00,000
1988	16,00,000	28,00,000	13,00,000	57,00,000

Source : Facts For You -- Aug.1989 Page 39.

Table 1.1 indicates the production of television sets . In the B&W segment production increased tremendously. From the production level of 12,500 sets the industry go rapidly to register output figures of 44 lakhs B&W sets. Particularly in the 14" B&W segment it is seen that production level has been increased from 1,75,000 sets (1984) to 28,00,000 sets (1988) in just five years. In the colour TV market, industry grew rapidly. From the production level of 10,000 sets to 13,00,000

sets in just eight years. In 1988 Television industry registered growth of almost 923% in B&W televisions and 12,900% in colour television set from 1981.

But growth rate in the colour television market is falling. From the 472% in 1984, it fell to 139% in 1985 to a paltry 15% in 1988⁷.

With more and more companies fighting for an extra inch in this dwelling market, profit margin come by 25% in the period of 1988-89. The estimated domestic demand growth rate is not solely based on new addition but also on the replacement demand. It is said that 40% of the sets manufactured in 1983 need replacement in 1989. The normal life of picture tube varies between 6 to 8 years. Due to heavy duties, TV sets becoming costly. A FST model (Colour) on an average between Rs.12,000 to Rs. 16,000, the same available in Korea, Hongkong, Singapore at just half the price. The Govt. is responsible as its levies contribute to 50% of the total cost. It is expected that during the eighth plan, the television industry will manufacture various as follows.

TABLE No.1.2

Estimated demand profile of television for the Eighth plan
(in million)

Item	1990-91	1991-92	1992-93	1993-94	1994-95
B&W TV sets	5.5	6.0	6.6	7.3	8.0
CTV sets	2.0	2.5	3.0	3.5	4.0

Source: Facts For You - Aug. 89

7. Chaki Tapan - 'Ready For Boom Time'
The Illustrated Weekly of India (Weekly) Dec. 24, 1989. Page 6



The draft document mentions that the production of colour television sets expected to increase every year 5lakh sets during the eighth plan.

A heartening feature of television industry in India is the policy of Govt. in reducing dependence on foreign suppliers. The process of indigineous manufacture has been almost completed with the attainment of 100% self sufficiency in the manufacturers of television tubes.

TABLE 1.3

Table showing annual increase and decrease in the production of Television sets

Year	Production CTV (lakh)	Increase & Decrease %	Production B&W TV (lakh)	Increase & Decrease %
1980-81	0.10	- -	4.40	- -
1981-82	0.70	600.0	5.70	30.0
1982-83	0.50	-28.6	6.60	15.8
1983-84	2.80	460.0	10.00	75.4
1984-85	6.80	142.8	18.00	80.0
1985-86	8.50	25.0	21.50	19.4
1986-87	11.00	29.4	32.00	48.8
1987-88	13.00	18.2	44.00	37.5
1988-89	11.50	-11.5	41.00	-7.0
1989-90	10.50	-8.6	38.00	-7.3
1990-91	8.00	-23.00	35.00	-7.8

Source: 'Daily Pudhari' (Marathi),
dated 11th Sept. 1991.
Suppliment page 1.(Home appliances)

Table No. 1.3 indicates that the annual production of television sets is decreasing from the last three years. Due to the heavy duties, cost of television is increasing while the sale is decreasing.

As per the survey reports of 'National Council of applied Economic Research' the consumers of electronic entertainment equipments has been increased from 4.90 crores to 9.10 crores from 1990. The rate of increase is 600.52 % in Two-in-one's, 800.53 % in V.C.R. and V.C.P. and 300.09 % in televisions. Comparing to these other two equipments the increase rate of televisions is very low.⁸

Problems of the Television Industry

The main problem facing the industry is competition, cut-throat as well as unfair. The Govt. had issued licences to 500 companies for the manufacture of television. But only 50 companies can compete and survive. Practices like giving long term credit to dealers, time bound skills for the dealers, selling on consignment, unhealthy advertising are some examples of such competition. The another problem is heavy duties imposed by the Govt. This is hurting the poor man most. Today television buyer is the poor man. But since 1984 television has been considered as a luxury item and levied heavily. The Govt. should review its taxation policy. There is a general view

8. 'Daily Pudhari' (Marathi) - 4th Sept. 1991. -

Suppliment (Home Appliances) - Page No. 1

In Kolhapur city, televisions are distributed through both the channels.

Definite information about the sale of television sets in Kolhapur is not available. However according to the President, 'Kolhapur Radio Electronics Dealers Association' about 500 TV sets sold monthly in Kolhapur city and suburban area. Out of these 200 are colour sets and remaining are black and white sets. The monthly turnover is approximately Rs.20,00,000 in colour sets and Rs.15,00,000 in black and white sets.¹¹

Similarly, definite information about the 'market leader' can not be obtained. Every company and dealer exaggerates the figures of their sales. Because of cut-throat competition among the companies, true figures about the sales do not come out. However in Kolhapur city the following brands are market leader. They are 'Videocon', 'Onida', 'BPL-INDIA', 'Optonica', 'Phillivison', 'Crown' etc. About two-three years ago, 'Crown' was leading brand in B&W segment. Now 'Videocon' has taken it's place. Nowadays, tough competition between 'Onida' and 'Videocon' is experienced in colour segment.

Problems of Television Dealers in Kolhapur

Following are the main problems of the television

11. Kolhapur Radio Electronics Dealers Association.

Op.cit.

dealers in Kolhapur :

1. Tough competition among the dealers is experienced in Kolhapur. Dealers are trying to effect sales maximum television brands at as low price as possible. There are main dealers of the same company distributing televisions in the city. For example 'Onida' brand is distributed by 5 main dealers (Authorised Dealers) in the city. So there is keen as well as cut-throat competition among them.

2. In television industry profits are very meagre compare to the immense investments required. Because of raising prices of the televisions, investment has to be made on a large scale. Advance payments has to be sent to the companies for the sales of every TV set. The televisions of the companies giving credit facilities do not sold sufficiently due to the negative brand image.

3. After sales services is an important problem which the dealer have to face. In this respect dealers are completely dependant upon the company technicians. Customers have no access to the company. Because of the negligence of the companies, the dealers have to suffer. In the matter of all the repairs, customers hold the dealers responsible.

4. New companies which penetrate in the market can not give 'after sales services' because of their rare sales. In case of such companies consumer experiences difficulty in getting spare parts. However in this matter the dealers are held responsible. Many companies enters in the market and after some period thrown out of the market. For example 'Lotus', 'Warna', 'Cosmic', 'Nagpal', 'Orson'

'Empire', 'Jetking', 'JK', 'Gensis' etc. are the brands thrown out from the television market. The responsibility of repairing the televisions of these brands lies upon the dealers.

5. In Maharashtra, sales tax and other duties are more than that of other states. TV sets are cheaper by about Rs.500 to Rs.800 at 'Nippani', 'Panji', 'Belgaum' and other places in the neighbouring states near Kolhapur. So customers prefer to buy them at these places.

6. There is saturation of shops, brands and dealers in the television market of Kolhapur. This is affecting the sales day by day.¹²

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12. Kolhapur Radio Electronics Dealers Association.

Op.cit.