National Interest

Mere paas media hai

The fixer-businessman's new badge of honour—and disgrace

The current lot are setting up or buying up media mainly because they do not respect journalism, because they think all journalists are available, if not for sale then for hire, as lawfully paid employees. If you have a couple of news channels and newspapers, a few well known (and well connected) journalists as your employees, give them a fat pay cheque, a Merc, and they solve your problem of access and power. They also get you respect as you get to rub shoulders with top politicians at events organised by your media group. It is the cheapest ticket to clout, protection and a competitive edge

BESIDES political connections, there is one equally significant common thread linking the owners of chit fund companies currently under the scanner in the east. They are all media owners as well. Many have a footprint across media and languages. Further, there are other common factors within their media businesses. For none of them, is media a major or core activity. Most of them make losses in their media businesses. For all of them, media has also been an afterthought, after they had made their money in other businesses, mainly chit funds, mining, real estate or simply politics. They obviously saw media as a small investment relative to the size of their businesses. What is more important to the people of India, and for us, a small but expanding community of Indian journalists, they also saw media as a force multiplier. A mere adjunct to their businesses, a small hole in their balance sheets, but an investment that was monetised in other ways. It secured you political patronage, protected you from the police and regulators, helped you fix your rivals and, as in the case of the head of the media ventures owned by the Saradha group, got you a seat in Rajya Sabha. One thing it rarely made you was old-fashioned profits.

The Saradha group set up several news channels, besides newspapers in Bengali, English, Hindi and Urdu. The group in the North-east it was looking to invest in belonged to another unconventional owner, an occasional politician, Matang Singh, who appeared from nowhere to become a minister in Narasimha Rao's cabinet in Chandraswami's heyday and disappeared equally mysteriously. If he and his wife Manoranjana Singh made any money running the media business, we do not know, but it seems unlikely. Rose Valley, Tower Group, Shine Group, Rahul Group, Chakra Group and G Group, all under the scanner now in Bengal, have the same basket of interests: chit funds, real estate and media. In resource-rich east-central India, where a mining lease is the ticket to status, clout and a private Cessna Citation, even an Embraer, a media appendage has now become a necessity.

THE political class was the first to understand what a tiny business the media was financially, and how out of proportion its clout. The first "non-traditional" media entrepreneurs in this current phase were thus politicians, particularly in the states. Y.S. Rajasekhara Reddy's Sakshi group is the most visible, but there are many others, some in almost every state. Of these two sets of new entrants in the media, entrepreneurs who work on the cusp of politics and resources (mining, real estate) and regulation (non-banking finance), and the politicians, the latter have been cleverer. If it was clout they were after, the better way, some of them figured, was to control access for others rather than go through the "jhanjhat" (messiness) of setting up channels and newspapers and paying salaries to ungrateful, insufferable journalists. Go over the map of India, state by state, and see how politicians have taken control of television channel distribution. Punjab and Tamil Nadu are two of the starkest examples where powerful political leaders or families control distribution, and anybody critical of them is routinely taken off air. You are also less likely to lose money in this business. Distribution has guaranteed incomes, and political clout ensures your monopoly anyway.

SHEKHAR GUPTA

But why are we complaining? Why are we being so protective of what only we see as our turf? There is nothing in the law to stop anybody from owning media. And sure enough, the biggest business houses in India have tried their hand with the media and retreated with burnt fingers and singed balance sheets. The Ambanis (Observer Group), Vijaypat Singhania (*Indian Post*), L.M. Thapar (*The Pioneer*), Sanjay Dalmia (*Sunday Mail*), Lalit Suri (Delhi *Midday*), are like a rollcall of the captains of Indian industry who failed in the media business. They failed, you'd say, because they did not, deep down, respect the media, or journalists. Many of them saw themselves as victims of poorly paid, dimwit journalists employed by people who called themselves media barons but were barons of what was a boutique business compared to theirs.

But there is a difference between then and now, and between them and the state-level businessmen investing in the media now. They failed because they did not respect journalism. The current lot are setting up or buying up media mainly *because* they do not respect journalism, because they think all journalists are available, if not for sale then for hire, as lawfully paid employees. If you have a couple of news channels and newspapers, a few well known (and well connected) journalists as your employees, give them a fat pay cheque, a Merc, and they solve your problem of access and power. They also get you respect, as you get to speak to, and rub shoulders with top politicians, even intellectuals, at awards and events organised by your media group. It is the cheapest ticket to clout, protection and a competitive edge. A bit like, to steal the immortal line Shashi Kapoor spoke to his wayward "brother" Amitabh Bachchan in Yash Chopra's *Deewar* (*mere paas maa hai*), *tere paas* police, SEBI, RBI, CBI, *kuchch bhi ho*, *mere paas* media *hai*. Remember how Gopal Kanda defied Delhi Police to arrest him rather than have him present himself grandly for surrender? The police put up scores of checkpoints to look for him, but he arrived in style, riding an OB van of STV, a channel known to be "close" to him. Which cop would dare to look inside an OB van?

Most of us, particularly senior citizens in the profession, have stories of cash-rich businessmen promising "blank cheques" to set up new media companies. My favourite is of a well known and, frankly, well respected and clean real-estate baron coming in to see me once, in evident distress, and asking if I would set up a TV channel for him, whatever the cost, Rs 300, 400 crore. I asked him why. Almost every news TV channel in India was losing money. He said he had spent all of the previous day waiting for his turn at a land allotment meeting in Noida. Nobody asked him even for a glass of water, while all those who owned some media were ushered in with respect as soon as they arrived. And of course, the deal would have cost them much less. He had walked out with the resolve to set up his own media. I did explain to him that, in that case, he had come to the wrong person, but he isn't the only one of his kind you would come across lately.

WE are complaining, and we should be worried, because this new phenomenon destroys two things. One, it damages our markets by distorting wages and corrupting terms of engagement with advertisers, sponsors and government. Second, it wrecks the very bedrock of our profession: respect that is built over years and decades of honesty, integrity and professional competence. Journalism, in so many ways, is like medicine, a very special, even noble profession with its own equivalent of the Hippocratic oath. This new invasion has contributed to the declining respect for the journalistic class, a point I had tried to make in an earlier article ('Noose Media', IE, April 3, 2010, *goo.gl/MwgzW*), provoked to see how often journalists were being mocked or caricatured in popular culture and Hindi cinema. And that was five months before *Peepli Live*.

So what can we do about it? Any suggestion that gives the government, or any regulator, a say in who can own the media would be disastrous. Esoteric ideas cannot work. You'd remember how venerable Justice P.B. Sawant, as press council chairman in the 1990s (he would have hit more headlines than Justice Katju if there was much news TV then), used to say that journalists' cooperatives should run newspapers. I had humbly pleaded with him that such a thing would never work: I was a member of a housing cooperative run by journalists and it was a disaster. You will, therefore, need entrepreneurs to run the media.

Maybe we should begin by learning to talk more about ourselves, and more openly. There is no bar on who owns media, but disclosure and discussion of conflicts of interest should be widespread and open. Print, at least, has an annual disclosure of its shareholders. This should be extended to news TV. But, more than that, we need to cover and investigate each other. How many of us knew this web of conflicting media-chit fund-real estate-political interests in Bengal before lakhs had lost their life-savings and the media hundreds of jobs and a bit of credibility?

We in the mainstream media have to get over that old-fashioned queasiness. Because we cannot escape scrutiny now, and not only should we not try avoiding it, we should become part of it. It is not the usual, silly cry for naming and shaming, but for opening ourselves up to peer review and scrutiny.

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The difficulty of being good

Not enforcing laws combined with laws that force you to lie produce an unintended & toxic cocktail

MANISH SABHARWAL & TALHA SALARIA

ICICI and HDFC are wonderful institutions with strong cultures of performance and ethics. So where did the behaviour of some of their sales people on ground captured by Cobrapost come from? Most civil servants are idealistic when they join the academy in Mussoorie; what happens over time to some of them who accept bribes? How does every Member of Parliament certify that they spent only ₹25 lakh on their election campaign when that it almost impossible? Even though 90% of school capacity created in the last two decades is for profit, how can they all be non-profit on paper? Most entrepreneurs in India are careful about moralising because the complexity of Indian legislation and regulation means that there is often a short step between "do nothing illegal, immoral, or grey" and "do nothing".

This is a complex issue and behavioural economist Dan Ariely's book *The (Honest) Truth About Dishonesty* has some interesting thoughts for India where vague, unenforceable and contradictory laws are not considered sacrilege. He suggests the natural balance of societal honesty is upset by close proximity of somebody cheating, i.e. lying spreading like an infection or virus that is transmitted through observation or direct contact. Not as an event but "as slower and subtle process of accretion; perhaps when we see someone cheat, a microscopic impression is left with us and we become ever so slightly more corrupt. Then, the next time we witness unethical behaviour, our own morality erodes further, and we become more compromised as the number of immoral germs to which we are exposed increases the power of the emerging social norm that came from observing the misbehaviour of others". The effects of individual transgressions can go beyond a singular dishonest act. Passed from person to person, dishonesty has a slow, creeping, socially-corrosive effect. Thankfully, his research suggests that despite the strong anecdotal or personal convictions about culture and corruption, there are no real differences in dishonesty among various cultures and countries. But as the "dishonesty virus" mutates and spreads with a society, a less ethical code of conduct develops.

The book felt slightly incomplete for India because it did not talk about the lies that irrational laws force you to tell. Given the toxicity of the legal and regulatory environment in India, no jobs would get created if entrepreneurs did not work with the transmission losses between how the law is written, interpreted, practised and enforced. Of course, nobody is forced to lie; if somebody chooses to play the game, then that somebody has made a choice to lie. Nobody will know Ramalinga Raju's true motivations but we all agree he could have made the choice to keep Satyam out of infrastructure that necessarily involves upfront payments to politicians. But the broader and important question is recognising the challenge and difficulty of being good in a legal environment like India. The title of this article comes from a wonderful book about the Mahabharata by Gurcharan Das. He believes the epic is obsessed with doing the right thing and is about our incomplete lives, about good people acting badly, and about how difficult it is to be good. The epic's tentative world of moral haziness is closer to our experience as ordinary human beings in India in contrast to the certainty of the fundamentalist or the idealist.

Ariely's book is interesting because it is sympathetic to situations that may blur perspective on morality and also recognises some "good" lies. He cites research that students' grandmothers are 19 times more likely to die than normal before a college final exam. In fact, failing students are 50 times more likely to lose a grandmother compared with non-failing students. While it may be possible that grandmothers love their grandchildren so much that they worry themselves to death over their exams, Ariely suggests that the pressure and fatigue of exams depletes student perspective on lying and morality. He also suggests that "some" lies like the self-deception, which can help us cope with stress and increase persistence while doing difficult tasks, may not be all bad. And it is important to recognise that there are non-selfish lies like insincere compliments (of course you have lost weight), social lubricants (I can't come because I am out of town), or hope (of course this treatment won't hurt and you will be normal).

India's has limitless, vague and contradictory laws; 1,500 of 3,500 central laws and 50% of 30,000 state laws are obsolete. The backlog of 30 million pending court cases—of which about 30% are more than five years old—would need 325 years to clear at the current disposal rate. Of course, we have too few judges—we have only 15.5 per million people while the global average is 64. But the source of the problem is not courts. Gurucharan Das's new book *India Grows at Night* makes the case for a strong state that enforces its laws strictly and fairly. A strong state does not mean Hitler's Germany, Stalin's Russia and Mao's China. But it does mean a state that enforces fair laws and without laws that force citizens to lie in their pursuit of prosperity and happiness.

ROHNIT PHORE

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Investors' googling offers clues in search for stock market returns

RICHARD WATERS

Searches of financial terms on Google can be used to predict the direction of the stock market, according to an analysis of search engine behaviour stretching back nearly a decade.

The research, by a group of UK and US academics, is the latest attempt to mine online behaviour patterns for clues about future movements in financial markets.

The findings appeared to show that people do more searches on terms such as "stocks", "portfolio" and "economics" when they are worried about the state of the markets, said Tobias Preis, associate professor of behavioural science and finance at Warwick Business School.

Rises in search volumes for such terms are generally followed by stock market declines, according to the research published in the journal Scientific Reports. By contrast, a fall in financial searches often points to investor optimism, leading to a rising market.

With hindsight, trading on the basis of Google search volumes would have led to significant investment gains, Mr Preis said. A short-term trading strategy constructed around searches for "debt", for instance, would have returned 326% between 2004 and 2011.

Google releases data each week showing the volume of searches for specific keywords, providing the raw material for the analysis. The availability of large data sets has given rise to a rash of "big data" attempts to forecast financial markets, although there is little evidence yet of such efforts yielding profits in the "real" world.

Much of the experimentation has revolved around trying to deduce market sentiment from comments on social networks. However, a hedge fund set up to trade on information about market sentiment revealed on Twitter closed after only a month.

Mr Preis warned that the findings might not hold for future stock market movements. Revealing the predictive value of search data could change people's behaviour, neutralising the effect shown by the analysis.

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A large amount of "noise" in the data made it hard to isolate individual words that would have predictive value. For instance, the volume of searches for "colour" and "restaurant" appeared to be better guides to future stock movements than terms such as "Dow Jones" and "markets". But the researchers said they honed their sample by checking the daily frequency of a set of financial terms in *The Financial Times*.