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# EXPERTS COMMITTEE

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Printed at:
This is the final block of the Course MJM-025 Media Ethics and Laws which deals with ethics and laws pertaining to advertising and public relations. With the help of some case studies, the need for following ethical conduct in the areas of advertising and public relations is emphasised.

Unit 13: Advertising Laws and Ethics provides a brief introduction to various laws of advertising that are in force in India. It also examines the concept of ethics in the field of advertising. The unit explains the working of the Advertising Standards Council of India (ASCI), a voluntary organisation, for implementing its ethical code.

Unit 14: PR Ethics and Laws explains the relevance of ethics in Public Relations as well as in business and corporate functioning. It discusses the laws relevant to PR practice and describes some professional PR organisations and their codes of conduct.

Unit 15: Case Studies describes some strategies employed by different organisations in resolving their crisis situations and explains how lessons can be drawn from these strategies. These cases explain the importance of adherence of ethics by the advertising and PR professionals.

We hope that after studying this Block you will develop a good understanding of the advertising and PR laws and their ethics.
UNIT 13 ADVERTISING ETHICS & LAWS

Structure
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13.1 Learning Outcomes
13.2 Advertising Laws in India
  13.2.1 Early beginnings
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13.5 Let Us Sum Up
13.6 Further Readings
13.7 Check Your Progress: Possible Answers

13.0 INTRODUCTION

After going through the units on this course, you would have learned that media ethics and laws are extremely important for the students of mass communication. They are equally crucial for the advertising professionals as well. Advertising, as we all know is an essential component to achieve a degree of success and earn profits in any industrial enterprise or commercial undertaking. It is through advertising that the consumers and producers of innumerable products come to learn about their importance and learn to coordinate and cooperate to each other’s benefit. It is also through the highly intricate mechanism of advertising the free economy and market systems operate.

Therefore, with a view to ensuring that all these regimes function smoothly and systematically, some rules and regulations are set out for adherence. In addition, there are some principles and standards of performance and management that must be followed to earn confidence and retain the trust of one another and stay in business for a longer period.

In this unit, we will describe various legislative enactments and certain voluntarily accepted self-regulation tenets relating to advertising that have been accepted by the business bodies and explain how all these work. We will also discuss some of the essential principles of ethical standards of business operations that need to be observed to gain long-term customer loyalties.

Though there are quite a few laws in India that specifically relate to advertising, there are several legal enactments that regulate all media of mass communication, including advertising. In the section on ethics of advertising, we will dilate upon the ethical principles, guidelines, standards and some of the universally accepted canons and codes of advertising.
13.1 LEARNING OUTCOMES

After going through this unit, you should be able to:

• discuss various laws of advertising that are in force in India;
• examine concept of ethics in the field of advertising; and
• explain working of the Advertising Standards Council of India (ASCI) for implementing its ethical code.

13.2 ADVERTISING LAWS IN INDIA

The origin of advertising laws in India is concealed in early annals of Indian history. The available records show that advertising laws in India are almost as old as the print media itself. You may recall that the first newspaper to be started in India, The Calcutta General Advertiser, also called, Hickey’s Bengal Gazette, appeared in 1780 in Calcutta (now renamed as Kolkata). It carried some classified notices and notifications meant for the employees of the British East India Company. The Company was then fully involved in politically administering India. Though only a few issues of the Hickey’s Gazette were brought out, most of the contents it carried, related to the Company’s employees, and were worded in objectionable and defamatory language. These were protested against by the Company’s management and Hickey was repeatedly warned against publishing such materials. However, he persisted and as a result, Hickey was deported back to England, and the paper stopped publication. That is also deemed to be the point of time in India’s history when the laws pertaining to, and restricting the freedom of the press, and also advertisements were said to have been conceived.

13.2.1 Early Beginnings

The first newspaper to be published in India, Hickey’s Gazette, was in English language. However, in due course of time several publications were brought out in local languages such as Persian, Urdu, Bengali and Hindi. For the first time in 1799, certain rules and regulations were issued in India that were applicable on newspapers of all categories. However, a systematic ‘licensing’ procedure was laid down in 1823 for starting the newspapers. According to Licensing Regulations, 1823, the press without license was a penal offence. The restriction was directed mainly to Indian language newspapers or those edited by the Indians. The Indian Penal Code that was notified in 1860 contained some provisions pertaining to the press and thereby also applicable on advertising. The Press and Registration of Books Act was passed in 1867. Though a number of enactments followed thereafter, none of these exclusively related to, or applied on advertising industry. Incidentally, Mahatma Gandhi, leader of India’s freedom movement, who was editing two papers – Navjivan in Gujarati and Young India in English considered advertising as ‘immoral’ in the sense that it could influence the contents of newspapers. Therefore the two papers did not publish even one line of advertising in any of his publications. Later Mahatma Gandhi founded Harijan Sevak Sangh which brought out three weekly newspapers, namely Harijan Bandhu in Gujarati language, Harijan Sevak in Hindi and Harijan in English. These three papers were also not carrying any advertisement as such.

The real beginnings of legislating laws began in independent in 1950, when India adopted its Constitution. One of the first and the most crucial enactments for the
advertising industry was the provisions contained in the Article 19(1)(a) of Constitution on fundamental rights, which said, ‘all citizens shall have freedom of speech and expression.’ Article 19(1) (a) also applies on the contents of the advertising copy that appeared in the print or broadcast. This clause of the Constitution has proved to be an eminent benchmark in the beginnings of advertising law in India. However, the freedom of speech and expression is not absolute. Under Article 19 (2) of our Constitution, reasonable restrictions could be imposed by the State on freedom of speech expression in the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality or in relation to contempt of court, defamation or incitement to an offence.

13.2.2 Important Laws Relating to Advertising

After India became a sovereign Republic, a plethora of advertising-specific laws were enacted. Some of the most important advertising laws include:

1) The Emblems and Names (Prevention of Improper Use) Act, 1950
2) The Drugs and Cosmetic Control Act, 1940
3) Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954
5) The Prevention of Food Adulteration Act, 1954
6) The Copyright Law, 1957
10) Trade Marks Act, 1999
11) The Prize Chits and Money Circulation Schemes (Banning) Act, 1978

We will briefly discuss some of the important provisions of these laws that regulate, control or prohibit advertisements of objectionable nature. The details given below will serve your purpose as media person to have an overview of these laws.

**Emblems and Names (Prevention of Improper Use) Act, 1950:**

The law lays down that no person will use name or national emblem, or their colourful imitation, or register any firm, or any other institution containing some emblems or names for any commercial purpose. Some of these emblems or names include: the United Nations- UN; World Health Organisation –WHO; UNESCO; India’s national flag; any insignia of India’s central or state governments; Rashtrapati Bhawan; Mahatama Gandhi, Shivaji, or the Prime Minister of India; medals or badges, such as Ashok Chakra, etc.

**Drugs and Cosmetic Control Act, 1940:**

Though enacted before independence, the law still stands on India’s statute book in a somewhat amended form. The primary objective of the Act is to ensure that the drugs and cosmetics sold in India are safe, effective and conform to state quality standards. This law regulates import, manufacture, distribution and sale
Advertising & Pr Ethics and Laws

of drugs and cosmetics at the national level. It regulates the approval of new drugs and clinical trials in the country. This law prescribes the standards for drugs and medical devices, control over the quality of imported drugs, testing of drugs, and all other related activities with the drugs in the country. The law affects the advertisements of drugs and cosmetic items.

Drugs and Magic Remedies (Objectionable Advertisement Act, 1954:
This Act controls advertising of drugs in India. It prohibits advertisements of drugs and remedies that claim to have magical properties, and makes doing so a cognizable offence. The law prohibits advertising of drugs and remedies for: inducing miscarriage or preventing conception in women; improving or maintaining the capacity for sexual pleasure; correction of menstrual disorders, etc. The words “no person shall take any part in the publication” are wide enough to include a printer or publisher of the newspaper or journal where such advertisement is printed or published.

Prize Competition Act, 1955
It is an offence under this law to issue or publish any advertisements or notices, offering money in which prizes are offered for solution of any puzzle based on the building up, arrangement, combination or permutation, of letters, words or figures.

Prevention of Food Adulteration Act, 1955 and the Food Safety and Standards Act, 2006
These Acts relate to advertisements of food products put out for sale and which are adulterated with ingredients bad or harmful to human health. The provisions of these laws also prescribe standards to be observed for ensuring science-based standards for articles of food.

The Copyright Law, 1957
This law was enacted to ensure that all the creators of original works of art, painting, architecture, music, literature and dramatic are exclusively able to enjoy the fruit of their labour in creating these works. The law lays down terms and conditions for holding copyright, transfer of ownership of copyright, duration of copyright, punishment for the infringement of the copyright.

Cigarettes and other Tobacco Products Advertisement law of 2003
This law prohibits publication of advertisements for production, supply and trading of cigarettes and other tobacco products. Terms and conditions of seizure, destruction of such goods and punishment are laid down in the law. The law also implements measures for the protection of non-smokers from involuntary exposure to tobacco smoke.

Indecent Representation of Women (Prohibition) Act, 1986
The law prohibits indecent representation of women through advertisements or in publications, writings, paintings, figures or in any other manner and for matters connected therewith or incidental thereto. It prohibits indecent representation, i.e., depiction in any manner of the figure of a woman, her form, body, or any part thereof in such a way as to have the effect of being indecent, or derogatory to, or denigrating women, or which is likely to deprave, corrupt, or injure the public morality or morals of women in any way.
Consumer Protection Act, 1986

This law is termed as ‘benevolent social legislation’ and lays down the rights of consumer. It provides for promotion and protection of rights of consumer. The law details the meanings of goods, services and unfair trade practices punishable under the law.

Trade Marks Act, 1999

Laws such as the Trade Marks Act, 1999, the Patents Act, 1970, and similar enactments protect the rights of owners of intellectual property. No advertisement that violates intellectual rights of any owner can be published. As per law “trade mark means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.” The law prescribes punishment for its infringement.

The Prize Chits and Money Circulation Schemes (Banning) Act, 1978

Section 3 of the Act imposes a ban on chit fund scheme. It specifically holds that no person shall encourage or organise or enroll as a member, participate in any of such schemes which are banned under the Act. Any person who breaches the provisions of section 3 of the Act shall be punished under the provisions of section 4. The punishment may be imprisonment extending to three years or with fine or with both.

Other laws

In addition to the above enactments, there are some sections or clauses of several other laws that apply on advertising industry and business in India. Some of these pertain to advertisements which:

- ridicule castes, race, colour, creed, nationality;
- advertisements against the Constitution of India;
- incite people or prompt masses to commit crimes, provocative speeches, creating law and order situations;
- provoke to commit violence, and breach laws;
- glorify obscenity, pornography;
- indulge in terrorist activities;
- spread communal hatred, and communal feelings;
- ridicule national leaders;
- ridicule national emblems, and national symbols;
- depict women in hateful manner;
- depict obscenity and vulgarity;
- depict indecency and infringe good taste.

The Cable Television Networks Rules, 1994

The Cable Television Networks Rules, 1994 provide for an Advertising Code. The Code is applicable only on television channels. According to Section 7 of the Code:
Advertising & Pr Ethics and Laws

1) Advertising carried in the cable service shall be so designed as to conform to the laws of the country and should not offend morality, decency and religious susceptibilities of the subscribers.

2) No advertisement shall be permitted which:
   i) Derides any race, caste, colour, creed and nationality,
   ii) Is against any provisions of the Constitution of India;
   iii) Tends to incite people to crime, cause disorder or violence or breach of law or glorifies violence or obscenity in any way;
   iv) Presents criminality as desirable;
   v) Exploits the national emblem, or any part of the Constitution or the person or personality of a national leader or a State dignitary;
   vi) In its depiction of women violates the constitutional guarantees to all citizens. In particular, no advertisement shall be permitted image of women. Women must not be portrayed in a manner that emphasises passive, submissive qualities and encourages them to play a subordinate, secondary role in the family and society. The cable operator shall ensure that the portrayal of the female form, in the programmes carried in his cable service is tasteful and aesthetic, and is within the well-established norms of good taste and decency;
   vii) Exploits social evils like dowry, child marriage.”

In the Rules it is further stated: “No advertisement shall contain references which are likely to lead the public to infer that the product advertised or any of its ingredients has some special or miraculous or supernatural property or quality which is difficult of being proved.”

Check Your Progress: 1

Note: 1) Use the space below for your answers

2) Compare your answers with those given at the end of the Unit.

1) On which grounds reasonable restrictions could be imposed by the State on freedom of speech and expression?

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2) What is Cigarettes and other Tobacco Products Advertisement law of 2003?

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13.3 ETHICS OF ADVERTISING

After discussing various laws related to advertising, we shall now discuss and explain what is ethics of advertising and why ethics is crucial for truthfulness of advertising and serve the advertisers, producers and consumers. Ethics is a branch of academic discipline of philosophy, which means some general principles, values and norms to determine what is good or bad, correct or incorrect, right or wrong, as far as human actions are concerned. Ethics teaches us power to differentiate between good and evil, true and false, wicked and noble, etc.

According to two noted American Professors Edward Spence and Brett Van Heekeren, ethics is a set of prescriptive rules, principles, values and virtues of character that inform and guide interpersonal and intrapersonal conduct of people toward themselves. This means that when rules, principles, values, virtues are blended in an advertising copy, these can go a long way to make a consumer purchase a product, services or goods, though that person may not necessarily be needing these instantly. But that person purchased these products because of the persuasion, and or influence by so many advertisements of those products, goods or services in the print and electronic media.

Thus, a smart, alluring but deceptively worded advertisement copy has enormous potential of ‘manipulating’ the mind and entice of a consumer to buy those goods, services, and products. Similarly, an expensive product ‘endorsed’ or ‘certified’ to be immensely useful for daily use and of genuine quality by a well known personality, a star, or a celebrity, can induce a person of paltry means to invest a major portion of his salary may amount to misleading or misleading that person.

Activity – 1

At this point, you may stop reading and go through the advertisements in a newspaper of choice or a television channel for a few days. Identify the ads which try to mislead the consumer into buying a substandard product or use surrogate advertising. Write down your observations.

If you examine some of the advertisements in newspaper and magazines, you will find they are of popular consumer goods, kitchen gadgets, daily wear, and cosmetic products. The advertising copy of such products will contain words of persuasive nature. They use heart-touching language, brimming with consumerist appeal. At times they unabashedly employ humorous or even offensive sex appeals targeting people or spread fears or use religious appeals. Such advertisements exploit human emotions, passions, sympathy. Therefore, some of the prominent issues related to advertising ethics include: use of informative content of advertising for sentimental-persuasive purposes; creating fear; intimate sexual appeals; exploiting children; inciting minorities; surrogate advertising for cigarettes, tobacco, alcoholic beverages among others.

The business of advertising is largely global in nature. The business also takes some local, regional, or national factors or characteristics into consideration. Therefore, the broad principles of ethics of advertising in India cannot be very much different those that are being understood or followed in other parts of the world, particularly in democratic countries. India’s standards of ethics, therefore, need to be very much compatible with all sorts of economic systems, commercial practices or business regulations prevalent internationally.
For that it is imperative that Indian advertisers and Indian advertising agencies avoid objectionable language in ad copy, offensive illustrations accompanying the ad text ensure that the religious beliefs of the people and cultural ethos are not hurt. The advertising laws in India are quite unambiguous and precautions stated therein must be followed.

Check Your Progress: 2

Note: 1) Use the space below for your answers
2) Compare your answers with those given at the end of the Unit.

a) Define Ethics.

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b) What are the major ethical issues in advertising?

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b) Why is it important for those engaged in advertisers to follow ethical practices?

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13.4 ADVERTISING CODES

The advertising industry, as you may be aware, consists of three distinct components: media, advertisers, and the advertising agencies. While all three are quite separate and independent entities, it is only through their close and joint collaboration that any advertising campaign can be successfully launched. Therefore, with a view running an unhindered campaign, all the three have worked out certain self-regulatory measures known as ‘codes of ethical conduct’ as they
are aware that if anyone resorts to malpractices, the statutory consumer protection bodies and government authorities will act to restrain the defaulters. In order to avoid any outside legal restraints; codes of conduct have been devised voluntarily by all the three parties involved in the advertising industry.

Thus, there is a code for the mass media organisations; one for the advertising industry, and yet another for the advertisers and all of them are expected to adhere to these codes voluntarily. The basic objective of these codes is: to ensure truthfulness and honesty of advertising claims; that advertisement copy is not offensive and repugnant to human decency. The advertisement copy safeguards society against sale and promotion of hazardous goods. It also ensures fair competitive business practices; and also safeguard and protect the interests of consumers at large.

13.4.1 Bodies Governing Advertising Ethics in India

Some voluntary, professional and business organisations such as the Advertising Standards Council of India (ASCI) have made quite desirable impact on ensuring healthy advertising practices.

13.4.2 Advertising Standards Council of India

The Advertising Standards Council of India (ASCI) is a voluntary organisation with an objective to self-regulate the advertising business and industry in India. It has headquarters in Mumbai. The ASCI was established in 1995 to support and assist in self-regulation of the advertising business and industry. Some of the most important objectives of the ASCI are to enhance public confidence in advertisements; to regulate the advertising business and industry so that the reputation and the status of the ASCI is not devalued or endangered; and to maintain consumer trust in advertising industry and business.

The ASCI comprises 12 non-advertising professionals representing civil society, recognised Indian opinion leaders in divergent special areas, such as medicine, law, industrial design, engineering, chemical technology, human resources and consumer interest groups. In addition, there are nine other advertising practitioners from among member-firms of the ASCI. The ASCI is mandated by its format to decide the complaints within four to six weeks after giving the concerned party adequate chance to present its side of the story. If the complaint is upheld, the advertiser and its agency are given two weeks to comply with the ASCI’s decisions. Non-compliant advertisements are published in ASCI’s media quarterly release on an all-India basis.

The ASCI has devised and adopted a self-regulatory code that has to be voluntarily followed by all those involved in commissioning, creating, placing or publishing advertisements. Though a non-statutory body, the advertising code prepared by ASCI has been recognised and accepted by several professional, business, and industry organisations in India. Moreover, the ASCI code is ‘not in competition with various advertising statutes now in force in the country. The ASCI code is designed to complement legal controls under such laws and not to usurp or replace them.

The ASCI- prepared extended code for advertising business and industry in India has met general approval by several media organisations such as the Press Council of India, All India Radio, Doordarshan, etc. The ASCI’s code is an extended
Advertising & Pr Ethics and Laws

Document covering almost every aspect of ethics for advertisers, advertising agencies and media. This code is in force in India. ‘This code overrides all ethical standards in advertising laid down by individual organisations as incumbent upon their own members and appealing to own particular trade or industry.’

The ASCI has meticulously prescribed ethics code for advertising specific products, such as medicines and treatments, for guidance and compliance by advertisers, manufacturers, distributors and all mass media establishments publishing and disseminating their advertisements.

On 24 January 2019, the Ministry of Information and Broadcasting, Government of India, issued an advisory that in order to create mass consumer awareness about the self-regulatory mechanism of ASCI and for immediate and effective steps towards this goal, all TV channels are hereby advised to run a scroll as follows: “Objectionable ads? Complain to The Advertising Standards Council of India (ASCI)…”

In addition to ASCI, there are some other self-regulatory professional advertising bodies as listed below:

- Association of Advertising Agencies of India
- Indian Newspaper Society
- International Association of Advertising Agencies

Though not very active, these professional advertising bodies also issue directives and have contributed in advertising business and industry in India.

13.4.3 Difference between Laws and Codes

If you carefully study the legislative enactments on advertising and the codes laid down by the voluntary self-regulatory advertising bodies, you will find a lot of difference between the two. While all the advertising laws have element of force and compulsion for compliance, codes are optional. Yet another difference is that non-compliance of laws is punishable with prison sentence and fine and or both, this is not the case with the codes. The advertising laws are justiciable, whereas codes can be ignored with impunity. The legal disputes are decided by judicial courts, where as issues arising out infringing codes are decided by officials of voluntary professional bodies, and may not be punishable as in case of the courts. A simple regret or withdrawal of sanction of the member or membership generally serves the purpose.

The above difference of laws and codes is not applicable to the Advertising Code given in the Cable Television Networks Rules, 1994, because it is of statutory character.

13.4.4 Future Needs and Challenges

Undoubtedly, the future of advertising business and industry in India is extremely bright, but the emergence of new media has created new challenges in several fields including advertising business. For example, how our laws could be quickly and effectively implemented on the foreign advertising available on the internet. As India’s economy booms, and the nation races to catch up with the developed world, its fervour for all-round development will be touching new heights. Besides, as India heads towards becoming a center of high-level industrial growth and
technological revolution, the entire developed world looks at the country’s one billion plus population, its vast market offers a plethora of unparalleled business opportunities. In such a scenario, advertising is bound to become a multi-billion dollar commercial proposition in the very near future. Moreover, even the existing businesses are exploring the vast expanding opportunities to grow by leaps and bounds. In fact, already, many multi-national corporations have opened their branches in India’s rapidly expanding urban and rural markets. The need of the hour, therefore, is to be ready to grab any advantageous moment, and keep our advertising laws and ethics updated with the fast changing communication technology.

Check Your Progress: 3

Note: 1) Use the space below for your answers
2) Compare your answers with those given at the end of the Unit.

a) Describe the role of ASCI in upholding advertising ethics in India.

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b) Write three major differences between laws and codes.

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c) What in your opinion is the future of advertising in India?

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13.5 LET US SUM UP

In this unit we discussed the origin and growth of advertising in India right from the stage the first newspaper started publishing. We traced the origin of the laws related to advertising during the British regime in India and also discussed some important laws related to advertising since India became independent.
Further we discussed the present state of ethics of advertising in India and explained how advertising business and industry is regulated and controlled. The working of ASCI, the most prominent self-regulatory body of advertising in India, was explained and the difference between advertising code and law of advertising was also made.

Finally it was observed that the emergence of new media has created new challenges in advertising business and the need of the hour is to update our advertising laws and ethics to keep pace with the changing media scenario.

### 13.6 FURTHER READINGS


Kohli, Vanita (2010), The Indian Media Business, Response Books, New Delhi

Jean J. Boddewyn (1992), Global Perspectives of Advertising Self-Regulation, Quorum Books: Connecticut, USA

Edward Spence and Brett van Heekeren (2005), Advertising Ethics; Pearson-Prentice-Hall, New Jersey, USA

Jethwaney, Jaishri (2012), Advertising Management; Oxford University Press, New Delhi

### 13.7 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

**Check Your Progress: 1**

a) Under Article 19 (2) of our Constitution, reasonable restrictions could be imposed by the State on freedom of speech and expression in the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality or in relation to contempt of court, defamation or incitement to an offence.

b) This law prohibits publication of advertisements for production, supply and trading of cigarettes and other tobacco products. Terms and conditions of seizure, destruction of such goods and punishment are laid down in the law. The law also implements measures for the protection of non-smokers from involuntary exposure to tobacco smoke.

**Check Your Progress: 2**

a) Ethics is a branch of academic discipline of philosophy, which means some general principles, values and norms. Ethics teaches us power to determine what is good or bad, correct or incorrect, right or wrong, as far as human actions are concerned. Ethics implies what is right or fair to one-self as well as to others.

b) Some major ethical issues in advertising relate to misrepresentation of facts, hiding the affects of a harmful product; creating fear; intimate sexual appeals; exploiting children; surrogate advertising for cigarettes, tobacco, alcoholic beverages among others.
c) India is a country with diverse population belonging to different castes, creeds and religions who may be sensitive to their community specific practices. In addition, derogatory representation of women and children in advertising also has serious ethical concerns. Hence, it is important to follow ethical practices in advertising in India as well as in other parts of the world. Engaging advertisers to follow ethical practices is always helpful in implementing them in practice.

Check Your Progress: 3

1) The ASCI has devised a self-regulatory code that has been recognised and accepted by business, and industry organisations in India. The advertising code prepared by ASCI is voluntarily in nature has to be followed by all those involved in commissioning, creating, placing or publishing advertisements.

2) The major differences between laws and codes of ethics are:
   - Laws have to be complied with, while codes of ethics are voluntary in nature.
   - The legal disputes are decided by judicial courts, whereas issues arising out of infringing codes can be addressed by officials of voluntary professional bodies.
   - Non-compliance of laws is punishable, which is not the case with codes.

3) The future of advertising in India is bright as the country is making significant progress in different walks of life and poised for further growth. The economic growth spurs manufacturing, services and other sectors which are all conducive for advertising.
UNIT 14 PR ETHICS AND LAWS

Structure
14.0 Introduction
14.1 Learning Outcomes
14.2 Relevance of Ethics in PR
14.3 The Ethics of Business
  14.3.1 Ethics and Multinational Corporations
  14.3.2 PR acting as Front Organisations
14.4 Philosophical Traditions
14.5 Professional Codes of Ethics
14.6 Laws Concerning the Profession of Public Relations
  14.6.1 Law of Defamation
  14.6.2 Invasion of Privacy
  14.6.3 Intellectual Property Rights
14.7 Let Us Sum Up
14.8 Further Readings
14.9 Check Your Progress: Possible Answers

14.0 INTRODUCTION
In the previous Unit, you read about advertising ethics and laws in which it was explained that every profession operates within a legal framework and is guided by self regulatory practices in the form of code of ethics. Taking the discussion further, in this Unit we shall describe the importance of ethics in Public Relations (PR) business and corporate functioning. Professional code of conduct propounded by professional associations will be explained, which could be referral points in the practice of Public Relations. In addition, important laws relevant to PR practice will also be discussed.

14.1 LEARNING OUTCOMES
After reading through this unit, you should be able to:
• discuss the relevance of ethics in Public Relations;
• explain the importance of ethics in business/corporate functioning;
• discuss the laws relevant in the practice of PR; and
• describe the professional bodies and codes of conduct for PR professionals.

14.2 RELEVANCE OF ETHICS IN PR
Public Relations has been defined as the “eyes and ears of the management.” The job of a PR professional is to aid and advice the management in the communication and image building process. Public Relations has also been called the conscience keeper of the management. In other words, it is the duty of the PR professional to advice the management for acting responsibly and ethically.
When Arthur W. Page was hired by AT&T in 1927 as the first corporate vice-president of Public Relations ever in the USA, he advocated the following philosophy: “Be sure our deeds match our words” - and vice-versa”. Page offered six management principles that lead to ethical behaviour:

- Tell the truth
- Prove it with action
- Listen to the consumer
- Manage for tomorrow
- Conduct public relations as if the whole company depends on it.
- Remain calm, patient and good humoured.

Page further said: “Real success, both for big business and the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively.” In the profession of Public relations, the relevance of ethics stems in three ways - Firstly, in the functioning and conduct of the PR industry itself; secondly, in the conduct of the individual PR practitioner and finally, in the relationship between Corporate Social Responsibility (CSR).

The PR professionals are always in an ethical dilemma as they have to establish a balance between public interest, their own personal values and those of the interest of their employer/client. Honesty and trust are big issues for the PR industry today. Take the example of one of the largest PR firms in the world Burson – Marsteller. Established in 1953, the firms has allegedly worked with clients Monsanto and Eli Lilly who were accused of producing growth hormones to increase milk productivity in cattle. In one of the American talk shows, the host Rachel Maddow said, “when evil needs public relations, evil has Burson and Marsteller on speed dial.”

Hill & Knowlton, another one of the world’s largest PR firms, has been in the news for some of its clients like Indonesia that practiced naked aggression and genocide in the former Portuguese colony of East Timor. The firm also had to face embarrassing situation for its alleged involvement in Human Rights propaganda by the Kuwaiti government to win over the US public opinion in the wake of its annexation by Iraq in the early 1990s.

Critics often question PR professionals’ ethical standards in their information sharing with media. They say that PR is unethical in its dealings with media as it provides only half baked information and hides truth. Finger is also pointed at PR in their dealing with media. Critics go to the extent of saying that “PR corrupts media”. (Butterick Keith; 2011). By doling out freebies, tours, parties, PR puts media under obligation to publish their stories. However, these criticisms have been in the public domain for as long as the existence of the PR.

Another reason why PR professionals attract criticism is that they act as a shield for a politician or a celebrity or an organisation in times of crises. We often see that whenever, there is a crisis in a political party/politician or an image crisis with a celebrity, the first thing they do is to appoint a PR firm to help then set the record straight. Some PR firms have often come to the aid of political parties in their troubled times in our country. And yet, the appointment of a PR professional
or firm helps in clearing the air and bringing the truth in the forefront. Today, PR professionals act as advocates of the organisations/ businesses they serve.

14.3 THE ETHICS OF BUSINESS

Ethics in an organisation are set of principles and standards that guide the people’s conduct in their day-to-day functioning. Whether a company’s act or conduct is ethical or unethical is at best judged by the stakeholders.

Just as an individual has certain responsibilities so has a company or the business towards the society. Today most of the organisations have their codes of conduct mentioned in their rule books. These codes are the reflection of the company’s values, tradition, culture and policies for adherence by the employees as well as the management. However, many a times, these codes are on paper. In reality, ethics is sacrificed frequently at the altar of profit, greed, lust for power and influence. Many examples cited below substantiate this argument:

- Satyam Computers fraud case in which the company was charged with manipulating the balance sheet by illegal means. On 10 April 2015, Byrraju Ramalinga Raju, Satyam Chairman, was convicted with 10 other members.

- The Sahara scam in which Sahara Group was accused of failing to refund over Rs. 20,000 crore to its millions small investors which it collected through two unlisted companies of Sahara. Subrata Roy, Chairman Sahara Group, was sent to Tihar jail by the Supreme Court on March 4, 2014 and was released on parole on May 6, 2016. was released on bail after being jail for more than two years.

- Saradha group which ran a chit fund in West Bengal had collected around Rs.200 to 300 billion from investors with a promise of high returns for their investments. Sudipto Sen, its chairman, was arrested as the company collapsed in April 2013. The amount investors lost is estimated to be between Rs. 2060 – 2400 crores.

- In September 2015, the Environmental Protection Agency of the USA found that many Volkswagen cars being sold in America had a “defeat device” - or software - in diesel engines that could detect when they were being tested, changing the performance accordingly to improve results. The German car giant has since admitted cheating emissions tests in the US.

- A company is known for its standing and good actions. A good example is that of Tata Group. Despite the Ratan Tata vs Cyrus Mistry feud, the shareholders continues' to hold the Tata Sons and its chairman Ratan Tata in high esteem.

14.3.1 Ethics and Multinational Corporations

Today the globalised world sans boundaries as far as consumers and their products are concerned. Big companies after saturating their local market are always on the look for new markets and cheap labour. Multinational companies have moved their production bases to cheaper economies like India and China where low-cost production has benefitted both consumers and companies alike.
However, with changing business environment in countries like India, the functioning of these companies has come under extensive media scrutiny. Increasing profitability has propelled the employees of these big corporations to demand equal wages and say in the company matters and cordial functioning environment, thus forcing companies to follow high ethical standards.

On the other hand, the multinational corporations too find themselves in ethical dilemma in working in regions/countries as diverse as India. Recent example of Nestle – Maggi crisis is a case in point, where Nestle found difficult to tackle the Indian food regulatory body on the issue of alleged high lead content in its Maggi noodles and the matter had to be resolved in the court.

The day coke made its re-entry in India in the early 1990s, when rival Pepsi was well entrenched, it looked odd, but on one of the pages a mainstream newspaper had the coke ad, while business page carried a box item report about child labour in a coke factory. Though it might be a coincidence, it damaged the reputation of the company which was making a cautious entry into a country from where it was asked to leave lock, stock and barrel in 1977.

14.3.2 PR Acting as Front Organisations

One of the most controversial aspects of PR profession is creation of the front organisation. A front organisation is defined as “an organisation that purports to represent one agenda while in reality it serves some other party or interest whose sponsorship is either hidden or never mentioned.” (www.sourcewatch.org)

Hill & Knowlton and the Tobacco Crisis

Hill & Knowlton, world’s renowned PR firm, has been involved with the tobacco industry since 1950s and its activities constitute one of the first and most successful examples of ‘crisis management. In the early 1950s a number of scientific papers were published strongly suggesting a link between tobacco smoking and cancer. In response to what the industry referred to as the emergency Hill & Knowlton was hired to devise a PR strategy for the industry.

In 1954 Hill and Knowlton established the Tobacco Industry Research Committee (later renamed the Council for Tobacco Research) which quickly launched a newspaper promotion campaign with full page ads appearing in more than 400 American newspapers. The ad, entitled “A Frank Statement to Cigarette Smokers” assured the public that the industry took its responsibilities to the pubic very seriously promised more research, openness and cooperation with the authorities on the health implications of tobacco. To improve its credibility, the TIRC soon hired Dr Clarence Little previously MD of the American Society for the Control of Cancer, as its director.

So deeply was Hill and Knowlton involved in the tobacco cover-up that it was prosecuted throughout the nineties in many of the same cases as the big tobacco companies.

Clearly, the Hill & Knowlton’s involvement in deceiving people may sound unethical but many may defend the firm by simply stating that they were fulfilling their obligations towards their client - in this case the tobacco industry.
Check Your Progress: 1

Note: 1) Use the space below for your answers

2) Compare your answers with those given at the end of the Unit.

1) Why adherence to codes is difficult for organisations?

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2) What is the role of a front organisation?

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14.4 ETHICS: PHILOSOPHICAL TRADITIONS

The study of ethics can be placed in various following philosophical traditions; some of these include Comparative ethics, Normative ethics, Aristotelianism, Utilitarianism and Contractarianism. Let us take a brief look at each one of them:

Comparative Ethics: It is also called Descriptive Ethics. It is the empirical (observational) study of the moral beliefs and practices of different peoples and cultures in various places and times. It aims not only to elaborate such beliefs and practices but also to understand them insofar as they are causally conditioned by social, economic, and geographic circumstances.

Normative Ethics: It involves arriving at moral standards that regulate right and wrong conduct. In a sense, it is a search for an ideal litmus test of proper behaviour. The Golden Rule is a classic example of a normative principle: We should do to others what we would want others to do to us. Since I do not want my neighbour to steal my car, then it is wrong for me to steal neighbour’s car. Since I would want people to feed me if I was starving, then I should help feed starving people. Using this same reasoning, I can theoretically determine whether any possible action is right or wrong.

Aristotelianism: It is a tradition of philosophy that takes its defining inspiration from the work of Aristotle. This school of thought, in the modern sense of philosophy, covers existence, ethics, mind and related subjects.
According to the Stanford Encyclopedia of Philosophy, “The principal idea with which Aristotle begins is that there are differences of opinion about what is best for human beings, and that to profit from ethical inquiry we must resolve this disagreement. He insists that ethics is not a theoretical discipline: we are asking what the good for human beings is not simply because we want to have knowledge, but because we will be better able to achieve our good if we develop a fuller understanding of what it is to flourish”.

Kantian Morality: According to Immanuel Kant (1724-1804), there are universally recognised virtues which every individual should uphold. He spoke about “Categorical Imperative” (CI) which he dubbed as a standard of rationality. He characterised the CI as an “objective, rationally necessary and unconditional principle that we must always follow despite any natural desires or inclinations we may have to the contrary. All specific moral requirements, according to Kant, are justified by this principle, which means that all immoral actions are irrational because they violate the CI.

Utilitarianism: This philosophical approach emphasises on the consequence of any action. “The rightness or wrongness of any action is dependent entirely on the outcome that derives from it. Utilitarianism focuses on the philosophy of pleasing the maximum number and that end justifies the means.

Contractarianism: This is based on the philosophy of Jean Jacques Rousseau (1712-1778) and emphasises on the individual’s rights and obligations. It is based on the theory that all people have the right to freedom, yet they should act ethically within the boundaries of social contract.

Moral Evaluations

Teleological: This is results based approach. This defines ethical behaviour on the basis of either good or bad consequences and that end justifies the means.

Deontological: This is act oriented approach. This emphasises on the intrinsic worth or value of the action itself. Ends do not justify means because there are certain fundamental truths that we must follow regardless of their outcomes. It looks to the actual purpose of the action rather than the consequences. Deontologists believe that there are certain actions which must not be taken even if utility results; some actions are morally acceptable while others are not, and the ultimate decision on what action to take is down to the individual person and not the society as a whole. This is rule based ethics where being ethical is matter of accepting that as individual human beings we have a duty to do certain things. (Source: Butterick Keith: Introducing Public Relations Theory and Practice (2011). Pg 80.)

Check Your Progress: 2

Note: 1) Use the space below for your answers

2) Compare your answers with those given at the end of the Unit.

1) What is comparative ethics?
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2) Explain the philosophy of Utilitarianism.

3) Explain Normative ethics.

14.5 PROFESSIONAL CODES OF ETHICS

The code of ethics in Public Relations originally known as the “Code of Athens” made in 1965 has been adopted by the Public Relations Societies in various countries. The PR code is inspired by the Universal Declaration of Human Rights of Man adopted by the United Nations in 1948.

Some of the highlights of the code include:

- To encourage free circulation of information
- To deserve the confidence of all those one comes in contact with
- To demonstrate exemplary conduct in public-private behaviour
- To respect and uphold the dignity of human person
- To recognise the right of parties involved to explain their point of view.

The PR professional must not:

- Subordinate truth to any other considerations
- Disseminate information not factually correct
- Lend assistance to any enterprise which might harm the morality, honesty, dignity of the human race.
- The use of such words that make receivers act irrationally.

The Role of Professional Organisations

Professional organisations like Public Relations Society of America (PRSA) and the International Association of Business Communicators (IABC) have contributed a lot towards developing standards of ethics for the practice of Public Relations
profession. The PRSA is the largest Public Relations organisation in the world. Headquartered in New York City, PRSA has almost 22,000 members organised into 110 chapters nationwide. In 2000, the PRSA adopted code of ethics called PRSA Member Statement of Professional Values. These codes of ethics provide the fundamental beliefs that guide our behaviour and decision-making process and set industry standards for the professional practice of public relations.

<table>
<thead>
<tr>
<th>PRSA Member Statement of Professional Values</th>
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<tbody>
<tr>
<td><strong>Advocacy</strong></td>
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<tr>
<td>• We serve the public interest by acting as responsible advocates for those we represent</td>
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<tr>
<td>• We provide a voice in the marketplace of ideas, facts and viewpoints to aid informed public debate.</td>
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<tr>
<td><strong>Honesty</strong></td>
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<tr>
<td>• We adhere to the highest standards of accuracy and truth in advancing the interests of those we represent and in communicating with public.</td>
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<tr>
<td><strong>Expertise</strong></td>
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<tr>
<td>• We acquire and responsibly use specialised knowledge and experience</td>
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<tr>
<td>• We advance the profession through continued professional development, research and education.</td>
</tr>
<tr>
<td>• We build mutual understanding, credibility and relationships among wide array of institutions and audiences.</td>
</tr>
<tr>
<td><strong>Independence</strong></td>
</tr>
<tr>
<td>• We provide objective counsel to those we represent</td>
</tr>
<tr>
<td>• We are accountable to our actions</td>
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<tr>
<td><strong>Loyalty</strong></td>
</tr>
<tr>
<td>• We are faithful to those we represent, while honouring our obligation to serve the public interest.</td>
</tr>
<tr>
<td><strong>Fairness</strong></td>
</tr>
<tr>
<td>• We deal fairly with clients, employers, competitors, peers, vendors, the media and the general public</td>
</tr>
<tr>
<td>• We respect all opinions and support the right of free expression.</td>
</tr>
</tbody>
</table>


The second largest organisation; International Association of Business Communicators (IABC) has similar objectives as PRSA and is headquartered in San Francisco. Its mission is to “provide lifelong learning opportunities that give IABC members the tools and information to be the best in their chosen discipline”. IABC has almost 15,000 members in 70 countries. IABC’s code is based on the principle that professional communication is not legal and unethical, but also in good taste and sensitive to cultural values and beliefs. The members are encouraged to be truthful, accurate and fair in all of their communications.
The third organisation which is global in nature is the International Public Relations Association (IPRA) based in London. IPRA has about 1000 members in almost 100 nations. Its mission is to “provide intellectual leadership in the practice of international public relations by making available to our members the services and information that will help them to meet their professional responsibilities and to succeed in their careers.”

In our country Public Relations Society of India and Public Relations Council of India are two premier professional organisations in the field. They have different chapters pan India. Their details are available on their websites.

14.6 LAWS CONCERNING THE PROFESSION OF PUBLIC RELATIONS

While there are no specific laws to govern the profession of PR in particular, the laws concerning the profession of journalism and mass media are, by and large, applied in the PR practice. Some of these laws have been discussed in the previous units, here we shall look at them from the perspective of PR. As the profession of PR requires an immense amount of writing for stakeholders, it is prudent for the practitioner to have a thorough knowledge and understanding about the application of some important laws.

14.6.1 Law of Defamation

The law of defamation widely used against the mass media occupies an important place in the Indian legal system.

Defamation is defined as wrong done by one person to another’s reputation by words, signs or visible representation. It is different from wrongful acts which injures reputation including assault involving disgrace, unlawful arrest or attachment, malicious prosecution or breach of contract like breach of promise of marriage or a banker dishonouring his customer’s cheque in spite of having his money in his account and on the other hand, from words which cause danger to a person’s property or business and not to his reputation.

Defamation gives rise to both civil and criminal action. The civil law relating to defamation is not codified in our country. Therefore it is governed by English Common Law subject to statutory exceptions.

Criminal law of defamation is contained in Sections 499 to 502 Indian Penal Code, 1860, and is very exhaustive. Section 499 of the IPC defines defamation as:

“Whoever by words either spoken or intended to be read, or by signs or by visible representation, makes or publishes any imputation concerning any person, intending to harm or having reason to believe that such imputation will harm the reputation of such person, is said, except in the cases hereinafter excepted, to defame that person.”

The Libel and Slander are particular kinds of defamation.

Libel: Any false statement about a person printed or broadcast and which brings upon the person hatred, contempt or inflict mental torture or has an adverse impact on his occupation or business constitutes libel.
In PR most of the libel cases happen because the writer or the publisher becomes careless. Libel has three defences – truth, fair comment, criticism and privilege. If the writer can prove that what he has written is true with documentary proof, s/he can fight the libel suit to his advantage. Similarly, while criticising or commenting on someone’s work, it has to be restricted to the work of a person and without malice. Celebrated author Kushwant Singh’s preview of his autobiography in a publication earned the ire of Ms Maneka Gandhi. She felt some remarks about her in the book were libellous. She moved the court urging it to order the author to expunge those references from the book before it hits the stand. The honourable court gave the judgement in her favour and the author was asked to edit the book accordingly.

**Slander:** Slander is very much like libel except that it is verbal or spoken. It can occur in a broadcast, in a speech or in an informal conversation. It becomes slander when a third party hears it. Parliamentarians in India enjoy the privilege of immunity on what they speak within the House. Reporting such comments also enjoy immunity from legal action provided these are accurate.

**Defamation of Corporation:** The reputation of a human being differs from that of a company or a body of persons. A company for instance, cannot be accused of murder or immorality or sued for any such imputation. It can however, complain of words in disparagement of its corporate property, business and reputation. It could be libelous, if someone publishes something negative and if that is not true.

**Difference between civil and criminal law of defamation:** While the object of civil action is to adequately compensate the person defamed, the object of criminal prosecution is to punish the offender, by way of imprisonment or fine or both.

Intention to defame is irrelevant in civil liability for defamation. In criminal law intention is essential for liability. Truth of the statement is complete defence in civil action for defamation.

**14.6.2 Invasion of Privacy**

Privacy is an important concept in a democratic society. The Indian Constitution does not expressly have a clause guaranteeing privacy. However, in 1963 in Kharak Singh vs State of UP, the Supreme Court held that Article 21 dealing with Personal Freedom (Protection of life and personal liberty) was broad enough to cover privacy as well. The judgement said: Nothing is more harmful to a man’s physical happiness and health, than a calculated interference with his privacy.

Violation of Privacy rights can happen on three grounds:

- Invasion or intrusion of person’s private affairs
- When disclosures of personal facts prove to be embarrassing
- Intrusion/invasion is without prior permission

The tragic death of Princess Diana was ascribed by many as the invasion of privacy. Her brother during her funeral publicly said that the hands of the media were indeed bloodied by her death in 1997 in France.

Tata Group Chairman Ratan Tata’s private conversation with corporate lobbyist Nira Radia were leaked to the media, following which Tata had to move to the
Supreme Court, seeking a probe on the leak, as well as, a stay on further publication of the same. In an interview to the ‘Wall Street Journal’, he commented on the need for a law against invading people’s privacy, unless it is for an investigative purpose.

14.6.3 Intellectual Property Rights (IPR)

Intellectual property (IP) refers to creations of the mind, such as inventions, literary and artistic works, designs and symbols, names and images used in commerce. IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish.

IPR is divided into two categories: Industrial or Commercial Property and Copyrights.

Industrial Property includes patents, trademarks, Industrial Designs, and Geographical Indications, discussed below:

**Patents (inventions):** A patent is an exclusive right granted for an invention. Generally speaking, a patent provides the patent owner with the right to decide how - or whether - the invention can be used by others. In exchange for this right, the patent owner makes technical information about the invention publicly available in the published patent document.

**Trademarks:** A trademark is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks date back to ancient times when craftsmen used to put their signature or “mark” on their products.

**Industrial Designs:** An industrial design constitutes the ornamental or aesthetic aspect of an article. A design may consist of three-dimensional features, such as the shape or surface of an article, or of two-dimensional features, such as patterns, lines or colour.

**Geographical Indications:** Geographical indications and appellations of origin are signs used on goods that have a specific geographical origin and possess qualities, a reputation or characteristics that are essentially attributable to that place of origin. Most commonly, a geographical indication includes the name of the place of origin of the goods e.g. Assam Tea, British Airways etc.

**Copyrights**

The Copyright Act grants the copyright owner the exclusive right to publish, print or reproduce an original literary, musical or artistic work for a certain number of years. The copyright also extends to illustrations, plays, musical works, motion pictures, sound recordings, graphics, sculptures, pantomimes and dances. The aim of a copyright is to secure for the creator of the material all benefits accruing from the creation. The law provides exclusive right for life of the creator and 60 years beyond for those who own the copyright.
Check Your Progress: 3

Note: 1) Use the space below for your answers
2) Compare your answers with those given at the end of the Unit.

1) Differentiate between Libel and Slander

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2) Differentiate between IPR and Copyright.

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14.7 LET US SUM UP

The success of public relations industry and the credibility of a PR professional largely depend on the conduct of the industry/individuals. The PR industry as well as the individual PR professional cannot avoid the issue of ethics which is central to its operations and its very survival. Critiques have a field day in criticising PR industry for hiding facts, giving biased version or inside story and trying to corrupt media to get their objectives achieved. In such a scenario, it is imperative that PR professionals should be ethical and truthful in their conduct, functioning and operations.

In this Unit we have discussed in detail the need of ethics in public relations and ethical issues guiding PR professionals and the PR industry; what constitutes business ethics; how ethical standards become important for multinational companies when they venture in different regions and countries. We have outlined the philosophical underpinnings of ethics; various codes of ethics; professional organisations and their codes of conduct.

We have also discussed in detail the laws governing PR industry which are no different from the laws regulating mass media. Law of Defamation, Invasion of Privacy, and Intellectual Property Rights are some of the laws discussed in the unit.
14.8 FURTHER READINGS


Wilcox L Dennis and Cameron T Glen: *Public Relations Strategies and Tactics* (9th ed.) 2009. Dorling Kindersley India Pvt Ltd, India


Newsom Doug, Judy VanSlyke Turk & Kruckeberg Dean: *This is PR. The Realities of Public Relations* (10th Ed.) 2010, Wadsworth Cengage Learning, USA.


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14.9 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress: 1

1) Codes are the reflection of the company’s values, traditions, culture and policies for adherence by the employees as well as the management. However, many a times, these codes are on paper and sacrificed frequently at the altar of profit, greed, lust for power and influence.

2) Ethics means listening to one’s conscience and also following a professional code, if available in one’s professional field. Ethics is generally governed by a person’s value system that one gets during his/her growing up years, including from family and school.

3) A front organisation is defined as “an organisation that purports to represent one agenda while in reality it serves some other party or interest whose sponsorship is either hidden or never mentioned.” It is not uncommon for political parties to use Front organisations to criticise the opposition parties, especially during elections.

Check Your Progress: 2

1) Comparative ethics is defined as the practice of ethics in various cultures.

2) The philosophy behind Utilitarianism is the consequence of any action. In other words it is the outcome right or wrong that decides the value of an action. Utilitarianism focuses on the philosophy of pleasing the maximum number and that end justifies the means.
3) Normative ethics involves arriving at moral standards that regulate right and wrong conduct. In a sense, it is a search for an ideal litmus test of proper behaviour. The Golden Rule is a classic example of a normative principle: We should do to others what we would want others to do to us. Since I do not want my neighbour to steal my car, then it is wrong for me to steal neighbour’s car. Since I would want people to feed me if I was starving, then I should help feed starving people. Using this same reasoning, I can theoretically determine whether any possible action is right or wrong.

Check Your Progress: 3

1) Libel and Slander both being parts of the law of defamation. Defamation is defined as the wrong done by one person to another’s reputation by words, signs or visible representation. Libel is written, whereas slander is verbal.

2) Intellectual property refers to the creations of the mind, such as inventions, literary and artistic works, designs and symbols, names and images used in commerce. Copyright is a form of Intellectual property. Copyright refers to the exclusive right of the creator to publish, print or reproduce an original literary, musical or artistic work until death of the creator/author and 60 years after that by those in whom the copyright is vested. Sixty years after the death of the creator/author, the work comes in the public domain which does not require anyone’s permission to use and adapt it.
The current unit is devoted to discussing various case studies, both from the fields of advertising and public relations which deal with ideas, perceptions and publics in various capacities.

The study of advertising is also about understanding markets, consumers, consumer behaviour, brand management and various promotional media. Consumer is central to the entire process. Various strategies are evolved and implemented to influence consumer’s mind. Advertisers reach out to their consumers through variety of media that encompass inter-personal mode through direct selling, through mass media by using one or more media like press, electronic, outdoor or through digital media via e-commerce and e-retail. The proliferation of media has brought about higher exposure among the consumer about products and services. The social media platforms like Facebook and Twitter have allowed space and liberty to be directly in touch with the marketer and express customer’s opinion on the brand purchased. In case customer is not satisfied with the purchase deal there are a number of public platforms where customer’s views can be expressed. Customer is often referred as the King, which posits that a company can annoy a customer, but only at its own risk and cost.

In the field of PR, the basic aim is to manage and maintain the reputation of an organisation or a celebrity. If the cultivated image is somewhat equivalent to the perceived image on the part of the audience, then there is a synergy, but if the two are at variance, then there is a problem that needs efforts to resolve it. Crisis
around a brand, if related to advertising often also becomes a PR issue because the image of the organisation owning the brand would need PR efforts to salvage it. Many empirical studies suggest that if a company has a long term good relations with its stakeholders, it can get over a crisis without a blemish on its reputation, as some of the case studies discussed in this unit would suggest.

15.1 LEARNING OUTCOMES
After reading this Unit, you should be able to:

- discuss the importance of case studies in understanding the disciplines of advertising and public relations;
- describe the strategies employed by respective organisations in resolving the issue; and
- explain the lessons learnt while handling the situation.

15.2 CASE STUDIES: ADVERTISING
You may ask why we need to study case studies. Case studies are important as these include an honest appraisal of the problem at hand. A case study provides an avid understanding of why and how the issue exploded? What were the costs in terms of loss of reputation, lack of credibility in the institution/person and also loss in terms of revenue, among other things. Case studies are attempted after a crisis is over. Therefore there is a scope for honest appraisal of how it was handled and what were the shortcomings and learning. The case studies also include the strategies involved to tackle the crisis and what are the lessons learnt from those strategies. A study of cases provide a road map for future to not only the concerned institutions/companies and individuals but also others who follow them.

There are many classic case studies and others that are more recent that have proximity with our experience. In the following paragraphs, we shall discuss both kinds of case studies.

15.2.1 Johnson & Johnson’s Tylenol capsules
The crisis: In 1982, seven people died after taking extra-strength Tylenol capsules that had been laced with potassium cyanide, a deadly poison. The killer was never found.

How J&J responded: The Company put customer safety first. It quickly pulled 31 million bottles of Tylenol worth $100 million off the shelves and stopped all production and advertising of the product. It also got involved with the Chicago Police, Federal Bureau of Investigation (FBI), and Food and Drug Authority (FDA) in the search for the killer and offered up a $100,000 reward. Post-crisis, the company reintroduced Tylenol with new tamper-resistant packaging and $2.50-off coupons.

The result: J&J case study is in MBA classes worldwide, Tylenol’s response to the tragic 1982 murders is regarded as one of the most successful sequences of crisis management in history. Analysts often refer to this case study to prove how a crisis was turned in to an opportunity for the public good, i.e., introducing tamper proof medicines based on the law passed by the US parliament post the crisis. The media appreciated the lengths J&J went to and its concern for the...
public interest, so the company was portrayed generally in a good light, helping the Tylenol brand to recover.

15.2.2 PepsiCo’s can tamper rumors

The crisis: A syringe was allegedly found in a can of Diet Pepsi in Washington state in 1993, leading to panic among people. The following week, more than 50 reports of Diet Pepsi can tamper sprung up across the country which turned out to be a hoax.

How PepsiCo responded: Both PepsiCo and the Food and Drug Authority (FDA) were confident that the reports were fabrications, so the company came out hard, defending itself staunchly against the accusations. However, PepsiCo didn’t make vague statements telling the public to simply trust it and produced four videos throughout the crisis, such as a comprehensive report on its soda canning process. The most compelling was a surveillance tape of a woman in a Colorado store putting a syringe into a can of Diet Pepsi behind the store clerk’s back. PepsiCo North America CEO Craig Weather up appeared on news stations armed not only with visual evidence of the bogus reports, but with the explicit support of the FDA. He appeared most notably on Nightline (late-night television’s news programme in the USA) with FDA Commissioner David Kessler, and they both assured the public that Diet Pepsi was safe.

The result: The rumors fizzled out within two weeks following multiple arrests by the FDA for filing false reports. Diet Pepsi sales had fallen 2% during the crisis but recovered within a month. The situation required an aggressive defense because PepsiCo hadn’t done anything wrong. If the company remained quiet and complacent the damage could have been far worse.

15.2.3 Cadbury’s worm infested candy bars

The crisis: In October 2003, two Cadbury chocolate bars were found infested with worms in Mumbai, India. The Maharashtra FDA quickly seized the chocolate stock at Cadbury’s closest manufacturing plant in Pune.

How Cadbury responded: The Company’s reaction was slow to begin with. It released a statement claiming that the infestation was not possible at the manufacturing stage, while the FDA disagreed, prompting a tussle between the two. The media jumped on Cadbury, and the brand was under widespread assault. CNBC in India showed a crawling worm in a chocolate bar. Cadbury took its advertising off the air and launched an educational PR project that targeted retailers. It kept the media updated through press releases on the specific measures it was taking to correct its manufacturing and storage processes. The company also imported new machinery and changed the packaging of its Dairy Milk bars. It termed its operation as ‘Project Vishwas’ through half page print ads. Four months later, Cadbury began advertising more aggressively. By then, the company’s relationship with the media had improved greatly. Amitabh Bachchan was roped in for the campaign.

The result: Cadbury’s sales in India plunged 30% in the wake of all the negative media coverage, and this was during a festive season when its sales usually increase by 15%. But slowly Cadbury began to recover. Within eight weeks of the introduction of its new packaging and advertising campaign, sales had almost reached pre-crisis levels. The company announced eight months after the incident
that its consumer confidence was back to normal. Cadbury has maintained its position at the top of the Indian chocolate industry ever since.

15.2.4 Toyota’s recall fiasco

**The crisis:** In 2010, Toyota recalled a total of 8.8 million vehicles for safety defects, including a problem where the car’s accelerator would jam, which caused multiple deaths.

**How Toyota responded:** Toyota initially couldn’t figure out the exact problem, but it sent out PR teams to try and stop the media backlash anyway. The upper management was invisible in the early stages of the crisis, skewing public perception further against the company. Toyota’s response was slow, with devastating results. But it served as a wake-up call for the company, which somehow turned it around in the months following the debacle. The company failed miserably in its initial crisis management, but that’s what makes Toyota’s case so intriguing. Despite its monumental mistakes early on, Toyota still bounced back. Why? It didn’t take long for the public to remember Toyota’s previously stellar reputation. The company offered extended warranties and pumped up marketing, leveraging its long-term track record and reassuring consumers about safety. Its ads in the following months were more thoughtful and sincere, showing the company’s dedication to fixing the problem. Toyota’s executives - especially in the US - became more visible, speaking to the media and becoming active in the investigations.

**The result:** The Toyota brand showcased its resiliency, with its positive reputation built up over decades of good performance. The company leveraged this, focusing its marketing once again on safety and its proven track record.

15.2.5 Mattel’s toxic toys

**The crisis:** Mattel, a $4 billion company that brings smiles to millions of children all over the world had to retrieve 8,46,000 Barbie accessories and Fisher Price toddler toys that carried lethal lead. The company also recalled another 20 million potentially dangerous toys. Mattel CEO Robert Eckert apologised when summoned by a Senate Committee in September 2007 in the USA to explain toxic contents in Mattel toys.

**How the company responded:** The communication was multi-pronged, interfacing with media, law makers, opinion makers, special interest groups and irate consumers. As far maintaining data was concerned, it meant updating the recall figures, corroborating it with stocks; complaints diary, as the CEO had to face the media and public with real information for preserving company’s reputation and sales. The CEO tried to stem consumer worries in a video statement on Mattel’s web site. Shopping malls had put up notices about recall. Shoppers were given leaflets about company’s decision to recall and where to return the toys purchased by them and provision for store credit against returned toys.

15.2.6 The iPhone price reduction

**The crisis:** Apple slashed the price of iPhone immediately after launching it attracting the fury of those who had bought it. The early hype had created consumer hysteria about the brand and enthusiastic buyers had queued up for days and many hours to buy the apple iPhone.
**How the company responded:** Apple CEO Steve Jobs apologised in 2007 for reducing the price of the much-awaited iPhone by about $200 immediately after it was launched for $599. The slash of price by 1/3 had many buyers seething with anger. Analysts saw the move as compromising on consumer loyalty and risking brand equity. Apple immediately issued $100 store credit to early buyers. The reputation, however, was sullied, as early buyers felt cheated. $100 credit was half the discount and that too not in cash but for buying an Apple product next time.

**15.2.7 Cola drinks and pesticides**

The Centre for Science and Environment (CSE) is a non-governmental organisation that has raised issues about environment for over three decades in India. The publication *Down to Earth* continues to raise important issues and advocates policy intervention. It has been a kind of a trendsetter. The CSE has been in focus for taking on big companies including multinationals like the Coca-Cola and PepsiCo. CSE was the first to bring the issue of pesticides in Coca-Cola in the public gaze in India in 2003. A lot of furor resulted when the CSE findings of pesticide content much above the permissible limits was published in media. The Parliament also had to appoint a committee to go into the issue. The CSE claimed to have analysed samples at its laboratories from 12 major soft drinks that were sold in and around the capital and found that all of them contained residues of four extremely toxic pesticides and insecticides - Lindane, DDT, Malathion and Chlorpyrifos.

CSE director said: In all the samples tested, the levels of pesticide residue far exceeded the maximum permissible total pesticide limit of 0.0005 mg per liter in water used as food, set down by the European Economic Commission.

A media channel around that time covered a clip reflecting farmers in Uttar Pradesh using Coca-Cola and Pepsi as pesticides in their fields as against the regular pesticides. They seemed happy that in less than half the cost of purchasing pesticides, the colas were performing the same function. The clip had an interview with a farmer and also showed empty bottles of both the brands lying in the field. Both the companies used long perception management campaigns to allay the fears of consumers. While Coke used celebrities from cinema, PepsiCo’s CEO appeared in the commercial, assuring people about the safety of the drink.

Both the companies, however, have used silence as a strategy, in not responding to the popular yoga guru Baba Ramdev who has been openly criticising the multinational giants in spoiling the health of people. He is said to be taking pledges from youngsters to not consume aerated drinks. The marketing people may not be talking publicly to avoid a backlash from the seer, but do agree privately that it has made a difference in their sales.

**Check Your Progress: 1**

**Note:** 1) Use the space below for your answers

2) Compare your answers with those given at the end of the Unit.

1) Why do we need to refer to case studies?

.................................................................................................................................................................................................................................................................
2) After reading the above case studies, what do you think is the most important task to handle in case of a crisis and why?

3) What do you learn from Johnson & Johnson’s case study?

15.3 CASE STUDIES: PUBLIC RELATIONS

Many analysts treat PR as synonymous with crisis management. There may be some truth to that but there is more to PR than just crisis communication. There is, however, no denying that the use of PR is imperative in handling a company’s image in times of crisis. Crises can be of various kinds like natural disasters (earth quacks, floods, droughts which need mammoth efforts to evacuate people, bring succor and keep the communication flowing), scams (2-G, Bofors, Coal scam, etc) that need explanation to various stakeholders; employee unrest, society’s reaction to certain events (Nirbhaya gang rape case, Ayodhya verdict case).

In this section, we shall look at some select case studies to see how communication was used to address the crisis.

15.3.1 Averting the Nationalisation of TISCO

Tata Iron and Steel Company Limited (TISCO), the largest steel company in the private sector was on the verge of being taken over by the Janata government, a coalition of parties that formed the government in 1977. George Fernandes, the socialist leader who was the minister in charge of Industry of the first non-Congress government successfully sent back Coca-Cola and IBM around that time. TISCO had a turnover of Rs. 23,000 million; it had 75,000 employees and over five lakh shareholders at that time of possible nationalisation.
Advertising & Pr Ethics and Laws

The government apparently had no reason except to achieve political mileage. TISCO had long been a respected company for its vision, technical competence and welfare activities. It commanded great brand equity among its various stakeholders and people in general. The company undertook an integrated communication approach that included lobbying, advocacy and public relations to reach out to various stakeholders with its point of view. The stakeholders the communication programme targeted included shareholders, employees, trade, opinion makers, government, politicians, bureaucrats and general public.

**Myths vs. Reality**

<table>
<thead>
<tr>
<th>Government attitude</th>
<th>TISCO’s stand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Pre-conceived notion: Big business means exploitation.</td>
<td>Large business does not exploit.</td>
</tr>
<tr>
<td>2) Prejudice: Big business hinders national progress in a socialistic economy.</td>
<td>Big business helps national, industrial and economic progress.</td>
</tr>
<tr>
<td>3) Suspicion: The company fills its Coffers.</td>
<td>The company contributes immensely to labour welfare and community development.</td>
</tr>
<tr>
<td>4) Belief: Take over or controlling TISCO’s operations is necessary.</td>
<td>Controlling or taking over of TISCO’s operations is against national interest.</td>
</tr>
</tbody>
</table>

**Broad strategy**

The basic objective behind the 360 degree communication campaign was to stop the government from taking over TISCO by influencing the thinking of different target groups through various media and well thought out strategies. The campaign was not overtly critical of the government, but at the same time put the company’s point of view forcefully and succinctly in various media. It organised conferences and seminars to enlist the support of the industry, by subtly reflecting the working of TISCO and its contribution in nation building. In its shareholder communication, it kept them informed of the developments and company’s stand.

The company created a number of awareness programmes for the employees, which covered various operational activities through audio-visual means. The company termed advocacy and lobbying as the “non-public media” that “formed the main thrust of TISCO’s programme. TISCO chairman, JRD Tata, one of the highly respected business leaders in India, sent a memorandum to the concerned ministry, following up with personal letters to the members of parliament, highlighting TISCO’s contribution in the national, industrial and social fields.

Third party endorsement through editorial support was constantly maintained. Letters to editors from friends and general public were organised to be sent, and journalists were taken for facility visits to the TISCO factory in Jamshedpur. Regular meetings with senior correspondents and various editors were arranged in Delhi, Mumbai and Calcutta to keep them posted and enlist their support. The media persons were also mailed company literature during the campaign period.

JRD Tata during his visits abroad spoke to media about India, its industrial progress and government’s role in the development, indirectly contributing to a perception of Tata’s being a company that contributed to nation building. Before the
government could make its stand clear, though the tirade stopped thanks to the superb communication strategy of the Tatas, the government fell, and the Congress led government bounced back and with that the concept of nationalising big businesses also died down.

The strategy of TISCO was non-confrontationist with the government, but persuasive enough using various tools, both formal and informal, to make its stand clear based on facts and figures. At the same time, it made it a point to communicate that private sector was as much engaged in nation building as the public sector.

15.3.2 Save Narmada Crusade

Activist groups often use public relations tactics, calling it ‘media advocacy’. Such groups bank a great deal on research and data so that they use these in pressurising the organisation directly and through media. As per the theory of Agenda Setting, the media lends a sort of legitimisation and confers status on the individuals involved in the activism.

A social activist, who was on constant media radar during the Sardar Sarovar agitation became internationally known for her crusade. She was able to exert influence because of the acquired status, for which media can partly take credit. She, as a part of strategy roped in a Booker Prize winning author that further consolidated the position of the activist group, Narmada Bachao Andolan (Save Narmada Crusade). The media interviews of the activists, the imagery, the tears, the fasting, all became engrained in public memory.

The World Bank that had partly funded the project has become very cautious while funding large scale hydro projects and insists that the borrowers adopt a fool proof communication strategy with locals, whose land would be purchased, the activists and the media.

15.3.3 Ayodhya Verdict Case

The Ayodhya Verdict case, 30 September 2010 revealed how a pro-active approach helped in managing perception. Lucknow bench of the Allahabad High Court was expected to pronounce on 30 September 2010 its judgement on the ownership rights of the disputed land in Ayodhya. The government and law enforcement agencies had the time to frame strategies in advance to ensure that no ugly events took place as soon as the apex court made its judgement known. As things turned out, at the government level, a lot of maturity and preparedness on its part was evident.

The Home Minister convened a meeting of a cross section of media big-wigs on the issue. An advisory was issued cautioning the media not to show any footage of Babari structure demolition; not to speculate on the forthcoming judgement and not to allow any inflammatory statements or speeches on the channels. Various journalists’ organisations also issued advisory to its members to show restraint in reporting on the issue. There were appeals by PM and HM to maintain peace and calm.

A pro-active by the government was undertaken. The judgement was immediately put on the net to avoid rumours. Advisory to mobile telephone operators to stop
circulation of Bulk SMS and MMS for a week was issued.

**Media response**

Media reportage in general was balanced and factual. Panel discussions were organised without political party representation. Legal luminaries were involved to explain the judgement and make common people understand the implications. Celebrity appeal, from a cross section of actors/artists including Amitabh Bachchan, Salman Khan, Amjad Ali Khan etc was also used. It was a good case study in managing the perceptions early to avoid possible damage.

**15.3.4 CWG Opening Ceremony**

The Commonwealth Games 2010 were initially mired by poor handling of perceptions, but the strategy paid off. Media painted the people concerned as inefficient, corrupt and apathetic and positioned themselves as the ones who helped in putting things in order. The social media, after a while started questioning print and electronic for being so negative, especially when the prestige of the country was at stake. The spectacular opening ceremony helped in reversing the opinion. Doordarshan had the exclusive coverage of the event which left all the 90 odd channels without any news material on the opening day. They had their correspondents outside the venue taking bytes of people here and there.

In this case, despite a general lack of preparedness, loopholes at the infrastructure level and completion schedule, the grand opening had media appreciate the function wholeheartedly.

**15.3.5 Sahara vs. SEBI imbroglio**

In 2007 the Reserve Bank of India forced the Sahara India Financial Corp to wind up its business as the Bank felt it threatened the financial system of the country. In the process, RBI constituted a fresh team of Board of Directors by bringing in independent directors to oversee the business and also changed the auditors. RBI cracked down on the company because of Sahara's alleged persistent violation of investment norms. The banking regulator said Sahara India Financial did not follow rules regarding payment of the prescribed minimum rate of interest to depositors, asset liability management guidelines, KYC (know your customer) norms for opening deposits, and failed to intimate depositors when their deposits matured. As a result, it allegedly benefited from the resultant windfall of unclaimed deposits.

Sahara had to brace itself for another fight and this time it was with the market regulator SEBI. In 2008 two of the Sahara Group companies, the Sahara India Real Estate Corporation Limited (SIRECL) and Sahara Housing Investment Corporation Limited (SHICL) issued Optionally Fully Convertible Debentures (OFCDs) to an estimated 30 million investors. The fact that the two companies were not listed and were ignoring the regulatory guidelines could not go unnoticed for long. The issue came to the notice of the market regulator SEBI when it was processing the red herring prospects submitted by another Sahara group company, Sahara Prime City Limited, for its initial public offer.

On investigation, SEBI found that under OFCDs, the two companies were “extensively taking up para-banking activities and running deposit schemes”. SEBI contended that the OFCDs raised were against its norms as any capital raising issue that involves 50 or more investors had to secure its consent first.
Sahara, on the other hand, argued that as none of the companies were listed, hence were not obliged to seek the regulator’s approval.

The matter went to the Lucknow bench of Allahabad High Court which stayed the SEBI order. But this did not stop the regulator from issuing advertisements in the newspapers warning the investors that it would not be able to redress their grievances on the OFCDs. The regulator also asked the company to refund the depositor’s money with 15 per cent interest by June 2011. This time Sahara knocked the doors of the Supreme Court and got a stay on SEBI’s orders once again. Meanwhile, the Supreme Court asked the company to appeal to the Securities Appellate Tribunal (SAT). The SAT upheld SEBI’s order.

The Supreme Court on Aug 31, 2014 directed the two Sahara companies - Sahara India Real Estate Corporation Limited (SIRECL) and Sahara Housing Investment Corporation Limited (SHICL) - to refund all the money that they had collected through the OFCDs in a period of three months with an interest of 15%. It also ordered the Sahara Group to furnish all the details of the OFCDs to SEBI (payment vouchers, redemption documents and application forms on the approval and allotment of bonds to around 30 million investors). The total amount to be refunded was 24,030 crores with an interest of 15% to SEBI. The court directed the two companies to submit the details with supporting documents to establish that the money they had refunded reached the right people. SEBI was allowed to hire experts, consultants and even investigators to check the veracity of all documents at Sahara India Pariwar’s cost. The court also decided that in those cases where investors’ identities were not established, the money would go to the government’s investor education fund.

Although Sahara has been insisting that it has cleared the payments of 90 percent of its bond holders i.e now it has to pay only Rs 2620 crore to SEBI and that it has already paid SEBI some 5120 crore – an extra of 2500 crore as a cushion. This is something that the Apex Court and SEBI were not willing to accept.

In December 2014, the Supreme Court gave more time to Sahara - till February 2015 to make full payment in three installments. When the company failed to do so, the regulator moved a contempt petition against the two firms for defying the court order and not refunding Rs. 24,030 crore to investors. It also directed banks to freeze the accounts of two Sahara firms, their promoters and directors. It followed this up with the Supreme Court order to imprison Sahara Chief Subrata Roy and two other directors of the company.

What have been Sahara’s damage control strategies?

Sahara issued various advertisements on the ‘injustice’ meted out to the company at the hands of SEBI. On the OFCD liability of the two Sahara companies, the SIRECL and SHICL, the company came out with the advertisement “Truth Always prevails” on how the news about the mortgage of the properties of the two companies are completely wrong, misconceived and baseless. Earlier to this on September 30, 2012, it came out with an advertisement of full page on provisional financial statement of the group. In March 2013, it came out with full page ad in newspapers screaming “Enough is Enough” where in words like malicious acts were used for SEBI and how an “extreme degree of injustice” was being done on Sahara.

Roy’s celebration of Bharat Bhawna Diwas, in which some 120,000 people
assembled at one place to sing the national anthem, was not just an attempt to demonstrate his nationalistic sentiments but also to show how he was being targeted by ‘vindictive’ regulators.

What has been media’s stand?
One has not seen many analytical stories in the print or electronic media on Sahara, or Mr. Shubrata Roy except factual reportage based on Courts’ rulings and judgments. In the beginning some newspapers and magazines did carry the story but soon it was thrust with a defamation case by the Company worth crores of rupees. The media carried stories on the first anniversary of Subrata Roy’s imprisonment.

What are the PR Lessons?
Taking on the government and government run institutions through paid space was not a good strategy. It did not win the conglomerate any sympathy or friends. Truth happened to be the biggest casualty in the entire process. Except for a few investors who responded to the Regulator’s advertisements, the crores of investors as claimed by the Group seemed to be nowhere. In adversity it is important to strategise on where the support can come from or who could do the talking, which did not happen in this case. It is not always necessary to communicate to prove a point as silence can also be powerful in some circumstances. Claiming something that cannot be sustained in law can create complications.

In the Sahara-SEBI imbroglio, the inept PR handling by the Company caused it more damage than to salvage its reputation.

Check Your Progress: 2
Note: 1) Use the space below for your answers
2) Compare your answers with those given at the end of the Unit.
1) What lesson do you draw from Sahara-SEBI confrontation?
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2) What were the precautionary measures taken by the government to avoid communal tension in the Ayodhya verdict case of 30 September 2010?
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15.4 LET US SUM UP
In this Unit we took up some case studies from the fields of advertising and public relations to understand the crises per se, various strategies undertaken by respective organisations and the impact on their reputation. Each crisis was a challenge for an organisation and no two crises could be handled the same way. Therefore it is important for the organisations to have a well thought off crisis handling plan in place, which should be dynamic to be adapted to suit the situation. Media often are the most important player in it.
Keeping things away from the media and not sharing the information completely can be disastrous as media have their own sources. Honesty of purpose and intent is important on the part of the organisation that is handling a crisis. It is important to be honest, but people must also believe that the organisation indeed is honest. It is hoped that the case studies included in this Unit will provide you with lots of insights on handling crisis - as to what worked and what did not - and reasons for the same.

5.5 FURTHER READINGS


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15.7 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress: 1

1) Case studies are generally written after an issue is over. A case study reviews the issue/crisis, how it was handled, what the shortcomings were, whether the crisis could have been averted, what were the perceptions and opinions of the people who mattered, what media’s stand was and importantly how a crisis affected the reputation of the concerned organisation. Therefore learning through the case study enables the person to look at the problem in a holistic manner and draw lessons for the future.

2) There is saying that one learns more from crisis times than good times. Every crisis poses several challenges, so it is important that the organisation in charge of handling a particular crisis does not worry as much about its reputation as the people affected by the crisis.

3) If we take a leaf out of the J&J case study when there was a scare of poised laced medicine, the company did not cry sabotage or this could not have happened in their factory, but put all their efforts together to immediately inform millions of people about the report of some people dying after taking the drug. So they should not take it until there was a clearance on that. All the drugs were immediately withdrawn. The company however turned the crisis in an opportunity keeping in view the public good by going to the US government and getting a law passed that all medicines needed to come in tamper-proof packaging. The crisis did not dent the reputation of the company, it rather enhanced it on the ground that the company had the public
Check Your Progress: 2

1) The Sahara vs. SEBI case study provides an interesting insights on how the issue should not have been handled by Sahara. When in trouble, it is important to be forthright, factual and timely. In this case not only there seemed to have issues on corporate governance, but the handling of the crisis itself was inept. Communication cannot be a substitute for the ground reality. If communication is not based on facts and propriety, it can spoil the case.

2) In this case the Government of India left no stone unturned for ensuring that communal tension should not take place; reporting in media should be balanced and factual. Communication channels were kept open for informing and educating the people. Legal luminaries were involved to explain the judgement and its implications to common people. Celebrity appeal was also used for managing perceptions and avoiding possible damage.
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