

## Media & Entertainment Industries

The Indian entertainment industry is changing dramatically. This is fuelled by various factors – the spectacular growth of the television industry, the new formats for film production and distribution, the privatisation and growth of radio in the country, the gradually liberalising attitude of government towards the sector, easier access to and for international companies and many other factors.

### Films

India has traditionally been a heavy consumer of films. This can be easily demonstrated by some international comparison.

	INDIAN FILM INDUSTRY	HOLLYWOOD
Films produced	1013	739
Tickets sold	3.6 bn	2.6 bn
Worldwide revenues	\$1.3 bn	\$51 bn
Annual growth rate	12.6 per cent	5.6 per cent
Avg production cost per film	\$1.5 mn	\$47.7 mn
Avg marketing cost per film	\$ 500,000	\$27.3 mn

The Indian film industry has now started looking outside domestic boundaries.

For instance:

- A 40 member Indian industry delegation visited Cannes 2002 where “Devdas” was released and appreciated.
- “Mrs & Mr Iyer”, directed by the veteran Aparna Sen won awards at the Locarno Film Festival.
- A high level delegation at the American Film Market 2003 is expecting to do good business there.

### Some facts about investing in Indian films:

- The government has since March 2002 allowed 100 per cent FDI on automatic basis in the film industry.
- The Indian government is due to sign co-production treaties with Canada & Italy soon.
- Hyperion Films, USA has already signed Indian superstar Salman Khan for “Marigold”.

- The return on investment is very good for Indian films: cost of production is low and returns, due to global acceptance of the product can be high. "Monsoon Wedding" earned \$30 million worldwide on an investment of \$1.5 mn
- There are vast opportunities for investing in theatre/ multiplex infrastructure. According to a UNESCO study on cinemas in India, there is a requirement of at least 20,000 screens in India against the existing 12,548. The Indian government has extended tax benefits to investors for setting up multiplexes in the country.

## Television

While films are still a major chunk of entertainment consumption, television has managed to capture a huge market share as well.

There are 79 million TV homes in India. And there are 39 million Cable & Satellite (C&S) homes in India from nil a decade ago. In 2003, it is expected that there will be 81.6 million TV homes and 40.5 million are C&S homes. There were nil C&S homes in India in 1991.

The regulatory structure is gearing up to the imminent technological scenario. Conditional Access System, hitherto absent in India, has been made mandatory. This is essential for next generation TV viewing using broadband. The Convergence Bill, the second in the world after the Malaysian Act is due to be enacted in the first half of this year.

- There is no restriction on downlinking any channel to India
- Any channel, irrespective of its ownership pattern can uplink from India. This gives them easy access to Southeast Asian region.
- The foreign investment limit for a DTH company is 20 per cent, and an additional 20 per cent can come in as NRI/OCB investment.

## Print

The government recently reversed a 50-year-old decision that banned foreign investment in this medium. Now the foreign investment is limited to the extent of 26 per cent in publications on news & current affairs, and to the extent of 74 per cent in other publications. However, the guidelines are silent on the matter of Special Purpose vehicles.

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