

# **BOLLYWOOD ON THE WINGS OF TECHNOLOGY AND ITS CONTRIBUTION TO ECONOMY**

## **Hundredth Year of Indian Cinema**

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*[Abstract: Bollywood—as the mainstream Hindi language film producing industry is popularly known as—is the largest producer of films in India, though regional cinemas compete both in terms of quantity and quality of film production with the mainstream cinema. Bollywood film industry is as old as Hollywood. Since 1960, India has been holding the record of producing the maximum number of commercial films and has attracted the maximum number of viewers; yet it stands nowhere near Hollywood in terms of quality and also from the point of revenue generation. It has survived for about a century largely on account of a big domestic market, which in the absence of a competing alternative source of entertainment has provided it with sustenance through undying adulation. The industry remained fragmented and came to be dominated by a ‘star system’ (dominated by stars and producers) and funded by dirty money. In the initial years of its growth and many years thereafter there was no patronage from government and elite leadership. The Hollywood Industry, in contrast, developed on an organised structure of studios where star system did have over-riding domination and the financing of films was on commercial principles. Besides having a large domestic audience, U.S. Government has always facilitated the growth of Hollywood films in foreign countries as a part of its foreign trade policy. Hollywood has thus remained dominant in foreign markets all across the developed world where the paying capacity is high. The organised industry in Hollywood has been continuously adapting new technologies and scripting techniques to enhance viewing pleasure. Bollywood, consequent to policy changes towards market linked economy, has been quick to improve the department of visual and cinematic effects by adapting latest technologies and creating a pool of trained technical manpower. It has also improved its distribution channel by integrating technology with management. The growing middle class and increasing disposable income tends to encourage the development of multiplexes catalysed by government’s incentives. Bollywood has taken on the life styles of Indians abroad in their script making them aficionado of its products resulting in improved collections. Revenue generation has shown healthy growth and projections are that the trend would be maintained. However, its growth potential remains severally limited because of its weakness in its story telling techniques and script writings. If Bollywood wishes to create interest of large paying public of non Indian origin abroad and claim to be truly international entertainment industry, it has to overcome this deficiency.]*

Film has a uniquely powerful ubiquity within human culture. In 2009, across major territories, there were 6.8 billion cinema admissions (equivalent to world population) creating global box office revenues of over US\$30 billion. The convergent nature of film creates consumption across a number of channels. In the same year combined DVD and Blu-ray sales in the United States, Canada and European Union alone were US\$32.5 billion (1.1 billions units sold). When one starts to further consider revenues and audience figures from those who consume digitally, via television, repeat view

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content they already own and view through highly illegal but vast black-market in films, the figures become truly staggering.<sup>1</sup>

Movies have come to be key cultural artefacts that offer a window into evolving cultural and social history. A mixture of art, business and popular entertainment, the movies provide a host of insights into shifting ideals, fantasies, and pre-occupations like any cultural artefact, the movies can be approached in a variety of ways. Cultural historians would treat movies as social documents that record the look and mood of particular social settings; as ideological constructs that advance particular historical settings; as ideological constructs that advance particular moral values or myths; as psychological texts that speak to individual and social anxieties and tensions; as cultural documents that present particular images of gender, ethnicity, class, romance, and violence; and as visual texts that offer complex levels of meaning and seeing.<sup>2</sup>

Cinema has been perceived to be of therapeutic value. The narrative and representational aspects of film make it a wholly distinct leisure activity. The unique properties of cinema can have positive effects on mental health because visual simulation can queue a range of emotions and the collective experience of their emotions through the cinema provides a safe environment in which to experience roles and emotions one may not otherwise be free to experience. The collective nature of narrative and visual simulation makes the experience enjoyable and controlled; thereby offering benefits beyond mere visual simulation.<sup>3</sup>

Film is a reflection of society, both present and past. The film and its innovations sometimes have to catch up to society but sometimes it leads society too. Movies are stories, movies are made by people who come out with ideas about something they want to say, something they want to tell someone. Movies are a form of two

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<sup>1</sup> Shah, Vikas (2001), "The Role of Film in Society," an exclusive interview with Tom Sherak, President of the Academy of Motion Picture Arts and Sciences, *Thought Economics*, June 2001.

<sup>2</sup> Mintz, S. (2007), "Hollywood as History," *Digital History*. Retrieved 15 March 2012 from [http://www.digitalhistory.uh.edu/historyonline/hollywood\\_history.cfm](http://www.digitalhistory.uh.edu/historyonline/hollywood_history.cfm)

<sup>3</sup> *Op. cit.* 1

way communications between the narrator and society and have been that way and would continue to be that way. Amir Ullah Khan and Bibek Deberoy<sup>4</sup> in their paper on “Indian Economic Transition through Bollywood Eyes” have demonstrated how Hindi Films have reflected changes in India’s political economy and society covering the entire span of period of Hindu rate of growth to the present globally linked era when economy has been growing rapidly. Films, more than any other form of popular culture, have been reflecting the socio-economic milieu and changes in policy. The films have been depicting economic problems of the people in a very strong way and some such examples are: *Awara* (1951), *Jagte Raho* (1956), *Naya Daur* (1959) and *Kala Bazar* (1960). There have even been comments on economic policy in films like *Johny Mera Naam* (1970), *Namak Haram* (1973), *Amar Akbar Anthony* (1977), and *Gupt* (1994). On a canvas, beginning with the period from independence, and choosing economic policy of import substitution and foreign exchange controls followed by the heady days of Public Sector reaching commanding heights, Big Dams being constructed and the Green Revolution, India’s political economy has seen its twists and turns, and ups and downs. Hindi Cinema has incorporated all these trends in its own inimitable style through the idealism of Raj Kapoor, cynicism of Guru Dutt, strength of character exhibited in Dharmendra’s movies like *Satyakam*, and romance in the films that follow—the heady mix that culminated in the era of angry young man. Then follows a phase of confusion and complete lack of imagination, after which one sees the happy-go-lucky recklessness of generation next. The symbolism in all this is crystal clear. Today, as the Indian Economy looks outward, Hindi Cinema goes global too.

In pre-independent India also the Indian Cinema captured the societal, economic and political issues in a bold way even under an alien rule and without any blessing from the elitist dominated movement of Indian National Congress. In fact, Gandhi termed Cinema as ‘sinful technology’<sup>5</sup>. Even in U.S. there was similar vision about films at

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<sup>4</sup> Khan, Amir Ullah and Bibek Debroy (2002), “Indian Economic Transition through Bollywood Eyes: Hindi films and how they have reflected changes in India’s political economy,” *Contemporary India*, Vol. 1, No. 3, July–September.

<sup>5</sup> “Mahatma Gandhi and Indian Cinema,” *Free Essays and Research Papers*, available at oppapers.com, 2012.

that time. The *Chicago Tribune* in its editorial observed that films were “without a redeeming feature to warrant their existence....ministering to the lowest passions of childhood. Amir Ullah Khan and Bibek Oberoy have illustrated such initiatives in their paper. In 1921, Dhiren Ganguly commented on the Western way of life in his movie *England Returned*. This was followed by Baburao Painter’s *Savkari Pash* (or *The Indian Skylock*), 1925, which looked at the plight of the Indian Peasantry and their exploitation by money lenders. Similarly, films like *Achut Kanya* (Franz Osten, 1936), *Aurat* (Mehboob, 1940), *Roti* (Mehboob, 1942), *Do Bigha Zameen* (Bimal Roy, 1953) and *Sujata* (Bimal Roy, 1959) dealt with issues of casteism, urban dehumanization economic and gender roles and mass migration from rural areas and subsequent plight in urban slums. Realistic portrayal of economic conditions of the people was portrayed in Chetan Anand’s *Neecha Nagar* (1946) and K.A. Abbas’s *Dharti Ke Lal* (1947).

Cinema in Hollywood was born in an age of reform, and many early silent movies took as their subject matter the major social and moral issues of the Progressive era: birth control, child labour, divorce, immigration, political corruption, poverty, prisons, prostitution, and women’s suffrage. Many silent movies dealt with dominant issues of the time in a wide variety of ways—realistic, straightforward, humourous, and sentimental. With Hollywood’s bent from realism to escapism, the 1920’s saw the first flowering of the major studios—The Dream Merchants—that dominated the business for decades; it started making movies which were swashbuckling and the young movie goers started dreaming of a way of life which was ‘consumerist’ in its approach. As early as in 1907, the American society felt threatened by the ‘evil influence’ of cinema and a presidential study concluded that films encouraged illicit lovemaking and inequity ‘resulting in censorship’. Even the Supreme Court of United States, in 1915, ruled that films were pure and simple business and could not qualify to seek protection of the First Amendment and were not an organ of public opinion.

During the great economic depression, the number of moviegoers increased as the goers could forget their worries for a couple of hours. It was a simple way of escapism. The fantasy world of movies played a critical social and psychological role

in evading the harsher realities of depression-era life. In the face of economic disaster, it kept alive a belief in the possibility of individual success, portrayed a Government capable of protecting its citizens from external threats, and sustained the vision of a classless American society.<sup>6</sup>

Hollywood's greatest contribution to the War effort was boosting morale by producing movies that were patriotic rallying cries that affirmed a sense of national purpose. Films of that period emphasized group effort and the value of individual sacrifices for a larger cause. World War II was portrayed as a people's war in which women were contributing actively by serving as nurses, riveters, welders, and long-suffering mothers, who kept the home fires burning. Leading actors and actresses entertained troops and promoted recruitment by encouraging others, with many among the fraternity volunteering themselves. Besides, it faced cuts in raw supply stock and also ceilings on costs of production. From the foregoing it is demonstrated that film clusters at Bollywood as well as Hollywood have depicted the evolving mood and aspirations of the society. The state of affairs would be similar in all other clusters as characteristically all story tellers in all mediums draw their creativity from their surrounding environments. However, the two clusters, namely Bollywood and Hollywood, are significantly distinct in their structure and approach to filmmaking and commerce surrounding their films. Though Bollywood with its enormous global impact on films, music, dances and lip-synced songs, the symbolic and emotional drama, and the wandering story line contained in a three-hour film is alien to audiences used to Hollywood products, yet it is a hugely commercial industry with an estimated annual number of globally sold tickets of 3.6 billion as compared to 2.6 billions that of Hollywood. For more than one hundred years Bollywood mainly served the home market, its export market has now been growing at an impressive rate of 16% to 20% per annum and is well on its ways to be integrated to global economy. Bollywood is a distinct example of a growing entertainment industry which has been essentially an indigenous industry to an emerging economy of India.<sup>7</sup>

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<sup>6</sup> *Op. cit.* 2

<sup>7</sup> Lorenzen, Mark and Florian Arun Täube (2007), "Breakout from Bollywood? Internationalization of

The Indian film industry is built on a strong foundation—the pioneers overcame various odds and spawned new technologies capable of improving nearly every aspect of business, i.e. storing the moving images and integrating the same with already prevalent rich art forms of theatre based on mythology, dance forms and sagas of local heroes. The *tamasha* loving and theatre aficionados welcome the opportunity of savouring the performance of talented artists from across distant cultural centres because it promotes cross-cultural understanding and that too at affordable costs.

India's tryst with films started on July 7, 1896, a few months after the Lumiere brothers introduced the art of cinematography in Paris in 1895. Filmmakers in the west were quick to realize the value of India as a site of filmmaking because of its natural beauty and exotic culture in their films like *Coconut Fair* (1897), *Our Indian Empire* (1897), *A Panorama of Indian Scenes and Procession* (1898) and *Poona Races '98'* (1898). The first Indian to make a film, called *The Wrestlers* (1899), was Harishchandra S. Bhatvadekar, a stills photographer by profession. This was followed, in 1900, by *Splendid New View of Bombay* and *Taboot Procession*, both by F.B. Thanawala.<sup>8</sup>

J.F. Madan, who envisaged great business opportunities for Indian filmmaking, established the Elphinstone Bioscope Company in 1905. The first Indian feature film, *Pundalik* (by R.G. Torney), was made in 1912 as a result of growing demand from audiences to see Indian characters and experiences on screen. However, it was shot by an Englishman and never really received the acclaim of being an independent feature film. Instead, the honour of making the first indigenous feature film goes to D.G. Phalke for *Raja Harishchandra*, released in 1913, which was a completely Indian production and was shown as a self-contained work in its own right. Between 1917 and 1931, several many Indian silent movies were shot in Mumbai and other regions. Their content was inspired by *Ramayana* and *Mahabharata*, two of India's most

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Indian Film Industry," DRUID Working Paper No. 07-06, Danish Research Unit for Industrial Dynamics.

<sup>8</sup> Acharya, Sharmistha (2004), *Bollywood and Globalization*, A thesis submitted to San Francisco State University.

well-known epics. In 1931, *Alam Ara*, India's first talkie was made—just four years after the introduction of the first talking movie, *The Jazz Singer* (1927) in New York, America. In India, sound was the transformative element that led to the rapid expansion of the nation's film industry—the most productive such industry in the world today. While in countries like Japan and France, talking movies were slow to take root. However, theatre music and songs, that play an integral part in Indian culture, found a new expression in the talkie movies. Music and fantasy have since continued to be seen as vital elements of filmic experience. Sometimes the use of music is overdone. For example, the film *Indrasabha* (1932) contained 70 songs. However, music has remained the defining element of Indian Cinema so much so that in a recent release, *LOC* by J.P. Dutta, six top singers have lent their voice to a song which is 20 minutes long and has been picturized on eleven top actors of the Industry.

The popularity of the new medium for mass entertainment encouraged creative filmmakers and entrepreneurs supporting them to explore new ideas beyond the mythical themes to delve into social, political and gender themes. It was against this background that film directors like Bimal Roy, Raj Kapoor, Guru Dutt, V. Shantaram, Mehboob Khan made films which became popular both in India and abroad.

Indian film industry in regions like Tamil Nadu, Andhra, Bengal, Punjab, etc., also came up in quick succession to Marathi and Hindi Cinema of Bombay. Films made in the regional languages have been as good in content though varying in cinematic style and grammar. The contributions of Satyajit Ray, Mrinal Sen, Tapan Sinha, Ritwik Ghatak, Adoor Gopalakrishnan, Mani Ratnam, P.V. Rao, etc., have been everlasting and have influenced the genre of Hindi films in many ways enriching the same with their flavours. The cult of Raj Kapoor, the legendary Indian actor, remains undiminished in Russia and the Soviet Union.<sup>8</sup> The growth of Bollywood and Regional Cinema in India has taken place simultaneously with the growth of industry elsewhere and Indian Film Industry has been in the forefront of total production since 1960 till date. The only industry that follows India in terms of production is Hollywood, which produces 500 films per year on average and has a world wide

audience of 2.6 billion. Indian Film Industry produces more than 1000 films on average in a year and attracts about 3.6 billion viewers. In terms of viewership, Hollywood was overtaken in 2004 and the dominance of Indian films on this parameter continues. Bollywood made revenue of \$1.75 billion in 2006, which is only half the revenue of one Hollywood studio, Walt Disney made in 2006—and that's saying a lot. However, while Hollywood's market inside the U.S. has almost saturated, India's 500 million population under the age of 20 will ensure that the market in India will grow rapidly in years to come. Although Hollywood produces only a fraction of the number of films made all over the world, it garners a staggering 75% of total revenues. Also, 50% of earnings (expected to grow to 80%) come from the foreign markets whereas for Bollywood it is 20%. Hollywood has an overwhelming domination among the top grosser all over the world, almost all the top 50 movies are made in Hollywood. It has virtually eclipsed all other film industries except Bollywood—for instance, the European film industry is cut down to 1/10<sup>th</sup> of its size since 1910.

The average cost of producing, marketing and distributing a Hollywood film is more than US\$60 million and only one out of ten succeeds. At the same time Shahrukh Khan's *Ra.One* has cost \$30 million dollars and is the costliest Bollywood production till date. 50% movies produced in Bollywood are never released and more than 95% of those released result in losses.<sup>9</sup>

Historically, Bollywood as well as Hollywood both operate on full commercial basis and without state subsidies. Both the clusters produce a mix of relatively big and small budget fares followed by a relentless pursuit of blockbusters on the market with large uncertainties with mixed results. Though, Hollywood might not be in receipt of state subsidies, its export success has been positively influenced by government regulations, i.e. by creating beneficial conditions for exports of American products in industries where such exports would boost the domestic scale economies. Film has been perceived to be exactly such an industry and Hollywood

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<sup>9</sup> Woke (2007), "Bollywood vs Hollywood – The Complete Breakdown," *mutiny.wordpress.com*, February 1.



exports have benefited notably from the U.S. State Department, the Department of Commerce and various U.S. embassies in paving the way for U.S. film exports. While implementing Marshall Plan for the reconstruction of Europe in the post WWII period, it ensured that European countries open their markets for US film exports. State Department and Department of Commerce continued to push up their diplomatic efforts vis-à-vis the disputes that arose with the French Film Industry<sup>10</sup> and lately obtaining a ruling from WTO in 2009 against China on the latter's restrictive trade practices, preventing free import of Hollywood Cinema into China<sup>11</sup>.

Bollywood, on the other side, had been at the receiving end of the Indian government's apathy. Despite its popularity among the masses for its entertainment value, for a long-time it did not receive any encouragement from the government and leadership so much so that it had to traverse a period of eight decades before it was recognised as an industry eligible for availing loans from financial institutions. The state targeted it as a source of revenue by imposing excessive entertainment tax and other taxes including on raw stocks and essential imports. Consequently the industry had to fend for itself and survive. Export earnings, if any, were generated through its efforts only. Bollywood did not figure on the radar of export earning efforts of government of India and yet on its own momentum it maintained a modest export business for less than 10% of its turn over till two decades back. Bollywood industry in such circumstances remained largely fragmented and unorganised. In the initial years the studio system prevailed, i.e. where actors were employees of the studios and on its payroll. After World War II the studio system disappeared due to a combination of rising production costs caused by the war, booming land prices in downtown Mumbai where most of the studios were located, and, most importantly, the entry of a new number of independent producers after the migration of entrepreneurs and talent from the Lahore cluster after the partition of India. Newcomers challenged the integrated production companies by staying small, outsourcing creative activities and facilities, and employing shifting freelance

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<sup>10</sup> *Op. cit.* 7

<sup>11</sup> Baru, Sanjaya (2010), "A WTO ruling opening up China to Hollywood should help Bollywood too," *Business Standard* (March 15, 2012).

directors and star actors who were lured away from studios on the promise of high remuneration. These disintegrated production companies systematically targeted cross-regional Indian markets<sup>12</sup>. This strategy resulted in ‘formula’ or ‘Masala’ films—a cocktail of romance, drama, music and comedy along with dance-song sequences. The formula of films of that period could be summed up as “a star, six songs, three dances”. Because of a combination of various factors and clever marketing strategies, Bollywood has not only made huge inroads into the domestic Indian entertainment market, but has also acquired international dimensions. In the star centric Bollywood films for a particular period of time a handful of male and female star actors had been and have been playing a dominant role in the mainstream cinema than in the contemporary Hollywood system. The fees charged by the handful of stars have been on the rise continuously and in today’s mainstream films, such salaries may account for well over half the production budget.<sup>12</sup>

Unlike their counterparts in Hollywood, Star actors are cast and signed through informal social relations, rather than through agents and lawyers. Mutual trust between the producers and stars is considered to be of great value; therefore, for producers of mainstream films, it is of utmost importance to maintain strong personal relations with the stars. The high demand of a few stars enhance the risk at production stage because if a star opts out or plays truant, production costs would increase to such an extent that the producer may be in dire straits. Even with changes in the industry structure, which would be described in the following pages, it is considered ‘safe’ to cast an established star, both from the point of view of raising finances and also from the angle of box office collections. Such a state of affairs has been in existence despite the established fact that even a big star is not always a guarantee for the box office success, and hit/flop ratio of Bollywood films is remarkably equal to Hollywood films<sup>13</sup>. However, the influence of film stars in raising finances for production has remained undisputed. Distributors and exhibitors are the main sources of finances. The deals between the producers and financiers would be

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<sup>12</sup> *Op. cit.* 7

<sup>13</sup> *Ibid.*

struck at different stages of production when distributors and financiers would be weighing the quality of product being developed through previews. In the segment of raising finances as well, personal relationship among the partner had been playing dominant and determining role. Uncovered finances had to be met through sources other than the chain of producers, distributors and exhibitors. Such supplementary financial sources were not legal money. Even such a supplemental funding was through extended network system rather than through legally drawn contracts.

The compulsion of means other than legal was thus a forced necessity which inevitably led to the involvement of underworld in several productions. In the nineties, many such links came to the fore in the shape of alleged links between Sanjay Dutt and the underworld and the mysterious death of actress Divya Bharti. The underworld resorted to extortion and the owner of T-series music company Gulshan Kumar was gunned down for not submitting to extortion demands. Actor, producer and director Rakesh Roshan was fired at in January 2000. Actors, to whom underworld took a fancy, were promoted. In 2000, the film prints of *Chori Chori Chupke Chupke* were confiscated by CBI and later when the film was released, revenue generated was kept by the court; the Director and Producer faced imprisonments. Such instances are enough to illustrate that the Bollywood industry was murky in this decade<sup>14</sup>. However, in the decade of the nineties many significant economic and technology changes were ushered in India. Indian Economy was opened to have global links which brought in its wake growth in Indian Middle Class on account of rapid economic growth. The television industry was deregulated and cable and satellite (pay channels) television network were available on domestic T.V. sets. With this single step Hollywood productions not only came to Indian homes, but also enhanced revenue generation for Bollywood film industry. Also, Hollywood now competed with Indian cinema. For instance, *Spiderman* released in 2004 earned Rs 10 crore in the first week itself though it had to compete with the superhit film

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<sup>14</sup> "Corporatization of the Indian Film Industry," AUSIB, 2010.

*Mujhse Shadi Karogi*. Now, Hollywood films such as *2012* and *Avatar* have set the trend of simultaneous releases in India with gross collections of 100 crore each.<sup>15</sup>

These two films also set the trend of release of Hollywood films dubbed in Hindi and other major regional languages, both in multiplexes as well as single screen. A stage arrived in December 2011 when Tom Cruise starrer Hollywood movie was released in India ahead of its release in U.S. and competed with *Don2* starring Shahrukh Khan. With the steadily increasing presence of Hollywood, Bollywood had inevitably to adopt a model which reduces its risks by bringing necessary professionalism and synergising available resources. Such an approach requires a structural change in the Bollywood Industry. The urgency towards corporatization model was also triggered by the rapidly increasing number of revenue generating windows on the back of explosion in distribution and exhibition platforms in multiple manifestations like internet, mobile phones, computers, compact discs, satellite and cable channels, broad band availability—all at increasingly decreasing costs to vast population in all corners. It also has become possible to increase the number of screens from existing 13000 to manifold with the coming up of multiplexes, where the number of screens range from 3 to 11. More screens mean that more films or prints can be shown simultaneously which raises the turnover and also lessens the lure of piracy. Even the public's willingness to pay 3 to 4 times more for their tickets in multiplexes than in single screen cinemas has created a significant avenue for multiplying revenue generation—it is indeed remarkable! Availability of multiple screens in a multiplex also opens avenues for independent producers of modest means to exhibit their work. To cap it all, distribution costs have reduced to an insignificant level as far as digital cinemas are concerned where films can be exhibited through satellite and simultaneously viewers everywhere can have the advantage of quality viewing. As more viewers flock to cinemas and multiplexes, more revenues are forecast and faster growth is projected.

The transition to digital cinema projection has entirely changed the business model of this segment for the better. When *Sholay* was released in August 1975, only four

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<sup>15</sup> *Ibid.*

prints were in circulation—one for Delhi, one for Uttar Pradesh, and two for Bombay. A single print was screened across two cinema halls in a metro city by shuttling the reels on motorcycles from one hall to the other. The returns were slower and there was wear and tear of reels after about 350–400 screenings. This scenario can be compared with the latest releases like *Bodyguard* when over 2000 prints were released, out of which 1483 were digital. Four weeks into release, the movie grossed over 150 crore.<sup>16</sup> *Ra.One* set a higher benchmark when it released with 3500 prints. The latest films have been hitting screens all over the country far and wide, on the same day. It is anticipated that 90% of screens in the next two years would be digital.

In view of such emerging advantages, it makes sense for the corporate sector to enter all three segments, namely production, distribution and exhibitions. The process of corporatization was facilitated by the recognition of films as an Industry which would result in the flow of credit to this sector and also build wealth through other financial instruments as were available to other institutions. Government also permitted 100% flow of FDI which is an enabling provision for the foreign companies to independently produce films across India or can enter into co-production agreements.

Over the years, corporatization has taken place in a big way and many veteran producers have set up their own corporate companies and their subsidiaries to cover various areas of film production, distribution, exhibition and many other related areas. Many established business houses have also entered the fray and that too in a significant way, and, have created interests abroad as well to boost export earnings. Some notable Houses that have come into being are: 1. AGPPL; 2. Aamir Khan Productions; 3. Mukta Arts; 4. Red Chillies Entertainment; 5. Percept Picture Company; 6. Yash Raj Films; 7. Roopesh Rai Production; 8. White Feather Films; 9. Key Sera Sera Film; 10. Adlabs Studio; 11. Vishal Films; 12. Devgan Films; 13. UTV Motion Pictures; 14. Dharma Productions; 15. Pritish Nandi Communications; 16.

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<sup>16</sup> Chumbhale, Ameya (2011), "Transition to digital film projection: Is the cinema as we knew it coming to an end?" *The Economic Times*.

Popcorn Entertainment; 17. Base Industries Group; 18. B.R. Films; 19. Balaji Tele Films; 20. Rajshri Films; 21 Super Cassettes Industries Ltd. (T-Series); 22. Shri Ashtavinayak Cine Vision Ltd.; 23. Madras Talkies; 24. JP Films; 25. Film Kraft Productions; 26. Excel Films; 27. RGV Productions; 28. Kaleidoscope Films; 29. India Showbiz Network Ltd.

The major and biggest effect of corporatization has been that finance was procured through legitimate means which has significantly reduced the dependence of producers on the illegal services of money lenders, and consequently, the demand for protection from the underworld has come down significantly. With corporatization there has been streamlining of the supply chain and it has become possible produce films in a definite time frame, which means reductions in costs and flow of returns is quicker. Professionalism is being shown by actors as well as the rest of the crew. A culture is fast developing where actors shoot for one film at a time and sign a film only after getting a bound script, even if they are just beginners in the industry. For example, actor Imran Khan, who is just 3-films old, signs on every page of a script while signing any film. This makes binding on the director to consult the actor even if he has to change one sentence in the script.<sup>17</sup>

Independent producers formed groups and corporations. A new business model has come into play. Corporations who had no film making experience would collaborate with independent producers to make films. For a film production to run smoothly both the producer and the director of the film have to be the very best of friends for the relationship to work, while the corporate companies would finance as well as look after other aspects of the film. At this time, when costs have escalated because of high fees charged by actors and directors and also due to need for high-calibre publicity campaigns in expectation of raising finances from out of demand sides in advance of the actual release of films, there are hardly independent producers. Most of them have formed their own companies, or work with other corporate houses.

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<sup>17</sup> *Op. cit.* 4

Even the star actors have devised strategies to provide comfort to the producers by offering to participate in the revenue generation of their productions rather than charging their hefty fees during the stages of signing and production. There have been instances when stars have collaborated with the producers without charging any money initially and signing on the condition of sharing the profits, say, 33%. Thus, the producer also gets to reduce his risk considerably and on a film's success, the actor goes home laughing all the way with boxes full of money.<sup>18</sup>

Thus, with the liberalisation of economy being linked to world economy, there has been a change in the structure of Bollywood industry at least in terms of more professionalism among actors and directors and also towards the making of films using the best technologies with inevitable optimism and confidence. At this stage of development, Bollywood industry is corporatizing itself with its traditional transactional behaviour of incorporating the social network and its acceptance of the dominance of star actors and star directors. Thus, structurally though it is tending towards Hollywood, yet it still maintains its traditional strengths in alignment with the restructured structure.

With its newly established confidence and restructured, Bollywood has taken a step forward to make its impact on the global scene by enhancing the visual impact of its presentations by adapting latest technologies from Hollywood and other global film clusters and thereby upgrading the technical base of the industry and creating a network of well-equipped and trained manpower within the country. The strategy for producing trained technical manpower in Bollywood is a farsighted one and is synergetic with the strong manpower base in India. Such a strategy has already started yielding dividends. Oscar winning special effects of the *Golden Compass*—the Hollywood blockbuster that took \$370 million at the box office—were put together in 'thatched village huts in India'. The huts are replicas of rural dwellings that have been made into stylised office cubicles. They are located in the outskirts of Mumbai, from where Rhythm and Hues, the leading Los Angeles-based special effects studio outsources world-class visual pyrotechnics with the help of its 250 strong Indian

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<sup>18</sup> *Ibid.*

staff, which hunches over computers and works overtime, thereby doing the job at a fraction of normal cost. Further since the coming of the digital technology, visual effect companies such as Prima Focus, Maya and several others are generating world-class special effects for the indigenous film industry, thereby saving them the hassle of outsourcing them at a huge cost from the west.<sup>19</sup>

Bollywood has been the fastest in tapping into new global business opportunities riding on a clear blend of eastern talent and western expertise to create a seamless viewing experience. Bollywood cluster and other regional clusters leveraged the benefits of what can be termed as polycentric innovation. A large number of films from the Indian clusters harnessed and networked globally distributed talent, ideas, and creativity to co-develop radically new products, services processes and even business models. Media companies in Bollywood and other clusters have since started harnessing and integrating globally distributed creativity into a coherent and synergetic innovation network. This polycentric innovation, which extends far beyond superficial Bollywood/Hollywood alliances or mere backend collaboration, is being pioneered by companies from India. Such a larger than life emanation of this big bang collaboration has been *Endhiran* (English: *Robot*), Asia's most expensive film till 2010, which was released on October 1, 2010. Produced by Chennai based Sun Pictures and globally distributed by HBO, *Endhiran* was the collective output of a truly international crew. Not only does this sci-fi thriller feature Bollywood style songs by Oscar winner A.R. Rahman (*Slumdog Millionaire*) and King Fu Style fight scenes choreographed by Hong Kong legend Yuen Woo-ping;, it also boasts of mind boggling animation and special effects done by Stan Winston Studio (of *Terminator* and *Jurassic Park* fame), and eye-popping costume designs by Mary E. Vogt (*The Matrix*; *Men in Black*), *Endhiran* became an embankment of polycentric innovation, cleverly blending Eastern talent with Western experience that no single region could have concocted on its own. The effort lends evidence to the fact that the monocentric film industry of the 20<sup>th</sup> century where all creative work (concept development, post production, 3D) was done in the West was shifting to a

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<sup>19</sup> Bhatt, Mahesh (2008), "Bollywood and Globalisation," *Business Line*, October 10.



polycentric world of 21<sup>st</sup> century where new innovation hubs were emerging in India, Argentina, China and New Zealand (*The Lord of the Rings*). The creative workers in these hubs augment the capabilities of their peers in established hubs in the US and Europe by offering complementary skills, expertise and mindset as well as cost effectiveness and international aesthetics. The new polycentric mindset in the film industry is also equalled by the rapidly dropping costs of global communication, which has made real-time collaboration among creative artists across borders seamless. Now, a director in India can simultaneously review and even modify a film clip with a production designer in Hollywood via a shared digital asset management system. Creative differences between players across the globe would enable them all to learn or unlearn as per individuals' creative mind set which would finally enrich everyone and lay the new foundation for global competitiveness.

The race is already on for building a competitive global network. In India, there have been significant initiatives towards this end.

Reliance Media Works is offering integrated 3D services out of its Burbank, California facility while using a team of more than four hundred 3D artists in India. The sheer potential of India to offer a mass of visual effect artists makes India very attractive for filmmakers who, in the aftermath of *Avatar's* phenomenal success, are viewing to integrate ever-more complex 3D and visual effects in their films.

Prime focus Technologies, a global production house, is creating efficiencies through the complementary skills of teams located across India, U.K., Canada and US and leveraging technology strengths in India as its subsidiary. It has developed proprietary digital asset management systems.

British visual effects expert Charles Darby (*Matrix*, *Harry Potter* and *The Goblet of Fire*) has set up operations in Mumbai with Eyeqube, a special effects design studio financed by Eros International, an India-headquartered production and distribution

company Darby believes that Eyeqube can produce quality work that would rival any Hollywood–London studio.<sup>20</sup>

Recently released film *Ra.One* offered by Red Chillies Entertainment and Eros International has further improved upon the gains of *Endhiran (Robot)* in reaffirming the capacity of Bollywood in understanding and coordinating global talent in creativity and ICT technologies, seeking international viewership and crafting business models to generate unprecedented revenues. Producers have been encouraged to take well worth risks by making investments to the tune of Rs 150 crore. *Ra.One* movie crew consisted of 5,000 members drawn from India, Italy and the U.S., and was put together by more than 1,000 people working in around 15 prime studio rooms across the world. The 3D version of the movie attracted higher occupancy level than the 2D version. Due to the revived interest in 3D technology in India, the makers of the film converted some portions of the movie into 3D, with the collaboration of approximately 1,000 people. The conversion was done by Prime focus which had earlier worked on 3D format movies like *The Chronicles of Narnia* and *Transformers*. Jeffrey Kleiser, the man behind the visual effects of 1993 Hollywood release *Stargate* was hired to supervise special effects; he led a team of 750 technicians to accomplish the task. International singer Akon was roped in to lend his voice to the songs ‘Chamak Chalho’ and ‘Criminal’.

Such block blustering efforts of roping in dispersed technologies enrich the Bollywood technicians’ experiences and also that of the media companies which already have the vision of re-offering their new-found skills globally. In a way, the spin-off effect has led to asset creation within the industry.

*Ra.One* already has the distinction of being the costliest movie so far produced in India. It has been released in both 2D and 3D formats across 3,200 screens in India, which include the dubbed versions in Tamil, Telugu and German. The film was premiered in Dubai, London, New York and Toronto in an effort to acknowledge the

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<sup>20</sup> Ahuja, Simone and Navi Radjou (2010), “How India is reshaping global film industry,” *Rediff Business*, October 1, 2010.

presence of South Asian communities in these countries who form the bulk of viewership abroad.

*Ra.One* also broke new ground in the field of publicity blitz and pre-release sales. It set apart Rs 40 crore as publicity budget which is about 30% of the total cost of the project and by Bollywood standards it has been unprecedented. The campaign aimed at domestic and foreign viewers has been the longest duration promotion in the Bollywood history and has been the most comprehensive and all pervasive among people's lives. Apart from usual presale contracts of Satellite rights, music rights, etc., it launched video games with Sony Computer Entertainment Europe (SCEE) which is the full cycle PlayStation 3 blu-ray disc game developed by an Indian Developer and also the first game to be dubbed by a Bollywood superstar. Besides, in collaboration with UTV digital, *Ra.One* game was launched across platforms like mobiles tablet PCs, DTH, etc. Comic serials based on the film's characters have been launched in collaboration with UTV India Games. Merchandise relating to the films is also being marketed.

Thus, *Ra.One* has not only furthered the concept of excellence through polycentric creativity, but has also opened vistas for new marketing items riding on ICT technologies which would be covering the risks on heavy investments involved. Thus, more revenue generating windows have been innovated.<sup>21</sup>

Hollywood and Bollywood are vying with each other; sometimes collaborating and often competing for the same market space in a healthy manner. The upcoming improvements in infrastructure in distribution and exhibition segments have encouraged Hollywood to release their Tom Cruise starrer *Mission Impossible 4: Ghost Protocol* in India ahead of its release in USA and also presenting Tom Cruise in person on this occasion. Speculations had been that this film's release was preponed to December 16, 2011 from December 21, 2011 to avoid competition with the Shah Rukh starrer *Don-2* (also scheduled for release on December 21). The veracity of such speculation apart, the fact remain that it is demonstrative of a sense of intense

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<sup>21</sup> "Ra.One," *Wikipedia, The Free Encyclopedia*.

competition between the two clusters that have come into play. The bottom line remains that the coming together of the two entertainment clusters of Bollywood and Hollywood and their growth benefits India's economy. According to a report prepared by PricewaterhouseCoopers (PwC) and released in 2011, Hollywood and other foreign films contributed about \$60.8 million (Rs 304 crore) to India's economy in 2008–09 and it is expected to steadily rise. Hollywood has been devising innovative strategies of dubbing their releases in regional languages to increase viewership; as a result, its contribution to Indian economy would be on the rise steadily. Bollywood and regional Cinemas and T.V. industry contributed over \$6.2 billion (Rs 28305 crore) to the Indian Economy in the year 2008–09 giving employment to 1.8 million people. Thus, the film and television industry has come to contribute substantially to the overall Indian economy. The combined revenues from this segment were over US\$7.7 billion (Rs 35000 crore) in the year 2008 and would be rising to US\$13 billion (Rs 60,000 crore) by 2013.

Thus, the earlier held fear that if Hollywood has, in terms of WTO principles, the liberty of distributing and exhibiting their products, it would hurt the growth of Bollywood, has proved to be misplaced. Rather, Bollywood has marketed itself as a Diaspora destination riding on the skilled adaptation of ICT technologies and obtaining access to foreign techniques, and, has created a pool of skilled manpower to offer their services abroad on competitive rates. The resultant enhanced pleasure of visual presentation from Bollywood has encouraged viewers within the country and abroad to pay increased entrance fee at the box office.

There is a well-meaning point of view being expressed at this point of time that globalization has catapulted Indian films in the global market and audiences; it has altered the basic spirit of the domestic audience that was its fundamental support base. In other words, obeying the laws of finance capital of the dominant capitalist order of the West, Indian film industry transformed its aesthetics and thematic occupations. The laws of the capitalist world redefined the form and content of Indian Cinema. One of the huge manifestations of this change has been the emergence of super budget films. It is not just the crores of rupees spent on

production of films that one needs to understand in this context. It has altered the sensibilities of the Indian audience and almost wiped out films made on very modest financial and technical resources and erased themes that dealt with the lives of millions of Indians who belonged to the middle and lower middle classes. The poor, the marginalised and the oppressed, of course, have been entirely liquidated. All these sections of society that had been the main patrons of the Indian Cinema for decades did not matter to the Indian Cinema of the period of globalisation, which generated its resources and tried to augment its capital from international centres. The phenomenon is true mostly of Bollywood, which parades itself as the 'National cinema' and films made in Tamil, Telugu and Kannada, to name a few, that have always been treated as the 'Regional cinema'. In the new economic order, both 'National' and 'Regional' cinema converged in terms of aesthetics and thematic content, caught as they were in the strong current of global capital. The mainstream Indian Cinema has been seeing its survival only by trying to match the Hollywood Cinema that, more than ever before, invaded all the markets of the world, including the strong and well established cosmos of the French Cinema that for a long time had been signposts of good and serious cinema.

Such a view sees a great crisis of the Indian Cinema in that serious and committed filmmakers in the Indian languages find it almost impossible to cope with the demands made on them by an industry that only nourishes and promotes incredibly high budget films, on the one hand, and, on the other, the taste of an audience that relishes only spectacular, glamorous and stunning visuals and accepts only a glamourised virtual reality as the authentic representation of life. The pace, tempo, style, locale, context and experience of films are totally regulated by high-speed technology, which controls the very nature of film making. The story of the mainstream Indian Cinema is all about huge investment in expectation of heavy returns. The corporatization of the Indian Cinema is only part of the oligarchical nature and spirit of the general corporate world.

While the above criticism has its place, there are filmmakers, and there would be many, who would join their ranks and deal with themes of social justice and equality

and question the economic and political choices of ruling classes and powers. There would be filmmakers who would be appalled by the plight of tribals and other oppressed classes and castes, and would protest against the unreal universe that is disseminated by the rich and powerful mainstream cinema. However, the budget available with such film makers would be limited. Technology would come to assist such group of producers to give expression to their creativity through the medium of cinema. A film like *Stanley Ka Dabba* was made using what is essentially a nominal still digital camera of the DSLR variety and putting it into video record model and the technique is called as DSLR film making. The camera used for this film is a Canon 7D camera which costs Rs 1,38,000/- and can be rented for as low as Rs 890/- per day. The colour quality and shots in the film are as good as a movie made with an expensive camera. Telugu Movie, *Dongala Mutha*, was also shot through this type of camera. Superstar cast of the movie did not charge any fee at the stage of production and worked on terms of sharing the profits. The movie was produced on a shoe string budget. The film turned out to be a box office hit and the rates of return on the investment were phenomenal. Similar was the success story of *Stanley Ka Dabba*.<sup>22</sup>

Thus if a creative person has got content, technology enables him to turn out his production on his own initiative which would not have been possible earlier. It opens up new avenues of creativity for such persons and they can sell their products in a variety of ways, including by participating in specialised film festivals and gaining publicity through word of mouth. The finished product is easier to sell to an enterprising distributor than selling an idea to a film producer.

New technology application allows small budget creative filmmakers to exhibit their creations (1–10 minutes) on 3G enabled mobile phones, which represent a much greater market for film than movie theatres or Pcs. If content is good, interesting, humorous, satirical, etc., it would be forwarded and may be loaded on social network giving wide publicity to the creator of such works. This would be a great

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<sup>22</sup> Pulugurtha, Shiv Charan (2011), "Democratizing filmmaking – Movie making made easy," *Gomolo*, September 6.

way of interacting with the wide audience and getting one's talent noticed for better opportunities. Thus, with the integration of 7D type Camera technology and 3G based networks, film making would get truly democratised, especially when creative persons can give visual expression to their perceptions of the world. They do not have to be slaves to big budgets.

Despite the critical view on Mainstream Cinema that in pursuit of redefining its success stories it is compromising with quality and sidestepping the real life situations, there have been acclaimed productions from the mainstream cinema without losing sight of revenue generation at the box office. Such movies leave behind lessons like self confidence, motivation, leadership qualities and more, giving a drive to mainstream cinema to succeed. Some such films are *Taare Zameen Par*, *3 Idiots*, *Chak De India*, *Iqbal*, *Laagan*, *Swades*, *Rang De Basanti*, *Yuva*, *Black*, *Guzarish*, *I am Kalam*, *Lakshya*, *Paheli*, etc. Most of these acclaimed quality movies were not lacking in revenue generation; in fact *3 Idiots* had set a benchmark for success, and, *Lagaan*, besides being a huge grosser had been among the last four films in its category at Oscar. These movies were based on India and touched the conscience of all classes of viewers.

Therefore, while constructive criticism is directed towards quality enhancement, mainstream Indian cinema has focused on its unique strengths by absorbing and adapting technologies to consolidate its position to take storytelling and scriptwriting skills to new frontiers that are recognised and appreciated by the wider audience—extending beyond our neighbourhood or Indian diasporas. In this vein, veterans like Mahesh Bhatt observe that while adoption of state-of-the-art technologies, both at the production stages and distribution chain, will certainly boost box office sales for Bollywood movies and India will expand at a projected 15% compound annual rate during the next five years propelling it ahead of many established clusters of film production across the globe to become the largest film entertainment market in Asia next to Hollywood, it has to confront one blunt truth. For a country that makes a maximum number of films and has a world-class pool of skilled workers and technicians, it has absolutely nothing to offer the world market

in terms of its products. According to Bhatt, we are bankrupt in our story department; he attributes the failure of *Drona* to the lack of story telling techniques, though it high on special effects. Similar views have also been expressed by veterans like Yash Chopra and Shekhar Kapur.

The urgent need of the hour is to make huge investments in our storytelling skills. Bollywood would be a force to reckon with when Hollywood moguls come to India to get a script written by an Indian writer and a film directed by an Indian director. Western educated writers like Manoj Night Shyamalan have been able to compete on that turf very ably. The change that needs to happen in India is one that needs to come from within the heart of our education system and mind sets of the film entrepreneurs. The day we think in our own voice will be the day that Bollywood would break through creatively. Let's face it—Bollywood films are a big craze only with people of Asian origin. The affluent westerner just does not seem to be interested in Bollywood movies. Bollywood still has miles to go. Bollywood is on the right track and is posed for a take-off to compete with the best once it strengthens its critical thinking skills as well as scriptwriting and storytelling skills, which have universal appeal. Bollywood has created a tremendous feel-good factor about itself among governments around the world, especially in those countries that Indian filmmakers scout for exotic locales for shooting their films. The exotic locations abroad, as seen in movies, boosts tourism, trade and commerce on account of the Indian middle-class movie-goers who are eager to spend their new found disposable income by flocking to such locales. Recognising the potential of Bollywood in playing a role in boosting their economy, the host countries like Japan, Switzerland, Germany, and Australia vie with one another in extending their production facilitations to the Indian production companies. Government of India has also finally come to recognise the role that the Indian films can play in furthering friendship across the continents by offering a glimpse of the country through the entertaining media. It has signed bilateral agreements with developed and developing countries on films and some of these agreements are towards providing reciprocal incentives for film production and film co-production between the signing countries.



While the menace of piracy would get significantly reduced with the adoption of technology, Government would do well to provide incentives to single screen cinemas to modernise their setups and equip them for digitized screening and creating multiple screens by offering them to avail of long-term concessional loans and tax breaks, besides providing concession on custom duties on import of related equipments. States, in recognition of the potential of film industry to create more jobs in this sector and spin-off sectors, need to soften the impact of entertainment tax particularly when the reduction in rates would be compensated by the increases in basic prices of tickets on account of enhanced facilities and visual treat that viewers would get to experience on the modernisation of theatres—as has been the experience with multiplexes where viewers have not been deterred by high ticket prices. To sum it up, one can make a statement with fair certainty that Bollywood industry and also the regional cinema industry has everything going for them—be its regulations allowing foreign investment, the impetus from economy, the digital life style and spending habits of consumers, and windows of revenue earnings enabled by advances in technology. Cash growth potential is tremendous and there are opportunities. There is tremendous good will for the industry within the country and abroad, including the foreign governments. Government on its part should be ready to remove impediments by providing necessary fiscal incentives towards modernisation and reducing the rates of taxation. The industry is well poised to provide opportunities to producers of high budget films and also those who have no assets other than creativity and the urge to go forward. There are appropriate technologies and platforms for every creative effort. Bollywood as well as regional cinema have the potential to be the star performers in the Indian Economy and they would do wonders once they improve upon their techniques of storytelling through better scripting and thus cater to a global audience which has capacity to reward the film industry immensely—but this vast potential has been virtually untapped to date.