

# The Globalization of Indian Hindi Movie Industry

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Indian movie industry, notably Bollywood, has come a long way in the last two centuries. All in all, it has been a long story of nearly nine decades, with the early shaky screen images having been turned into a multi-pronged and vast economic empire. Today it is the biggest movie industry in the world in terms of number of films. The industry has produced approximately 27,000 feature films and thousands of documented short films. Having established itself as an industry and being duly recognized as one, the Indian popular cinema has over its course made a lot of progress in almost all areas, such as retail infrastructure, financing, marketing and distribution. With a huge spread of Indian diaspora and the growth of Brand India, it has made inroads in the international market. In fact, in the recent past, the export sales of many Indian movies were higher than the domestic sales. The industry has made progress in all four aspects of globalization, (i. e., goods/services, capital, technology and people). In the future in order to get a big market share and give Hollywood a run for its money, however, the industry needs to put in a lot of money and effort, particularly in the international marketing and distribution.

*Key words:* India, Hindi movie industry, globalization

## **Introduction**

Already on the AIM facility of the London Stock Exchange Indian film companies – Eros, Adlabs, India Film Company, and UTV – have raised hundreds of millions of pounds from hungry institutional investors. Western film companies are taking a significant equity share in these companies. (Desai 2007.)

On 24 January 2005, Percept Picture Company joined hands with Michael Douglas' production company Further Films and Sahara One to co-produce the \$50-million *Racing the Monsoon*. On 1 September Sahara announced another tie-up, this time with Hollywood producer Donald Rosenfeld for *Tree of Life* starring Colin Farrell. These are two among a total of six Hollywood co-productions. (Kohli- Khandekar 2006.)

On 20 October, 2005, Sony Pictures enlisted Sanjay Leela Bhansali to co-produce *Saawariya*. It was released worldwide in 2007 with about 1,000 prints, a number unheard of previously for an Indian film. [The number is on average 250.] This was the first time that one of top six Hollywood studios produced an Indian film. (Kohli-Khandekar 2006.)

Indian popular cinema, notably Bollywood – the Mumbai (Bombay) film industry has seen many changes since its first beginnings. Some major changes took place at the turn of the century when Indian Popular Cinema acquired the status of an industry. After that the Indian film has developed in new directions. One such change was a more intense interplay between the global and the local which took place during the 1990s. Today, every single function and activity related to the Indian film business is becoming well defined and systematized, be it the retail infrastructure, financial aspect, marketing or distribution. Even films themselves are gradually falling into place.

In just under five years, the industry has shed five decades of baggage and has once again become an organised business. This is a new Indian film industry (Kohli-Khandekar 2006). Film producers are interested in creating serious corporate structures, and Indian as well as foreign business is pouring money into the cinema. A wall of money is descending on Bollywood and there is a huge bubble building up (Desai 2007). Judging by the number of movies Bollywood is with more than one thousand movies a year the biggest movie industry in the world. The studio has gone global and the earnings of many movies in not so distant past were higher abroad than in India. Indian films have been seen in top ten lists of movies in the UK and USA.

The objective of this paper is to outline the development and globalization of the Hindi Movie Industry (i.e., Bollywood). The paper consists of six parts including this introductory section. The second part outlines the development of the industry over the years. The third part looks at the size of the industry and its growth opportunities. The fourth part traces the global footprint of the industry whereas the fifth part identifies the challenges the industry is facing in the globalization process. The last part concludes the paper and provides directions for future research.

### **An Overview of Progress in the Indian Movie Industry**

Indian Movie industry has done great progress since the Motion pictures first came to India in 1896 when the Lumiere brothers unveiled

TABLE 1 A timeline of events in the history of Indian cinema

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1896	First film screening at the Watson's Hotel, Bombay on July 7 by the Lumiere brothers.
1898	First gramophone record is released by Gramophone & Typewriter Company, Belgatchia.
1898	Hiralal Sen begins making films in Calcutta.
1898	The Warwick Trading Co commissions <i>Panorama of Calcutta</i> newsreel, other films made include <i>Poona Races</i> and <i>Train Arriving at Churchgate Station</i> (by Andersonscopograph).
1911	<i>The Durbar of George V</i> in Delhi is the first film extensively filmed in India.
1912	<i>Pundalik</i> , directed by Tipnis – probably India's first feature film.
1914	R. Venkaiah and R. S. Prakash build Madras' first permanent cinema, the Gaiety.
1916	Universal Pictures sets up Hollywood's first Indian agency.
1918	Indian Cinematograph Act comes into force.
1924	First radio programme broadcasted privately with a 40 w transmitter by the Madras Presidency Radio Club Radio.
1925	<i>Light of Asia</i> by Himansu Rai is the first film co-produced with a German company.
1933	<i>Sairandhri</i> (Prabhat Studios, Pune) is arguably India's first colour film (processed and printed in Germany).
1935	First all India Motion Picture Convention.
1940	Film Advisory Board is set up by the Government of India.

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six silent short films in Bombay. India's first feature film *King Harishchandra* (a silent movie) was released in 1913. The first 'talkie' released in India was *Alam Ara* in 1931. A detailed timeline of events in the Indian cinema is given in Table 1. The table also highlights various events related to the international character of the industry, namely the import of technological know-how at its beginnings, screening of movies overseas, screening of Hollywood movies in India, the organization of international film festivals, liberalization of the market and the entry of foreign TV channels, and so on.

### **The Size of the Industry and its Growth Opportunities**

The size of Indian film industry was INR56.5bn (INR40 = USD1), projected to have reached INR153bn by 2010 with 18 percent compound annual growth rate (CAGR) according to FICCI-Pricewaterhouse-Coopers estimates in 2006. Overall, Indian film industry was estimated to be worth USD1.8bn in 2006. Based on a detailed top-down analysis that took into account the share of private consumption as a proportion of GDP, the wallet share for media and entertainment

TABLE 1 *Continued*


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1952	First International Film Festival of India held in Bombay.
1952	The Indian Cinematograph Act of 1952 replaces the Cinematograph Act of 1918.
1956	Experimental Television Broadcasts begin in Delhi.
1958	The Indian Copyright Act comes into force.
1958	The festival of documentary films begins in Bombay.
1959	<i>Kagaz ke Phool</i> , the first Indian cinemascope film, is made by Guru Dutt and shot by V. K. Murthy.
1960	The Film Institute of India is founded in Pune.
1960	K. Asif's <i>Mughal-e-Azam</i> , the most expensive feature film in Indian film history.
1965	Daily hour long television broadcasts begin in Delhi.
1967	The first 70 mm wide screen film is shown in India.
1971	India becomes the largest producer of films in the world with 433 films.
1974	The International Film Festival of India becomes an annual event.
1974	The Film Institute of India becomes the Film and Television Institute of India.
1982	Doordarshan begins colour broadcast with Satyajit Ray's <i>Sadgati</i> and <i>Shatranj ke Khiladi</i> .
1985	Doordarshan becomes a fully commercial network, broadcast of the first major tv series <i>Humlog</i> .
1991	Cable and satellite television comes to India following the Gulf War.
1992	The government greatly liberalized the requirements resulting in a significant increase of foreign films released in India.
1995	VSNL introduced Internet services in India.

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SOURCE Adapted from Acharya 2004.

(M&E) expenditures, and film budgets within the M&E space it was estimated that the Indian film industry will be worth between USD4.4 and 5.1bn (between INR176bn and INR204bn) by 2011 (CII-A.T. Kearney 2007).

The industry has been getting increasingly more corporatized. Several film production, distribution and exhibition companies have been listed on stock markets and they have issued shares to public. Many theatres across the country have been turned into multiplexes and initiatives to set up more digital cinema halls are already underway. This will not only improve the quality of prints and thereby make viewing a more pleasurable experience but also reduce the piracy of prints (FICCI-PricewaterhouseCoopers 2006).

Piracy is nowadays a big issue. On the part of the government a lack of educated officers enforcing anti-piracy laws remains the key issue, which is why the piracy has been spreading uncontrollably.

This problem coupled with lengthy legal and arbitration processes is seen as a deterrent to the fight against piracy. In addition to this the current Copyrights Act is also outdated in the terms of technology improvements and above all, it does not address the needs of the electronic media where the rates of piracy are among the highest today. The Optical Disc Law draft designed to address the need for regulating piracy at the manufacturing stage is still waiting for the ministry approval (FICCI-PricewaterhouseCoopers 2006). In comparison to some developed markets where the home market represents more than 40% of overall movie revenues, the home market share in India is relatively small (8%), however, this share is expected to grow to 14% by 2010. The key drivers that will enable this are the increasing number of affordable DVD players and lower prices of original DVDs in order to combat the challenges of piracy (CII-A.T. Kearney 2007).

The Indian entertainment and media industry today has a lot of support – be it regulations that allow foreign investment, the impetus from the economy, digital lifestyle and consumers' spending habits, and also many opportunities the advancements in technology have to offer. All the industry has to do is to cash in on its growth potential and opportunities. The government needs to play a more active role in sorting out policy-related impediments for growth. The industry needs to remove all roadblocks, such as piracy in a concerted manner and at the same time produce high-quality world class end products. The entertainment and media industry has all that it takes to become the star of Indian economy (FICCI-PricewaterhouseCoopers 2006).

There are two key trends that will fundamentally change the landscape of the Indian film industry over the next couple of years, namely digitization and a change in consumer preferences. Digitization will result in consolidation and emergence of large scale exhibition networks and, in addition to this, in the balance of power between producers-distributors and exhibitors. Changing customer preferences will result in growing global acceptance of Indian films and in the emergence of new media (CII-A.T. Kearney 2007).

### **Indian Movie Industry Going Global**

Globalisation has four aspects, namely, movement of goods, capital, technology and people across borders. In terms of movement of goods (i. e., movies) Indian movie industry has a long history of presence in the international market. *Awara* sent the Soviet Union and other Communist bloc countries crazy in the 1950s. Mehboob's *Aan* had a French release after its premiere in London. Long be-

fore that Himansu Rai made visually stunning films in cooperation with the Germans in the early 1930s, like *The Light of Asia* and *A Throw of Dice*, and many more which were shown in Europe as Indian films with Indian stories. By then the Bombay film industry had been around for 35 years. The industry is as old as the cinema itself and certainly older than Hollywood, which has its beginnings in the late 1900s (Desai 2007).

Indian movie exports have grown for around 60% recently. The USA and Canada are two major export destinations accounting for 30 percent followed by the UK with 25% and Mauritius and Dubai with 10% each. Other major markets include South Africa, Russia, Fiji, New Zealand and Australia where there is numerous Indian diaspora present. Making a film for the diaspora market is a sure moneymaking venture if compared to filming for the Indian domestic market (Desai 2007).

With the international audience, there is notable acceptance of Indian movie themes combined with some of the cross-over movies made by international movie production houses. The earnings of these movies can be compared to some of the Hollywood box office hits. Some Bollywood movies have made more than 50% of their overall gross profit margin from international box office collection. This is a welcome trend which needs to be kept. One of the critical success factors for these movies is to identify ideas from within the Indian themes which appeal to the audience. The other critical success factor is to tie up with a leading international distributor; movies made by people of Indian origin have had up to 2–3 times higher international revenues in comparison to the national bestsellers (CII-A. T. Kearney 2007). Table 2 shows a list of cross over films and the revenue generated by these films.

India has announced ambitious plans to double its share in the global film industry by the end of this year. This signals the country's determination to establish itself as a cultural as well as economic powerhouse. There are numerous reasons why we should believe that.

Firstly, the government, which intends on using Bollywood to build up India as a 'soft power', believes the Indian film industry is capable of capturing five percent of the global market this year. The share is now at two percent (Johnson 2007). Kishore Lulla, the chief executive of Eros International, a UK-listed company that releases about thirty new Bollywood films in India and in the rest of the world each year, says the government's target can be achieved. India is experiencing almost hundred percent growth in grosses, which is unheard

TABLE 2 Crossover film collections

Movie	Cost	Gross revenues (USD million)			
		UK	US	Others	Total
<i>Monsoon Wedding</i>	1.50	3.20	13.90	12.90	30.00
<i>Bend it Like Beckham</i>	5.60	3.20	—	23.80	27.00
<i>East is East</i>	4.50	—	4.10	21.70	25.80
<i>The Guru</i>	6.00	9.80	—	1.40	11.20
<i>Anita and Me</i>	4.00	2.80	—	—	2.80
<i>American Desi</i>	0.75	0.46	0.90	0.01	0.90
<i>My Son The Fanatic</i>	3.00	0.21	0.41	0.02	0.60
<i>Mystic Massseur</i>	2.50	0.06	0.40	—	0.46
<i>The Warrior</i>	3.20	0.21	—	—	0.20
<i>Bandit Queen</i>	0.75	0.44	0.29	0.15	0.88
Total	31.80	20.38	20.00	59.58	99.84

SOURCE Indiantelevision.com Team 2003.

of, says Mr Lulla, pointing to his plans for releasing *Salaam-e-Ishq* (*Salute to Love*), a star-studded feature, with thousand prints worldwide, seventy percent of which are intended for the Indian market. 'That's a record' (Johnson 2007).

Secondly, in terms of capital, the Indian Hindi movie industry keeps receiving capital from abroad. For example, Indian film companies like Eros, Adlabs, India Film Company and UTV have raised hundreds of millions of pounds from hungry institutional investors on the AIM facility of the London Stock Exchange. Western film companies are taking a significant equity share in these companies (Desai 2007). On January 24, 2005 Percept Picture Company joined hands with Michael Douglas' production company Further Films and Sahara One to co-produce the \$50 million *Racing the Monsoon*. On September 1 Percept Picture announced another tie-up with Sahara and the Hollywood producer Donald Rosenfeld for *Tree of Life* starring Colin Farrell. The two films are among a total of six Hollywood co-productions (Kohli-Khandekar 2006).

Thirdly, in terms of technology, the Indian Hindi movie industry has therefore started with the import of technology from abroad as shown in table 1. For the past few years numerous Indian producers have been using special effects technology and training from abroad, particularly from Hollywood.

Last but not least, India has made significant progress in terms of cast as well. Hindi movies have now more and more Hindi movie stars and other people working on international movies, particularly

in Hollywood, whereas more and more artists from abroad work for the Indian movie industry.

### **Globalization Challenges**

Bollywood is facing a number of challenges in the process of globalization. Small and fragmented market is a big issue. To unlock Bollywood's potential and crack open global markets, production, distribution and retail need to function in unison with the market. If we contrast India with China, the latter does not even have a potential. Despite continuing losses, box office revenues that are one-fifth of India's and quotas on imports, Hollywood is full of enthusiasm for China. In 2005 it invested another USD150m into the film business in China. The money mostly went into film making and building film retail infrastructure in China. This is because the Chinese film market remains, in spite of all its problems, an easier, more organized market if compared to India. Only by increasing local market share Indian companies will be able to make their market attractive, report profit gain to investors and gain the heft needed to enter global markets (Kohli-Khandekar 2006).

Domestic and diaspora markets are too large for Indian cinema to adapt themselves to Western tastes. There are also the Third World markets, however, the real money lies in rich OECD countries. Hollywood nowadays commands between 80 and 90% of the global cinema market. Bollywood has to change its act if it is to enter (or even wishes to enter) this large market. One point Bollywood should immediately consider is the length of a film. Indeed Bollywood films are too long. Even the best films are 20 to 30 minutes too long. Making entertaining films in 110–120 minutes seems to be beyond the reach of most Bollywood producers. It is just not their style. In addition to this the scripts are too loose and have too much excess fat (Desai 2007).

### **Conclusion and Directions for Future Research**

Bollywood has made a lot of progress in the recent years, particularly after having been given the Industry status. There is a huge Indian diaspora in countries like the UK, Canada, the Middle East, South Africa which all represent a big market for Indian films. This is also the time when Indian economy is booming and as in consequence India is viewed in a positive way by other countries. Brand India is gradually gaining share in the global market. However, Bollywood's share in the global movie market is still relatively insignificant and the movie industry therefore needs to put in a lot of effort and money

in distribution and marketing in particular if it wants to succeed in the global market.

This paper is the first paper on the globalization of Indian Hindi movie industry and it makes an initial attempt to generate overall understanding of the development and globalization of the industry. In the future a further in-depth research needs to be carried out on various issues related to globalization, for example, global brand building, ways of reaching foreign audiences/countries where Indian Diaspora is not present, acquisitions of or alliances with international players for international marketing and distribution, etc.

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