

2000-09 INDIA'S BEST DECADE-ENTERTAINMENT

BIGGER, FITTER, STRONGER COURTESY PIRACY

DHIMAN CHATTOPADHYAY AND ANUSHA SUBRAMANIAN

«2000-09 FLASHBACK

- *Ghajini* grossed Rs 189 crore, highest in this decade.
- Biggest grosser of 1990s, *HAHK*, collected Rs 60 crore.

2010-19» FAST FORWARD

- Overseas earnings to equal domestic revenues in 10 years.
- Bollywood estimated to become a Rs 7,000-crore industry by 2015.

If Bollywood were to script a movie about its life over the past two decades, it would essentially be the story of a baddie who torments everyone in the first half and then inadvertently ends up becoming their biggest benefactor. The baddie in this case would not be an Amrish Puri or a Prem Chopra but an intangible monster, Piracy, who torments Industry through the '90s, pushing it to the precipice and leaving it with no option but to fight back. And Industry does just that, by first getting itself corporatised and then acquiring the digital technology to finally shoot down the monster. In the last shot, though, unlike the diminishing silhouette of the hero walking away into the sunset, Industry walks back towards the audience, bigger, fitter, stronger and, of course, shirtless with a six-pack.

The "connection" may seem ironical and even shocking to many, but the fact is that Bollywood and its denizens certainly have their brush with piracy a lot to thank for. Says Ravi Chopra of BR Films, the legendary production house—with classics like *Naya Daur* (1957), *Waqt* (1965), *Hamraaz* (1967) to its credit—that nearly stopped making movies in the '90s after getting bogged down by the menace: "Piracy was killing us. Our films were just not mak-

BILLION DOLLAR BABY:

	Domestic Box Office
2000	75%
2009	50%
2015*	40%

Significant Shift in Sources of Revenue

International Box Office	Home Video	Music	Satellite	Ancillary
6%	6%	8%	5%	2%
18%	5%	10%	15%	2%
25%	10%	10%	12%	5%

*2015 figures are estimates
Sources: Studies by PwC, FICCI-E&Y, and Industry



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ing money. In a way, though, it was piracy that helped our fight back. We had to tackle the menace and digital technology offered us the answer." Chopra goes on to credit digital technology with making Bollywood a billion-dollar baby in the decade gone by. "Digital prints have helped us in more ways than just wipe away piracy. It has made the industry a richer and more efficient place," he adds.

But piracy was not the lone scourge of Bollywood in the '90s. It thrived in an industry that was already riddled with all sorts of structural problems: It was unorganised, lacked institutional funding, and followed archaic production practices. As a result, moneylenders financed films by charging 40 per cent interest on loans, films on an average took two years to complete and another two months to reach the smaller towns. That huge time lag left the path clear for pirated videos to eat into a film's box office revenues and also hasten the death of single screen cinema halls. But, by hurting where it stung most—profits—the fight against piracy became a rallying point for the industry to push for its makeover.

The script took a turn in 2000 when Indian film industry was granted "industry" status by the government. This paved the way for institutional funding of films. The production houses, too, were forced to reorganise themselves as professionally-run businesses, as did the allied sectors of the film industry: Music, videos, marketing and distribution, etc. Corporatisation also brought new technologies to Bollywood, including digital print technology.

But digital technology didn't attack piracy to begin with. In the initial days, it helped pirates create better copies of films, giving production houses their worst nightmares. But as the newly-corporatised industry looked for ways to maximise its returns, it stumbled upon the benefits of multiple prints. It realised that 500 digital prints cost as little (or as much) as 50 traditional film reels and also they could reach even the smallest town with a single hall on Day 1 itself. The battlelines had been drawn.

"The old film reels cost about Rs 60,000. To release a film in 100 theatres at one time, one would need Rs 60 lakh. If the film flopped, the cost of the print wasn't recovered, leave alone the cost of production," says Sanjay Gaikwad, CEO of UFO Moviez, which pioneered



RAVISHANKAR PAUL

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Ravi Chopra, Producer, BR Films

digital print technology for films in India.

The impact of digital prints on the industry's fortunes was swift. In 2004, a FICCI survey found that box office collections from small towns had gone up 30-120 per cent in a year, and gave a new lease of life to single screen halls since the advent of digital prints. Also, with digital prints, a film could now even be shipped overseas for a simultaneous global release! Suddenly, overseas rights became the buzzword as money began to pour in from foreign markets in the opening week itself. As the piracy market suffered, TV channels stepped in. Satellite rights of films started to be sold for huge amounts from around 2004 and today some producers make as much as 20 per cent of their total income from selling satellite rights.

While digital prints wiped off piracy and opened up the industry to a whole world of

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SLICING THE PIE

Who earns how much from a film that grosses Rs 100 crore.

GROSS	NET GROSS	DISTRIBUTOR'S SHARE	*PRODUCER'S SHARE
Rs 100 crore (a film's total earnings)	Rs 67 crore (after 33 per cent deduction for entertainment tax)	Rs 33.5 crore (half of net gross goes to the firm that buys the film's rights)	Rs 23.45 crore (from box office) + Rs 10.05 crore (from selling rights*)

*Satellite, home video, music, gaming and mobile and Internet rights. Smaller rights such as airline rights, hotel rights and in-film branding rights are also exploited. These sometimes constitute up to 40 per cent of his total earnings from a film

opportunities, corporatisation unshackled the industry from many of its limitations, logistical as well as creative. "Corporatisation is changing the way films are produced in India. What it has done is put certain systems and processes in place," says Siddharth Roy Kapur, CEO of UTV Motion Pictures that has financed over 50 Hindi films in the last few years. Film-makers like Mahesh and Mukesh Bhatt, co-owners of production house Vishesh Films, and Madhur Bhandarkar, to name a few, have been the direct beneficiaries of this change. "There has been no looking back for me... I made *Page 3*, *Corporate* and *Traffic Signal* with Percept Pictures and *Fashion* with UTV. Corporatisation brought about the necessary industry standards and also made funding easy for film-makers," says Bhandarkar. 1991 was one of the first banks to fund films and by 2005-06, Eros, Studio18, UTV, Adlabs and

others jumped onto the funding bandwagon. "The likes of Onir and Anurag Kashyap are examples of how corporate funding has brought a whole new genre of film-makers to the industry," says Sameer Gupta, Head of Cinema Capital Venture Fund, that financed the 2009 hit movie *All the Best*.

Bollywood also came to benefit from globalisation. An increasing number of Indian films came to be shot at locales in Europe using foreign technicians keeping in mind the global audience. On the other hand, co-production deals became the order of the day, as non-resident Indians and Hollywood production houses such as Warner Brothers and others sought to jump onto the Hindi films bandwagon. The reverse is also happening: UTV has signed a \$30-million co-production deal with Will Smith's Overbrook Entertainment and Sony Pictures Entertainment for two Hollywood films.

Indeed, Bollywood came of age in the first decade of millennium. Industry status and consequent professionalism, no doubt, played a part in this. But none was as crucial as the digital revolution—and by implication, the fight against piracy—in making Bollywood bigger, fitter and stronger. Where does all this take Bollywood now? "Ten years from now, the industry would have globalised to an extent where overseas earnings from films would equal if not cross domestic earnings," says Mahesh Ramanathan, COO, Big Pictures. Others say that reliance on home video will increase significantly, regional and Hindi cinema will benefit from the rapid development of screens across the country, video-on-demand and pay-per-view will bring newer revenue streams and there would be consolidation in the industry. But everyone agrees that as far as the size of the industry is concerned, there's going to be just one way—up. ☺



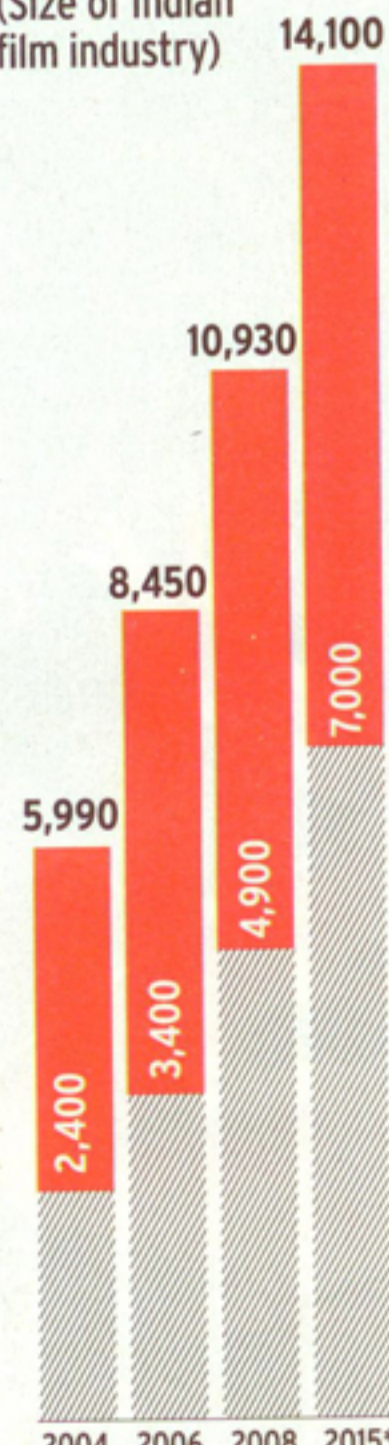
RACHIT GOSWAMI

"10 years from now, overseas earnings from films would equal if not cross domestic earnings"

Mahesh Ramanathan, COO, Big Pictures

Indian film industry has grown rapidly...

(Size of Indian film industry)



... but is only 3% of Hollywood

(Size of Hollywood)

2002	\$51 billion
2008	\$70 billion
2015	(Est) \$100 billion

Source: Motion Picture Association of America