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COVID-19 AND INDIAN FILM INDUSTRY: A TRAVEL STORY FROM THEATRICAL WINDOW TO INTERNET RELEASE

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Abstract: The film, television, and online video services businesses in India generate roughly INR 93k cr (US\$ 13.3 bn) in sales, accounting for just over half of the country's overall media and entertainment (M&E) revenue. They employ 8.5 lakh (850,000) people and have a gross production of INR 115k crore (US\$ 16.5 billion). But Covid-19 signalled the start of a new era in which both theatrical and over-the-top (OTT) release options are likely to thrive. Due to the government's lockdown measures and social distancing laws, the COVID-19 pandemic resulted in closing orders for the film industry and live entertainment. The inability to release movies within theatres and cinema halls caused a huge financial crisis in the Indian film industry, and this pandemic situation created a new way of cinema release in OTT platforms, resulting in prominent involvement of OTT platforms in movie release even after the lockdown policies were lifted.

I. INTRODUCTION

The mindset and vulnerabilities of the wider Indian audience are frequently depicted in Indian cinema. The fundamental motivation for the people to watch movies in a developing country was (and still is) to temporarily escape from the harsh realities of life. Indian filmmakers primarily emphasise on narratives in which a striving hero overcomes all odds and triumphs in the end, in order to capture their imagination. Films about mediaeval family romances, epic mythical storylines, and good versus evil stories have become increasingly popular. This cinematic dinner for the existentially afflicted and distraught soul was more of a feast for the hungry senses than a meal for the existentially distressed and distraught soul. For more than a century, films have provided enjoyment to the Indian people. The Indian Film Industry has developed to become one of the most popular businesses in the world since independence. Domestically, the film industry has made a significant contribution to India's economic development through significant revenue generating. The estimated worth of the Indian film business was 107.1 billion rupees in 2008, but it grew to 126 billion rupees in 2013, reflecting a growth rate of 13%. According to Price Waterhouse Coopers predictions, the Indian cinema business would grow by 12% in the next two years, reaching Rs. 217 billion in 2018.¹ India's multilingual film industry is projected to create over 1800 films per year. As a result, it has become the world's largest film maker. India had a total box office gross of \$1 billion in 2015. With a revenue of US\$2.1 billion, it is the world's third largest. In 2011, Indian cinema grossed over \$1 billion. ²Globally, 3.5 billion tickets had been sold, 900,000 more than Hollywood.

The Indian film industry, which is dominated by Bollywood (Hindi film industry), followed by Tamil and Telugu film industries, as well as several other film industries based in Kerala, Karnataka, Bengal, Punjab, and elsewhere, has played an important role in the Indian economy's stability over the years. "The Indian film business accounts for around 20% of all revenues among the Indian media and entertainment industries - as part of the services sector, which accounts for more than 50% of India's GDP," says Marc Fetscherin, a visiting research scholar at Harvard University. When the World Health Organization (WHO)

¹ Subhojit Banerjee & Ritu Srivastava, Exploring Export Potential of Indian Movies: A Comparative Advantage Analysis of the Indian Film Industry, 13 GREAT LAKES HERALD, 21, 22-24 (2019).

² Patrick Frater, Asia Expands Domination of Global Box Office, VARIETY (April 13, 2016), <https://variety.com/2016/film/box-office/asia-expands-domination-of-global-box-office-1201752360/> 3 India Global Business Staff, Indian Film Industry Comes Of Age, INDIA GLOBAL BUSINESS

proclaimed Covid-19 a pandemic in March 2020, India's robust economic growth came to a standstill, with the film industry playing a key part. The unique Covid19 virus caused a tremendous loss of human life around the planet, and the world was suddenly confronted with an unexpected dilemma. According to the World Health Organization, the pandemic produced enormous economic and social disruption, putting tens of millions of people at risk of sliding into extreme poverty, millions of businesses in jeopardy, and nearly half of the world's 3.3 billion workers at risk of losing their jobs.

II. OBJECTIVES OF THE STUDY

The present study aims at studying economic changes which took place in the film industry due to COVID19 pandemic and analyzing the economic condition and revenue contribution of the Indian Film Industry in a Pre Covid -19 era and during different phases of COVID19 pandemic.

III. RESEARCH METHGODOLOGY

This study will aid in analysing and comprehending how the epidemic has impacted the Indian film industry, which has played a key role in the country's economic prosperity. The present paper is analytic in nature, and the presentation style is analytical and descriptive. The project relies on secondary data sources. The study's results and conclusions are its only outputs.

IV. THE INDIAN FILM INDUSTRY- A BRIF BACKGROUND

Films or motion pictures are an integral part of the lives of Indian people. Indian films date back to the 19th century and have grown ever since; they have encountered evolution, from the cinema with no colour to the cinema now which is full of vibrancy and colours; from the multiple reels to the single show-reel; and, from zero graphics to animation³. The first films filmed by French cinematographers, the Lumiere Brothers, were aired in Bombay in 1896, and this was India's first experience with cinema or films. Harishchandra Sakharam Bhatavdekar, often known as Save Dada, was the first Indian to make a motion picture. In 1899, he presented his film "The Wrestlers," which he shot at Bombay's Hanging Gardens. However, the foundation of the Indian Film Industry can be traced back to 1910, when Dada Saheb Phalke, the "Father of Indian Cinema," made history with the film "Raja Harishchandra" (1910). He was the forerunner of Indian cinema, and he actually gave birth to an industry that would later gain international acclaim. Indian films began to attract an international audience in 1940. In the twenty-first century, Indian cinema has become a global company. Through dynamic and rapid modern media, Indian films are being screened in over 90 countries. The Indian Film Industry encompasses films produced in Andhra Pradesh, Assam, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Tamil Nadu, and West Bengal, as well as regional industries in Andhra Pradesh, Assam, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Tamil Nadu, and West Bengal. Due to cultural and linguistic affinities, these films are extensively appreciated around the world, particularly in South Asia and the Middle East. It's vital to clarify that the Indian Film Industry is not to be confused with 'Bollywood' or 'Hindi Film Industry,' which is not the entire industry but a subset of it. The wide popularity of Indian films across the world has attracted lucrative investors not only domestically but also globally. International investors like 20th Century Fox, Sony Pictures, and Warner Bros have made major investments on India films. Additionally, prominent native investors such as Zee, UTV, Suresh Productions, Ad labs and Sun Network's Sun Pictures through their investments have engaged enthusiastically in India's filmmaking and distribution business.

V. ECONOMIC CONDITION OF THE INDIAN FILM INDUSTRY: A PRE-COVID ANALYSIS

Indian film industry is one of the most globally acclaimed entertainment industries of the world. Over the years it has attracted audience from different sections of the society not only in India but around the world. Today, India's film sector has indeed grown to become a multi-million dollar industry having billions of viewers across the world. The Indian film industry is one of the largest in the world and is considered to have immense potential. It is the largest producer of movies in the world and has the largest DTH (Direct to Home)⁴ and the second-largest pay TV subscriber base in the world. The media and entertainment industry of India generate gross revenue of 115k crore (US \$ 16.5 billion) and is the employer of 8.5 lakhs people.⁵ According to a report by industry lobby PHD Chamber and bed and breakfast accommodation aggregator BnBNation, the Indian film industry is predicted to grow at a rate of 11.5 percent per year by 2020, with a total gross receipts of Rs 23,800 crore (\$3.7 billion). The film industry had a total turnover of Rs 13,800 crore (\$2.1 billion) prior to the lockdown, and it had grown at a CAGR (compound annual growth rate) of above 10% in the previous several years⁶.

³ Dheeraj Kumar, Evolution Of Indian Cinema, THE TIMES OF INDIA [Online] (June 26, 2019), <https://timesofindia.indiatimes.com/readersblog/seethroughmyeyes/evolution-of-indian-cinema-4289/>

⁴ 9 It is a digital satellite service that provides television viewing services directly to subscribers through satellite transmission anywhere in the country.

⁵ . Report on the Economic impact of the film, television, and online video services industry in India, 2019 by Deloitte.

India has been gaining momentum as a film-shooting destination and many foreign studios are increasingly considering shooting a large portion of their films in India, particularly after the success of India-based movies, such as *Slum dog Millionaire*. In fact, large portions of Hollywood hits like; *A million Dollar Arm*, *Eat, Pray and Love*, *Jobs*, etc was shot in India in the past decade. This has further contributed to the economic growth of the Indian film industry over the years.

Despite numerous hurdles, the Indian film industry has experienced exponential economic growth throughout the years. On the regulatory front, for example, filmmakers must go through a lengthy process to get their films approved; to shoot a picture, they must obtain 70 clearances and licences from as many as 30 different bodies in India. Despite these obstacles, the Indian film industry has continued to grow economically. In 2012, Indian movie box office receipts totaled \$1.6 billion, accounting for more than half of the Indian economy's services sector. Furthermore, India's film business generates almost 20% of total revenue in the country's media and entertainment industries. India produces 1,500-2,000 films every year in more than 20 languages. Despite the enormous number of films and theatre admissions in India, the Indian film industry is minor in terms of revenue when compared to other worldwide sectors. Even though India's film business is worth \$2.1 billion, it pales in comparison to the \$11 billion film industry in the United States and Canada, while producing only 700 films per year. It's worth noting that the state of the Indian film industry has a multiplier effect on other businesses; this isn't limited to direct benefits of film production, but also includes employment in a variety of local economies.

SOURCES OF REVENUE THE INDIAN FILM INDUSTRY

According to the report by India Brand and Equity Foundation (IBEF), the Indian film industry reached Rs 100 billion (US\$ 1.43 billion) in 2019. In fact, in terms of revenue, the industry has grown at a rate of 2.6 per cent per annum from US\$ 1.7 billion in 2006 to US\$ 1.9 billion in 2011.

REVENUE SOURCES FOR THE YEAR 2019

In the year 2019, The Indian Film Industry had an economic boon and its revenue contribution was relatively well as compared to the past years. As per the report by Box Office, India, total gross earnings across all languages rose almost 12 percent in 2019 to ₹10,948 crore, from ₹9,810 crore in 2018⁷. For the year 2019, theatrical releases, i.e. box office revenues, have been the primary source of revenue. In reality, 2019 saw box office increases in various languages, including (36%) Malayalam (17%), Tamil (14%), Punjabi (13%), and Hindi (13%). (10 percent) The revenue streams of Industry for the financial year 2019 are summarized in a report by business data portal Statista. The film industry's revenue, which totaled 191 billion Indian rupees, was primarily derived from national theatrical releases and screenings. Screenings in other countries came in second that year. Digital/OTT rights were valued at 19 billion rupees in that year. This distribution will almost certainly be impacted the following year as a result of the pandemic effect. Although it appeared that digital channels would prosper, theatres were expected to suffer a setback.

VI. THE ECONOMIC CONDITION OF THE INDIAN FILM INDUSTRY IN THE COVID ERA

The Covid-19 pandemic, which brought the entire world to a halt, had a huge impact on the Indian Film Industry's revenue earnings. Cinemas and movie theatres have been closed around the world as a result of statewide lockdowns and the expansion of social distancing norms, film festivals have been cancelled or postponed, and film releases have been pushed back or delayed indefinitely.

When film organisations such as the Federation of Western Indian Cine Employees (FWICE) and the Indian Film & Television Directors' Association (IFTDA) decided to suspend filming of movies, TV shows, and online series in March 2020, the film industry in India saw the rippling impact of Covid-19. Balaji Motion Pictures, Dharma Productions, and Yash Raj Films, among others, halted all production activities immediately. In addition, Prime Minister Narendra Modi has ordered that all movie theatres be closed indefinitely.

Theatrical cinema release is extremely important to generate income and contribute to the profitability of creating, producing, marketing and distributing a film⁸. The post-Covid era has consequently affected the entire film distribution system. In India, the box office collection through theatrical and big studio releases of the films is the major source of revenue of the film industry. Siddharth Jain, Director at INOX Group was observed that in India “there is a huge demand for theatres which are able to offer a vast range of bespoke experiences to those looking for great value family and corporate entertainment.”⁹ According to a Financial Express article, the film business lost 29.1% of its revenue in the first quarter of 2020, falling to Rs 1062.4 crore from Rs 1499.4 crore the previous year. Experts believe that the entertainment sector has already lost more than a thousand crores as a result of the pandemic. This is the first time in our history when the entire India box office has been zero. Due to the lockdown, which resulted in the entire suspension of the Indian film industry, consumers turned to streaming services such as Netflix and Amazon Prime. As a result of the outbreak and the lockdown, audiences shifted from theatres to steaming platforms. According to a pan India study

⁷ Namrata Joshi, Box Office Receipts In India Cross (February 18, 2020), <https://www.thehindu.com/news/national/box-time-in-2019/article30854086.ece>

⁸ Maureen Kerr and Dennis Cyba, The Economics of Film, FTI CONSULTING (August 23, 2020), <https://www.fticonsulting.com/~media/Files/emea--files/insights/articles/2020/sep/economics-film-changing-dynamicscovid-19-world.pdf>

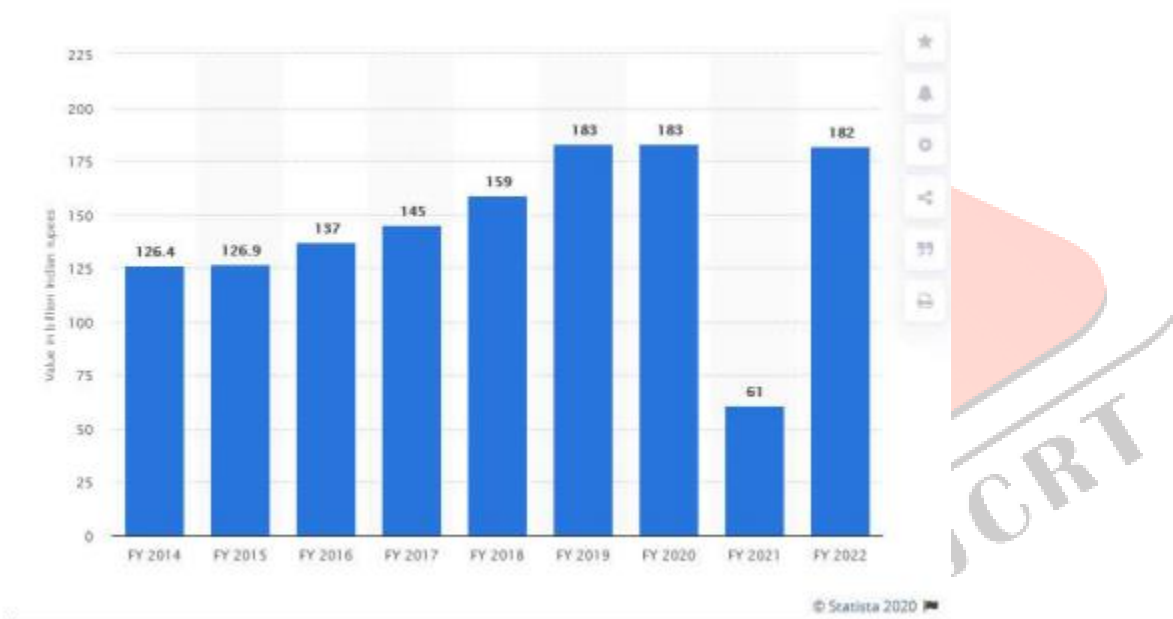
⁹ Stefan Hall and Sylvania Pasquini, Can there be a fairy-tale ending for Hollywood after COVID-19, WORLD ECONOMIC FORUM (July 23, 2020), <https://www.weforum.org/agenda/2020/07/impact-coronavirus-covid-19-hollywood-global-film-industry-movie-theatres/>

conducted by Velocity MR titled 'Surviving COVID-19 and beyond: A Consumer Perspective- Part 2, "four out five Indians have subscribed to streaming platforms during the lockdown and, over-the-top (OTT) platforms have witnessed a tremendous growth in subscriptions. As per the study, Amazon Prime witnessed 67% growth in subscription followed by Netflix with 65% rise in subscriptions¹⁰.

According to a Financial Express poll, roughly 73 percent of respondents said they watch YouTube and Hotstar material more than other over-the-top (OTT) programmes. Subscriptions to Disney-owned Hotstar increased by 41%, while subscriptions to Google's free video network YouTube increased by 46%. Because the lockout lasted more than a month and a half across the country, more than 40% of respondents said they had to get a new DTH/TV subscription, according to the research. Moreover, it was shown that 80 percent of respondents prefer to watch movies on television during the lockdown.

ESTIMATED REVENUE EARNINGS OF THE INDIAN FILM INDUSTRY IN THE POSTCOVID-19 ERA (2020-2022)

The entire closure of production houses and movie theatres will undoubtedly have a negative influence on India's film industry. The pandemic is expected to reduce the Indian media and entertainment industry's income by 16 percent this fiscal year, to 1.3 trillion, according to domestic rating agency CRISIL. Over the course of the financial year, India's cinema industry is expected to shrink from Rs. 23,600 crore to Rs. 12,700 crore. "Given the steep fall in revenues, debt protection metrics would undoubtedly weaken this fiscal for media and entertainment industries," said Nitesh Jain, director of CRISIL Ratings. According to a study undertaken by Statista, a business data portal, the film industry in India will be worth about 183 billion Indian rupees in the financial year 2020, while the coronavirus (COVID-19) pandemic will cost half as much in the following financial year. Forecasts for fiscal year 2022, on the other hand, projected a 196 percent increase. The following data provided below (Statista) highlights the sharp growth expected in the film industry in the year 2022¹¹.



V. CHANGING DYNAMICS OF THE INDIAN FILM INDUSTRY: RISE OF STREAMING SERVICES

In the past few years, Over-the-Top (OTT) video streaming services have been gaining popularity across the world. However, prior to the COVID19 pandemic OTT video platforms like Netflix, Amazon Prime, Showtime, Disney+Hotstar, etc had its major viewers from the western countries. As per a report by Boston Consulting Group, "Entertainment Goes Online," [2017] revenues from seen a CAGR over 40% between the period of 2005-2017. It had however, noted that emerging countries like India were lagging as the people were skeptical to spend on OTT. This dynamic however changed completely as Covid-19 hit the Indian Film Industry; according to Business global OTT streaming market is expected grow from \$104.11 billion in 2019 to \$161.37 pound annual growth rate (CAGR) of 55.0% with a major contribution of India.

As the movie halls and theatres shut down, movies that were in production had to be launched through various streaming services. In May, 60-70% growth witnessed on various OTT platforms in India. Vishnu Mohta, co-founder of Bengali streaming service Hoichoi said "the covid-19 pandemic brought about a tectonic shift in consumer habits and adoption of digital services by people

¹⁰Brand Wagon, Amazon And Netflix Witnessed More Than 60% Growth In Subscriber Base During Lockdown: Velocity MR Study, FINANCIAL EXPRESS (May 20, 2020), <https://www.financialexpress.com/brandwagon/amazon-and-netflixwitnessed-more-than-60-growth-in-subscriber-base-during-lockdown-velocity-mr-study/1965362/>

¹¹ Sandhya Keelery, Value Of The Film Industry In India From Financial Year 2014 To 2019, With Forecasts Until 2024, STATISTICA (October 16, 2020) <https://www.statista.com/statistics/235837/value-of-the-film-industry-in-india>

traditionally hooked to TV or cinema in a matter of months that would have ordinarily taken years.”¹² In fact, according to the PwC Media and Entertainment report, India has become the world's fastest growing OTT (over-the-top streaming) industry, and is expected to become the world's sixth largest by 2024. As per Rajib Basu, the entertainment and media partner at PwC, “The covid-19 pandemic has brought the growth of the M&E industry to a screeching halt and amplified shifts and digital disruptions that would have only happened in the years to come.” Indian blockbusters have begun to flood Netflix Inc. and Walt Disney Co.'s Disney+ Hotstar with content. It's worth noting that India is one of the world's largest film makers, selling more tickets than any other country; yet, the pandemic has greatly expanded the market potential for Netflix, Disney, and Amazon's streaming platforms.⁸ According to the data collected by JustWatch Network, a major streaming engine in India; all the main streaming services have seen a significant increase. For the JustWatch platform, Zee5 was at the largest bargain, rising by 259 percent. Netflix saw a 204 percent rise over the same time in India, while Amazon Prime Video (189 percent), AltBalaji (174 percent), JioCinema (161 percent), and Disney+ Hotstar (149 percent) all also saw a substantial raise. While Zee5 got the biggest boost, Netflix, based on customer interest in Just Watch, continued to reign supreme among all streaming services in India. Netflix accounted for 21 percent of full searches, according to the content aggregation service. Disney+ Hotstar, which now combines Disney+ catalogues with excellent India-specific content from Hotstar, came in second with 18 percent, led by 16 percent from Prime Video.¹³ It is fair to say that the overall use and popularity of streaming services has grown on a global scale in a similar way. Netflix which is the top OTT platform of India and one of the top globally has amassed 26 million paid subscribers on the first quarter of 2020. Streaming platforms have given users fast and convenient access to TV shows and movies to keep themselves busy, while people around the world are forced to hide in their homes to stay safe from the coronavirus pandemic. If the world shifts towards spending more time at home and social distancing over the long term, streaming platforms may be one of the greatest gainers¹⁴.

VII.FINDINGS

According to the findings of this study, lockdown has played a significant part in the increase in OTT platform viewership, since those working from home are now using OTT platforms more. The average number of hours spent on OTT has increased, and users are spending an average of Rs 200-300 a month, boosting OTT's economic contribution.

CONCLUSION

India's film industry is one of the most thriving entertainment sectors in the world. It has enormous potential and makes a significant contribution to India's economic progress. The Covid-19 epidemic, on the other hand, has had a severe impact on its growth; with the closure of production houses and large screens, income generating has decreased dramatically. Despite the hurdles, the film industry has not succumbed to Covid's ramifications and has managed to operate successfully by generating revenue from alternate sources, the most prominent of which are over-the-top (OTT) streaming services. Following the Covid-19 outbreak, the Indian film industry saw a dramatic transformation. The 'new normal' has replaced cinema halls and movie theatres with OTT platforms, which were once one of the film industry's primary revenue streams. Following Covid-19, the popularity of OTT streaming platforms has skyrocketed in India. However, how OTTs will accommodate themselves in the near future with the building of theatres and cinema halls is still unknown.

For Indians, the allure of giant screens will always exist, but the Covid-19 has undoubtedly produced a dynamic shift in the film industry, and it is still unclear how these shifts will affect the Indian film industry's growth. The entire country is curious and waiting to see how the film business will turn out.

¹² Lata Jha, Otts See Viewership, Subscriptions Stabilize As Growth Numbers Catch Up, LIVE MINT (November 5, 2020), <https://www.livemint.com/news/india/otts-see-viewership-subscriptions-stabilize-as-growth-numbers-catch-up11604556379050.html>

¹³ 9 Ali Pardiwala, Netflix, Zee5 See Over 200 Percent Increase in Interest in India During Lockdown: JustWatch, NDTV [GADGETS 360] (May 15, 2020), <https://gadgets.ndtv.com/apps/news/netflix-hotstar-prime-video-streaming-servicesdata-zee5-india-justwatch-2229466>.

¹⁴ 1Ali Pardiwala, Netflix, Zee5 See Over 200 Percent Increase in Interest in India During Lockdown: JustWatch, NDTV [GADGETS 360] (May 15, 2020), <https://gadgets.ndtv.com/apps/news/netflix-hotstar-prime-video-streaming-servicesdata-zee5-india-justwatch-2229466>

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