

Analysis on Impact of Piracy on Bollywood Music's and Films Business in Comparison of Hollywood

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Abstract

With observed current piracy scenario in India about Hindi Film Industry each day revenues down drastically and some time situation like as Directors and Producers of movie even unable to recover making charges of films and suffering with heavy losses and hence fear to invest on next movie project due insufficient money because of losses. Where as situation seems to be under control in Hollywood regarding same issues, Hence we have developed hypothesis why and how Bollywood films industry infected with piracy and what are there negative impacts and how could control the situation in this research. Film makers, musicians, writers, cinematographers, singers, choreographer without copyrights, none of these occupations could claim remuneration. But because culture must be accessible to the greatest number, UNESCO, WTO, WIPO are engaged in seeking the right balance between the interests of the artist and those of the general public. The new techniques of pirating musical recording or DVD's however, are threatening this fragile equilibrium. This study based on five major market analyses to know the solutions of the stated research problem.

Keywords: Intellectual Property Rights (IPR), Copyrights, Digital Copy Denied Mechanism, Piracy, Indian Music, Films, Television Industry.

Introduction

Piracy entered public consciousness in India in the context of globalization in the 1980s. The rapid spread of video culture, the image of India as an emerging software giant, and the measurement of comparative advantage between nations in terms of the knowledge economy pushed questions about the control of knowledge and creativity—about “intellectual property”—into the foreground of economic policy debates. The consolidation of Indian media industries with global ambitions in film, music, and television gave the protection of copyright, especially, a new perceived urgency. Large-scale piracy—at the time still primarily confined to audio cassettes and books sold on the street—began to be seen as a threat not just to specific businesses but to larger economic models and national ambitions. The “problem” of intellectual property (IP) protection in India—in terms of both the laws on the books and enforcement practices on the streets—took shape through this conversation between lawyers, judges, government ministers, and media lobbyists.

The high-level policy dialogue has produced several important revisions to Indian copyright law, including amendments to the Copyright Act in 1994 and 1999 to address the growth of cassette and optical disc piracy, respectively. A new round of proposals, reflecting a more recent array of battles over the control of cultural goods, began to emerge in 2006 and will probably be voted on in early 2011.

Since the 1990s, piracy in India has been shaped by a now familiar set of global transformations in the production, circulation, and regulation of media and culture. These range from macro-level changes, including new international IP obligations and India's integration into global media markets, to extremely local developments, such as the adoption of cheap DVD players, burners, and computers in poor urban neighborhoods. In this respect, India belongs to the wider story of technological, cultural, and policy change recounted throughout this report. And yet two related factors make the Indian case profoundly different

WHAT IS PIRACY?

Piracy is the name given to the illegal copying and selling of DVDs and CDs. Many people see it as a crime that doesn't really matter because no-one is getting hurt, but this is not the case. Money generated by piracy is used by gangs of criminals to fund the sale of drugs and guns. If you do buy an illegal copy, the quality of the recording is usually really bad. If it's a DVD, the picture will be grainy or change to black and white at some points, while the sound quality will often be muffled and very quiet. You won't be given a receipt so if it doesn't work, you won't be able to get a refund or an exchange.

DVDs

You may come across illegal pirate copies of DVDs or CDs in markets, car boot sales or online auction sites. They will be cheaper than they are on the high street, but they'll probably have been recorded on a camcorder at the back of a cinema or downloaded illegally from the internet.

Sometimes they are easy to spot, as they're not sold in a plastic case. But other things you should look out for include:

- if the film has just been released at the cinema, any DVD of it will definitely be illegal
- if the DVD packaging has any foreign languages on it, or if the description or cast list doesn't match the film you're buying, it's probably been produced on someone's home computer
- if the cover of the DVD doesn't have a film certificate on it that you recognize, such as 'PG', '15' or '18', it's likely to be a pirate copy

Illegal music downloads

Downloading music directly to your computer or an MP3 player is now almost as popular as buying CDs over the counter. It's cheaper and you can choose to pay per download or a standard fee every month for a certain number of tracks.

There are now lots of different sites that allow you to buy music online or get some legal download for free, but there are users of other sites that are breaking the law by using file-sharing networks to share copyrighted music. Although file sharing or peer to peer (P2P) networks can be used legally to share photos that you've taken, or music and video files that you've produced yourself, you should not use them to download songs by your favorite artists for free, as they'll be copyrighted. If you're caught illegally downloading copyrighted music or video from the internet, you may be faced with a fine that costs you thousands of pounds.

Copying CDs

If you've bought a CD, you can lend it to your friends if they want to listen to it. However, it's illegal to make copies of CDs and give them to your friends or to sell pirate copies of CDs for a profit. In 2003, the U.S. motion picture industry, working with law enforcement agencies around the world, seized more than 52 million pirated optical discs.

Internet piracy:

The consumers today have access to music across borders with the help of sophisticated P2P systems and illegal file sharing sites. Most of this content is uploaded by consumers themselves. Two of the most popular P2P networks are "Lime-Wire" and "Bit-Torrent." Also, there are websites providing pirated music content; however increasingly users have been relying on P2P servers over individual websites.

Optical disc piracy:

Most of the optical discs are burnt products with approximately 100–150 MP3 songs burnt onto one disc. These discs are distributed using the same distribution networks as the legitimate content discs. Further, the research has also revealed that due to the depleting volumes of legitimate products, the music industry has seen a shift of the distributors to the video business. While the music CDs (AAC format and MP3 formats) of each film ranges from US\$ 2.5 to US\$ 7.5, the pirated discs with MP3 formats that provide music of over 10 films in one disc are made available by the same distributors for US\$ 0.75 to US\$ 2.5.

Worldwide Music and Film Industry affected by Piracy –

In Mexico, the pirate Market sells 76 million records a year in over 50,000 sales outlets, outweighing the legal market that can only sell 56 million. Same story in India, which boasts the world's most prolific film industry. With 1,100 films produced in 2003, it far outstrips Hollywood's output. According to data provided by the Confederation of Indian Industry (CII), India's film industry loses US\$ 70 million per year to pirating, mostly because of illegal sales abroad. It is estimated that four out of ten Bollywood produced CDs and DVDs sold in the United Kingdom are counterfeit copies. These figures are even higher in Middle East, Pakistan, Bangladesh, or Sri Lanka—not counting films broadcast on cable television networks that don't pay royalties. And as music is a major ingredient of any self-respecting Bollywood drama, the musical rights can represent up to 15% of profits—or losses – on certain films (Kuntz, Lucia I.).

In Pakistan, film theaters have all but disappeared. The film industry in the United States loses 4 billion dollars a year because of pirating. In 2004, 34% of computer software was pirated, one per cent less than in 2003. Financial loss, however, increased at the same time from 29 to 33 billion dollars. A 10% reduction in software pirating would allow the creation of 1.5 million jobs and generate globally 64 billion dollars in taxes. In Columbia, authorities confiscated 37,000 pirated books in 1998 and 180,000 in 2003.

Piracy Ecosystem:

The principal factors impacting piracy are:

I. Market Need:

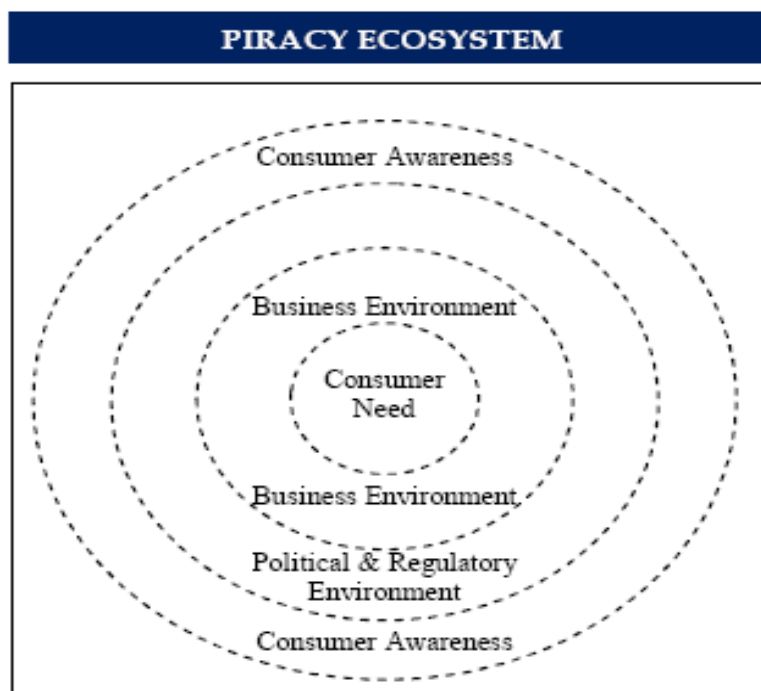
- o Accessibility
- o Product Pricing

II. Business Environment:

- o Profitability
- o Technology
- o Ease of Content Acquisition

o Industry Support**III. Political & Regulatory**

- o Legal Framework
- o Law Enforcement

IV. Lack of Consumer Awareness**Impact of Technology:**

The Indian M&E industry has been going through a significant transition over the past decade with the advent of new technologies and changing entertainment consumption patterns. However, it is only now that the industry is witnessing significant investments in infrastructure across all segments throughout the value chain. These investments have happened predominantly in the distribution and delivery segments for setting up multiplexes, digital film distribution, DTH, digitization of cable, and the roll-out of IP TV among other infrastructure needs. Introduction and comprehensive application of these technologies will hopefully help to mitigate piracy, in tandem with efforts by the government and the judiciary. These investments will enable the industry to plug the losses incurred due to piracy by making content more accessible to wider audiences and creating differential pricing across platforms. This would cater to the needs of different target segments and also allow closer monitoring. What is therefore required is that the industry is able to innovatively utilize and exploit new technology platforms to continue to earn more and more revenues while making the product more accessible to the consumer. This would effectively take the advantage away from the piracy business and take over the market that it tries to create and cater to.

Drivers of Change:

It is also apparent from the anecdotal evidence collected from the market that the crackdown on piracy due to concerted efforts by the industry at all levels coupled with state government initiatives and proactive legal enforcement, has seriously impacted the hitherto unbridled growth of piracy.

The key drivers of change for the industry therefore are

- The State; and
- The Industry

Role of the State:

A stringent law framework to protect copyright and tackle infringement supported by judicial infrastructure is imperative to minimize damage to and secure the future growth of the industry. The law makers need to create a robust legal ecosystem with comprehensive laws spanning across all forms of piracy supported by a speedy, low cost judicial infrastructure. As an illustrative, The Tamil Nadu State Government has successfully employed a holistic initiative, which adopts a multi-pronged strategy mobilized through the cohesive involvement of the state legislation, judicial sensitization, speedy, effective and deterrent enforcement has been a significant towards curbing piracy within the state.

Role of the Industry:

The Industry needs to act as a facilitator and coordinator of anti-piracy efforts. The industry associations therefore would play an important role in collating information, channelizing isolated initiatives and creating a common platform to assist the state in policy formulation and expedite the establishment of effective enforcement mechanisms. Further, sharing of information between various players in the industry would go a long way in consolidating and replicating successful initiatives, which would benefit all players in the long run. As an illustrative, the Andhra Pradesh Film Chamber of Commerce has created an Anti-Video Piracy (AVP) cell since May 2005. This dedicated cell led by a retired SP of the state (currently led by Mr. Keshava Reddy) along with 59 other retired police officers works in tandem with the Government and the law enforcement agencies to fight piracy.

Political and Regulatory**Legal Framework**

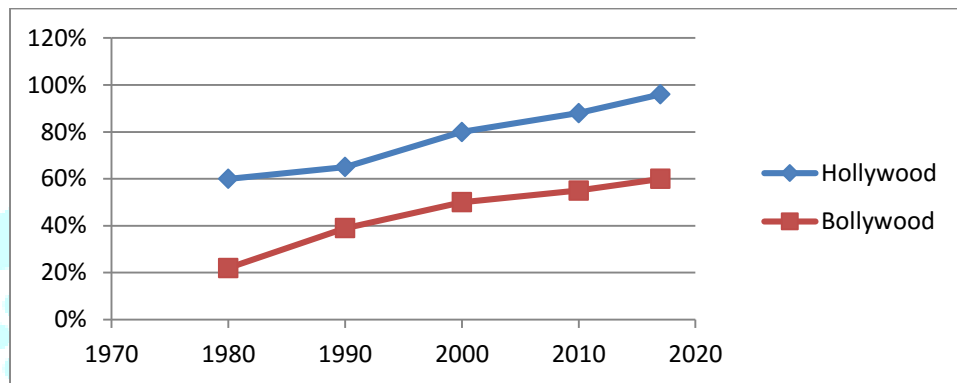
The main issue facing the industry is the high incidence of indirect tax. While the rest of the entertainment industry enjoys a 4% Value Added Tax (VAT) on sales of a product, gaming products in many states face up to 12% VAT. The industry is therefore currently struggling with the pricing of its products. While the industry has now taken initiatives to reduce its margins and revise pricing for the consumers, it is looking for more support from the government.

Summary of Revenue Streams Impacted by Piracy:

Industry Segments	Revenue Streams	Key forms of Piracy Quantified
Film Piracy	VAS	Optical Disc Piracy Cable Piracy Loss Due to Under Declaration Internet Piracy (negligible-not estimated)
	Theatrical Revenue	
	Home Entertainment	
	Broadcast Rights	
Television Piracy	Music Rights	Cable Piracy Loss Due to Under Declaration
	Advertising Revenue	
Music Piracy	Subscription Revenue	CD Piracy Cassettes Piracy Public Performance Loss (not estimated due to lack of data availability) Illegal Internet Downloads
	Physical Sales (CDs & Cassettes)	
	Mobile Rights	
	Radio Rights	
	Public Performance Rights (PPR)	
	Internet	
	Synchronization Rights	
Grand Rights		
Game Piracy		Optical Disc Piracy Optical Disc Piracy Internet Piracy
	PC Games	
	Console Games	
	Mobile Games	
	Online Games	
	Game CD Sales	
	Game CD Sales	
	Game Sale via Mobile Downloads	
	Subscription	

Findings:**Finding One: Impact of Globalization on Piracy and its effect on Bollywood Business****Data:**

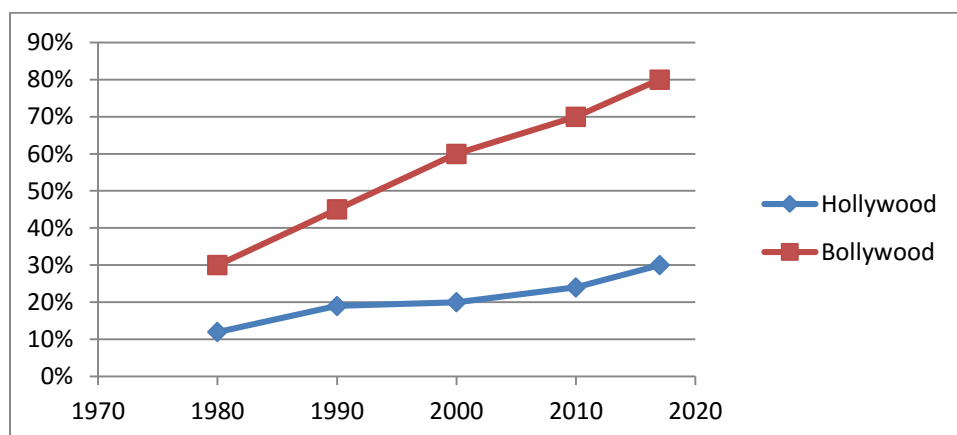
Year	Hollywood	Bollywood
1980	60%	22%
1990	65%	39%
2000	80%	50%
2010	88%	55%
2017	96%	60%

Plot:**Interpretation:**

This is the first analysis done with keeping center term Impact of Globalization on Bollywood in respective years with comparing Hollywood and results are not satisfactory, its clearly observed since 1980 to 2017 in comparison of Hollywood Indian film Industry (Bollywood) is poor market player in terms of Global market shares, profit and revenue.

Finding Two: Impact of Duplicate CDs, DVDs Piracy on Bollywood Business**Data:**

Year	Hollywood	Bollywood
1980	12%	30%
1990	19%	45%
2000	20%	60%
2010	24%	70%
2017	30%	80%

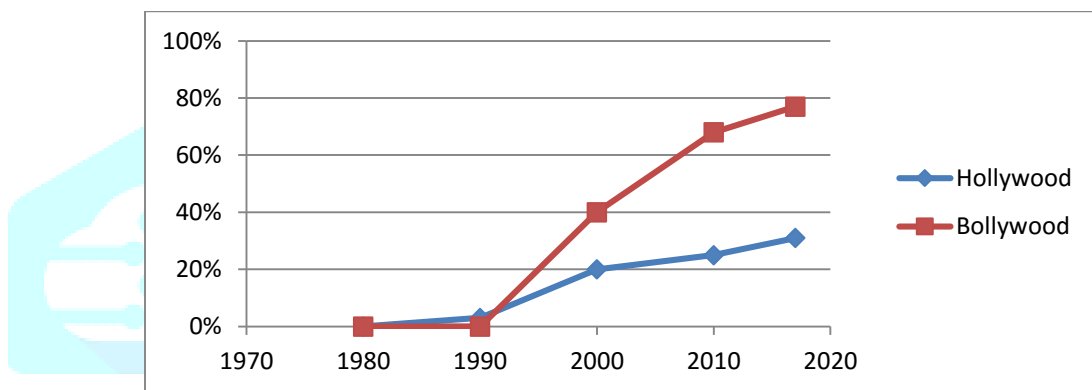
Plot:

Interpretation:

From this analysis it's transparent in comparison of Hollywood industry Bollywood suffered very badly due to the pirated Cassettes, CDs and DVDs in the market and poor Piracy control system to under control the situation with respective years. Hence ration of piracy increased high of Bollywood as compare to Hollywood and strongly affect on business profit, even sometimes unable to cover making charges of films from Tickets collection of Talkies.

Findings Three: Impacts of Mobiles on Bollywood Business**Data:**

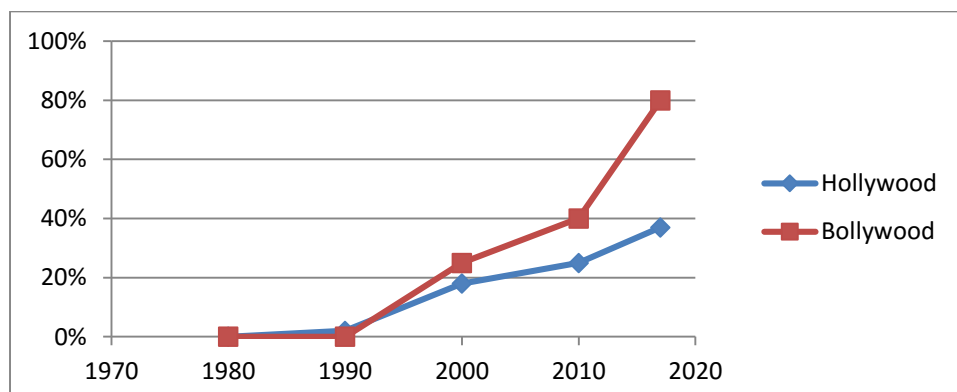
Year	Hollywood	Bollywood
1980	0%	0%
1990	3%	0%
2000	20%	40%
2010	25%	68%
2017	31%	77%

Plot:**Interpretation:**

This slightly astonished result, where we observed little bit impact of Mobile phones technology on Hollywood for two decades 1970-80 & 1980-90 rise with 3% where as impact on Bollywood revenue is 0% for these two decades, but since 2000 its analyzed impact of Mobile drastically increased on Bollywood business where as satisfactory in control of Hollywood Business as exhibit above.

Findings Four: Impact of free downloads on Bollywood Business**Data:**

Year	Hollywood	Bollywood
1980	0%	0%
1990	2%	0%
2000	18%	25%
2010	25%	40%
2017	37%	80%

Plot:

Interpretation

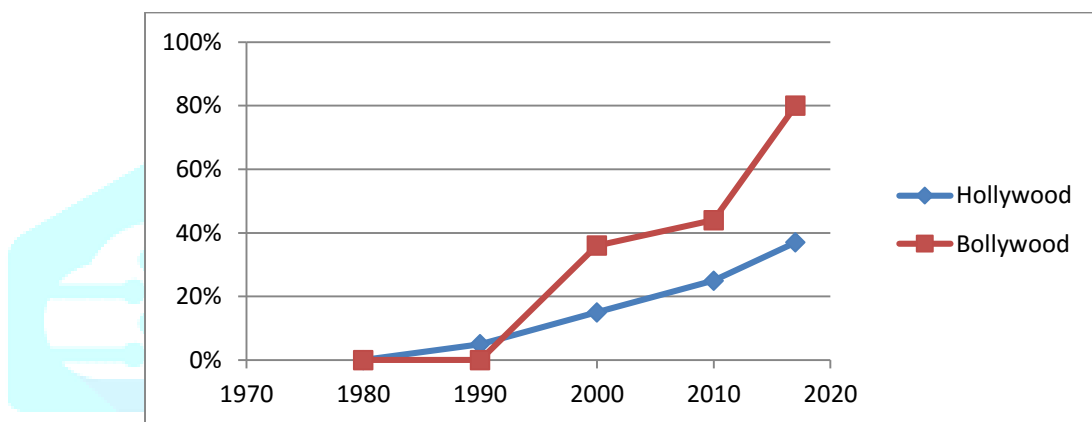
This is one of the important analyses carried out with considering current scenario of Bollywood .i.e. impact of free downloads on Bollywood business in comparison of Hollywood business and results are very worst, here observed up to 2000 impact is slightly different of Hollywood in comparison Hollywood, but from 2010 its start to increase abruptly to 80% in 2017 where Hollywood score about to 37%.

Finding Five: Impact of Internet and Computer Technology on Bollywood Business

Data:

Year	Hollywood	Bollywood
1980	0%	0%
1990	5%	0%
2000	15%	36%
2010	25%	44%
2017	37%	80%

Plot:



Interpretation:

It's clear here there is no impact on Bollywood business of Internet and Computer Technology for two decades 1970-80 & 1980-90 as similar to mobile impact but again similar manner anomalous behaviour observed in curve and Internet & computer technology seems to be great on Bollywood business in comparison of Hollywood business.

Conclusion

The whole world affected by different types of piracy. Not only original creators are losing their rights also governments are losing revenue due to different types of piracy. Somehow, we will have to stop all types of piracy including music and film. There are different types of organizations are working in the way but this is our moral and social duty to protect intellectual property. We have to boycott all type of pirated film and CD's, DVD's, and if any one involve in piracy we must inform to police, after that only we can save government revenue and rights of original creators.

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