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## A Study of 'Make In India' Initiative In 'Media And Entertainment Sector'

### ABSTRACT

The Media and Entertainment (M&E) industry in India is a booming sector registered a yearly progressive growth and is expected to reach INR 2260 (33.7 billion USD) by 2020. Globally, India is the fifth largest media and entertainment market, second largest television market and the biggest newspaper market. It also boasts of having the world's largest film industry in terms of the number of film produced and the ticket collection at the box office. The government launched Make in India initiative in 2014 with the objective of facilitating investment, promoting innovation, developing finest manufacturing infrastructure, creating an enabling business environment and enhancing skill development in among different sectors including M&E industry. Several schemes were introduced to support and promote the M&E sector which comprises of TV, Radio, Print, Film, Music, Animation/VFX/Gaming, OOH (Analytics, Interactive platforms) and Advertising divisions. This paper attempts to analyse the global position of the M&E sector and also gives a detailed account of the growth impetus extended to this sector under the Make in India scheme of the government.

**Keywords :** M&E industry, Make in India, NFHM. I & B Ministry

#### Introduction

The Make in India program was launched by Prime Minister Narendra Modi on 25 September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub, it represents a comprehensive and unprecedented overhaul of out-dated processes and policies. Most importantly, it represents a complete change of the Government's mindset – a shift from issuing authority to business partner, in keeping with Prime Minister Modi's tenet of 'Minimum Government, Maximum Governance'.

Among 25 sectors of growth in 'Make in India' initiative we are focusing on the media and entertainment sector.

#### MEDIA AND ENTERTAINMENT INDUSTRY- A SNAPSHOT

The Media and Entertainment (M&E) industry broadly consists of four segments i.e. Television, Print,

Radio and other media (such as Internet Access, Film, Out of Home Advertising (OOH), Music, Gaming and Internet Advertising). The global M&E market size, in the year 2011, was estimated to be US \$ 1.6 trillion which has grown by 4.9% from year 2010. Currently, India is the 14th largest M&E market in the world with M&E industry revenues contributing about 1% of its GDP. However, industry stakeholders understand and acknowledge that India has the potential to achieve path-breaking growth over the next few years; possibly to reach a size of US \$ 100 billion. The Compounded Annual Growth Rate (CAGR) of the M&E industry, for India, for the period 2011-2016 is predicted to be 17% which is the highest expected CAGR in the international market as has been depicted in Table 1

The average annual spend (per capita)(Calculated as total consumer spend on M&E for each country, divided by its total population, on World Bank estimates)

\*Assistant Professor - Department of Journalism and Mass Communication, Khwaja Moinuddin Chishti Urdu, Arabi - Farsi University, Lucknow



on M&E in India in 2011 was estimated to be US \$ 6.6, as compared to US \$ 22 in China and US \$ 65 in Brazil. While the Consumer spend as a percentage of income (Calculated as total consumer spend on M&E for each country, as a percentage of its GDP per capita (total GDP divided by total population) is similar across emerging markets including India; there exists a significant growth

potential compared to the share of spending on M&E in the mature economies such as USA and UK. The consumer spend as a percentage of per capita GDP is 0.4% in India, which is similar to that in emerging markets such as China, Russia and Brazil. The rising household incomes in India is expected to drive rapid growth in consumer spend on M & E.

Table 1 M & E industry revenues in selected countries

Sl. No.	Country	2011 (billion US \$)	2016 (Projected) (billion US \$)	2011-2016 CAGR
1	USA	363	490	6%
2	Japan	173	203	3%
3	China	89	168	14%
4	Germany	72	84	3%
5	UK	69	83	4%
6	France	61	75	4%
7	Italy	37	46	4%
8	Canada	35	51	8%
9	Brazil	35	59	11%
10	South Korea	34	43	5%
11	Australia	31	42	6%
12	Spain	22	27	4%
13	Russia	20	35	12%
14	India	17	38	17%
15	Netherlands	17	21	4%

Consumer spend (Consisting of consumer spent on Television, Print, Film, Out of Home Advertising (OOH), Music, Gaming and Internet Advertising) on entertainment and media contributes a major share in the total industry revenue, and has been increasing at a fast pace over the last few years. This growth has primarily been driven by rising disposable incomes and the propensity for households to spend on entertainment activities. The key consumer spend segments are

television subscription (58%), films (19%) and print (17%).

As per industry reports, in India, the revenue of the M&E industry comprising advertisement and subscription revenue, grew from Rs. 68,500 Crore in 2010 to Rs. 80,500 Crore in 2011, an overall growth of 17.52%. This is expected to grow to Rs. 1,76,400 Crore by 2016. (TRAJ, 2013). The Table 2 below depicts the size of various segments of the M&E industry and their respective growth patterns.

Table 2 Media Segment Revenue Contribution

S. No.	Media Segment	Revenue (Rs. Crore) 2010	Revenue (Rs. Crore) 2011	Year over Year growth	Revenue (Rs. Crore) 2016 (projected)	CAGR (2012-16)
1	Television	29,400	34,000	15.70%	67,400	14.70%
2	Print	17,800	19,000	7.20%	29,600	9.20%
3	Radio	1,300	1,400	10.80%	3,000	16.70%
4	Others	20,000	26,100	30.50%	76,400	22.52%
	Total	68,500	80,500	17.52%	1,76,400	17.00%

Source: CII, India Entertainment and Media Outlook, 2012



After looking at the overall industry picture, now let us turn to the individual segments.

#### Television

The television service sector in the country mainly comprises cable TV services, pay DTH services, IPTV services and free to air DTH services as well as terrestrial TV services provided by Doordarshan, a public broadcaster. As far as TV channels are concerned, by December 2012, MIB had permitted 848 TV channels out of which 31 channels have only uplinking permission and so are not available for viewing in India. Out of the remaining 817 channels, around 650 TV channels are operational and available for viewing in India. Of these operational channels, around 300 TV channels have permission under the News and Current Affairs channels category. According to a report by Media Partners Asia, total TV households in India were estimated to be 15.5 Crore at the end of year 2012. Assuming that each household consists of 4 adult members, the reach of television is around 62 Crore (i.e. 15.5 Crore x 4). Thus, the reach of the television media in the total population of the country is clearly significant.

As mentioned earlier in Table 1, the total revenue of the Indian television industry in 2011 was estimated at Rs. 34,000 Crore, a year over increase of 15.7% from 2010 to 2011. This increase is driven equally by growth in advertising and growth in subscription revenue, mainly due to the increase in number of TV channels.

#### Print

The Indian print industry witnessed moderate growth in the year 2011. Its revenue increased from Rs. 17,800 Crore in the year 2010 to Rs. 19,000 Crore in the year 2011, posting a growth of 7.2%. The Indian print industry is projected to grow at a CAGR of 9.2% over the period 2012-2016 and is estimated to reach Rs. 29,600 Crore in 2016 from Rs. 19,000 Crore in 2011. During the year 2010-11, newspaper advertising witnessed higher growth than subscription revenue.

As per RNI, the total number of registered publications as on 31st March 2011 is 82,222, which includes 14,508 newspapers. A total of 4,853 new publications were registered in the year 2010-11. There was a 6.25 % growth of total registered publications over

the previous year. From a language point of view, the largest number of newspapers & periodicals – 32,793 are registered in Hindi, followed by 11,478 in English. From a geographical perspective, the largest number of publications – 13,065 is registered in the state of Uttar Pradesh followed by 10,606 in Delhi.

The magazine industry saw a marginal growth in 2011. The magazine industry has been slowing down for the past few years and the economic slowdown affected it further. Its market size is estimated to be Rs. 2,040 Crore in 2011 as compared to Rs. 1,960 Crore in 2010. This sluggish growth can be attributed to the loss in readership of regional magazines as per readership survey. Traditionally, the vernacular publications have been widely read. However, over the last few years, readership survey indicates that most of these magazines are losing their readership base. The top 10 language dailies have witnessed a cumulative drop of more than 5 lakh readers in the first quarter of 2012 as compared to the fourth quarter of 2011. (TRAI, 2013)

The global print industry is suffering from lower circulation. Print advertising has also been affected by the unfavorable macroeconomic conditions such as rise in oil prices, rise in inflation, overall global economic slowdown etc. Drop in spends on advertisement was witnessed in most major categories in 2011. The print industry world-wide, is seeking digital revenue to sustain existing business. This is more prominent in countries with high broadband penetration, where readers have easy access to information on the Internet. Popular news websites are drawing traffic and boosting digital revenue. However, in countries where broadband penetration is low there is less competition from the Internet, benefiting both circulation and print advertising.

India continues to be one of the few markets where print is growing. Where, globally, newspapers are facing the dual challenges of falling subscription and advertising revenues and on-line advertising is unable to make up for their losses, Indian newspaper markets continue to grow at a healthy rate based on factors such as rising literacy, current low newspaper penetration, low Internet/ broadband penetration and strong home delivery business models.



With the passage of time the influence of digital news is likely to increase and a combination of print and digital will drive growth. Another key growth area will be the regional markets that are steadily gaining importance in the eyes of advertisers. Realizing the huge potential of the regional print market, the national advertisers are moving to such markets. With proliferation of smart-phones and tablets in India, the digital medium can impact the magazine market. Niche content in magazines and hyper-local news in regional and English newspapers are expected to be the focus of the existing players. To ride on positive advertiser sentiment, several newspapers have launched local editions in regional languages. For instance, the Times of India has entered Kerala while The Hindu has launched its third edition in Kozhikode, besides introducing a printing facility in Mohali which will serve the states of Punjab, Haryana, and Himachal Pradesh.

In order to garner additional/alternate revenues, most of the print media players have been investing in the alternate media platforms such as television, radio and the Internet. Tablet versions of newspaper and magazines are also being offered.

### Radio

Radio broadcasting has been a primary medium for entertainment, information and education amongst the masses owing mainly to the affordability and terminal portability of radio receivers. Infrastructure wise, All India Radio (AIR), the public broadcaster, has a network comprising 237 stations & around 400 transmitters (149 MW, 48 SW & around 200 FM), which provide radio coverage to 99.14 % of the population and reach 91.79 % area of the country.

The FM Radio coverage is about 40% of the territory of India. As on date, 242 private FM radio stations are in operation in 86 cities of the country. Phase-III of the FM radio services expansion plan is intended to extend FM radio's reach to 294 cities with additional 839 FM radio stations thereby boosting the regional growth of FM radio stations. It is expected that post Phase III, the FM radio will cover around 85% of the territory of the country.

Increase in radio listenership has been the major

growth driver, with consumers listening to radio through new mediums like mobile phones and live Internet streaming. The streaming of radio programs on the Internet by both traditional radio broadcasters as well as Internet-only broadcasters is on the rise. By streaming their programs online, station operators can widen their reach beyond their signal area and increase their potential to sell to national advertisers. Radio industry grew from Rs. 1,300 Crore in the year 2010 to Rs. 1,400 Crore in the year 2011. The sector is projected to grow to Rs. 3,000 Crore by the year 2016 with a compound annual growth rate (CAGR) of 16.70%.

### Other Media

As of September 2012, Internet subscribers have risen to 2.4 Crore (excluding Internet access by wireless phone subscribers), wherein the number of broadband subscribers is 1.47 Crore, showing an annual growth of approx. 14.42%. Internet penetration is still low in India (2%) as compared to the mature markets such as Hong Kong (41%), France (35%), USA (29%) etc.

As per TRAI, 2013 report, the segment revenue contribution of the other media (i.e. Internet Advertising, Gaming, Music, OOH, Internet Access) grew from Rs. 11,400 Crore in 2010 to Rs. 16,500 Crore in 2011 (growth of 44.73%). By 2016, other media is expected to grow to Rs. 61,500 Crore with a CAGR of 30.10%.

### MAKE IN INDIA EFFORTS FOR MEDIA AND ENTERTAINMENT SECTOR

Looking at the potential of growth in the Indian Media and Entertainment industry, the government introduced several measures under the Make in India initiative. The sector policies taken place regarding this in recent times are as follows

- In December 2011, the Indian government passed 'The Cable Television Networks (Regulation) Amendment Act' for digitization of cable television networks by 2014, cable operators under the digitisation regime are legally bound to transmit only digital signals, while customers can access subscribed channels through a set-top box (STB). In phase I and II, 33 Million STBs have been installed. For phase III and IV it is estimated that around 110 Million STBs will be required.



- Co-production treaties with various countries such as Italy, Brazil, UK and Germany have been signed to increase the export potential of the Indian films.
  - An amount of INR 1000 Million was allocated under the 2015 - 2016 Union Budget to encourage the growth of community radio stations; INR 5000 Million has been allocated for launching a pan-India program named Digital India and a national rural internet and technology mission for services in villages and schools, training in IT skills and e-kranti for government service delivery and governance scheme; Basic custom duty on digital still image video camera with certain specification was reduced to nil.
  - A new Print Media Advertisement Policy was launched by the government in 2016, with the objective to promote transparency and accountability in issuing of advertisements in print media. The policy was introduced to ensure that the process of releasing Government advertisements is streamlined and various categories of newspapers/periodicals get equal opportunity.
  - National Film Heritage Mission (NFHM) was launched in 2016 for preservation, conservation, digitization and restoration of rich cinematic heritage of the country. This project also involves digitization of non-filmic material like posters, photos, song booklets, pamphlets, press clippings, slides/ transparencies and glass negatives with the objective of digitizing and restoring the non-filmic heritage of the country in a format that can be easily made available to the people at large. A total of Rs 597.41 crore has been allocated by government towards implementation of this project.
  - The Information and Broadcasting Ministry has also set up a film promotion fund to promote and motivate talented independent filmmakers to promote their work across the globe in various International Film Festivals.
  - Single window clearances were introduced for film shootings for foreign film makers in India.
- Investment opportunities that exist in various sub sectors of media and entertainment are as follows:
- Television advertisement revenue is also expected to witness robust growth and increase from INR 155 Billion in 2014 to a projected INR 299 Billion by 2019.
  - The print industry has grown from INR 176.4 Billion in 2014 to reach INR 280 Billion in 2019 at a CAGR of 9.7%.
  - Newspapers, niche magazines, regional print and local news segments are likely to drive industry growth.
  - The size of the Indian film industry is expected to reach INR 204 Billion by 2019, up from INR 126.4 Billion in 2014.
  - An increasing number of digital screens and 3D films are expected to help industry growth.
  - In order to promote India as a location destination for foreign production houses, the government has set up a film facilitation unit with the help of National Film Development Corporation for facilitation of film shooting in India.
  - The radio industry is expected to grow at a CAGR of 18.1% to reach to INR 39.5 Billion by 2019.
  - The size of the music industry is estimated at INR 9.8 Billion in 2014 and is expected to at a CAGR of 14% by 2019.
  - Mobile VAS and the arrival of 3G is likely to lead to a surge in paid digital downloads.
  - The Indian animation industry was worth INR 45 Billion in 2014 and is expected to expand at a CAGR of 16.3% reaching INR 95.5 Billion by 2019. Growth in international animation films, especially 3D productions and the subsequent impetus for Indian production houses will further help growth in this segment.
  - Several foreign investors like Walt Disney (USA), NBC Universal (USA), Ogilvy and Mather (USA), Blackstone (USA), Interpublic Group (UK), Bloomberg (USA), News Corp (USA), Sony (Japan), Leo Burnett (USA) and BBC (UK) are already a part of this initiative of the government. The various schemes of the Information and

Broadcasting Ministry are aimed towards developing India into a global hub of Media and Entertainment industry by improving the ease of doing business in the sector. The Make in India, Skill India and Digital India campaigns are clearly positive signals of the new transformation which can be a game-changer for the sector only if implemented effectively.

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