

Journal of
Economic and Social Thought

www.kspjournals.org

Volume 3

June 2016

Issue 2

**Bollywood, India and Economic Growth: A Hundred
Years History**

By Theodore METAXAS^a Eleni BOUKA^b
& Maria-Marina MERKOURI^c

Abstract. The main content of the following article is to describe the economic growth of an indigenous economy and the factors of its internalization. Bollywood can be used as a paradigmatic showcase for the improvement of ideas in the development of industries of emerging economies. This paper, via an extensive analysis, describes Bollywood as an economic factor for Indian's growth. The reasons that led to this growth are described in an extended way, as well as the role of globalization and Indian's Diaspora on this development.

Keywords. Bollywood, Diaspora, Economic growth, Globalization, Hollywood, India.

JEL. L82, L88, N75, O53, Z11.

1. Introduction

The India film industry, especially Bollywood, has received too much research attention mainly the last two decades (i.e. Punathambekar, 2013; Lorenzen, 2009; Bandyopadhyay, 2008; Mohammad, 2007; Lorenzen & Taeube, 2007; Longfellow, 2004, Desai, 2003). The history of India film industry began nine decades ago, when the insecure film production converted into a faceted and huge economic empire. Today, it is the biggest worldwide film industry, in terms of the film production size. There have been produced almost 27.000 films (more than 1000 per year) and thousands of short movies so far. Having been established as a highly qualified industry, the famous India cinema has made a great progress almost in all parts, such as the infrastructure, finance, marketing and distribution. Through the wide spread of Indian Diaspora and the growth of "Brand India", Bollywood's films are spread in the international market. It is a fact that in recent past, the exterior sales were higher than the interior ones. Bollywood's movies are classified in the top ten lists of the United Kingdom and the United States. The industry has progressed in all aspects of globalization, such as technology, goods, services, capitals and people (Pillania, 2008).

^a University of Thessaly, Department of Economics, Volos, Greece.

☎. 2421074917

✉. metaxas@econ.uth.gr

^b University of Thessaly, Department of Economics, Volos, Greece.

☎. 2421074917

✉. elbouka@uth.gr

^c University of Thessaly, Department of Economics, Volos, Greece.

☎. 2421074917

✉. merkouri@uth.gr

The development of this industry in India triggers the start for an investigation on how the film industry can be used as an economic factor, in the country's growth. It also brings questions concerning the comparison of Bollywood to the worldwide famous film industry of Hollywood movies. The investigation will be conducted in an evaluated and theoretical framework based on data, which will be derived from an extensive literature review. More specifically, the investigation will include a recursion in Bollywood's history and the ways of viewing films. In the next part, it will be investigated the globalization in the fields of industry, various opinions that have been expressed, economic exports through the years and the effects of the globalization on the industry.

The next part will analyze the economic accomplishments, the terms of the trade, the industry's revenues, as well as a correlation of Bollywood with the stock market. It will also include the impact of the changes in the economy and the Hindi cinema as an ideological factor for economic analysis. Moreover, it will be studied in which way the genes of India Diaspora are connected with Bollywood's growth and there will be an extended comparison between the two biggest film industries worldwide, Bollywood and Hollywood. In the last part, we perceive the film production's policy and the terms of financing in both industries, the evolution of Bollywood related to Hollywood and the interaction of these two industries.

2. Literature Review

It argues that as the world's biggest commercial film cluster and a conspicuous growth phenomenon in an emerging economy context, Bollywood can be seen as a paradigmatic case for adding to our understanding of the development of film clusters outside the USA, as well as suggesting more general insights into the growth and internationalization of industries in emerging economies (Lorenzen & Taeube, 2007). It is undisputable that, from the point of production, Bollywood is the biggest film complex in the world. With more than 600 television channels, 100 million pay-TV households, 70,000 newspapers and 1,000 films produced annually, India's vibrant media and entertainment (M&E) industry provides attractive growth opportunities for global corporations (Ernst & Young, 2011). Through logical conclusions, perhaps Bollywood's study suggests subjects or mechanisms that can be used as a basis for a daily research agenda about film industries' growth, except for the USA. It also reproduces one of the most impressive growing phenomena in the context of the emerging economy and, hence, Bollywood's study may suggest subjects about the daily research agenda. Subjects that will concern the development and the internationalization of indigenous industries in the emerging economies. In order to study the case of Bollywood, we choose qualitative data for several reasons. The most crucial of them is that there are remotely statistical data, which illustrate the evolution of Bollywood. The India's statistical services do not offer regional empirical data about the structure of the film industry or employment. Moreover, the movie data from Indian sources and the International Data Base "Movid" are few and do not categorize the films which take part, the budget or the performance. In this way, unlike the film industries of the United States and Europe, at present, it is not possible to conduct a statistical analysis of the network activity and the structure of social networks in Bollywood. As far as the qualitative secondary data are concerned, they can be found within the cultural studies, anthropology and sociology rather than in economics and management (Lorenzen, 2008).

3. Historical background of Bollywood and method of showing the movies

Journal of Economic and Social Thought

Bollywood is a film industry of India, which appeared in about 1912 and it is based on Bombay. It produces approximately 150 Hindi films every year in the city's studios. Well-known for the frequent reconstruction and reorganization of Hollywood's films, Bollywood's label represents both the recognition of the debt of directors of Bombay in Hollywood for creative ideas, and a description that challenges the hegemony of Hollywood (Rao, 2010).

More specifically, the leading fashion photographer Mr. Rajadhyaksha mentioned on «Bollywoodization» of Indian cinema, that the industry of Bollywood's culture should be considered as separate and distinct from the real production of the film. He also added «It might be best seen as a more diffuse cultural conglomeration involving a range of distribution and consumption activities from websites to music cassettes, from cable to radio, from New Delhi to New York» (Rao, 2007).

Preeti and her husband Kuldip were one of the many business couples in the US, Canada and United Kingdom who put forward movies to expatriate Indians from the community in the late 1960s, 1970s and the early 1980s. The screenings took place in university's rooms, which were rent for a few hours at weekends. These screenings were a chance, beyond religious celebrations, for these people to wear traditional clothes, to speak Hindi or other regional languages and to participate in a ritual that reminded them of their "home". They used to inform people through post office. Those who came, bought tickets, ate and drink local products and talked about several topics, like those we talk about when somebody is away from home. It was really impressive that, even in periods of really bad weather conditions, people had been anxiously waiting for the day of the show and were begging them not to cancel it due to heavy weather.

The families that moved in the USA and the United Kingdom during the decade of 1960 and the early 1970s mentioned that there were no community centers and that there was mere offer from the media, that was corresponding to their emotions, the feeling of nostalgia and their cultural values, but mainly to the confrontation of the difficulties of life in a new cultural space. The importance of these projects is pointed at the fact that they took place in a space reserved especially for Indians, far from the rest of the society. There, the families could met and participate in a ritual, in which they shared personal and collective memories from their lives in India. However, those public reviews of Hindi films were dramatically decreased in the early 1980s, with the arrival of the VCR. The rampant piracy ensured the availability of those films in a period of one or two weeks.

In the USA, another factor that played an important role concerning all the above, was that the immigrants at 1965 were mainly families of teachers and professors. However, at the beginning of 1980, the immigration derived from less educated families, mostly merchants. The large number of groceries in the whole country is the cause of finding easily videotapes, as they were the original distribution points for the videotapes. Furthermore, both in the USA and the United Kingdom, weekly programs were started on TV that included film soundtracks, interviews of actors, trailers and more. In addition, in the end of the 1990s decade, India was expanded even more in the social media, via broadcasts on television, such as B4U (Bollywood-for-You) and a strong appearance in the online world that concerns every aspect of the Hindi film world. It was also created a new radio station that used to play Hindi movie songs and cinemas and theatres are created, where these films were shown in various cities of the USA. It is obvious that the Hindi films, which acted as a dominant body during the meta-independence period of India, had a huge cultural and emotional value for the expatriated Indians, who grew up watching these movies. Moreover, the viewing of social ceremonies and socio cultural interactions helped the expatriated Indians who wished to maintain

Journal of Economic and Social Thought

their cultural traditions in their country of residence. These movies born memories, feelings of nostalgia but also of the certainty that they are framed by their homeland, even from this distance (Punathambekar, 2005).

The Western's interest for Bollywood has been increased. Bollywood's blockbusters are exported to a large number of prints with subtitles in the USA and the UK. The publicity work is undertaken by Western's public relations. Newspapers, such as The New York Times and Washington Post publish regular reviews of these publications in New York, San Francisco, Toronto and they usually refer to film premieres of Bollywood. Other writers wrote that: "The West may have the biggest stalls in the world's media bazaar, but it is not the only player. Globalization isn't merely another word for Americanization and the recent expansion of the Indian entertainment and film industry proves it." The birth of the Indian cinema coincided with the national struggle against British colonialism, and therefore, from its very inception, cinema was engaged in defining a cultural identity. With the advent of "talkies" in the early 1930s, the Indian film industry was able to free itself from the "shackles of foreign influence". Many of the films were made in colloquial language and were rich in songs many of which were recorded separately and were played on the radio. By the end of colonialism, the Indian popular cinema emerged as "India's sole model of national unity" with an emphasis on realism. The intense between modernism and tradition, evolved into film imagination. Through the decade of the 1950s and 1960s, directors like Raj Kapoor and Bimal Roy made movies which depicted the world of the underprivileged and marginalized, and which showed the Indian society as "unlawful and unjust". The films contained socio-political messages. In 1970 and 1980 decades, Hindi movies worked as catalysts for the homogenization of the nation. The underlying assumption was that the "angry new man" was the main common thing of these films. Hindi movies ensured for the viewer the identification with the poor workers and the lower sensitivities of middle class. The Indian cinema represents the tastes and the desires of slums that dominate in the urban public sphere. During the 1990 decade, the internationalization of production and distribution of Hindi films was increased, because of the changes that were made after the liberalization of the Indian economy. With the launch of satellite television, Indian cinema began to work in a new media landscape and in this way the access to Bollywood and Hollywood films was facilitated. Furthermore, they were available for the viewers in their own homes. The economic equations in Bollywood were changed a lot. The distribution rights for a big budget film were nearly doubled in comparison with the India market. Furthermore, the rights of television and music created more revenues than the total production had cost, even before a ticket was sold. (Rao, 2007).

4. Globalization and Bollywood

The hierarchy of metropolitan markets and foreign markets over rural India happened during the framework of a right turn in both political and economical sector, with an increase of Hinduva (Indian nationalism) prices. In a nation in which the 1/3 of the population lives on the verge of poverty, the 1990 decade showed a new, more limited nation species of popular cinema of Bombay. This kind eliminated in a high degree from the screens the concerns about social issues, social justice, feudal oppression, class conflict and the labors' rights, which existed until that time. Movies after 1990 represented the capitalism and the conspicuous consumption. The range and the speed flow of India were accelerated after the adoption of radical and liberal measures on the economy (Mohammad, 2007).

Journal of Economic and Social Thought

Globalization has four different aspects. More specifically, it consists of the goods' circulation, the capital, the technology and the people across the borders. As far as the goods' circulation, India's industry has a great history in her presentation in the international market. For example, in the end of the 1930s, many movies were shown in Europe as Indian with Indian stories. Until that period, the Bombay industry had already had a history of 35 years an industry so old as the cinema institution itself and absolutely older than Hollywood's, which started in the end of the 1900 decade (Pillania, 2008).

Since 2000 and later, some movies presented ideal situations, in which life was unreal, beautiful and without troubles. There is no similarity with the 1950 decade, when poor people who lived in Bombay's slums were shown. Only when there are scenes of violence or terrorism, will the slums be shown. The transportation in an unreal world creates a disconnection between the movie content and the viewers' real lives. The allusion of the reality which is usually expected from western's films is missing from the Indian ones and the dialogues often entangle with songs. In the new Bollywood "era" the heroes are rich. Even an actor who impersonated the "angry new man" in movies of '70 and '80 decades, in recent movies he impersonates, a multimillionaire industrialist. If someone made a movie in which the main character was not rich, then the movie would have been called as an alternative movie. The dreamy Bollywood represented the aspect of materialism, e.g. expensive cars, motorcycles or well known designers' clothes and speaking in English. Heroes had gained a comfortable life with a high income, because many of them were ambassadors of the brand of one or more products.

However, they have an increasing distance from the lower middle's and rural's class daily life. More specifically, in the previous movies, the 80% represented real phenomena and situations and the 20% imaginary ones, whereas in the following decades, only the 20% were reality and the 80% imaginary. Such a dreamy state stopped forwarding the imagination of pleasure and, instead, it becomes the imagination of alienation. In a few words, the dreamy world is connected with the materials of hyper consumption and commercialization. Thus, every social message that movies can transfer to their audience has been lost, in Bollywood's attempt for commercialization. Great amounts of money are spent for film production, but with no specific message. Finally, the globalization of Bollywood's movies through the high consumption of materials and the orientation to the dreamy world, has alienated the audience from the movies, which are totally different from their everyday life (Rao, 2007).

4.1. Aspects about the movie content

There are lots of people who criticize these movies, supporting that many of them do not represent the real India and that they have as unique target the commercialism and the high incomes. They believe that they reveal beauties and traditions which do not represent reality (Punathambekar, 2005). Moreover, Kapur & Pendakur (2007) supported that the global economic pressure was so dramatic that India was actually "disappeared" as geographical location into Hindi cinema. Bombay was a city which was distinguished from overcrowding, really grubby, a third world region, so it could not represent the glamour, the wealth, the prosperity or the advantage of being a city of developed capitalism (Schaefer & Karan, 2011).

However, there are also the overseas people, who have an experience from India's life and do not locate any mistake. In fact, they support that they desire to watch well-made movies with impressive songs and costumes and that they are not interested whether these films fully respond to reality or not (Punathambekar, 2005).

4.2. Impacts of globalization

Journal of Economic and Social Thought

Despite the fact that most scientists refer to the year of 1990 for the economic liberalisation, the economic restructuring is pinpointed back to the decade of 1980. In the middle of that decade, India faced a growing economic crisis because of the stagnant economic growth and the persistent balance of payments deficit. This crisis was coped with a loan from the USA of the order of 70 billion dollars making her the third more indebted country in the world. The lack of trust towards India resulted in the withdraw of private investors. The push for the radical restructuring came in 1991 through the pressure of the World Bank and the International Monetary Fund, giving the chance for foreign investments. This situation was expected to become a stimulus for the government, in order to develop the untapped domestic market so that they lure the multinationals investments in India.

Bollywood exploited this chance and decided to utilize the consumers' power of India Diaspora, in order to cope with the Hollywood's challenge. Via this way it tried to become the biggest global economic power in the cinema industry. The consequences in urban India were direct (Mohammad, 2007). "Suddenly the landscape was awashed with foreign labels. Coca Cola, McDonald's, Levi's – giving citizens the chance to enjoy what was once a prerogative of those who could afford to travel abroad" (Chopra, 2004:69). Via social media, luxury consumer goods, tourism, trips and globalized way of living were represented (Mohammad, 2007).

4.3. Movies' exports over the years

Journalists and scholars implying roles which had been played in Hindi cinema in India society, comment the fact that the content of Hindi cinema is focused on India Diaspora's life, worldwide. Hind cinema is characterized by various settings, like these of UK, US, Fiji, Guyana and other countries in the Middle East and Africa with a great history about India. One really interesting point to concentrate is the change (which starts in the middle of the 1990 decade) in the mutually constitutive relationship between commercial Hindi cinema and India's migrant communities (especially in UK and USA).

The exports until 2007 were increased up to 60%. The United States and Canada are the two main export destinations and are calculated almost to 30%. United Kingdom is following with 25% and the Mauritius and Dubai with 10% each. Other equally big markets are South Africa, Russia, Fiji islands, New Zealand and Australia, where a large number of India Diaspora dwells. Making movies that address to immigrant markets is definitely a profitable investigation, especially in comparison with those which address to home market. In national audience it is observed a remarkable acceptance in the subjects of India's films combining them with movies that are conducted by international film production companies.

The beginning of Bollywood can be dated back at 1912. Almost at the same period when Hollywood had an annual production of almost 150 films since the middle of the past century. Despite the fact that Bollywood had the main significance for Indian's national identity for approximately one century, it was characterized by low growing and exports, and high turnover of business for the most of its history. In a short term period, however, in 1920 and 1930 decade, it managed not to lag more than the most films in the whole world, in the production and scripts. These were of relatively high quality and very often the movies' narratives had worldwide resonance. Nevertheless, after the Second World War and for half a century, masala's type dominated. It was a cinema species that, by quipping, was summarized by "one star, six songs and three dances". Hence, these products became almost not exportable to another market, except from some India's close trading partners in India, Africa and Asia. Furthermore, Bolywood had never been able to establish the economies of scale in marketing and

distribution. Independent factors of low scales undertook these activities in India, as well as in moderate export markets of Bollywood. As a result, during the longest period of 20th century, the revenues were minimal, both from the local market and the limited exports.

Since 1990 decade, masala's type seemed more preferable to be modified, with a shorter scenario based on narratives, expensive shootings in international locations, state-of-art cinematography, and post-production for many movies, at the same level with Hollywood's products. Through this remarkable upgrade of production prices, Bollywood's products began to address to the growing India's middle class audience, as well as to exports' market. Consequently, Bollywood reached the worldwide levels of marketing and distribution activities (Mudambi, 2013).

In addition, India made a great progress in the domain of the people the cast is consisted of. Hindi movies, through the years, gained more and more movie stars and other capable people who used to work in international movies, especially in Hollywood. Furthermore, more and more artists from abroad chose to participate in the Indian movie industry (Pillania, 2008).

The west may own the largest part of the global social media, however, it was not the only "player". Globalization is not just another word to describe Americanization and this is affirmed by the extension of Indian entertainment industry. For hundreds of thousands of fans in the whole world, it is Bollywood and not Hollywood that triggers their imagination in movies. Bollywood, based on Mumbai, became a global industry. The tycoons of India's entertainment do not just aim to billions of people of North Asia, but they also create subtle movies, songs and TV shows to be exported. Foreign companies invest in movies and musicians, giving, in this way, in local India's culture the chance to gain a wider range of audience (Rajadhyaksha, 2003).

The most important trait of evolution is *the emergency of a new organizational form and horizontal integration downstream in the value chain*. A small number of firms entered to Bollywood, focusing on achieving economies of scale in distribution and finance, a fact that influenced in a positive way the revenues and the exports. Via the distribution and the promotion of a range of films including export territories, these firms took the advantage of marketing and distribution. This was succeeded by giving a large number of copies at the cinema, with main purpose to create a complete result and pre-empt piracy and distribution through channels, such as TV and video. Furthermore, they invested enough in marketing in order to attract foreign markets.

The size of these companies gives them the chance to benefit from the emerging opportunities for extra revenues through films. Such outlets are computer games, ringtones, and video clips. The most profitable of these firms is the "Indian film processing company", which makes most of Bollywood's releases, distributions and film fundings. However, in this "game" it has been added a great number of Hindi TV channels, which without to the area of film funding and distribution in an even greater scale, with main purpose to ensure stability in the input and the content of the movies. In a similar way, a big production TV company and one of the biggest domestic ones in film distribution, started to finance and release films. These firms represent a new, horizontally integrated and efficient way, about the distribution and the finance of movies. In this way, they ensure rapidly the market shares coming from small-scale independent distributors, who, until these days, had been dominating in each region of Indian territory. Nevertheless, the ambitions of the above companies for vertical integrate, have not had any important success so far. Bearing in mind that generally they manage to produce less than half of their in-house releases, they still manage to expand and purchase movie productions

from abroad and keep on with the distribution and marketing of these films. Therefore, the entry of this horizontally integrated firms did not change the fact that the overwhelming majority (in 2005, more than 90%) of Bollywood's movies –including mainstream blockbuster films- continues to be produced by small firms, specialized at production. If we take for instance the period from 2003 to 2005, we will realize that all without of the top 30 films were produced by small firms (Lorenzen, 2008).

5. Economic achievements

Bollywood represented the 15% of India film production and justified the 40% of India's income, with an annual growth rate of 10 and 20%. The main cause of this is that Bollywood was the second biggest domain of development in India. The revenues in global markets were skyrocketed. Between 1998 and 2005, the revenues from abroad cable and satellite broadcast were increased by 450% and in 2009, they represented the 15% of the whole revenues. Since 2010, Bollywood has become the biggest foreign exporter at the entertainment market of the USA and the most successful movies were being viewed almost up to 75 cinemas in the USA (Mudambi, 2013).

The proceeds of these movies can be compared to those of some of the Hollywood movies. There are Bollywood movies that have achieved a total gross margin higher than 50% than the international. Furthermore, the movies which were made by people with Indian origin have gathered 2-3 times higher international revenues in comparison with national bestsellers (Pillania, 2008).

5.1. Terms of trade

As the years were passing by, the owners of multiplex-theater in Bollywood set the terms of the trade with film producers, about the determining number of the projections of a film. They also negotiated about the parameters for the deals concerning the revenues' sharing. The terms and the conditions of the agreed contracts between owners and producers vary, depended on the status and the movie stars. For example, if the actor is famous, then the owners make some sacrifices, in the opposite case they dictate the terms themselves and demand higher percentages from the revenues.

However, the last years, producers demand a specific percentage of the total revenues of all the movies, regardless of the movie stars, the budget or the income of each movie individually. The conflict between the players in adopting either revenue-dependent or -independent revenue sharing contracts resulted in the producers going on an indefinite strike starting April 4, 2009, that has caused an estimated loss of USD 40–60 million to the industry. However, in 2009 the strike ended, as the two sides agreed on 50, 57.5, 62.5 and 70% venue share for the multiplexes for the first, the second, the third and the fourth week respectively, for all the movies (Omkar & Palsule-Desai, 2013).

5.2. Copyrights

The Bollywood's filmmakers rely on the law of copyrights in order to protect their films from piracy. The illegal videos of Hindi movies are not only both available in India and abroad, but also in U.S.A, with estimated losses over than 80 million dollars the year. However, the enforcement of copyrights' requirements is permissive, because of these requirements are held a low priority for the police and the law courts. Nevertheless, Bollywood accepted to pay the rights for Hollywood. In 2009, there was a settlement of 200.000 dollars between the 20th Century Fox and a producer of Bollywood, leading the latter to buy the rights of Hollywood films, in order to copy them (Sunder, 2011).

5.3. Income

Journal of Economic and Social Thought

The Indian film industry produces more movies and sells more tickets than any other film industry. Her incomes are only surpassed by the incomes of U.S.A movies. Researches, like Fetscherin (2010) research, have shown that the factors of a movie's success are universal and not limited locally. More specifically, the factors are related to the distribution, the product, the brand and the changes in consumer preferences.

In the early 1990s, there were negotiations according to the liberation of India and her opening to the West. Over the years, the Indian economy is less regulated and the film industry more familiar to multinationals and foreign investments. The extension of Bollywood globally becomes at the same time as the technology's development, through the television and Internet. Other factors which contributed to the globalization of Indian film industry involve the internationalization of financial markets and the financing of Bollywood films. The Indian film producers and directors begin to carry out commercial agreements with Hollywood (studio, actors) (Fetscherin, 2010).

The Bollywood turned into a strong name, a huge industry without government grants. A combination of both high and low budget, making essential efforts to marketing. In 2005, were released 1041 films and were sold approximately 3, 6 million tickets all over the world. India is the biggest film production industry universally. In contrast, the U.S.A in 2005 released 535 films and sold 2, 6 million tickets. With an estimated number of 244 films to having been released in 2004, Bollywood completely dominates in film production in the Indian national language, Hindi. Therefore, Bollywood has the biggest market share in India, despite the fact that it isn't the local film cluster with the highest production. This is attributed to the low prices of tickets. The Bollywood's annual turnover was calculated at 575 thousand dollars in 2005. Contrary to Hollywood, in which the same year won 23 million dollars (Lorenzen, 2008). Provided that the major of sales derived from the Indian market, where the ticket's price was low and the level of piracy notably high. So, the variance of two incomes was not unreasonable (Fetscherin, 2010).

However, the economic performance of Bollywood increased rapidly. In 2006, Bollywood was recognized from the investors as the main industry of development in India, which has overcome the first stage and has been developing in order to become a future global power in the film industry. The revenues had an upward trend of 36% in the period 1998-2005 and 58% in the period 2001-2005. CII and KPMG (2006) estimated that in the period 2006-2007 the incomes of Bollywood will be increased in 16%, while for Hollywood only 7%. In 2007, 250 Bollywood films were carried out with higher ambitions for global distribution and design marketing than ever. In this way, Bollywood was close to be integrated into the global economy. The exports had swelled in 30-50 during these five years, in conjunction with the total revenues in 16% and the latter figure was expected to reach 20% by 2010.

5.4. Bollywood and stock exchange

Already, the Indian film companies such as Eros, Adlabs, India Film Company, and utv of London stock exchange have managed to increase in hundreds thousands of pounds their share, compared with 'hungry' institutional investors. Companies of Western films have taken serious share of these companies (Pillania, 2008). A host of film productions listed on stock exchange have edited shares to the audience. In comparison with developed markets, where the home market represented more than 40% of the total movies' revenues, the Indian market was small with a rate of 8%. However, this share was expected to rise to 14% by 2010. The way to be achieved was the increase in available DVDs and the lower prices than ordinary DVDs to address the piracy (Pillania, 2008).

6. The impact of economic changes in the films content

The decade of 1990 marked the revelation of free market reforms in Indian market, known as economic liberalization. The economic liberation revealed the emergence of a global middle class. This middle class has joined by new rich technocrats, who were affected by the consumption patterns that characterize their counterparts in developed countries, have acquired a social-economic mobility. The impact which was resulted from this connection led to the abrupt appearance of weekly columns in newspapers and famous magazines, with issues relating to the lives of new rich and other famous people. The above combined with other events that contributed to the development of Indian economy have resulted in 1990 the films content accorded to the middle and higher class. The basic characters were people who have returned as graduates from universities abroad and were trying to reconcile their experiences with the life philosophy that prevailed at home.

Furthermore, the influence of American and European movies was strong, as either adopted their elements or presented the cultures and the lifestyles of these through their films. Nevertheless, the claim that the movies from 1990 and then do not reflect the real life in India is, wrong. Perhaps it seems a grain of truth, but the new movies represent effectively the reality of urban middle class and the immunity from the rest of India (Kaur, 2002).

6.1. Hindi cinema as an ideological factor in the analysis of India's economy

It's true that economists and other social scientists who have written about the causes of economic liberalization in India have supported their views exclusively on maximizing wealth. However, there are many factors to be taken into account and have been ignored. For instance, a big ideological change or a culture with completely positive shift in the moral assessment of business and commerce. In this section, we will use the characters depicted in famous Hindi movies, trying to show that the ideology before 1980, which condemned the pursuit of private profit as antisocial, replaced by an individualistic ideology (Adhia, 2013).

6.1.1. Films reflect the ideological changes

The Indian cinema is rich in ideological content. Two film scholars found that Indian films belong to the traditional cinema and can be described as a morality play, in which the good outmatches the bad. In the global film industry, the Indian is the most fertile after Hollywood, producing 12 million films a year with a daily global viewership over a million.

From the above seems that the Indian movies can be used constructively to describe the ideological thinking that prevails. No other technique doesn't reflect the soul of Indian, like the famous films. A scholar of Indian cinema characterizes the hall of cinema as "temple, psychiatric clinic, parliament and a court". The movies are produced in different languages and in many different areas, although, the Hindi films produced in Mumbai (known as Bollywood films) have the most followers.

As in Hollywood, so in Bollywood from 1954 and then, every year voted the best films in various categories. However, the choice for the award of the prize in Bollywood is through a vote by e-mail, in newspapers or magazines publications. So, the movies selected reflect the ideological orientation, of only those people who exclusively read either newspapers or magazines. In this way, people are only a subset of the electorate, if you consider that the literacy rate in India reaches only 60%.

6.1.2. Movies and individualism

Journal of Economic and Social Thought

The dilemma of the task performance of each against the fulfillment of the desire of another person is a recurrent phenomenon in the Indian stories. The way in which the dilemmas were solved can give us a picture of how widespread was the values of that time. From the 1950s until the 1980s, the dilemmas were always solved in favor of duty. Movies maintain the task, sacrifice and respect the interests of a wider community as heroic. The anthropologist Harvey noted that “the values of individual freedom and social justice are not necessarily compatible. The pursuit of social justice requires social solidarity and willingness to overwhelm the individualistic desire.”

6.1.3. *Movies reclaim entrepreneurs*

Seeing the Hindi movies of 1950, could form the view that wealth of people is taken for granted. In films the characters either are rich or not, rarely presented how they reached in this situation. Only poor people shown to work, without reward and only the people who were lucky have the chance to improve their lives. In 1964 presented the first film in which rich people appear to work. In this decade, wealth seems be gained through sacrifices and the work start to generate incomes. The films' characters are presented to acquire the wealth, but their lives are covered by personal misfortune and immorality. As a result, of the films between 1964 and 1985, the wealth comes from work, and so it is fair, although it is presented as bad for the soul.

6.1.4. *The films were harbingers*

The economists are always in alert for the possibility of endogenous causal relationship. They consider that it is possible the ideological change reflected in Hindi films to be the aftermath of liberation and not the cause. In movies wealth and profits were presented only after the liberation, as only then there was opportunity the wealth and profits to be true. However, it should be noted that the ideological changes were seen in the 1980 film, preceded the liberation started in 1991. This reinforces the view that the ideological changes reflected in films before 1980 was a cause, rather than a consequence of liberation. There's no doubt when the liberation took place and people gained money, the austerity was limited, making the liberation even more accepted. In this case, the policy and ideology reinforced each other (Adhia, 2013).

7. Indian Diaspora and connection with Bollywood

Bollywood had never been benefited by global industries. Neither Hollywood, nor any other cluster operating globally movies, had not invested in companies or establishments in Bollywood. The industry purge after the independence of India in 1947, aimed clearly in local markets. The combination of the new independence country with substitution policy exports and relevant international economic isolation meant that Bollywood lost its global links. It was remained largely isolated from global markets and filmed other entertainment complexes for almost 50 years. Although the period after independence saw the end of the existing global links of Bollywood, followed the creation of new links, and even, on a much larger scale.

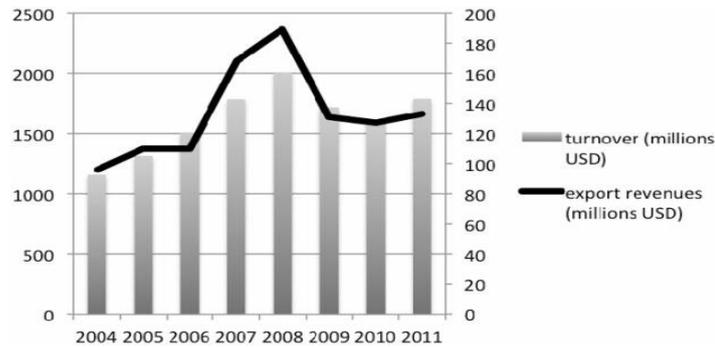


Figure 1. *Bollywood's turnover and export revenues. Annual turnover in millions USD on the left axis, annual export revenues in millions USD on the right. From 2006 onward, actual turnovers are higher, as rentals are excluded due to uncertain reporting*
Sources: Turnovers from FICCI and PWC (2008, 2009, 2012), export revenues from FICCI and PWC (2008) and FICCI and KPMG (2012).

At the beginning of 1950, Indian migration to countries that offered education and job opportunities has been increased during the decades. By the turn of millennium, more than 3 million Indians lived in North America, 1.5 million in Saudi Arabia, approximately the same amount in United Kingdom, 1 million in United Arab Emirates and in other regions. After their migration, Indian of Diaspora has tried to keep in touch with their country. Their direct interaction with India had extremely increased during the last decades, especially through Bollywood. It was globally connected with the personal relationships of Indian Diaspora.

This involvement of Diaspora had created a steadily increasing sequence of Bollywood in North America and the UK. He Diaspora of 1990 and then, exploited the new distribution technologies, satellite TV, DVD and the Internet in order to import innovation products in Bollywood. As a consequence, people of Diaspora activated as users of Bollywood. Except for taking into account their preferences via the demand patterns, they formed their opinions for the films through direct communication with directors and producers of Bollywood. Moreover, via online forums or during visits to India, and events or festivals in North America and the UK.

Bollywood through Diaspora attracted investments from a wide range of countries, with the largest amounts coming from North America and the UK. Basic examples were wealthy entrepreneurs NPR (non-resident Indians) who invested in the production of Bollywood films. Also, members of Diaspora increasingly became shareholders in many of the Bollywood companies in the scale of marketing, distribution and promotion. Plus, many of the largest film distribution companies are co ownership by members of the Indian Diaspora.

The abundant markets of Diaspora were so geographically dispersed throughout the world and beyond the national grounds where traditionally the film distribution was unprofitable. More important was the fact that after 20 years benefited by the personal relationships with Indian Diaspora, the Bollywood companies were so strong, so they can invest in accession global interconnections with other clusters, the construction of pipelines, especially to the acquisition of affiliates abroad. Bollywood companies expose their assets in all large foreign markets. Only in North America, they own more than 250 cinemas and various TV distribution platforms.

Furthermore, Bollywood invests its new profits in building capacity abroad. Overproductions systematically are filmed, usually in virtual placements, such as New York, London, Dubai or Sidney. Specifically, Bollywood makes direct

investments in media production in the UK and Hollywood. In 2009, despite the global economic crisis, the company Reliance Entertainment of Bollywood acquired the majority of shares of the famous company Dreamworks of Steven Spielberg. So, Bollywood commences to follow a strategy of “springboard” to gain critical assets abroad. On the other hand, foreign multinationals companies had traditionally serious difficulties in establishments of film and TV productions in India. After decades failed investments in unexploited areas, Hollywood companies started looking for joint ventures or acquisitions Bollywood companies. The most ambitious project so far, has been related to negotiations with Disney to acquire UTV, a large Bollywood production and distribution company ([Mudambi, 2013](#)).

8. Generations of Indian Diaspora

Recently years, more and more communities of Diaspora visit their countries maybe seeking their identity. In combination with Hindi movies success, several researchers investigated the role of film in the identity construction of Indian Diaspora. The findings indicated that Diaspora was get informed by the Bollywood films. However, the different generations of Diaspora have variant reasons to travel back to India. Thus, Bollywood films, having an importance meaning for the identity construction of homogenous, the promotion of tourism and Diaspora, represent a huge opportunity for economic growth.

The first generation of Indian Diaspora is the first British-Indians. This generation used to see the first Bollywood films, shown the real Indian aspect, e.g. the poverty. They characterized these films as their “home”, created a desire to visit India. Considered them as a cultural continuity tool. The second generation of British-Indians watching the modern films, changed its view regarding to India poverty and corruption. The picture of a new India created motivation for visiting the homeland. Its visits were limited in important family moments or tourism. For this reason, Indian government has organized a special meeting for young people. Namely, young Indian origin have been traveling around the country for two months to see the real India, with the expectation that they will go back to their countries of residence and become ambassadors of India ([Bandyopadhyay, 2008](#)).

The national identity of the second generation migrants differs from the first. They have been brought up with a language and culture through their family environment in combination with another language and culture, which has been assimilated in their social environment, such as school, friends etc. The matter of national identity leveled when thinking about the number of nationalities which using unifying identities. Between the sphere of private and common perceptions and expressions, the second generation can be easily adapted between their and mainstream culture, supporting elements from both categories. However, both the national identity and ethnicity over time create a multicultural state, like Canada. Elements like these are appeared in films which relate the Bollywood with Hollywood. In this way they try to give a feeling about how the emotional situation of people can be involved in the multitude of nationalities-especially in conflicting contrasts of the culture and segregation which are faced by the second generation migrants.

The last generation was British-Indian who lived in Trinidad and they had never seen India before. Through the films, they learned about the place where their grandfathers lived. Bollywood movies narration and visualization also created a momentum in this part of Indian Diaspora who had never seen India. The government to attract this category, organized trips in India called “roots of tourism” and some Indian states has created websites to help them discover their roots ([Fung, 2005/2006](#)).

Journal of Economic and Social Thought

The last 15 years, more and more Bollywood producers, writers and directors had discovered the Indian Diaspora communities around the world. To take advantage of the growing South Asia abroad, Bollywood producers like Yash Chopra had set distribution offices in the UK and U.S.A. They began to make films for Indians living abroad, because they considered that their lives would appeal to Indians living both inside and outside of India. There were many films which presented the lives of Indians who living abroad, especially in the West. Films dealing exclusively with migrants' experiences. Contrary to the past that films used to make Indians come back in India, now the films begin and end in a foreign country. This, of course, had an important with the local economy. In addition, producers and directors maintained in these films high taste for consumerism and of course had little connection with the reality of life of the most Indian migrants (Rao, 2007).

9. Bollywood vs Hollywood

9.1. Film production policy

As the film productions of Hollywood, so those of Bollywood focus on commercial success of mainstream (often with high budget) films, with a relatively stable producer society. Equally, paying attention to regional lower budget, specialized films were made of bigger (and more unstable) groups of producers with less talent, luck or ambition. All Hollywood's films which regard the mainstream, are produced, financed and distributed through integrated groups of media. Unlike, the movies which don't follow the mainstream are isolated by the main system of financing and distribution. Regarding to production companies of Bollywood and the films with a great success, the difference about their ownership, size, finance and distribution, is not remarkable compared with regional companies. After a period of relatively integrated studio before the Second World War, and after the independence of India in 1947, Bollywood's films are produced, financed, distributed and exported through a cooperative relationship. Cooperation among of hundreds independent producers, each of whom had a small production company (with one or more annual releases), independent distributors (covering different regional areas), private finance and individual film companies (Lorenzen, 2008).

The Hollywood as a big film studio, financed everything in films, from production to distribution. Bollywood was a fragmented industry. Its films were financed by independent entrepreneurs, paying the distribution rights. During the Second World War, many speculators began to invest their money, creating alliances between the underworld and Bollywood. Moreover, members of organized crimes were an important source of funding for Bollywood films, creating instability. Thus, many people thought that tend to Bollywood to convert the successes of Hollywood, was a result of pressure of the above members (Sunder, 2011).

9.2. Evolution of Bollywood

It's still too early to assess the evolution of Bollywood, which doesn't seem to contain the spread of horizontal integration in film production, but not the vertical integration of finance, production, distribution and exhibition. In order not to become similar with Hollywood or other Indian film clusters, such as *Hyderabad* and *Chennai*, which are more completed, Bollywood seems to move to an industrial model based on alliances. The practical alliance essentially spreads, allowing the Bollywood exploits economies of scale in distribution and financing, combined with creativity and managerial benefits of keeping small business in production sizes. This way gets easier the Bollywood's performances and exports.

The extension of the practice professionalism and alliances have led to new ways of financing, better design and change the way of writing of seminars. Also, created new ways "exploitation-use" of producers and directors. All the above had the aftermath of reducing the average time and cost of production. The entrance of an integrated organizational form both in distribution and funding means that Bollywood is finally able to invest much more in distribution, promotion and expansion inside as well as abroad, taking advantage of the growing demand.

The Hollywood doesn't need to change the "recipe" of success and appease other markets. The power of Bollywood industry far exceeds Hollywood both in production and consumption. With an impressive production over 900 films a year to be created in India, Bollywood is absolutely the global leader in film production. Taking these for granted, it is easy to understand why the legend of Bollywood is tempting to communities of Indian migrants, who find their identity in these cultural activities. In this mass production and consumption the "natural" heritage is idealized and the "real" Indians are represented through stereotypes that apply in most local areas. Bollywood's problem, which is similar with this in Hollywood, is that it relies entirely on imagination, representing constructed ideals. Like Hollywood does not reflect the real depiction of everyday life in the United States, with the same way we can characterize the fantastic representations of everyday culture of India, as shown by the Bollywood films (Fung, 2005/2006).

Films studios of Hollywood, like Warner Bros., and Sony Pictures invest in Bollywood films. Hollywood, for a long time, despite the failures, trying to exploit the large film market of India. It's amazing that the Hollywood controls 80-90 percent of European film market, whereas have not managed to penetrate the Indian market. Its films only form 10 percent of the Indian market. Despite the fact that circulating in India compiled, doesn't seem to have a great appeal. As one Bollywood director says: «Hollywood films are considered 'dry' here» (Sunder, 2011).

9.3. *Interaction Hollywood-Bollywood*

The appearance of the Hollywood musical style in Hindi films is easily noticeable, through its direct influence in the music but also through the technological developments that brought, as did the record of large music tracks more feasible. Through research conducted by the Morcom (2001) concluded the following. The most important of these is that there is a high rate of mutual compatibility between certain techniques of Indian music and this of the West. This conclusion could be considered relatively strange, when you consider that between these two styles of music discern strong contrasts. The second conclusion accords to the fact that many of the Hollywood techniques often found in Hindi films and constitute a contrast between raga and classical melody. Moreover, the songs of films in relation to the melody of folk song, linked to a smaller or bigger extent through love, romance and others. Regarding the question about why contemporary composers usually turn to the sound idioms of Hollywood, instead to adapt their music according to their traditional resources, there aren't very clear explanations. Maybe it's a combination of many factors. One of them is that these techniques are available to stages of Hollywood and is easy to be copied. This research also indicates that the use of Hollywood music in Indian films is not only a global fashion factor, but concurrently represents a cultural hegemony of the West-Hollywood (Morcom, 2001).

10. Conclusions

Bollywood is not only one of the most impressive growth phenomena in India, at the same time is one of the two largest film industries that developed the most

Journal of Economic and Social Thought

rapidly. Nowadays, produces about 1,000 films a year, when the production in 1912 only touched the 150 films. Main factor of its development was the globalization combined with the Indians of the Diaspora. Through these factors reached in India new technologies and techniques which made easier the production. Also, a new lifestyle became sensible and which was included in the movies content. Finally, thanks to globalization, the economic crisis was overcome and sparked new investments or development of existing ones. The impact was a rapidly increase in production, especially in exports. Of course, an expected consequence was the economic achievements of the industry. As with the passage of years, the final terms of trade were formed and the revenues were increased in correlation with previous ones. India has a position in the stock exchange, although, corresponds her relatively small share, increasing annually by a small percentage. An interesting upshot that emerges is the interdependence between Bollywood and the Indian economy. Economy and ideologies of the country were not only influenced by films, but these two points respectively influenced the content of films. Comparing Bollywood to Hollywood, we observe that despite having several different policies for the production of films, have some points in common such as the focus on the commercial success of mainstream films with a relatively stable society of producers. In conclusion, the interaction between the two industries is obvious, both in evolution, especially of Bollywood, and also in the movies, in their content, in the music and in other elements.

References

- Adhia, N. (2013). The role of ideological change in India's economic liberalization", *The Journal of Socio-Economics*, 44, 103-111. doi. [10.1016/j.socec.2013.02.015](https://doi.org/10.1016/j.socec.2013.02.015)
- Bandyopadhyay, D. R. (2008). Nostalgia, Identity and Tourism: Bollywood in the Indian Diaspora. *Journal of Tourism and Cultural Change*, 6(2), 79-100. doi. [10.1080/14766820802140463](https://doi.org/10.1080/14766820802140463)
- Ciecko, A. (2001). Superhit hunk heroes for sale: Globalization and Bollywood's gender politics. *Asian Journal of Communication*, 11(2), 121-143. doi. [10.1080/01292980109364807](https://doi.org/10.1080/01292980109364807)
- Dwyer, R. (2010). Bollywood's India: Hindi cinema as a guide to modern india. *Asian Affairs*, 41(3), 381-398. doi. [10.1080/03068374.2010.508231](https://doi.org/10.1080/03068374.2010.508231)
- Fetscherin, M. (2010). The main determinants of Bollywood movie box office sales, *Journal of Global Marketing*, 23(5), 461-476. doi. [10.1080/08911762.2010.521117](https://doi.org/10.1080/08911762.2010.521117)
- Fung, A. (2005/2006). Deepa Mehta's Canadian, American, Indian Bollywood musical: Showing Canadians their country in Bollywood/Hollywood. *London Journal of Canadian Studies*, 21, 72-82.
- Karan, D.J.S., & Karan, K. (2011). Bollywood cinema at the crossroads: Tracking the dimensions of globalization in postcolonial popular Hindi cinema. *Mass Communication and Society*, 14(6), 700-719. doi. [10.1080/15205436.2010.530380](https://doi.org/10.1080/15205436.2010.530380)
- Kaur, R. (2002). Viewing the West through Bollywood: A celluloid Occident in the making. *Contemporary South Asia*, 11(2), 199-209. doi. [10.1080/0958493022000030168](https://doi.org/10.1080/0958493022000030168)
- Kucharska, J. (n.d.). Diasporic Cinema as a Double-Palimpsest. Bollywood/Hollywood by Deepa Mehta. *Visions of Canada-Visions du Canada*, 6, 207-221.
- Lorenzen, M., Taube, F.A. (2008). Breakout from Bollywood? The roles of social networks and regulation in the evolution of Indian film industry. *Journal of International Management*, 14(3), 286-299. doi. [10.1016/j.intman.2008.01.004](https://doi.org/10.1016/j.intman.2008.01.004)
- Lorenzen, M. & Mumbai, R. (2013). Clusters, Connectivity and Catch-up: Bollywood and Bangalore in the Global Economy. *Journal of Economic Geography*, 13, 501-534. doi. [10.1093/jeg/lbs017](https://doi.org/10.1093/jeg/lbs017)
- Mohammad, R. (2007). Phir bhi dil hai Hindustani (Yet the heart remains Indian): Bollywood, the 'homeland' nation-state, and the diaspora. *Environment and Planning D: Society and Space*, 25(6), 1015-1040. doi. [10.1068/d441t](https://doi.org/10.1068/d441t)
- Morcom, A. (2001). An understanding between Bollywood and Hollywood? The meaning of Hollywood-style music in Hindi films. *British Journal of Ethnomusicology*, 10(1), 63-84. doi. [10.1080/09681220108567310](https://doi.org/10.1080/09681220108567310)
- Omkar, D.P.D. (2013). Supply chain coordination using revenue-dependent revenue sharing contracts. *Omega*, 41(4), 780-796. doi. [10.1016/j.omega.2012.10.001](https://doi.org/10.1016/j.omega.2012.10.001)
- Pillania, R.K. (2008). The Globalization of Indian Hindi Movie Industry. *Management Development Institute India*, 3(2), 115-123.
- Punathambekar, A. (2005). Bollywood in the Indian-American diaspora. *International Journal of Culture studies*, 8(2), 151-173. doi. [10.1177/1367877905052415](https://doi.org/10.1177/1367877905052415)
- Rajadhyaksha, A. (2003). The 'Bollywoodization' of the Indian cinema: cultural nationalism in a global arena. *Inter-Asia Cultural Studies*, 4(1), 25-39. doi. [10.1080/1464937032000060195](https://doi.org/10.1080/1464937032000060195)
- Rao, S. (2007). The Globalization of Bollywood: An Ethnography of Non-Elite Audiences in India. *The Communication Review*, 10(1), 57-76. doi. [10.1080/10714420601168491](https://doi.org/10.1080/10714420601168491)
- Rao, S. (2010). "I Need an Indian Touch": Glocalization and Bollywood Films. *Journal of International and Intercultural Communication*, 3(1), 1-19. doi. [10.1080/17513050903428117](https://doi.org/10.1080/17513050903428117)
- Radhakrishnan, S., Jacob, R., Duvvuru, A., & Kamrthi, S. (2014). Organizing Patterns and Evolution of Indian Movie Industry. *Procedia Computer Science*, 36, 655-659. doi. [10.1016/j.procs.2014.09.070](https://doi.org/10.1016/j.procs.2014.09.070)
- Sunder, M. (2011). Bollywood/Hollywood. *Theoretical Inquiries in La*, 12(1), 275-308.



Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal. This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by-nc/4.0>).

