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Audiovisual Entertainment
For Global Audiences

NEWS RELEASE

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INDIA'S 1.8 MILLION STRONG SCREEN COMMUNITY CONTRIBUTES USD 8.1 BILLION TO ECONOMY

Industry potential still held back by rampant piracy and complex tax system

MUMBAI/SINGAPORE - The Indian motion picture and television industry is one of the largest and fastest growing sectors, contributing USD 8.1 billion (c. INR 50,000 Cr.) to the country's economy, equating to 0.5% of GDP, in 2013, according to a new report launched on March 12. The sector also supports a significant 1.8 million (18.8 lac) jobs.

The *Economic Contribution of the Indian Motion Picture and Television Industry*, by leading financial services firm Deloitte, was launched during a panel discussion at FICCI FRAMES, 2014, being held at the Renaissance Mumbai Convention Centre.

It was presented to an audience of leading film and TV industry representatives and media by the Motion Picture Dist. Association (MPDA), India, in partnership with the Federation of Indian Chambers of Commerce and Industry (FICCI) and local screen associations: The Film and Television Producers Guild of India (FTPGI) and the Film Federation of India (FFI).

The report assessed the economic contribution of the wide range of sectors that make up the industry value chain, including film production and distribution, film exhibition, non-theatrical revenues[1], TV production, TV broadcasting and TV distribution and the fast-growing new media sector.

While the growth in total gross value added (GVA) of 15% over 2009[2] indicates the growing significance of this industry in the Indian economy, industry representatives were eager to reflect that the sector had the potential to contribute on a much greater scale if content was better protected and the complex taxation of the industry reviewed.

Speaking at the panel discussion 'Talking Numbers: Hard Facts about the Indian M&E's Economic Contribution', Siddharth Roy Kapur, MD, The Walt Disney Company India, said, "The year 2013 has been an interesting one for the media and entertainment industry. For filmed entertainment it has been another year of strong growth for the theatrical business, which still accounts for the lion's share of overall revenue. For television it has been a "wait and watch" year, driven by changes in the regulatory environment, a new ratings system on the anvil, an overall slowdown in advertising growth and finally, a

[1] Includes Cable and Satellite (C&S) rights, Digital / online rights, music and home video rights.
[2] In comparison to the MPA Economic Contribution of the Indian Film and Television Industry report, March 2010

mixed report card on digitization with lower than expected growth in DTH subscribers balanced by positive signs on carriage fee reductions."

Sanjay Gupta, COO, Star India, said, "The media & entertainment sector in India has significant headroom for growth – unshackled, it can contribute as much as to 0.5% to India's annual GDP growth."

Speaking on the current needs of the industry, Sudhanshu Vats, Group CEO, Viacom 18 Media Pvt. Ltd., said, "There is need to build capacity across people, funding, technology and infrastructure. We need to add more than 2.5 million to the workforce over the next eight years. New funding models are needed to diversify risks for investors as well as to put together larger budget productions in line with global standards. Fragmentation of media consumption across platforms and devices, along with individualization of consumer preferences demands for a structured approach towards investments in new and innovative technology solutions. Finally, an enabling infrastructure, including exhibition, Internet access and broadband, theme parks, events and transponder availability, is crucial to be able to service the demand of the sector."

Mukesh Bhatt, President, FTPGI, said, "In 2013, domestic box office collections accounted for 75% of total industry revenues. The demand for our movies on TV has boosted cable and satellite rights and online/digital aggregation revenues, which are expected to grow at a CAGR of 15% over the period FY 2013 through FY 2017. This is an important report that recognizes the contribution of our thriving film & TV industry to the Indian economy, which was estimated at c. US$8.1 bn. (c. INR 50,000 Cr.) for FY 2013. Creating a business environment with a unified tax structure will help infuse growth in this sector which is currently affected by an array of taxes levied at every stage of film production and distribution."

Ravi Kottarakara, President, FFI, said, "India is the largest producer of films in the world, with 1,602 films released in 2012, however up to 90% of those films do not release in cinemas, due to the inadequate number of screens in the country. The Indian film and TV industry supports 1.8 million jobs which include talented artists, technicians, directors and daily wageworkers whose livelihoods depend on the profitability of this industry, however piracy continues to create a negative impact on the profitably of our industry. This report is a timely reminder that while the Indian motion picture and television industry accounts for 0.5% of the GDP of India, the Government needs to address key industry growth drivers and challenges which include infrastructure development, facilitating faster clearances for foreign and Indian film productions and building a robust regulatory environment to deter piracy."

Dr. Didar Singh, Secretary General, FICCI, said, "The Indian media and entertainment sector is a vibrant ecosystem; we produce the largest number of films and our motion picture and television industry is one of the largest and fastest growing sectors, contributing almost USD 8.1 billion to the economy, which translated to 0.5% of the GDP in 2013. The sector employs a large workforce and is responsible for training this human capital in its various subsectors. The full potential of this multi-faceted industry does not get realized, as we have thus far lacked the numbers to back the sector's growth in terms of its actual contribution. This report and the very stimulating discussion at FRAMES 2014 will be tools for the stakeholder community and the regulators to understand the breadth of the sector's possibilities and plan for strategic growth."

Frank Rittman, SVP, Deputy Managing Director and Regional Policy Officer Asia Pacific, Motion Picture Association (MPA), said, "This economic contribution report is a useful marker for the film and television industry to evaluate its success and growth across a wide range of business areas. There's no doubt that the sector is fueled by talent, innovation and unrivaled entrepreneurship, and supports millions of people with quality, rewarding careers and jobs. The industry has come together in recent years to identify and

find solutions to the key challenges that have prevented the industry from achieving its full potential. These include rampant piracy, a burdensome taxation regime and an overly-bureaucratic system for getting productions made and distributed. Government has a key leadership role to play shaping the future of the film and television industry, particularly in regard to providing robust copyright legislation and support for the Single Window Clearance initiative supported by the local screen community. We are privileged to be part of the screen community in India joining FTPGI and FFI in sharing the same mission of building a vibrant industry, a dynamic online legitimate marketplace and addressing content piracy which will ultimately enhance the growth and progress of the people in the Indian creative community."

Key Findings of the Deloitte *Economic Contribution of the Indian Motion Picture and Television Industry 2013* include:

Total Contribution

- Film and TV contribute c. USD 8.1 billion (c. INR 50,000 Cr.) to the country's economy, equating to 0.5% of GDP
- Total gross output[3] of c. USD 18.5billion (c. INR 115,000 Cr.)
- Supports 1.8 million (18.8 lac) jobs

A copy of the *Deloitte Economic Contribution of the Indian Motion Picture and Television Industry 2013* full report and infographic summary are available to view and download at www.mpa-i.org.

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About the MPA:

Promoting & Protecting Screen Communities in Asia Pacific

The Motion Picture Association (MPA) and the Motion Picture Association International (MPA-I) represent the interests of the six international producers and distributors of filmed entertainment. To do so, they promote and protect the intellectual property rights of these companies and conduct public awareness programs to highlight to movie fans around the world the importance of content protection. These activities have helped to transform entire markets benefiting film and television industries in each country including foreign and local filmmakers alike.

The organizations act on behalf of the members of the Motion Picture Association of America, Inc (MPAA) which include; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal City Studios LLC; Walt Disney Studios Motion Pictures; and Warner Bros. Entertainment Inc. The MPA and the MPA-I have worldwide operations which are directed from their head offices in Los Angeles and Washington, D.C. and overseen in the Asia Pacific by a team based in Singapore. For more information about the MPA and the MPA-I, please visit www.mpa-i.org.

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[3] Direct + Indirect – reflecting combined revenue of all film and TV industry participants.

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