

An Overview of Entertainment and Media Industry in Special Reference of FDI

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ABSTRACT

Economic growth and development refer not only an increase in GDP but it also indicates the increase in living standard, improvements in self-esteem need, social, cultural and overall development of society. The policy of demonetization affected almost every area of nation life but it affected the least to entertainment and media industry. India is one of the fast emerging global economy and it is fourth-largest economy in term of purchasing power capacity.

To keep in mind India's youth demography as 65% of its population is under 35 year and half the country's population of 1.25 billion people is under 25 years of age. The E&M industry has significantly benefited from this liberal regime of FDI in most segments of the E&M industry.

Government has permitted 100% foreign direct investment (FDI) in the advertising sector.

74 % FDI is permissible for Teleports, Direct – to – home (DTH) and Cable Networks, 49% FDI is permissible for Cable Networks, 26% FDI is permissible for Terrestrial Broadcasting FM (FM Radio) and Up-linking of News & Current Affairs' TV Channels and 26% (FDI and investment by NRIs/PIOs/FII) is permissible for Print media in Publishing of Newspaper and periodicals dealing with news, current affairs and Publication of Indian editions of foreign magazines dealing with news and current affairs.

E&M industry revenue expected to increase in 2014 from 17 billion US\$ to 32.7 billion US\$ in 2019,s reflecting that India's increasing per capita income, growing middle class income and population is not only concern with consumption of goods and services but also more focus on luxury and entertainment as of quality of life.

Keywords-- Media and Entertainment Industry, FDI, Economic growth and development

Economic growth and development refer not only an increase in GDP but it also indicates the increase in living standard, improvements in self-esteem need, social, cultural and overall development of society. The policy of demonetization affected almost every area of nation life but it affected the least to entertainment and media industry. India is one of the fast emerging global economy and it is fourth-largest economy in term of purchasing power capacity.

India is a labour dominated country so that the development story is bit different from other

Asian peers namely Vietnam, Indonesia, China, Thailand, Malaysia India, in its process of growth has been able to bypass the stage of manufacturing-sector led growth and reached straight into the third stage – service led growth. In such circumstances foreign Investment is seen as a way of filling in gaps between the domestically available supplies of savings, government revenue, foreign exchange and the planned investment necessary to achieve developmental targets. Foreign investment plays a significant role in development of any economy as like India.

A foreign direct investment is an investment in the form of a controlling ownership in a business in one country by an entity based in another country. There are two routes by which India gets FDI. Automatic route by this route FDI is allowed without prior approval by Government or RBI and another, Government route required prior approval by Government.

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I. INTRODUCTION

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**FDI Inflows to Major Sectors from Top five host countries
(In percent) from 2011-2012 to 2015-16 (November)**

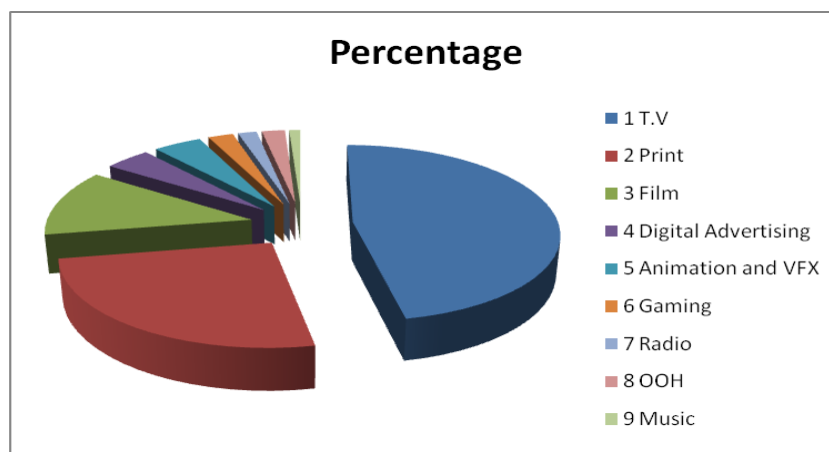
Sectors	Singapore	Mauritius	Netherlands	US	Japan
Service Sector	18.6	18.9	15.4	19	20
Computer software and Hardware	13.8	6.2	3.2	9.8	1.0
Trading	11.8	2.4	10	3.2	4.6
Telecommunications	8.6	11.5	0.3	2	0.1
Drugs and pharmaceuticals	6.6	1.0	0.6	2	3
Power	5.0	6.1	2.7	4	0.3
Constructions (Infrastructure)	3.5	3.9	0.2	3.5	0.5
Hotel Tourisms	2.3	10.6	0.6	0.8	0.1
Automobile	1.9	1.5	8.7	17.8	21
Chemicals	N.A.	1.6	8.9	1.8	2.7
Petroleum and Natural Gas	0.7	1.1	8.4	0.1	1.2

As the above data reveals that almost all of the country's most attractive segment is service sector. So as a subsector of service sector, scope of FDI in Entertainment and media industry is going to be analyzed here.

II. ENTERTAINMENT AND MEDIA

Media and Entertainment Industry include Film, Print, Television, Gaming, Animation and VFX, Out of Home, Music, digital Advertising and Radio also .share of different sector in industry is as follows.

S..No.	Different Segments	Percentage
1	T.V	47.3
2	Print	25.7
3	Film	12.3
4	Digital Advertising	4.2
5	Animation and VFX	4.4
6	Gaming	2.3
7	Radio	1.7
8	OOH	2.1
9	Music	1



III. INVESTMENT DRIVER

Growing demand

- The higher real incomes and changing lifestyles demand for more and various modes of entertainment.

- The falling prices due to availability of alternatives and increasing penetration has also become a reason of growth of E& M industry.

- Growing young user base with high access to technology has also demands

Policy Support

- Policy sops and favourable FDI climate have also lead FDI in India .
- The policies to enhance growing segments like animations and gaming have become an investment driver.
- Increasing liberalisation and tariff relaxation are also there to support FDI in India .

Innovation

- Expanding production and distribution facilities in India re increasing FDI in India
- Use of modern technology is too a cause of FDI

- Providing support to global projects from India is one of the reasons supporting FDI.

Increasing investment

- Increasing domestic investment is one of the main reasons in increasing FDI in India
- Expansion by existing big companies in the sectors is one of the investment drivers

Growth Trends

Overall (Industry Size INR billion) for calendar year	2010	2011	2012	2013	2014	2015	Growth in 2015 over 2014
TV	297.0	329	370.1	417.2	474.9	342.2	14.2%
Print	192.9	208.8	224.1	243.1	263.4	283.4	7.6%
Film	83.3	92.9	112.4	125.3	126.4	138.2	9.3%
Radio	10.0	11.5	12.7	14.6	17.2	19.8	15.3%
Music	8.6	9.0	10.6	9.6	9.8	10.8	10.2%
OOH	16.5	17.8	18.2	19.3	22.0	24.4	10.9%
Animation and VFX	23.7	31.0	35.3	39.7	44.9	51.1	13.8%
Gaming	10.0	13.0	15.3	19.2	23.5	26.5	12.8%
Digital advertising	10.0	15.4	21.7	30.1	43.5	60.1	38.2%

Source: KPMG in India analysis 2016

IV. CHALLENGES

Competitive Rivalry

- Highly fragmented industry that is not a single enterprise but is large enough share to influence in the entire sector
- High fixed costs and highly perishable products are Threat of New Entrants

High sunk costs are involved

- High capital requirements are needed
- Now Access to distribution is also difficult.

Substitute Products

- Availability of alternatives like Film industry, print media and internet also a challenge .
- Significant sporting events like World Cup,T20, etc and other cultural events

Bargaining Power of Suppliers

- The number of suppliers is very high which leads to the low bargaining power with them
- Increasing number of content providers

Bargaining Power of Customers

- Increased globalisation
- Consumers loyalty towards one channel is less, as variety of alternative sources of entertainment is available

V. CONCLUSION

India's increasing per capita income, population and the growing middle class income is not the only concern with consumption of goods and services but also more focus on luxury and entertainment as part of

quality of life. Connectivity with print media n electronic media (TV) is considering a part of basic need. Digitisation, demography structure heavy investment and opportunity for employment also advocate increasing scope of FDI in India.

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