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Multiplexes in India: Building Castles in a Low-income Market of Uneven Geographies

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The Indian film industry produces the highest number of movies in the world, in various languages, and casts a large shadow of influence on the socio-cultural landscape of the country. However, in terms of box-office value as a share of the total entertainment pie in India, films are a minor segment in a market with vast potential. The pandemic of 2020 drastically changed the fragile dynamics of the already-struggling film distribution and screening sector. Over the years, the Indian film business has staked its future on a business model forged around the "Mall-Multiplex" complex in a country that is mostly low-income or bottom of the pyramid (BoP). This exploratory article, with the help of existing data on theatre screen seats and high-potential population geographies, endeavours to understand India's existing film entertainment business and sets out to spot the opportunities available for the low-priced film business as a value proposition.

KEYWORDS: Indian Film Business, Multiplex, Bottom of the Pyramid, Low Price, Film Distribution, Film Experience

Introduction

The Indian film industry is mostly seen through a Bollywood-centric prism,[1] though it has a more significant presence in the regional Tamil and Telugu film hubs. Similarly, research on Indian films is largely about their socio-cultural phenomena[2] and "differently viewed" art forms,[3] while those on film marketing studies are specious (typically looking into promo campaigns, in-film branding, publicity, etc.).[4] This paper aims to bridge a research gap by combining film exhibition and distribution geographies in order to emplace film marketing as an area of the economy of culture in general.[5]

In order to understand whether there can be a paradigm shift in the multiplex model in India, we can contextualise the query around

[1] L. Jha, *Why Bollywood and Hindi are no longer the face of Indian entertainment*, Mint, August 24, 2018, <https://www.livemint.com/Consumer/Why-Bollywood-and-Hindi-are-no-longer-the-face-of-Indian-ent.html>, accessed: 19.09.2021.
[2] A. Rajadhyaksha, *Neo-Traditionalism: Film as Popular Art in India*, "Framework: The Journal of Cinema and Media" 1986, no. 32/33, pp. 20–67.
[3] C. Dasgupta, *Indian Cinema Today*, "Film Quarterly" 1969, vol. 22, no. 4, pp. 27–35.
[4] Scopus-indexed search yielded eight papers on areas like promotion, publicity and in-film branding, with four articles on Indian multiplex cuture, urban spaces and e-ticketing. An exception was the in-depth analysis of the multiplex phenomenon by Hill & Athique, London 2009 (cited in this paper and listed in bibliography).
[5] K. Lim, *Film Distribution in Film Studies*, [in:] *Philippine Cinema and the Cultural Economy of Distribution* Manila – Melbourne, VIC 2019, pp. 9–38.

the concepts of "uneven multiplex geographies"[6] and the "bottom of the pyramid" concept. The growth of the multiplex network in India has followed a lopsided pattern with a concentration of screens in urban metropolitan areas even as other geographies remain grossly underrepresented. Similarly, the concept of the BoP essentially pushes for unlocking the low-priced segments in a market.[7] By also critiquing the problematic skew of the current movie retail business towards an elitist urban developmentalism plank,[8] the paper makes a case for low-cost cinema exhibition to poor "non-customers" in high-population catchment areas.

The need for the above can be better understood when one considers the tectonic shifts that are taking place after the Covid pandemic. The 1918 flu pandemic changed Hollywood, with the large film studios taking over smaller ones and single-theatre owners selling out to network operators. Soon, the post-pandemic capital-backed studios churned out long-length feature film spectacles with Ford-like efficiency.[9]

Over the years, the resultant oligopoly of vertically integrated film companies built the global Hollywood model, further finetuned with cinemascope colour, hi-fidelity digital sound, CGI effects and breathtaking action, finally arriving at the contemporary global model of "franchisee-universes." With every crisis, Hollywood reflected the mood of the times: musicals and noir films were reactions to the Depression and WW II, sci-fi movies to the Cold War; disaster movies to 9/11, and the zombie apocalypse to Islamist terrorism. Perhaps we may even return to musicals, comedy and romance in response to the 2020 pandemic![10]

Nevertheless, there was a difference between the year 1918 and 2020. We had a new-age economy and internet platforms, making it possible to "work from home" through connectivity and access "entertainment-from-home" through OTT (Over the Top streaming) platforms. At that time, the OTT platforms, flush with cheap debt but struggling to monetise, were ready to gorge on the plethora of unsold film riches,[11] while the cinema theatres were desperately fighting for

[6] D. Hill, A. Athique, *Multiplexes, corporatised leisure and the geography of opportunity in India*, "Inter-Asia Cultural Studies" 2013, vol. 14, no. 4, pp. 600–614.

[7] C.K. Prahalad, A. Hammond, *What works: Serving the poor, profitably: a private sector strategy for a global digital opportunity*, "Harvard Business Review" 2002, no. 9(80), pp. 48–57.

[8] L. Fernandes, *India's New Middle Class: Democratic Politics in an Era of Democratic Reform*, Minneapolis, MN – London 2006.

[9] M. Jordan, *Movie theatres survived the Spanish flu in 1918. Can they survive the Covid-19 pandemic?*, Scroll, August 28, 2020, <https://scroll.in/article/971565/movie-theatres-survived-the-spanish-flu-in-1918-can-they-survive-the-covid-19-pandemic>, accessed: 19.09.2021.

[10] R. Swindale, *Post-Covid Hollywood Film Industry*, "The Guardian", February 24, 2021.

[11] R. Brody, *The Front Row Lessons for the Movie Industry from the 1918 Influenza Pandemic*, "New Yorker", March 17, 2020, <https://www.newyorker.com/culture/the-front-row/lessons-for-the-movie-industry-from-the-1918-influenza-pandemic>, accessed: 14.09.2021.

survival.[12] The Indian film industry was in crisis, though even at the best of times its multiplex business model only catered to a niche audience in a mass market. Now, in the worst of times, the problem has worsened with customers lapping up OTT offerings.

The Indian Mall with a Multiplex

The first mall, complete with its climate-controlled and hygienic atmospherics, came to India in 1999;[13] soon, a flurry of new malls followed as the new "geo-cultural spaces" of consumption and class stratification, almost as if they were a new social field.[14] The spectacular urban growth in India from the early 1990s onwards changed the landscape, with sparkling new real estate and increased migration, leading to an acute shortage of 'public spaces.' The new malls offered secure "prosperity bubbles," which could keep out those from the seemingly undesirable and poor socio-economic backgrounds.[15] These oases were barometers of a fast-growing consuming middle class, who contributed to growth (GDP grew by over 600% between 1980–2014), though a vast majority of others remained untouched by this prosperity.[16]

The social ecosystem of the mall had barriers to exercise informal security control over "social outsiders" and evict those without the requisite disposable income. However, the mall was also a safe place that protected women from the male street gaze, an experience all too common in India.[17] The glitzy real estate in the malls were far removed from the bustling and dirty *bazaars* outside in that they lacked a long-term value proposition treasured in India – price advantage. Without an integrated supply chain or local manufacturing, the products and services sold in the mall were overpriced, often came from the same factories that supplied the bazaars, or were imported from China without any real differentiation in the market.[18]

The Indian Multiplex Business

India's low per capita number of theatre screens (8 per million pop.) has been attributed to an early political disdain for films,[19] successful lobbying by exhibitors to prevent new licences, "sin"-type taxes as high as 75%,[20] and archaic urban land-ceiling rules at the

[12] Many theatres tried to stay afloat with reduced timings and offers of hiring out halls for private screenings.
[13] The entry to the first Mall in India – Crossroads – was only on the production of credit cards, visiting cards or cell phone.
[14] B. Longhurst, M. Savage, *Social Class, Consumption and the Influence of Bourdieu: Some Critical Issues*, "The Sociological Review" 1997, vol. 44, no. 1, pp. 274–301.
[15] S. Srivastava, *Entangled urbanism: slum, gated community, and shopping mall in Delhi and Gurgaon*, New Delhi 2015, pp. 213–240.
[16] S. Subramanian, D. Jayaraj, *Growth and inequality in the distribution of India's consumption expenditure 1983 to 2009–10*, "WIDER Working Papers" 2015, vol. 25, p. 29.
[17] G. Vishwanath, *The Multiplex: Crowd, Audience and the Genre Film*, "Economic and Political Weekly" 2007, vol. 42, no. 32.
[18] S. Srivastava, op.cit., pp. 7–8.
[19] S. Chakravarty, *National Identity in Indian Popular Cinema 1947–1987*, Austin, Texas 1993.
[20] A. Mittal, *Cinema Industry in India: Pricing and Taxation*, New Delhi 1995.

state and centre level preventing single-screen exhibitors from taking advantage of the rapid urbanisation sweeping through the 1990s.[21] The multiplex business model (first set up in Kansas City, US, 1963) was based on lower overheads of operating several screens in the same venue;[22] it was also deemed to be a hedonistic product by customers who wanted to choose the destination as "theatre first, movie second," more interested in an "overall entertainment experience," with quality food and beverage services.[23]

In India, the movie theatre as a family destination came into being with the movie *Hum Apke Hai Kaun*[24] (*Who am I to you?*, 1994), a blockbuster that paid homage to joint families (or, in other words, the living together of parents, sons, their spouses, and their grandchildren – all under the same roof). It brought such audiences to theatres in large numbers. Soon, the "family consumerism" urban rush to theatres helped boost multiplex screens, which could break free from the shackles of the superstar-focused mainstream films that the plebeian masses patronised in single-screen theatres.[25] This growth fed into the historical tendency of the Indian film business to be opaque about ticket revenues, setting the stage for the arrival of the superstar blockbuster multiplex film with Rs 100 crore (USD 13.32 Million) revenues.

From 2008, a veritable procession of superstar blockbuster films in the multiplexes crossed the Rs 100 crore[26] revenue mark (helped by release dates that combined holidays, weekends and festivals). This new blockbuster phenomenon was buoyed by the rapid digitisation of movie screens, with low-cost rental digital prints (it costs Rs 15,000 [USD 200] per film in a digital hard drive, whereas it cost Rs five lakh [USD 6,700] per film print). The "scorched earth" strategy of releasing a film at 2000 screens and upwards, or even 4000 screens as was the case with films starring Salman Khan,[27] meant that the lifetime market value of a film could be soaked up in a few weeks.

The strategy also meant that competitors could not find any vacant screen slots to release their movies. The "first-week fan frenzy" (with premium tickets) converted the superstars into invincible box office assets, and once the theatrical window closed, the movie could be sold at premium prices to cable and tv networks. Another tactic

[21] L. Shrinivas, *Land and Politics in India. Working of the Urban Land Ceiling Act, 1976*, "Economic and Political Weekly" 1991, vol. 26, no. 43.

[22] D. Rout, *A Study on Consumer Perception Towards Multiplexes in Bhubaneswar*, "Purakala" 2020, vol. 31, no. 3.

[23] B. Doyle, *Return of the super cinema*, "History Today"1998, vol. 48, no. 2, pp. 2–5.

[24] *Hum Aapke Hai Kaun* somewhat coincided with the widespread economic reforms initiated in the early 1990s. The producers at first refused to release the film on the home video market and in dirty cinema halls. The theatre owners had to then renovate their halls, providing clean toilets and fresh food stalls. The movie was a "family" hit with an inordinately large audience comprising families who came to watch the film together.

[25] A. Athique, D. Hill, *The Multiplex in India: A Cultural Economy of Urban Leisure*, London 2010.

[26] One Crore is 10 million. Rs 1 Crore would be Rs 10 million. Rs 1 Crore is also USD 73,000 (at exchange rate of Rs 73 per One USD).

[27] S. Sarkar et al., *Bollywood in Transition*, "Emerging Economies Cases Journal" 2021, vol. 2(2), pp. 79–86.

deployed by the big studios was a walling distribution strategy,[28] where screens could be leased in bulk. With an investment of between Rs 14–21 crore [USD 1–3 million] per film, it could create the "appearance" of a box office success [Table 1]. Small budget and regional films could not invest in such tactics and hence found fewer screens to release.

Table 1. How to create a Super Hit Film? Lease Theatres!

Walling Strategy: Leasing 1000 Screens at a cost of Rs 21 Crore (20% of a Rs 100 Crore Film)						
Screen	Seating (Approx.)	4 shows	Average Ticket Price	Lease Cost per Day	One Week	1000 Screens
1	500	2000 seats	Rs 100-150	Rs 200,000- 300,000	Rs 14-Rs 21 Lakh	Rs 14-Rs 21 Crore

Bespoke Screens and the 2020 Pandemic

Since 2002, the lure of the newly affluent mall consumers encouraged the multiplex companies to roll out new screens and raise ticket prices (by 600% during the period), though the young people could access cheap tickets for non-prime-time screening slots through ticket-booking apps. They offered gourmet cuisine for the rich urban moviegoers (food and beverages account a 25–40% revenue share for multiplexes in India). Soon the boom of 40% year-on-year (pre-pandemic) growth[29] meant adding more luxury and premium offerings. Many theatres launched bespoke screen brands that were targeted at the consuming elite, like Directors Cut, PVR Gold and PVR Luxe (PVR Group), Inox Leisure, Insignia, Kiddles, MX4D, ScreenX and IMAX (INOX Group). The main focus was on the discerning classes that were willing to spend about Rs 2,000-3,000 (USD 30–40) for a film outing[30] that included lounge-type lobbies, gourmet dining, personalised service and high-quality "rich experiences."[31] The target was the 120 million middle-class customers that India boasted of, though the estimate later turned out to be suspect.[32]

Such bespoke screens were exposed during the slump in the Indian multiplex industry during the COVID pandemic. There was also no guarantee that the audience would get back to these richly endowed theatres, especially when there was a plethora of content available on OTT platforms in the safety of their homes. In fact, the migration of

[28] In a case in 2019, the Competition Commission of India had found there was an informal arrangement and there was no evidence of cartelisation between top multiplex cinema theatre groups.
[29] D. Singh, *Why multiplex operators luxury gamble may not pay off*, "Financial Express," January 13, 2020, <https://www.financialexpress.com/brandwagon/why-multiplex-operators-luxury-gamble-may-not-pay-off/1820955/>, accessed: 19.09.2021.
[30] V. Choudhary, *Multiplex revolution at the cost of the common man*, Mint, December 15, 2016, <https://www.livemint.com/Consumer/uqDo4W6i1w97N-moJ4ucfoI/A-multiplex-revolution-at-the-cost-of-the-common-man.html>, accessed: 19.09.2021.
[31] H. Srivardhana, *Assessing Service quality of Multiplex Theater using Service Gap Model*, Amrita University, ASB, Kerala 2019.
[32] S. Kanwal, *Households by annual income brackets India 2010–2025*, Statista, March 19, 2021, <https://www.statista.com/statistics/1272872/india-population-in-multidimensional-poverty/>, accessed: 21.03.2021.

audiences to OTTs from the Cable and DTH market was already in motion even before the pandemic and estimates put the OTT viewers at 400 million by 2025.[33]

The attraction of the OTT market was the compelling value proposition: a one-time theatre visit for a family would be equal to the annual cost of an OTT subscription! The first population to adopt OTT subscriptions were ironically the very multiplex audience in major theatre hubs – Mumbai, Delhi, Bangalore and Chennai. In 2020, the 40 million paid subscribers[34] were found to pay an average of Rs 1,200 (USD 16) for 2–3 OTT channels, which were cheaper compared to the average cost of Rs 1,470 (USD 19.6) for a multiplex visit by a family of four! The biggest segment of these subscribers was from the affluent urban segment (59%), with those between 22–32 years (the most frequent multiplex-goers!) accounting for 31% of subscriptions.[35] The OTT platforms were drawing away the most vital segment that the multiplexes built their business around – the urban class!

Looking beyond the multiplex model

The 1918 Spanish flu pandemic was more catastrophic for India than any other country, accounting for 40% of the 50 million worldwide death toll.[36] So, in 2020, as if to avoid history repeating itself, the country imposed one of the most draconian lockdowns of all, leading an already fragile economy to a grinding halt. With the closedown of the theatres, the producers who were holding inventory panicked, selling out immediately to the OTT platforms,[37] even though most such 'mass audience' films were not even designed for typical OTT audiences. The move away from the theatres did not go unchallenged, with the multiplex operators criticising it at first and then threatening to blacklist producers.[38]

The multiplex operators have often behaved as a business separate from the film fraternity (with their industry association under FICCI),[39] reflecting their origins: most, except for PVR, have non-film backgrounds. The top management of the multiplex industry is drawn mainly from the

[33] Telecom Talk reported the trends for OTT in 2020.
[34] V.K. Khandekar, *Box office report: Indian cinema has a happy story in rising ticket sales*, "Business Standard", February 14, 2020, Ormax Media's Box Office Report 2019, <https://www.business-standard.com/article/current-affairs/box-office-report-indian-cinema-has-a-happy-story-in-rising-ticket-sales-120021400062_1.html>, accessed: 22.09.2021.
[35] V.K. Khandekar, *Young, male and metropolitan: The Indian OTT Viewer*, Rediff.com, September 8, 2021, <https://www.rediff.com/movies/report/young-male-and-metropolitan-the-indian-ott-viewer/20210908.htm>, accessed: 22.09.2021.
[36] S. Chandra, E. Kassens, *Viral Outbreak, study maps the spread (and decline) of the 1918 Spanish flu in India*, The Scroll, July 11, 2020, <https://scroll.in/article/966655/a-study-maps-the-spread-and-decline-of-the-1918-spanish-flu-in-india>, accessed: 12.09.2021.
[37] By the mid-2020s, many producers were facing unsold film inventories and with the continued closure of film halls they turned towards the OTT platforms.
[38] G. Menezes, *Multiplex Association Of India Appeals To Government*, Republic World, September 15, 2020, <https://www.republicworld.com/entertainment-news/bollywood-news/the-multiplex-association-of-india-make-an-appeal-to-the-government.html>, accessed: 9.09.2021.
[39] As per the judgement in the case *FICCI & Multiplex Association of India vs United Producers.*

hospitality and retail sectors, more familiar with the language of 'consumer touchpoints' rather than film entertainment.[40] Their strategy to handle the epidemic crisis was to either appeal to the Government or to launch PR campaigns that promised seat distancing, disinfecting between shows, body checks with infrared scanners, availability of masks, hand sanitisers, etc. However, one can argue that the pandemic was actually an opportunity to realign the film experience towards the vast majority hitherto left behind. Of course, this large market could afford only a paltry amount for "entertainment" (Rs 53 or 0.7 USD in the rural and Rs 113 or 1.03 USD in the urban)[41] and that too on "all forms of recreation." The CAGR of the film entertainment segment is a meagre 6%, despite a large population base, leading to the current "cinema theatre" medium being at best a niche segment dwarfed by TV.[42]

The Indian film industry is highly fragmented, but there are three dominant markets – Hindi, Telugu and Tamil. Hindi films are dominant in Bihar, Madhya Pradesh, Rajasthan and undivided Uttar Pradesh (incl. Uttarakhand); Telugu is dominant in undivided Andhra Pradesh (now Telangana and Andhra) and Tamil in Tamil Nādu. In 2019, of the 1.03 billion movie tickets purchased, these three movie-language hubs had a 70% (Hindi 33%, Tamil 19% and 18% Telugu) share of the total market valued at Rs 10,948 crore (USD 1.5 billion), an increase of 11.6% over 2018.

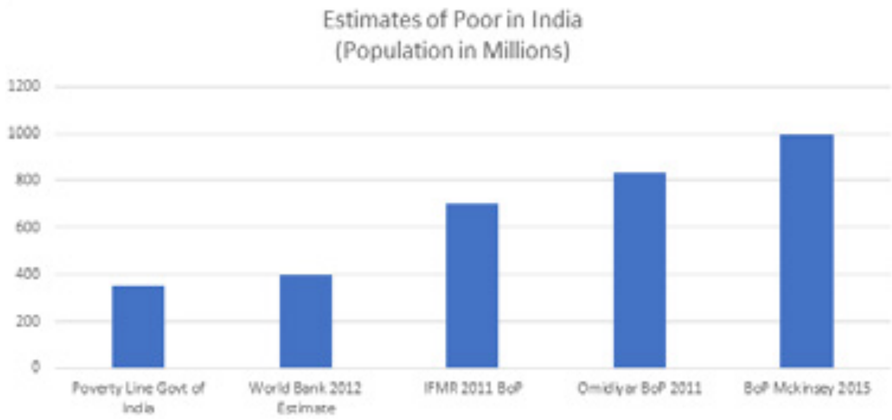
Even then, the size of the film entertainment segment is shockingly low in such a huge country. Let us consider the revenues of the declared Bollywood hit movie *PK* (2014; Rajkumar Hirani) – with Rs 500 crore (USD 72 million)[43] at the domestic box office. At an average ticket price of Rs 120 (USD 1.6), the audience works out to about 41.66 million, or just about 3% of India's population.[44] In fact, the film industry is probably a niche entertainment segment, compared to the enormous market that India presents.

India: Tapping the Bottom of the Pyramid?

India is a low-priced, continental-sized market with a complex undercurrent of linguistic, cultural and sub-nationalist segments, somewhat held together by disparate factors whose discussion is beyond this paper's scope. Some corporates like Unilever have attempted to penetrate the lower end of the market with some success, though it has not been easy for many others[45] due to cost structures and need for high

[40] A. Athique, D. Hill, op.cit.
[41] The NSS Report No. 541, released for 2009–10, on Household Consumption of Various Goods and Services in India classifies 32 broad item groups out of which 14 are food and 18 are non-food food and 18 non-food groups.
[42] Report by Deloitte on the Indian Entertainment Industry, 2018.
[43] PK is a movie by Aamir Khan, which did well in China, more than in many parts of India. In the vast and controlled Chinese market, there are limited releases and the films chosen are spread across various sources like Hollywood, India, Korean etc. almost like a quota.
[44] V.K. Khandekar, *Young, male and…*
[45] E. Reficco, *Six reasons companies fail to reach the bottom of the pyramid*, Devex, April 16, 2013, <https://www.devex.com/news/6-reasons-companies-fail-to-reach-the-bottom-of-the-pyramid-80719>, accessed: 12.04.2021.

levels of engagement. There are various estimates as to what constitutes the BoP market in India, ranging from an optimistic 335 million[46] (Govt. of India) to a grimmer estimate of 997 million poor people (McKinsey report 2007) [Table 5].



The stark reality is that 90% of Indians cannot pay more than Rs 100 (USD 1.5) for an individual theatre visit,[47] which is low in comparison to the Rs 190 (USD 2.8) average ticket prices currently at the multiplex chains. At these rates, a family visit to the theatres would be out of the question, making film entertainment an elite activity. These price points were tested by the Carnival chain by experimenting with low-price tickets in tier-three towns[48] with some moderate success in increased occupancy (65% vs 35% in tier-three towns). However, the bulk of the population segments targeted by the multiplex chains, numbering at about 30 million, belong to the Rs 10 Lakh (USD 14,000) per annum income band.[49]

Table 2. Cinema Markets

State	Language	Cinema Seats	Population	People per Cinema seat	Literacy Rate (%)
BIMARU[50]	Hindi (Native Speaker Dominant)	452,573	421,021,693	932	67.33
Andhra Pradesh & Telangana[51]	Telugu (Native Speaker Dominant)	771,283	93,146,954	120	70.34

[46] The optimistic picture of the government is based on the much-decried income of Rs 32 (USD 0.40) per day for urban and Rs 26 (USD 0.35) per day for rural by the Sengupta Committee Report, Govt of India.
[47] Key Factors affecting Movie viewing, Report in IUJ.edu.in, May 2017.
[48] Towns with a population between 300,000 and 400,000.
[49] A contemporary perspective for the defining of the base of the economic pyramid is shared by Unitus, VC <https://unitus.vc/resources/defining-base-of-the-economic-pyramid-in-india/>, accessed: 20.01.2022.
[50] "Front-benchers" in single-screen cinema is a term used to describe the majority of the audience occupying the front seats, while the affluent sit in the "balcony" (typically designed as in a stage theatre). The price of the tickets for a front-bencher was usually about 10-25% of the cost of the Balcony/First Class/Dress Class ticket prices.
[51] A. Rao, W. Hartmann, *Large Screens or More Shows: Multiplex Conjuration in the Era of Digital Cinema*, Chicago 2011.

State	Language	Cinema Seats	Population	People per Cinema seat	Literacy Rate (%)
Tamil Nadu	Tamil (Native Speaker Dominant)	502,454	70,335,431	139	80.15
Hindi Affiliated	Hindi-affiliated language (Haryana, Gujarat, Maharashtra, Orissa, Punjab, Himachal	626,848	54,261,868	864	69.12
Hindi Watching	Not Hindi-affiliated but Hindi-watching (Telengana, Haryana, Karnataka, Gujarat, Punjab Maharashtra, Orissa, West Bengal, Punjab, Himachal & J&K	1,105,103	670,483,587	606	71.20
Maharashtra	Marathi	406,271	100,368,167	247	80.50
West Bengal	Bengali	202,731	91,030,534	449	75.26
Karnataka	Kannada	382,156	54,858,733	143	75.30
Kerala	Malayalam	203,146	37,835,820	186	94.23

Table 3. Districts with Lowest Film Screen Seats

District Hubs	No. of Districts	Cinema Screen Seats	Population	People per Screen Seat	Literacy Rate
With Less than 1000 Screens	240	123,165	241,672,164	1962	69.4
With more than 20000 Screens	35	1491276	202066136	135	81.54

Table 4. Districts by Economic Growth Rate (Top 25)

Top 25 Districts/Hubs	Cinema Seats	Population	People per Screen Seat	Literacy Rate
High Economic Growth Rate (9%+)	314,406	59,711,061	189	66.8125
Low to Medium Economic Growth Rate (3–7%)	3,335,941	1,132,768,666	339	73.70

High Potential, Low-Priced Film Markets

Before the multiplexes, single-screen theatres in India (most are closed) had lower ticket prices for the “front-benchers”[52] and many operators even offered “tent” options (with thatched roofing, bare ground seating and steel chairs) and “touring talkies” (vans with projector and screen) with ticket prices as low as Rs 20 (USD 0.27). In contrast, the full-service multiplex experience was driven by developers who wanted to maximise the efficiency of construction[53] and isolate

[52] H. De Soto, *The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*, New York 2000.

[53] The Bureau of Outreach and Communication, Department of Audio-Visual Publicity, Government of India maintains the data of the theatres in India.

those who cannot afford and do not have the "cultural competence"[54] to navigate the high-end experience.

To map the potential for low-priced film entertainment in India, we can analyse the "uneven geographies" by mining the data available for film screen seats (both multiplex and single) from the Bureau of Outreach and Communication, Government of India,[55] as well as the district-hub-wise population data obtained from the Registrar General and Census Commissioner, Govt. of India.[56]

The last official census in India was in 2011, according to which there were 640 district administrative hubs[57](including large metros, state capitals, commercial cities and urban agglomerations). Some of the high-population-density belts do not fully come under the definition of districts (but can be defined as metropolitan centres[58]). There are twelve metropolitan areas: Delhi NCR,[59] Greater Mumbai,[60] Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Vishakhapatnam, Kanpur, Surat, Patna, Jaipur, Coimbatore, Nagpur, Raipur, Kochi, Kozhikode, Thiruvanthapuram, Madurai, Jodhpur and Salem. The consolidated list of district hubs with film screen seats, population, growth and literacy rates is available in Tables 2–4. The salient features of the various geographies are given below:

– The Southern, Eastern and North-Eastern states are not dominantly Hindi-speaking (except for metro-hubs), and English usage is greater. Linguistic identity claims are known to be strong in some languages like Tamil, Telugu, Kannada, Malayalam and Bengali.

– Both Tamil and Telugu have a historical advantage as film production hubs (they are even known to produce Hindi films) and a legacy of films as a political tool for social, linguistic and cultural sub-nationalism.

– Tamil films have witnessed a resurgent "new wave," widely acknowledged as trendsetting[61] and have a comparatively high growth rate of over 11%, with revenues of USD 600 million in comparison to

The list includes both multiplex and single-screen theatres.

[54] The census on the population is conducted by the Registrar General and Census Commissioner, Ministry of Home Affairs, Govt of India. The last such census was conducted in 2011.

[55] NIC, Govt of India provides details of administrative units in India under "Districts of India" (as per the 2011 Census of India). There are 640 districts, the details of which are available in the source – <http://districts.nic.in/> under Provisional Population Totals: Number of Administrative Units.

[56] The 74th Amendment to the Indian Constitution defines a metropolitan area as having a population of 10 Lakh (1 million) or more, comprised in one or more districts and consisting of two or more Municipalities or Panchayats or other contiguous areas.

[57] Delhi is a state as well as being designated the National Capital Region (NCR) as per the Master Plan for Delhi approved in August 1990.

[58] Greater Mumbai, consisting of the Mumbai City and Mumbai Suburban districts, is administered by the Municipal Corporation of Greater Mumbai (MCGM).

[59] S. Sarkar et al., op.cit.

[60] J. Overdorf, *Tamil films give Bollywood a run for its money*, The World, July 3, 2012, <https://www.pri.org/stories/2012-07-03/tamil-films-give-bollywood-run-its-money>, accessed: 8.09.2021.

[61] BRR Report in the Indian Express, September 18, 2021.

Hindi, with revenues of USD 2 Billion (2015) in a market that is six times larger, thus punching above its weight.[62]

– In terms of economic growth, the South Indian states have done well, which is reflected in the better market penetration of multiplex screens. Both Tamil Nadu and Andhra (with Telangana) have seen better development standards, which have enhanced buying power for film entertainment.[63]

– The market for Bengali, Malayalam and Marathi is relatively smaller but quite robust in terms of content.

The importance of the BIMARU states (Bihar, Madhya Pradesh [incl. Chhattisgarh], Rajasthan and Uttar Pradesh)[64] and affiliated markets for the Hindi film market should be noted. This is considering the fact that the growth of the Hindi-language-speaking population is simply overwhelming, overtaking all other languages over the past decade. With the fastest-growing population and the fastest-growing language, these regions with a huge population are a fertile, unexplored and virgin territory for low-cost film entertainment in the long term.

– The BIMARU states had the slowest growth rates among all Indian states, even during the boom period of 1998–2016 (which witnessed the largest growth expansion in the century). The gap between these states and fast-growing ones continues to widen.[65]

– The differences are also intra-state, with a great disparity between a few oases of growth and the rest. For instance, Bihar's capital city, Patna, is its biggest growth centre by far, or Noida/West UP (consanguineous to Delhi) has been growing much faster than the central and eastern parts of UP.

– The other two states – Rajasthan and Madhya Pradesh – have comparatively less disparity, with the former having a spread of heritage tourism hubs and Madhya Pradesh having no disparity due to the complete absence of any major growth centres.[66]

– The BIMARU states are also part of the Hindi belt or the "Cow Belt,"[67] which, along with contiguous states that have their local languages and dialects, are either affiliated or proximate to the

[62] The states of Bihar, Maharashtra, Rajasthan and Uttar Pradesh have been historically very low in all development parameters and social indicators, giving rise to an unkind acronym BIMARU (by Ashish Bose, a demographer in 1980s. The word *bimaru* also means "sick" in the Hindi language).

[63] S. Rukmini, *India's BIMARU states developing but not catching up*, Mint, October 30, 2018, <https://www.livemint.com/Politics/2mYGqXDSb37bed-iFJmGUvL/Indias-BIMARU-states-developing-but-not-catching-up.html>, accessed: 11.09.2021.

[64] V. Vaibhav, V.K. Das, *The old Bimaru states have new boomtowns. But only in pockets*, The Print, March 30, 2021, <https://theprint.in/opinion/the-old-bimaru-states-have-new-boom-towns-but-only-in-pockets/630861/>, accessed: 14.09.2021.

[65] A political terminology to describe the conservative mindset of some Hindu believers. For them the cow is a sacred animal. These believers also form a part of the supports of the right-wing Hindu political party – Bharatiya Janata Party – which is currently the ruling party in India's parliament.

[66] Only 12 out of 35 States chose Hindi as their mother tongue, while there are other states that have adopted it as a language of communication but do not consider it a mother tongue.

[67] Cleartax Report: Impact of GST Rates on the Entertainment Industry, June 22, 2021.

Hindi language.[68] These can be classified as Hindi-affiliated and Hindi-film-consuming states.

– Interestingly, the segment of Hindi-affiliated and Hindi-“watching” states includes Maharashtra, a large state that is not part of the “Cow Belt” with the state has a high percentage of Hindi speakers with a very low proportion of *native* Hindi speakers.

Footprint: Asset-light Multiplex model

Multiplex owners are aware that high ticket prices are a barrier for audiences, and some attempts have been made to tap the lower price segment. It is estimated that considering various local costs,[69] the capital costs for a five-screen multiplex in a major city would be about Rs 40 crore, in a smaller city or town about Rs 15 crore, and Rs five crore in the semi-urban parts.[70] The massive opportunity for an asset-light multiplex model is promising in geographies that have *low screen seats per capita, high GDP growth and high literacy rates*. Some such prominent belts are given below:

– The bottom 240 district hubs (with at least 1,000 screen seats each) have just *one seat for 1,962 people*. These districts are spread out across India, though concentrated more in the BIMARU, West Bengal and Orissa states.

– In contrast, the top 35 district hubs (all urban, with at least 20,000 screen seats each) have *one seat for 135 people*!

– The top 35 district hubs can be classified as having a high per capita film-to-screen seat ratio. These include essentially metropolitan areas, contiguous districts of state capitals in most Southern states, and some Western states as well as isolated mega hubs in the North.

– The top 25 district hubs with the highest GDP of 9% and with a literacy rate of 66.8% have one seat for 189 people.

– The top 25 district hubs with a medium growth rate of 3–7% have one seat for 339 people but exhibit a better literacy rate of 73.70%.

The success of the asset-light multiplex model for film entertainment would depend on real estate and construction costs, integration of ticketing apps to rural screens, provision of basic hygiene facilities, modern ventilation systems and value-oriented combinations of food and beverages.[71] With innovative construction technologies available today,[72] cost outlays can be reduced by about 30%, along with the

[68] A. Pal, R. Bhushan, *Low cost multiplexed offer better bait*, The Times of India, September 5, 2005, <https://timesofindia.indiatimes.com/business/india-business/low-cost-multiplexes-offer-better-bait/articleshow>, accessed: 11.08.2021.
[69] J. Ali, D.K. Bera, *Sustainable use of low-cost building materials in rural India*, “ICISE” 2015, vol. 4, no. 13.
[70] G. Veerabathini, *IIT Madras Innovates Eco-Friendly Low-Cost Houses* , Ecoideaz, 2019, <https://www.ecoideaz.com/innovative-green-ideas/iit-madras-innovates-eco-friendly-low-cost-houses>, accessed: 2.11.2021.
[71] S. Roy, *Study of Cost-effective building construction technologies*, “Journal of Architectural Engineering Technology” 2013, vol. 2(2), no. 113.
[72] A. Vikram, S.S. Rajput, *Application of Lean Construction principles in Affordable Housing in India*, “Journal of Emerging Technologies and Innovative Research” 2018, vol. 5, no. 12.

concomitant benefits of safety, energy efficiency[73] with sustainability and cost-effectiveness.[74]

Expansion of such low-cost theatres would require permissions from Fire Safety, Excise, District Collectorate, *Nagara Pallika* (local government), and the Film Censor Board, among many other statutory agencies. There is some anecdotal[75] evidence on the success of such low-cost theatre complexes in small towns and the profit margins were seen to be in the range of 20–25%. However, food and beverages have a smaller share at 5–10%, while the multiplex chains enjoy a far larger share of 40%.

The cost of constructing such a low-cost theatre complex would vary between Rs 50 Lakh (USD 66,000) for a no-frills, 70-seater screen to Rs 1.5 crore (USD 1,95,000) for a 125-seater screen (with air-conditioning, high-quality screen and sound systems and parking facilities). The asset-light multiplex model is not just a business opportunity waiting to be tapped but also a challenge for product and architectural design, which can be scaled across several complex markets with different climatic, geographic and local conditions. For entrepreneurs, designers and construction companies, it appears to be a prospect deserving serious consideration.

Conclusion

The data on the population and district used in this paper is limited by the fact that it is based on the last official census of India, conducted in 2011. During this period, there has been some reorganisation of district boundaries, due to state executive or legislative fiat. It is important to acknowledge that the multiplex concept has transformed the Indian urban landscape, raising the quality standards of film entertainment to world-class levels. Any criticism of its business model should not be misconstrued as a complete dismissal of the significant achievements accomplished by this new generation of operators.

The paper attempts to make a case for more than one business model in a complex film market like India, especially after the developments post 2020, when the multiplexes faced competition from invigorated digital streaming platforms and resistance from moviegoers wary of the risks associated with visits to the cinema theatre. In that sense, the low-priced film entertainment market can be both an opportunity and a "de-risking" strategy for the multiplex operators. However, it must be also noted that their ability to invest in CAPEX is severely limited in the absence of any worthwhile revenues.

[73] Interview with Mr. Akhil Vaidya, who builds and currently operates the Mayur Cinema complex in Balaghat, an interior town in Madhya Pradesh state in India.

[74] R. Singhal, *An overview of taxation on media and entertainment under Goods and Services Tax*, iPleaders, September 25, 2021, <https://blog.ipleaders.in/an-overview-of-taxation-on-media-and-entertainment-under-goods-and-services-tax/>, accessed: 26.08.2021.

[75] Report published by Ernest & Young in 2019. Commissioned by the Federation of Indian Chamber of Commerce and Industry.

The unlocking of the lower end of the film entertainment segment will also require the support of the government through a restructuring of the tax and incentives regime, the implications of which in India are too complex to be included in this paper. Suffice to say that the country has the highest GST rate for entertainment in the world, at the maximum slab of 28% (both pre-GST and post GST)[76] and there is a dire need for a “single window clearance” to avoid double taxation.[77]

Another equally complex area involves the disparate taxes, rebates and incentives in various states. For instance, the Hindi film *Bunty aur Babli* (*Bunty and Bubli* , 2005, a Bonnie and Clyde-type heist movie, without the macabre violence, but with songs and romance) was given tax-free status by Uttar Pradesh. But, *Jaana… let's fall in love* (*Lover…let's fall in love*, 2006, Rehana Khan), a film about the ills of smoking, was refused the same incentive. Tamil Nadu, in 2006, announced a tax exemption for any movie with titles in Tamil. The movie *Something Unakkum Enakkum* (*Something between you and me*, 2006, title with English and Tamil words) was changed to *Unakkum Ennakum* to be eligible for the exemption. A series of self-aggrandising films by a self-proclaimed godman Gurmeet Singh was exempted from tax by the Rajasthan state, though he did pay a different kind of price by being jailed for rape.[78]

This paper is a preliminary foray exploring the immense possibilities for unlocking the value of film entertainment in India.[79] Further studies proposed on the topic can involve a quantitative study of pricing points and an exhaustive qualitative review of the technological options (with significant design-related inputs) in order to develop a low-cost, efficient, no-frills and contemporary “multiplex design” suited for low-priced film exhibition. Clearly, the challenge of reimagining and realigning the multiplex business model will depend on several other factors, such as the support of the state and central governments, as well as local municipal authorities. If there is a concerted effort by all the stakeholders, we may yet see a reset in the film entertainment landscape in India. This would give millions of low-income customers a deserving place at the high table of film entertainment.

[76] K. Iwanek, *Why are some Indian movies made tax free?*, The Interpreter, 27 March, 2018, <https://www.lowyinstitute.org/the-interpreter/why-are-some-indian-movies-made-tax-free>, accessed: 28.12.2021.

[77] I would like to acknowledge the contributions of Dr Baidurya Chakrabarti for editing assistance and Mx Supriti Malhotra for help in sourcing some of the data.

[78] The states of Bihar, Maharashtra, Rajasthan and Uttar Pradesh have been historically very low in all development parameters but they are dominant in electoral politics, constituting about 30% of the land area, hosting about 40% of the country's population.

[79] Andhra Pradesh, a dominant Telugu-speaking state, was divided into Andhra and Telangana. Though the language and culture of the states are similar, there are historical intrastate differences.

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