12.1 Peculiar Features of the Film Industry:

The foregoing study of the Marathi film industry against the backdrop of the Indian film industry is attempted on the basis of certain peculiar characteristics of the film industry. Production of every film is an artistic venture and like any other form of art, there can not be generalisation about public acceptability of such venture. Yet, public acceptability is the barometer of the success of a film because the film production involves use of costly scarce inputs, large investment and sophisticated technology. Hence, the main concern of the film producer is to sell his commodity to the public, to recover his cost and possibly make profit. Thus, the film making ceases to be an individualistic pursuit of art and it emerges as a major industrial activity. Its special status as an 'art-industry' makes the outcome uncertain. Therefore, the study of film industry becomes an analysis of decision making under the conditions of uncertainty.

The commodity which producer wants to sell to the public is the recreational service, an audio-visual experience in the darkened cinema hall. Hence, the final output of the commodity takes place in the cinema theatre and the print of the film is only an input used by the theatre to produce its final output. However, the salability of this final output depends
almost exclusively on the quality of the input—the feature film. Hence, in the film industry, production and marketing are organically linked to each other. Bearing this in mind, a study of the film industry cannot be complete without the analysis of production, distribution, and exhibition of films and their interrelation to each other.

12.2 Lessons From the History of the Indian Film Industry

A historical review of the Indian film industry bears testimony to the fact that the industry has attained spontaneous growth ignited by the spirit of adventure of the indigenous entrepreneurship. Such entrepreneurs were eager to seize the opportunity offered by the new technology and ready to take the risks involved. They produced films to suit the entertainment requirements of the Indian masses, which were firmly implanted in the cultural tradition of the Indian Society. They did not raise the bogey of foreign competition nor did they wait for the Government to extend its assistance to the industry during its infancy. The Indian film industry has attained its present stature through its historical growth process within the laissez-faire system with no central direction and no government protection, and in fact, despite the discrimination by the foreign rule with its imperialist bias.

The industry has thus inherited its present strength and weaknesses from its chequered past of the laissez-faire pattern of growth. Its strength lies in its capacity to survive against all odds; its indomitable spirit to weather all storms. Its
weakness lies in the unplanned decentralised decision making, ruthless pursuit of profits and conflict of vested interests of different sections of the industry. The myopic behaviour and 'after me deluge' attitude of the entrepreneurs have made the industry, 'a smoothly running anarchy'. Despite these weaknesses, the development of the Indian film industry is, indeed, a tribute to the ingenuity of these entrepreneurs. They took the country to the top in the film production all over the world. Its annual production of more than 900 feature films, its network of more than 12,000 theatres, its total investment of almost Rs. 2,000 crores and employment to more than 3 lakh workers and its hold over public psyche by catering to the demand of about 13 million viewers every day, are the achievements which have very few parallels in the modern economic history, and all this is achieved almost without State protection and without much institutional finance.

12.3. The Present State of Marathi Film Industry

However, this sense of euphoria vanishes when the study turns its attention to the Marathi film industry. Marathi film industry has retained most of the weaknesses of the Indian film industry but has failed to lay claim over its strength. The study provides evidence to establish the decadent nature of the industry in terms of semi-stagnant production, decline in the relative share in the box-office receipts and inability of majority Marathi films to cover meagre cost and to break even. While on one side, the history of the Indian film industry
boasts of its growth from within, without state patronage, on the other side, the fate of Marathi films hangs precariously on the financial assistance provided by the State Government. If this assistance is suspended, the number of Marathi films, which is already low, will further decline. Hence, it is safe to conclude that presently, the industry owes its existence largely to the financial assistance by way of the entertainment tax-refund.

12.4 The Entrepreneurial Base of the Marathi Film Production

For this sorry state of affairs, the entrepreneurship of Marathi film producers is partly responsible. It is found that the production budget of Marathi films is one of the lowest in India. It allows easy unrestricted entry for new entrepreneurs to produce Marathi films. Too many producers producing too few films characterises the industry. Easy entry is also instrumental to early exit of many of such adventurous producers. Hence, the number of Marathi films fails to record any impressive growth despite increase in the number of producers. The problem of easy entry of newcomers who are not committed film makers is endemic to the entire film industry in India, but in case of films in other Indian languages, it at least leads to larger number of films. The absence of any financial and technological barriers to produce Marathi films has certainly diluted the quality of entrepreneurship engaged in such production.

This dilution has its own ramifications—preponderence of one film producers, high mortality rate of the firms, a long time gap between two films of the same producer, uneconomically small
size of the firms producing the films, inefficient vertical integration between production and distribution of films due to inexpertise of producers in the distribution are a few observations of the study which confirm the slippery entrepreneurial base of the industry. These small-time producers have neither financial back-up nor technical and artistic competence to produce a film. Their intrusion in the production has resulted into sub-standard quality of Marathi films, with poor story content and limited range of themes based on the misconceived notions of the audience preferences. In the United States, big conglomerates like M.G.M. and Paramount have control on the production and distribution network. It limits the entry of independent producers. In India, especially in Marathi film production, the pendulum has swung to the other end, thereby causing excessive ‘democratisation’ of the production.

12.5 Risk-Avoiding Nature of the Producers of Marathi Films

The analysis of investment decisions with categorisation between risk lovers and risk avoiders can be applied to the producers of Marathi films. Their behavioural pattern exhibits their anxiety to avoid risk in an industry where uncertainty is the only certain thing. The Marathi film producers, thus, represent a typical Marathi middle class approach to play safe even in business. Their concern to produce films within the straight jacket of a very low budget, their reluctance to start production of new film until the market results of the current film are fully known to them, their unwillingness to experiment new bold
themes, their resistance to release a film at the centres where they are not sure of the box-office response, their distrust in independent distributors and their policy to take only a few prints initially and then increase their number as and when demand arises—all these factors suggest the conclusion that financially, they are too ill-equipped to take any major risk. Of course, the risk aversion of the producers does not mean that they can actually avoid their losses. In fact, their overcautious approach can itself impose limitations on the commercial success of their films.

12.6 Tax-Refund Scheme and the Marathi Film Production

The study of the beneficial impact of the tax-refund scheme introduced in 1975 indicates improved performance of the Marathi film production in three specific respects.

1. There is a swift change-over from black and white to colour films by majority producers.

2. Average time taken to complete a film has declined.

3. The average budget of a Marathi film and the number of films annually produced have marginally increased and so the total remuneration to the artistes and technicians has also increased.

12.7 Cost Analysis of Marathi Films

Cost analysis of Marathi films brings out the following major observations.

1. Marathi films are produced with relatively low production cost and there is no much scope to reduce the cost without
causing further deterioration in the quality of films.

2. During the period 1974 to 1985, increase in the average cost of Marathi films has registered a higher rate as compared to the rate of increase in the general price level. Therefore, there is some increase in the quantity and quality of inputs used in the production.

3. There are wide variations in the production cost ranging from Rs. 2 lakhs to Rs. 15 lakhs which stress the heterogeneous character of the film production.

4. The remuneration to artistes and technicians form only about 20% of the total production cost, whereas in the production of Hindi films they are sometimes about 50%. This explains the eagerness of Marathi artistes to migrate to the Hindi film world. Similarly, hardly 2% of the production budget is spent for story, script, dialogue and lyrics which speaks for the indifferent quality on this score.

5. The outlay on the raw film and processing is the single most important component of the total cost. Therefore, for a low budget Marathi film, taxes on raw film form a larger portion of total cost which highlights the regressive nature of such taxes. Similarly, the outlay on raw film and processing being so high, the value added in the production of Marathi films is relatively small.

6. During the period under study, there is a steady change over to technology of the film shooting on 16 mm negative and its blow up into 35 mm positive. This innovation prevented a
sharp increase in the outlay on raw stock inspite of spurt in their prices.

7. Shifts from studio shooting to location shooting has reduced the relative significance of studio rent and increased the outlay on transport, lodging and boarding.

8. The producers have been able to reduce their production cost by shooting their films at Kolhapur instead of in Bombay.

9. Inspite of a steady rise in the publicity charges, the total outlay on publicity has remained almost constant. It suggests unitary elasticity of demand for publicity, and it discloses the fact that at least for Marathi films, the net box-office receipts can not increase much by resorting to more publicity.

12.8 Pattern of Financing of Marathi Films

The pattern of financing Marathi films depends on the status of producer, whether he is a new producer or an established one. In case of a new producer, bulk of finance stems from his own resources or from private loans by his friends, relatives and professional financiers. In case of these new producers, who are established in some other line of business, they get bank loans against the security of their assets acquired from other business. Thus, in essence, it represents the inflow of funds from other business into film production. As the distributors usually evince no interest in the films produced by a new lesser known producer, finance by way of advance by the distributor is negligible. It is found that a new
producer produces his first film in much lower budget because of tighter financial constraints.

The financing of films produced by the established producers is cheaper and smoother because these producers can avail of the financial assistance in terms of tax-refund. Their eligibility to get such refund also attracts institutional finance mainly from commercial and co-operative banks. As they inspire confidence in the industry, they also have access to trade credit by the suppliers of inputs that go into the film production.

A study of the pattern of financing of Marathi films lends itself to following observations:

1. Distributor, who is the main source of finance in the production of Hindi films, has faded into insignificance in case of Marathi films.

2. The State Government has emerged as the most important single source of finance. About 53% of the producers, who are one film producers, have no recourse to this finance. However, the successful producers can recover 80 to 90% of their total production cost from the tax-refund. Their borrowing from banks and other sources is mostly in the nature of stop-gap arrangements till the refund is actually disbursed.

3. The producers entitled to the tax-refund can procure bank finance more easily as they promise to repay loans out of the instalments of tax-refund. Since the tax-refund improves the profitability of Marathi films, their projects appear more viable.
which prompts banks to consider their requests for loans more favourably.

4. It is found that the Marathi film producers are relatively in a better position to mobilise funds required for their production. As the bulk of finance is received as the non-repayable grant from the Government, cost of capital is lowered and the incidence of interest burden is less than 10% of the total production cost.

5. The National Film Development Corporation (NFDC) which is the prime source of finance for artistic films in India, has practically left out Marathi films in its production finance programme. In 12 years since 1974, only two films in Marathi, one of them produced by the NFDC itself, could get the finance from this source. It has two implications. (a) Marathi producers have had no plans to produce artistic films or (b) they have easier alternative sources of finance and hence they do not care to woo the NFDC for the loan.

12.9 Low Marketability of Marathi Films

The main problem for the Marathi film industry is low output in terms of the attendance and box-office receipts. Majority Marathi films incur losses and those which manage to break-even can do so mostly because of the tax-refund. The successful producers who can make profit even without the financial assistance of the Government are not even 5% of the total number of 146 producers having produced 230 films.
This problem has basically two dimensions. In the first instance, the gross box-office receipts of Marathi films are low and secondly, the share of producers in these gross receipts is a small fraction which makes the production of Marathi films a losing proposition. The analysis of this problem indicates that the poor marketing of Marathi films can be attributed to three sets of problems.

1. Factors related to low level of demand for Marathi films on account of the competition from the other media:—The competition from the Hindi films is the single most important factor reducing the audience of Marathi cinema. The similarity between two languages, widespread exposure to Hindi in all walks of life, big budget and star value of Hindi films with their ability to provide high voltage entertainment, lack of loyalty to the Marathi language by the Marathi speaking population, historical domination of Hindi in Vidarbha and Marathwada, accompanied by a generally poor audio-visual standard of Marathi films are the factors which have slowly led to the erosion of mass support to the Marathi film. Similarly, lack of universal appeal of the themes of Marathi films has adversely affected the performance of Marathi films outside Maharashtra as well as in the export market. The problem is further aggravated by the competition from the Marathi stage and other musical entertainment programmes which are gaining popularity even in the mofussil area. The emerging threat of the T.V. and video has added to the woes of the Marathi film industry.

2. Factors related to the organisational shortcomings of the
industry:

a) Maharashtra is the only state in India which is segmented in three different distribution territories. Hence, a distributor distributing Marathi films in the Western Maharashtra and Konkan has no access to the Vidarbha market which falls in the CPCl territory and to the Marathwada market which is the part of the South territory. The archaic demarcation of the distribution territories has thus affected the mobility of Marathi films even within Maharashtra.

b) The Marathi producers who undertake the distribution of their own films do not have expertise and patience to cover all the centres in Maharashtra. It is found that majority films do not exploit even 50% of the centres which potentially provide market for Marathi films.

c) Shortage of theatres and high theatre rentals are responsible for the non-release of Marathi films at places where prospects of net overflow to the producer are not so bright. Similarly, because of high theatre rent, the producer can not run a film for a longer duration. This factor has restricted gross box-office receipts and at the same time also reduced the producer's share in these receipts. As Hindi films compete with Marathi films to get the limited number of theatres available in Maharashtra, the timely release of Marathi films is made difficult. The problem is compounded because of the emergence of big theatre chains which indulge in the monopolistic practices against which Marathi producers have no countervailing power.
Factors related to the Government policy:—During the period under study, incidence of the entertainment tax was highest in the Maharashtra State. The tax rate is same for both Hindi and Marathi films. Therefore, the Marathi films could not enjoy any price advantage. The high rate of the entertainment tax was also responsible to have high admission rates thereby preventing a larger audience for the cinema. Besides, high tax rate took away 50% to 60% of the gross collection which further reduced the producer’s share. The Government scheme of financial assistance to the producers of Marathi films provides no benefit to the viewers of Marathi films and no incentive to the exhibitors to screen Marathi films. In the recent past, the video piracy raised its ugly head and provided cheaper substitute for the films in the cinema hall and like Hindi films, Marathi films have also experienced drop in attendance. The Government could not enforce punitive action against the video piracy which has caused more damage to the Marathi film industry than what is so far realised. Similarly, the Government apathy to the problem of theatre shortage has maintained the basic imbalance between the production and exhibition sectors. Moreover, the tax-refund scheme in its existing form has slackened the distribution efforts of the Marathi film producers. The tax collected outside the state does not make a producer eligible for its refund. Hence, the producers make no efforts to release the films outside Maharashtra. A relatively easy access to the tax-refund has increased the lethargy in the
marketing efforts which manifests itself in the poor export performance of the Marathi films which have less than 1% share in the total exports of the Indian feature films.

12.10 Taxation of the Film Industry

The study of the taxation of the Indian film industry indicates that major portion of the total box-office receipts is taken away by the Union and the State Governments by way of different taxes. The taxation by the Union Government is mostly confined to the custom duty on the imports of raw-stocks and cine equipments, excise duty on the prints of the films and quasi-taxation levies like the I.N.R rental and canalisation fee for imports and exports collected by the NFDC. The main tax burden is in the form of the entertainment duty levied by the State Government. In Great Britain, this tax is totally abolished. In the U.S.A. it is nominal, whereas in India, its incidence was found to be in the range of 50% to 180% of the net admission rates.

During the period under study, Maharashtra had the dubious distinction of the highest rate of the entertainment tax among all the Indian states. In the context of the tax structure, the study has made following observations.

a) The Government has tried to increase the tax revenue through the vertical rise in the tax rates rather than through the horizontal expansion of the theatre network.

b) High tax rates have made the film production more speculative. In order to recover a relatively small amount of
production cost, much larger box-office collection, almost as high as five to six times the production cost, is required. It encourages the production of formula films leaving no scope for artistic cinema for the marginal audience.

c) High tax rates are counter-productive for the Government, because the tax revenue does not increase much, due to lower occupancy at the cinema theatres.

d) Such high rates have made the theatre construction un-economic, especially in the big cities. The exhibitors are reduced to the status of honorary tax collectors of the Government.

e) Not only the tax rates are high but the procedure of tax collection is clumsy and it involves lot of accounting work for the exhibitor and gives scope for bureaucratic hassles on one side and the tax evasion on the other side. Hence, the tax system requires rationalisation.

One major step in the direction of rationalisation is the compounding system of the tax. In this system, the tax is collected as a fixed percentage of the gross house-full collection capacity of the theatre, regardless of the actual attendance in the theatre. In the states like Tamil Nadu, where it was first introduced, the system yielded good results. The expansion of the theatre network gathered momentum, the producers and distributors had a larger share in the box-office receipts and at the same time, tax revenue also increased. In Maharashtra, the scheme is introduced on the optional basis since

12.11. Taxation Problems of the Marathi Film Industry

Regarding the impact of taxation on the Marathi film industry, the findings of the study are:

1. The custom duty and other taxes on the raw film posed higher burden for Marathi films because of higher raw stock component in their production cost.

2. If the financial assistance received by the producers is included in their income and subjected to the income tax, much of the advantage of the tax-refund scheme is lost.

3. In the neighbouring states of Gujarat and Karnataka, there is partial tax exemption for the regional films. In Maharashtra, there is no such exemption for Marathi films and so the total audience of the Marathi films is limited.

4. The compounding system of tax is likely to affect Marathi film producers adversely for two reasons.

(a) The exhibitors may prefer the films in Hindi which have more potential to reach house-full capacity.

(b) A lower tax rate may lead to lower collection of the entertainment tax from Marathi films. Therefore, the amount of tax-refund may be correspondingly reduced.

12.12 Promotional Measures of the State Government for the Marathi Film Industry

The study of the production and marketing costs of Marathi films and their box-office receipts has clearly indicated that at the present juncture, the Marathi film industry can not survive
without the state assistance. At present, this assistance is mostly in the form of the financial assistance through the tax-refund of the previous film. The probe into the scheme has led to the following observations.

1. The scheme is on the lines of the scheme, introduced by the British Government to help the production of British films. The assistance under the scheme is contingent upon the production of the next film by the same producer. It creates vested interests among the producers to remain in the production line.

2. The scheme has provided assistance to the tune of 40% of the total investment in the production of Marathi films during the period under study.

3. The scheme offers no relief to the new producers producing their first film and since the amount of assistance is linked with the box-office collection, it takes no cognisance of the artistic worth of the film.

4. The scheme provides no incentive to the exhibitors to screen Marathi films. In fact, they are as important a constituent as the producers in the marketing of film as a service to the ultimate consumers.

5. The scheme has facilitated more institutional finance to Marathi films and has somewhat reduced the mortality rate of the film producing firms.

The Marathi film producers do not want the scheme to be replaced by the tax exemption to the Marathi films. It highlights
their risk aversion and their lack of confidence in increasing audience through lowering of the admission rates. Besides the tax refund, the producers of Marathi films get 50% concession in the charges of studio and equipment rental at the Film City in Bombay. In Kolhapur, the Chitranagari gives similar concession in the equipment hire. The concession at the Film City has not led to much larger use of these facilities by the Marathi producers, except for the dubbing theatre and few equipments.

The proposal of promoting a new studio complex and other infrastructure by the Chitranagari at Kolhapur has made very slow progress. The project would definitely benefit the Marathi film producers. However, it would amount to duplicating the same facility because Kolhapur already has two studios with gross under-utilisation of the capacity. From the Government point of view, the Chitranagari project is not likely to be commercially viable in the foreseeable future. If Government wants to undertake the project, it should be with the clear recognition that it is a merely promotional activity with no returns expected in relation to the quantum of investment made.

In Maharashtra, the State Awards to Marathi films are devoid of much glamour, prestige and monetary gains. As the total number of Marathi films is itself small, many films can get State Awards in one or the other category without much competition. Besides, the winning of award does not help to create more demand for such films. Marathi films have failed to get National Awards during the period since 1974. In fact, the
National Awards are more useful in terms of the prize money, higher royalty for their telecast and better prospects for their marketing in India and abroad.

12.13 Observations Regarding the Present Plight of the Marathi Film Industry

All this study of the Marathi film industry has led to two important conclusions.

1) The co-existence of both Marathi and Hindi film industry in Maharashtra has discouraged the growth of Marathi film industry rather than fostering it. This has happened from both supply and demand sides. On the supply side, there is exodus of talented artistes and film makers from Marathi to Hindi cinema and a general escalation of cost because of higher prices offered by the Hindi films to various input services. Similarly, on the supply side, the available exhibition outlets are diverted from Marathi to Hindi films which is responsible for low box office collections of Marathi films. Thus, within Maharashtra we have a dualistic picture of film industry in which Marathi film industry with low budget and low box-office popularity continues to co-exist with the Hindi film industry with its gigantic costs and extravagant life style.

2) No amount of state assistance can make a decadent industry stand on its own legs. The long-term solution to the economic ills of the Marathi film industry lies in the renewed popularity of Marathi films among the Marathi speaking population. This itself depends on the cultural renaissance in
Maharashtra and the resurrection of the linguistic heritage of Maharashtra.

12.14 Objectives Underlying the Policy to Develop Marathi Film Industry

With a view to develop Marathi cinema, some useful recommendations are made by accepting the following objectives.

1) Any policy which wants to promote Marathi films must not hamper the general development of the film industry in Maharashtra, because for the investment and employment, the continued expansion of the film industry is more important. The Government, therefore, must prevent exodus of film industry from Maharashtra to other states.

2) The development of Marathi film industry must be viewed as an endeavour to preserve the cultural heritage of Maharashtra and therefore Government should not judge the effect of its policy only in economic terms.

3) The total number of Marathi films annually produced must increase. It is hoped that with general increase in the number of films, the number of artistic good quality films would also increase. The experience in India and abroad suggests that it is not possible for the film industry anywhere to produce only good films and shed a long tail of bad and indifferent films. The Malayalam and Kannada films which have grown in number also include some outstanding artistic films or award winning films.
12.15 Recommendations Regarding State Assistance to the Industry

In order to realise these objectives the following policy measures are proposed.

1) The Government of Maharashtra should recognise film production as an industrial activity and the production of Marathi films as a small scale industry. Without waiting for the response from the Union Government, the State Government can direct the Maharashtra State Financial Corporation and Maharashtra State Co-operative Bank to extend institutional finance for the production and exhibition of Marathi films in Maharashtra. As these two institutions have relatively large financial resources, it is possible for them to meet the capital requirements of Marathi film industry without refinance from the IDBI or the RBI. Similarly, the Government can provide electricity, land and similar facilities for the production and exhibition of Marathi films at a concessional rate.

2) The market for feature films in Maharashtra does not seem to have grown adequately because the share of Maharashtra in the box-office receipts has somewhat declined in the recent past. This is mainly due to the crippling taxation under which the maximum rate of entertainment duty along with the surcharge had been up to 177%. Though since January 1987, the entertainment duty rates are reduced and surcharge abolished, there is scope for further rationalisation of entertainment duty system.

In this context, the system of tax compounding should be
Adopted in all the areas including the Municipal Corporation areas and the tax rate under the compounding system in the Municipal Corporation areas should not be higher than 50% of the gross house-full capacity, on the basis of a fixed number of shows per week. In other areas, the maximum tax rate under the proposed system should be 30%. This system would reduce tax evasion and give incentive to have more shows than the number fixed for the compounded tax and thus a larger turnover of the audience will follow.

To check the video piracy through fiscal means, Government should introduce compounded tax for all video parlours, including those, in the Municipal Corporation areas. Similarly, there should be a lump-sum licence fee of Rs. 1000 per year on all video cassette libraries. In the past, the State Government had introduced a tax on T.V. sets which was held constitutional by the Bombay High-Court. This tax is now withdrawn. However, a similar tax can be introduced for video cassette recorders and players used for the private domestic purpose. As it is estimated that there are more than 5 lakh household video sets only in Maharashtra, such tax can compensate for a part of revenue loss through the relief in the entertainment tax and at the same time would bring some financial constraints on the video viewing of the films.

3) The existing tax-refund scheme for the Marathi films should continue for another ten years. However, along with the tax-refund there should also be partial tax exemption and cash
subsidy to the producers of Marathi films. A partial tax exemption at the rate of 50% of general tax should be applicable to Marathi films. Such tax exemption would provide relief to the audience of Marathi films and at the same time the producers will be required to intensify their marketing efforts to collect the sufficient amount of tax so that they can be eligible for the maximum tax refund. The Government revenue is not likely to record any appreciable decline due to such tax exemption. The cash subsidy of Rs.1 lakh per colour film and Rs. 50,000 for black and white film should be given to all Marathi films produced in Maharashtra regardless of the tax collected from those films. However, this amount of cash subsidy should be adjusted against the amount of tax-refund for the next film. Such a measure will help the producers of artistic films who may not be able to produce next film or may not have sufficient tax collection to get refund.

4) The existing tax-refund scheme should incorporate following reforms.

a) The maximum amount of tax refund for Marathi colour film should be increased from Rs. 8 lakhs to Rs. 10 lakhs and for a black and white film from Rs. 4 lakhs to Rs. 5 lakhs. This has been made necessary in view of a general increase in the production cost of Marathi films.

b) At present, there is an informal ceiling limit of Rs. 24 lakhs for the assistance to any single producer. This limit should be totally withdrawn, because such ceiling militates
against the principle of efficient production of a large number of films by a successful producer. Just as a recognised export house can earn any amount of export subsidy depending on its export performance, a reputed film producer should also be eligible to get the assistance as long as he is producing Marathi films and his films comply with all the rules of the scheme. The purpose of the scheme is not the equitable distribution of the assistance among the producers but to encourage the film production in Marathi. However, if an established producer has already received the total assistance of Rs. 70 lakhs under the scheme, the tax-refund of Rs. 10 lakhs should be available to him, only if he produces two subsequent films. If he produces only one subsequent film, he should be eligible for the tax-refund of only Rs. 5 lakhs.

c) In order to motivate the producers of Hindi films to undertake the production of Marathi films, the tax collected from their Hindi film should be refunded upto Rs. 10 lakhs for their ensuing production of Marathi film.

d) At present, the scheme has no incentive for the exhibitors to screen Marathi films. In view of the fact that the Marathi films are not much exhibited in Vidarbha and Marathwada, it is necessary to increase their marketability in these regions. It is, therefore, proposed that 50% of the entertainment duty collected from Marathi films in these regions should be refunded to the exhibitors of these films. This concession would not reduce the share of producers in the tax-refund because
anyhow, very few Marathi films are released at very few centres in these regions. If because of the proposed incentive, there would be more wide-spread screening of Marathi films, it would, in fact, increase the tax collection of Marathi films and even the remaining 50% share which will go to producers can increase the absolute amount of their tax-refund.

e) Alternatively, the producers releasing their films in these regions, should get some added incentive. For that, the 100% of tax collected from these regions should be used for the tax-refund, whereas for the Western Maharashtra and Konkan the existing slabs of tax-refund should continue.

f) The producers of award-winning Marathi films should have the option of total tax exemption or 100% tax-refund up to the limit of Rs. 10 lakhs.

It is true that these changes would increase the financial burden on the state exchequer. However, the tax collection from Marathi films is only 5% of the total entertainment tax revenue in Maharashtra and out of this 5%, Government would provide the proposed finance. Therefore, it is only ploughing back of the income received by Government from the Marathi film industry for its betterment. When there is no entertainment tax on the Marathi stage performances, there is no justification to have similar tax on the Marathi films. However, as this tax continues to be levied, there is no harm in using a part of it for the Marathi cinema.

5) Maharashtra lags behind the Southern states in the
expansion of theatre network. In order to encourage the theatre construction, a crash programme should be implemented under which Government should provide tax holiday for 5 years for newly constructed theatres. Such holiday should be on the following lines.

a) 90% of the entertainment duty paid in the first year.
b) 80% of the entertainment duty in the second year.
c) 60% of such duty in the third year.
d) 50% of such duty in the fourth year.
e) 25% of such duty in the fifth year.

It should be recalled that the State Government has nothing to lose through such tax holiday because a more vigorous expansion of the theatre network would eventually increase the state revenue from the entertainment tax.

Besides tax holiday, it is necessary to simplify the rules governing cinema theatres. It is specifically recommended that the existing theatres in the Municipal Corporation limits should be allowed to use a part of their cinema plot for the commercial complex so that running the theatre can be more profitable. The restrictions regarding fire safety standards are outdated and they should be scrapped. The rules regarding the parking area and the space used per seat should be liberalised to increase the seating capacity.

To provide the institutional finance for the theatre construction, the NFDC and Maharashtra Film, Stage and Cultural Development Corporation should devise a joint scheme under which
the repayment of loan given by the NFDC should be guaranteed by
the latter.

A theatre which has received all these facilities should be
required to reserve 25% of its playing time for the exclusive
screening of Marathi films for which the theatre rent should be
on the percentage basis out of net box office collection.

The Government should undertake the construction of cinema
theatres for the screening of Marathi films. At present, the
Marathi films experience acute shortage of theatres mainly in
Bombay and surrounding areas. Therefore, initially such theatre
construction should take place at Dadar, Vile Parle and Thane
where Marathi speaking population predominates. Presently, the
government runs three drama theatres like Ravindra Natya Mandir.
Therefore, the running of cinema theatres should not be opposed.
At other places, the possibilities should be explored to involve
the Municipal Corporations in the construction and management of
such theatres.

The idea of the promotion of 16 mm theatres in the rural
area is mooted for a long time. In view of the video technology,
this idea has lost much of its relevance. In the rural area, the
video parlours and occasional hire of video sets for the
communal viewing of cinema have reduced the need for such 16 mm
theatres. Therefore, Government need not waste its resources for
the promotion of such theatres. Instead, Government should
devise a scheme for the educated unemployed to run video
parlours for which the finance can be made available through
co-operative banks. For such authorised video parlours, the censored video cassettes of Marathi films should be lent by the Maharashtra Film, Stage and Cultural Development Corporation. For this purpose, the Corporation can purchase the video cassettes from the authorised right-holders on the wholesale basis. This would provide additional source of income to the producers of Marathi films and at the same time, restrict the use of pirated cassettes in the video parlours.

6) The Maharashtra Film, Stage and Cultural Development Corporation and Directorate of Culture, Maharashtra State have presently considerable overlapping of the functions. It is, therefore, proposed that the Maharashtra Film, stage and Cultural Development Corporation should be converted into exclusive Maharashtra Film Development Corporation and the functions of stage and other cultural developments should be entrusted to the Directorate of culture. The proposed Corporation should have responsibility to grant and to disburse tax-refund and to sanction tax exemption to the films, to run the Film City complex, to finance the theatre construction and to build a network of authorised video parlours in the rural area. The function of arranging Marathi film festivals and selecting award-winning Marathi films should also be performed by the same Corporation. The present 50% concession for the use of studio, equipments and editing as well as dubbing and recording facility should continue. Besides, the Corporation should extend credit facility for the services to those Marathi
film producers who are eligible for the tax-refund. This will reduce capital requirements of Marathi films and at the same time ensure better capacity utilisation of the existing facilities at the Film City.

The Corporation should explore the possibilities to provide finance for Marathi film production by augmenting its resources more efficiently.

7) The Chitranagari at Kolhapur should first concentrate upon the equipment hire and the construction of dubbing and recording theatre. Under no case, the processing laboratory should be set up at Kolhapur as such facility is adequately available in Bombay. The studio complex by the Chitranagari should also be accorded low priority, because the two private studios are already available for the shooting of Marathi films.

12.16 Recommendations Regarding the Internal Restructuring of the Industry

Of course, mere state patronage can not rehabilitate Marathi film industry. It calls for the internal restructuring of the industry. Hence, the following recommendations are made to increase the efficiency of the Industry.

1) The film industry in general and Marathi film industry in particular, requires self-regulation to avoid the entry of adventurist producers in the film production. Though licensing of producers can not be contemplated at this stage, the Marathi Chitrapat Mahamandal should be more effective to control the working of the industry. It should set up a cell to collect the
necessary data of the production activity, to settle the dues of producers to artistes and technicians, and to examine the bona fides of the new producers. As present, the Mahamandal has to certify the membership of the producer without which he can not be entitled to tax-refund. Before issuing such certificate, the Mahamandal should satisfy itself about the credentials of the producer.

A producer can get the raw stock only after the Steering Committee of the Mahamandal recommends for it. Before making such recommendation, the Mahamandal should take into account the previous production record of the producer, in case of those who are already in the field. The Mahamandal should examine the state of planning and preparation for the film project including availability of script, financial plan, actual shooting schedule and signed contracts along with clear indication regarding the availability of dates from the main artistes and technicians.

2) The producers of Marathi films can win back the audience only if they increase the quality of their films by (a) increasing the production budget over minimum threshold level to make it comparable with at least other regional films in India. (b) having systematic market research to gauge the audience preference and by improving the story and dialogue content of the films. In this respect, it is necessary to avoid the imitation of Hindi films by producing Marathi films with their own identity. Special efforts should be made to attract audience from younger age groups towards Marathi films.
3) Marathi film producers should switch on to the shooting of films on the 16 mm negative and then blow them up into 35 mm prints. The enquiries made with the experts confirm both cost and quality advantage of this new technique.

4) The producers should explore the possibility of co-operative construction of theatres for the exclusive screening of Marathi films. Such vertical integration can reduce the exhibition cost and ensure orderly release of Marathi films. Similarly, the concept of co-operative publicity should be implemented to avoid excessive dependence on the private publicity agents. However, there should not be any attempt to produce films through co-operative society, because the individual initiative of a creative film maker may be stifled under such co-operative framework. The past experiment of co-operative production of Marathi films has always ended in financial disaster.

5) The firms producing Marathi films should also undertake the production of Marathi T.V. serials. This would bring financial stability for them with the help of steady income and at the same time, they can have uninterrupted production activity.

6) The present segregation of Maharashtra in three distribution territories should be avoided through the reorganisation of the distribution system. At least for Marathi films, the entire state of Maharashtra should be treated as one single territory and there should not be any obstacles in the
mobility of films from one region to another. This will allow the economies of large scale in the field of distribution and improve the marketing of Marathi films in the Vidarbha and Marathwada regions.

7) The Marathi Chitrapat Mahamandal should take the cooperation of Film and Television Institute of India, to provide reorientation training to the technicians and artistes employed in the Marathi film production. If these technicians become conversant with modern production techniques, the quality of Marathi films can improve.

8) In order to create more audience attachment to Marathi films, it is necessary to promote Marathi film culture through the Film Societies throughout the state. These societies should organise the festivals of old Marathi classical films to make the younger generation aware and proud of the rich heritage of the Marathi film industry. The management of schools and colleges should be associated with the film culture movement to win back this strategic age-group of the film going public. In this respect, the cooperation of successful film makers and popular Marathi cine-artistes should be sought. It is found that the roles of Marathi artistes in the Hindi TV serials have already earned popularity and some glamour for these artistes. It is necessary to consolidate these gains and to capitalise on their popularity to increase the audience of Marathi films. For this, the concerted efforts are required from the proposed Maharashtra Film Development Corporation, Marathi Chitrapat
Mahamandal and the producers and distributors of Marathi films. The Corporation should take lead in financing the preservation of the prints and negatives of the old Marathi films, because the budget of the National Film Archives of India is limited and it requires to be supplemented by the corporations at the state level.

9) The Government of Maharashtra had appointed a Committee of Secretaries to examine the problems of film industry in Maharashtra. The Committee made some useful recommendations to help the film industry in general. However, it did not consider special problems confronting the Marathi film industry. Hence, it is recommended that the Government should appoint a committee of experts to examine these problems and to make concrete suggestions to promote Marathi film industry.

A sustained campaign in all these directions can redeem the prestige of Marathi film industry and can slowly improve its box-office performance.