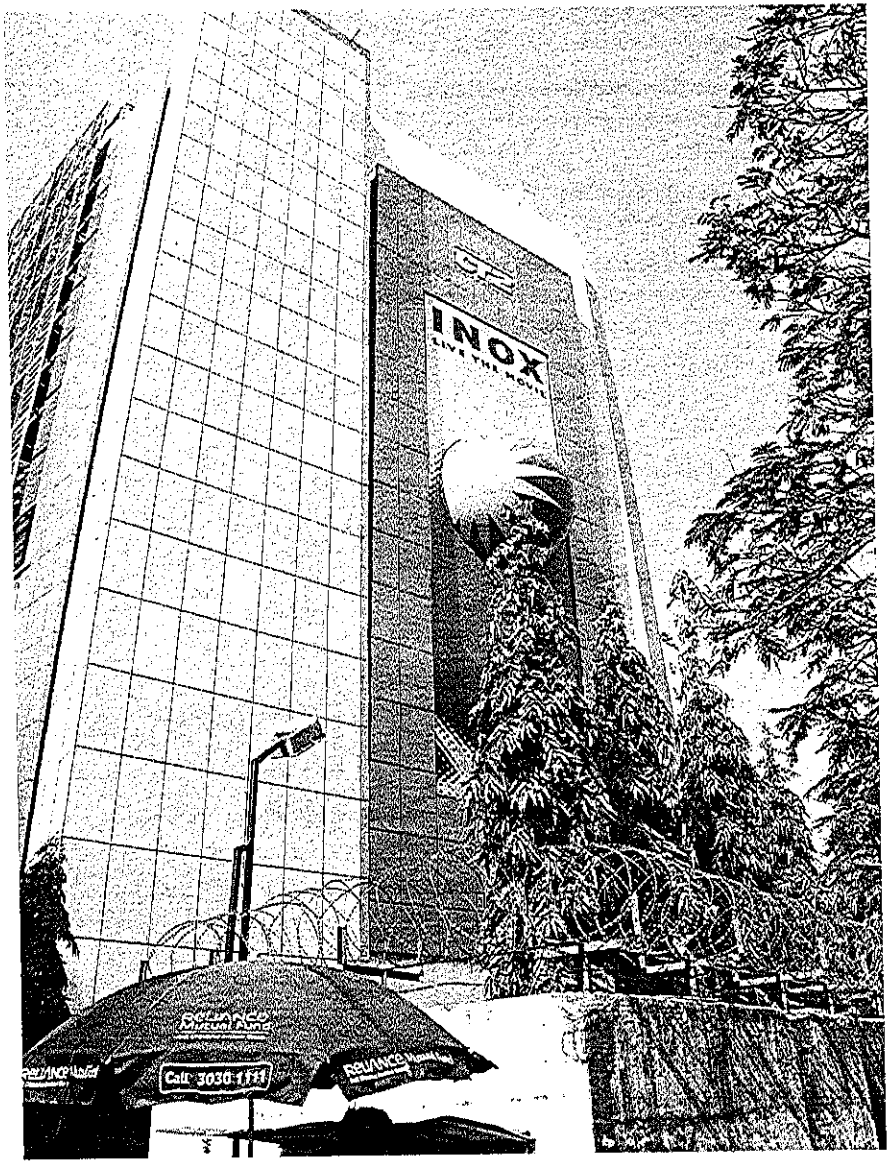

The Multiplex in India

A cultural economy of urban leisure

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While the changing nature of Indian politics, and particularly the growth of regional parties, led to the emergence of sectors of the disadvantaged populations as strategic vote-banks to be cultivated, some of the lower middle-class groups were also able to prosper in the wake of legislation that protected areas of the economy for small traders. Given the intense urban overcrowding and the difficulties of alleviating shortages of both finance and available space for new housing and infrastructure, these gains did not dramatically improve the immediate living conditions of these groups, but they did provide a degree of disposable income to be spent on leisure. Furthermore, recognising the social (and electoral) benefit of guaranteeing access to the cinema for the urban population, various state governments instigated legislation fixing ticket rates at an affordable level as well as requiring cinema halls to offer a set capacity (typically three rows) of seating at extremely low rates for the poorest. However, lower ticket prices also diminished the profits of exhibitors, which led to decreasing interest in the maintenance of the cinemas, with the physical deterioration of many urban cinemas highly apparent by the end of the 1980s.

For the more privileged sections of society, aside from the numerically tiny elite, these measures represented further gains for others which symbolically refuted their sense of entitlement over setting the norms for public culture and which practically diminished their access to urban leisure facilities. It would be an exaggeration to say that there were no theatres that continued to enjoy middle-class patronage during the 1980s, but it does appear to be the case that middle-class audiences had mostly vacated the central public spaces for theatres located within specifically middle-class colonies or suburbs (see Vasudevan 2003). Even here, the encroachment of itinerant settlements on open grounds further encouraged a sense of siege. Something that served to mitigate their declining participation in the cinema was the slow growth of television ownership amongst the upper middle classes and the advent of the VCR, which was taken up enthusiastically by these groups throughout the 1980s (Friedberg 2000). As such, reflecting on the 1980s for *India Today*, Madhu Jain observed that this was a decade in which 'the gentile class had retreated to the comfort of television and video', leaving cinema halls to 'the children of the mean streets' (Jain, 1990: 46).

The liberalisation era and the multiplex

The final, and therefore contemporary, period in the public history of the Indian cinema is the era of economic liberalisation in India, the push for a consumerist society and the return of the middle-class romance as the dominant theme of the Indian cinema. At the economic level, the era of liberalisation consists of policies that de-regulate areas that were previously heavily controlled by the state through a licensing system, policies that favour private investment, including foreign investment, as well as major revisions to the policy of import substitution in favour of an export-oriented approach. Initiated, originally in response to the growing frustration amongst India's economic managers about the pace of change during the 1980s, the wider economic crises that arose with the collapse of the socialist world

economy and an acute balance of payments crisis in 1991, the popular image of the contemporary era is that of a switch from a socialist to a free-market society. The identification of this new era in the public imagination of India should not imply that the pugilist terrain of the Indian cinema in the previous phase has been entirely overwritten by the new types of films and the new social values that have emerged since 1991. It is fair to say, however, that the 1990s and 2000s have constituted a moment in public culture within which the old logics of the all-India movie have been severely truncated by new technologies, a changing regulatory environment and new ways of imagining India.

These factors have all contributed towards a new economic logic for film exhibition that has made the multiplex cinema a viable proposition in India. Thus, there appears to be a ready parallel between the liberalisation of the economy and the return to prominence of romantic films of the kind currently associated with directors such as Yash Chopra and Karan Johar. In these glossy productions, the new superstar of Hindi cinema, Shah Rukh Khan, along with the various children of 1970s films stars, has been playing out a celebration of consumer affluence, cultural nationalism and international leisure travel over the past decade. These are themes which have proved massively popular with South Asian expatriate audiences overseas (whom, due to relaxed foreign currency controls, have now become a valuable source of income for the film industry) and with a broad range of the domestic middle classes. Even the formerly angry Amitabh Bachchan has been re-born (in films such as *Kabhi Khushi Kabhie Gham* (2000)) as the benign patriarch of a comfortable Punjabi elite mixing international wealth with Hindu revivalism and middlebrow sentimentalism. Thus, for Ronald Inden, the commercial Indian cinema of the 1990s has publicly addressed an explicit desire by the Indian middle classes to 'reclaim the cinema as a vehicle for representing themselves not only to themselves but to the nation and the world' (1999: 64). This shift in the imagination of the Indian cinema finds a ready parallel in the contemporaneous remaking of urban space, where

> Government policy, at the level of the states and even the municipalities, has been directly affected by the urgent pressure to connect with the global economy and attract foreign investment. The result has been, one the one hand, greater assertion by organisations of middle class citizens of their right to unhindered access to public spaces and thoroughfares and to a clean and healthy urban environment. On the other hand, government policy has rapidly turned away from the idea of helping the poor to subsist within the city and is instead paying the greatest attention to improving infrastructure in order to create conditions for the import of high technology and the new service industries. Thus, manufacturing industries are being moved out beyond the city limits; squatters and encroachers are being evicted; property and tenancy laws are being re-written to enable market forces to rapidly convert the congested and dilapidated sections of the old city into high-value commercial and residential districts.
>
> (Chatterjee 2004: 144)

It is in this context, and in a marked contrast to the downshifting trends in the exhibition sector over the previous two decades, that the multiplex has appeared in India's urban landscape. The multiplex cinema hall in India was instigated in the upmarket Saket district of New Delhi in 1997 through a tie-up between a local family-run exhibition concern, Priya Exhibitors Ltd., and Village Roadshow Ltd., a multi-national concern based in Australia. The site, PVR Anupam, was the result of a refurbishment of a large, old theatre into a multi-screen site modelled on the international standard of a multiplex facility – what has since been dubbed by the industry a 'retrofit'. According to PVR, the site 'was an instant success on account of its strategic location and first mover advantage' (PVR Cinemas 2006). Located in a suburban commercial district with manned security gates at its access points and surrounded by national and international retail franchise outlets, including McDonalds, Pizza Hut, Barista, Nirulas, Subway, Moti Mahal, Planet M, Lee and Reebok, PVR Anupam has proved highly popular with an upper middle-class crowd and has been one of Delhi's most profitable cinemas over the last ten years. The success of PVR Anupam prompted a number of other players to reconsider the opportunities in India's exhibition sector, where thousands of small, independent single-screen theatres were still largely catering to entrenched lower-class audiences. During the last five years in particular, investors have rushed to jump on the multiplex bandwagon, and in the process the entire landscape of film exhibition in India has been radically transformed.

The newfound willingness of the more affluent segments of the population to abandon their televisions and to patronise a facility like PVR Anupam indicated a rejuvenated market for upscale projects modelled on the format of the multiplex. These additions to the urban landscape have been appreciated by middle-class citizens seeking a better standard and wider choice of entertainment than that provided by the older large-capacity halls. Due to its smaller auditoriums, higher admission prices and its rationale of providing an entertainment menu, the multiplex has certainly had major implications for the film industry. In the first place, the multiplex has served to elevate the box office value of the middle-class public and therefore to underscore the pre-eminence of the contemporary aspirational mode of middle-class melodrama and the values that it espouses. At the same time, however, the multiplex has also provided a venue for niche middle class-oriented films in a range of styles not previously viable with the old mass public as well as ceding a much greater toehold for Hollywood films in the Indian market. It is upon this basis that Aparna Sharma claims that:

> Once in place, the multiplex developed a counter to the unitary propensity of the single screen hall, founded on exclusion, perpetuating homogeneity and cultivating committed audience segments. While single screen cinemas identify themselves with films of particular kinds, say the Hindi *masala* and blockbuster, the English, or the porn movie, the multiplex has capitalised on an inclusive tendency to motivate and assemble diverse audiences.
>
> (Sharma 2003)

Figure 2.3 PVR Cinemas at Saket in South Delhi. India's first multiplex since 1997. (Adrian Athique)

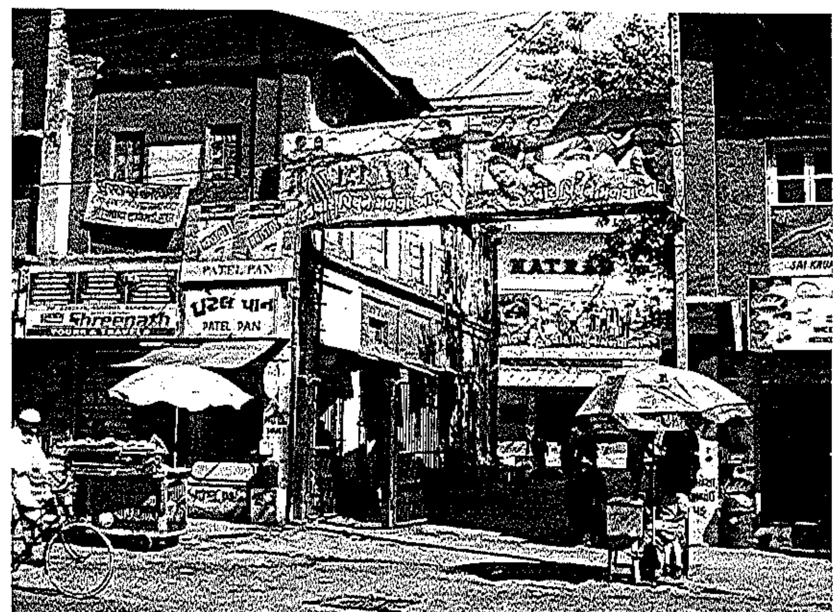


Figure 2.4 The Natraj, a single-screen cinema hall in Baroda, Gujarat, opened in 1970. (Adrian Athique)

This 'inclusive' tendency is predicated on a diversity of content arising at the expense of a more socially diverse audience. This is an outcome not only welcomed, but publicised, by the multiplex operators who know that the absence of the cheap crowd is a prerequisite for attracting the kind of patrons they desire. As with Srinivas' account of the earlier historical period, Ronald Inden has been able to demonstrate the sensibilities being associated with the multiplex through the use of public letters written to contemporary film journals:

> The addition of Movie Time Cinema (at Malad West) to the many, new, compact and highly-sophisticated cinemas in Mumbai's suburbs is welcome indeed. The tickets may be priced higher, at RS 75 or thereabouts, but the ticket rates are deliberately priced to keep unwanted elements away. These theatres cater to family audiences and the bubble-gum crowd and offer a variety of snacks and viewing comforts, even hygienic toilets. The fact that they are situated in the suburbs and screen the latest big films, is a major plus point.
>
> (in Inden 1999: 62)

The multiplex in India has thus been widely seen as responding to a latent demand amongst the upper middle classes for sufficiently sanitised and controlled public space where the behaviour of patrons corresponds with middle-class norms and where the overwhelming numerical superiority of the mob is mitigated. The multiplex has been marketed in India with specific regard to the long-standing middle-class anxieties that have arisen around the cinema hall. When the longevity of these concerns is taken into account, we have to take them seriously as indicative of an inherent difficulty faced by the cinema in a diverse society. Rather than simply decrying the advent of top-end facilities as exclusionary, it is important to remain acutely sensitive to both the gendering of public spaces and the critical shortage of leisure environments in India's cities. If the multiplex is finally providing a secure and socially acceptable space for middle-class women of all ages to enjoy out-of-home entertainment, then that can only be of social benefit. However, a critical response to these developments could diagnose these new operating conditions negatively as the beginning of more entrenched narrowcast taste cultures separating the haves and have-nots in the new Indian economy and a fragmenting public. Similarly, it is also worth questioning what degree of access the vast majority women in India outside of the upper middle classes are gaining to either the multiplex or the traditional cinema hall. Whatever side is taken, it seems irrefutable that the multiplex cinema in India must be understood as part of a sustained attempt to create appropriate public spaces for theatrical exhibition for the middle-class family.

As part of the wider public history of urban leisure, multiplex theatres are undertakings that reflect an era in which the more affluent groups in society have generally been the perceived beneficiaries of policies and planning decisions designed to re-order India's urban environments. In this respect, the story of the multiplex in urban India has been as much a story of suburbanisation as it has previously been in Singapore, albeit representing a shift of white-collar rather than blue-collar populations. Correspondingly, the Indian multiplex might be seen as more akin to the American experience in this regard, despite the obvious fact that the multiplex in India to date has associated itself with an exclusive nature that stands in direct contrast to the markedly proletarian habitat of the American multiplex. What unites all three narratives, however, is the demonstrable relationship between multiplexing and suburbanisation. In the first four decades after independence, Indian cities have generally been seen as having failed to privilege Fordist relations as the organising principle of urban space over the existing terrain established by the colonial past and the feudal caste order. This spatial and temporal disjuncture across the metropolitan landscape indicates the inherent limitations of a labour-intensive, service-oriented society that had adopted the functions, but not the form of industrial society. There is no doubt, however, that in the contemporary period the urban landscape is being transformed by a newly-dominant ideological programme favouring a consumption-led economy, as Leela Fernandes notes:

> At a surface level, this process appears to embody a conventional pattern of gentrification. Exorbitant real estate prices in south Mumbai, the heart of the city, have pushed middle-class individuals into suburban areas. The result has been the production of new and distinctive forms of suburban cultural and social communities. In what are now considered upmarket suburbs, neighbourhoods in areas such as Bandra and other western suburbs have witnessed the growth of upmarket restaurants, shopping enterprises and movie theatres.
>
> (2004: 2419)

It is not sufficient, therefore, to understand the multiplex simply as a place for watching films, nor as a stand-alone activity. In this sense, what is notable about the rise of the wider leisure economy is also indicative of the changing geography of cinema in urban India. The cinema halls of the previous eras were first centrally-located elite habitats. They subsequently became popular facilities constructed in relation to the areas of the cities where mass crowds gathered, such as around railway stations and markets. By contrast, in this latest phase, the multiplexes have for the most part been constructed in the suburbs situated along the route of the new flyovers and arterial routes that are re-shaping Indian cities. Of course, this implies that these sites must be reached by private rather than public transport. This spatial distribution therefore serves to further augment the segmentation of the film-going public. As Sharma has also noted:

> While the masses take to cinema readily, given their financial capacity and lack of identification with the plush appearance, products and services at the multiplex – in any case targeted at the socially and economically mobile sections – this numerically significant chunk of audience has remained confined to the outer edges of the multiplex experience. And it is unlikely that the dynamics of the multiplex in its present avatar will manage to secure their participation.

> Spatially too, multiplexes can mostly be spotted in affluent neighbourhoods, within the easy reach and concentration of young audiences.
>
> (Sharma 2003)

In the context of urban India, it is obvious that the new leisure economy has not enjoyed access to a blank slate. The flyovers, malls and multiplexes have all required the acquisition of large areas of land in the most crowded environments to be found in one of the world's most densely populated countries. It would be disingenuous to ignore the marginalised populations that have been forcibly relocated to make way for the rash of infrastructure projects in Delhi, Mumbai and elsewhere. One outcome of this is 'the growing "physical" distance between the poor and the privileged in India. The poverty and deprivation in the country is so great that those who have moved up the income scale seek to barricade themselves from its pervasive presence' (Varma, 1998: 203). As such, while the overall shortage of cinemas in India, and their different clientele, appears to suggest the continuance of the older cinema circuit along with its new, upmarket cousin, it is also the case that the patrons of this two-tier infrastructure are becoming not only economically, but also spatially, separated.

While this segregating effect can be cast as symptomatic of the processes of globalisation, the significance of the multiplexes in India in this regard should be related in the first place to the internal tensions inherent in the long-standing, uneven development of India in socio-economic terms, as well to the legacy of feudal and colonialist spatialities. Leela Fernandes notes that: 'The expansion of such socio-cultural spaces for the changing lifestyles of the middle classes in liberalising India rests on the creation of a new urban aesthetics of class purity' (2004: 2420). While the concept of purity has some relationship to the cleanliness desired by suburban multiplex patrons in Britain, it is important to recognise that it has very particular connotations in the Indian social imagination, significantly shaping popular attitudes towards fellow citizens as well as to the environment itself in ways that both exacerbate and transcend class society (see Sharan 2002, Mawdsley 2004). At the same time, it is equally apparent that the multiplex is also indicative of the impact of global economic trends on the urban landscape (Gandelsonas 2005, Koolhaas 2005).

The process of dislocation between the consuming classes and the rump of the Indian population is thus commensurate, and intimately entwined, with the liberal economic policies and urban redevelopment agendas currently being pursued by the Indian government. In that sense, local histories do not exist in isolation from global histories, rather they exist in both complementary and contradictory interactions within the lived environment, variously reinforcing and refuting the ideological power of the forces of conservatism and modernisation. On both counts, it may be pertinent in the light of the present history of the multiplex for film scholars to revisit and even reconsider their claims made upon the cinema hall and its occupants as the site of a nascent democratic principle. By contrast, the story of the multiplex to date appears to provides greater support for Partha Chatterjee's prediction that, frustrated with the burden of development and the politicisation of the masses,

Figure 2.5 Queue at Sagar cinema hall in Central Bangalore, February 2007. (Adrian Athique)

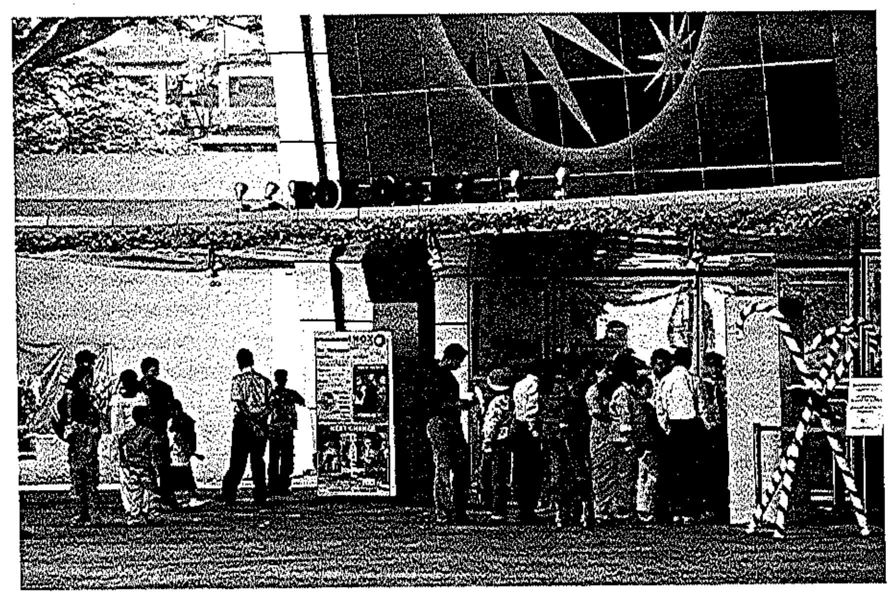


Figure 2.6 Queue at INOX multiplex in Panaji, December 2006. (Adrian Athique)

'The elite will form its own community – a spatially bound interpersonally networked subculture . . . [with] segregated and exclusive space for shops, restaurants, arts and entertainment aimed at this clientele' (Chatterjee, 2004, 144–145).

A legacy of public history

From the account given here, we can clearly see the antecedents of the multiplex in the history of the cinema crowd and the conflicts that have been constituted within and around the cinema hall. Taking these factors into account, we begin to see how the multiplex has been consciously deployed in India in order to solve the problem of the cinema from a particular set of perspectives. It is apparent that the (re)appearance of cinema as an extension of environmentally-regulated retail leisure has been predisposed by a series of ideological motives (and social anxieties) deeply ingrained amongst the middle classes pertaining to the suitable composition of the audience and the appropriate ritual purpose of the cinema experience. At the same time, it is important to recognise that the ground for spatial segregation has long been laid. Indeed, it was one of the intrinsic principles in the formal organisation of the colonial city and, in the post-socialist era, it is relatively unsurprising to see its revival in the commercially-oriented urban redevelopment agendas being pursued under the instrument of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). This reclamation of public space is enacted through the production of new, exclusive forms of social space under the rubric of 'urban renewal'. In the specific case of the multiplex, this process should be further seen as part of (and a response to) the history of social contest within (and outside) the cinema hall.

The 20-year lag between the debut of the true multiplex and its adoption in India is also proving to be a significant factor in the shaping of the Indian multiplex, not least because it brings with it to India particular histories, technologies and rationales and the terminologies that go with them. However, while the proponents of the Indian multiplex have enjoyed the benefits of adopting a tested international formula, they have also been required to accommodate or overwrite the particular nature of the Indian cinema and its idiosyncratic commercial culture, aesthetic mobilisations and modes of operation. So whilst it remains useful to analyse the multiplex in terms of impact, it is also the case that the status of the multiplex cinema in India is determined in a large part by a public history that has predetermined its arrival. The multiplex is also, of course, further subject to the existing tensions within the market itself. As such, the following chapter seeks to situate the multiplex within the specific industrial context of the Indian cinema.

3 Film exhibition and the economic logic of the multiplex

Historically, the Indian film industry has been located within the domain of India's unorganised, or informal, economy. The reasons for this are manifold, from its emergence in the late colonial period to the economic and cultural prerogatives which guided successive post-independence governments. The term 'unorganised', of course, is somewhat misleading, given the great complexity of the informal economy in India, which continues to dwarf the state-owned and corporate concerns that are generally referred to as the 'organised' sector (see Harriss-White 2003). Given the considerable co-ordination required by cinema as an industrial mass-medium, it is perhaps more suitable to use the term 'disorganised', implying a dispersal of organisation, rather than a lack of it. In that sense, the Indian film industry is most obviously 'disorganised' when compared with the paradigm of formally integrated capital interests and operating procedures set by the film industry of the United States. In Hollywood, just a handful of players control the entire product chain from production through to worldwide exhibition via various media formats, as well as a range of ancillary products. By contrast, the disorganised industry in India has instead been characterised by the dispersal of working capital and assets amongst large numbers of small, independent operators who, despite their common interest in the successful exploitation of cinematic culture, lack formal association with each other.

Although Hollywood-style studios did come into existence in Bombay, Kolhapur and Calcutta during the colonial era, their operating interests remained in production and did not extend to the distribution and exhibition sectors. The collapse of Madan Theatres in the 1930s led to an overwhelmingly fragmented system of distribution and exhibition throughout India, and this pattern was to be repeated in the production sector a decade later. In the context of the wartime economy of the 1940s and the imminent departure of the British, the funds for the rapid expansion of Indian film production primarily came from outside of the industry, and from non-institutional sources of finance. Businessmen with large sums of cash which they wished to place beyond the reach of British taxation began to offer large sums to finance film making. Before very long, these new independent producers had managed to lure the major stars and directors away from the studios, which promptly collapsed (Barnouw and Krishnaswamy 1980: 121). Consequently, from the 1940s onwards, the vast majority of films in India were made as one-off productions intended to recoup all their costs in one go, as opposed to offsetting risks by producing a clutch of films at any one time as in the studio system.

This structural adjustment to industry practices during the 1940s had cultural implications since it resulted in the formalisation of the *masala* film, a super-genre, a three-hour spectacular providing something for everyone: comedy, romance, action, family drama and numerous songs. This proved to be the best way to maximise audience share in an increasingly anarchic industry with extremely narrow profit margins and considerable overproduction. Due to intense competition, the vast majority of Indian films throughout the post-independence period have failed to break even, leading to the general assumption that many productions are simply money-laundering vehicles for independent financiers (see Pendakur 2003, Athique 2008a). For those who have been seeking to make a production profitable in its own right, the over-reliance on a narrow and expensive star system, along with unofficial and high-interest sources of production finance, has compounded the imperative for each film to succeed with a large proportion of the mass audience, perpetuating a risky one-size-fits-all approach over several decades.

Beyond the highly fragmented production sector, the informal organisation of commercial interests has led to a distinctly dispersed and mutually competitive working structure at the levels of distribution and exhibition in India. Most films are sold by independent producers to various distributors in different regions at either a flat rate, on a percentage basis or as a pre-sale with a proportion of the expected box office gross upfront. There are no all-India distributors. Instead there are a large number of independent distributors who compete for film rights at various levels. At the top are Indian territories (traditionally Bombay and West, Delhi/Uttar Pradesh, East, South and North) that are now augmented by a number of overseas territories. Below those territories are the A centres, B centres and C centres. These categories are calculated roughly along two vectors. The first is from the major metropolitan centres to the second-tier cities and ultimately the regional (mofusil) towns. The second vector is from the higher-value cinemas in upmarket districts to rundown halls in poorer neighbourhoods. It is usual that in the course of its theatrical life a major feature will pass through a number of different distributors across the different segments of the market, while lower-budget productions may target the B or C centres exclusively. Most distributors do not own any cinemas of their own, but instead bid for rights to a film in particular territories and then pay either a fixed sum in rental to the owners of each hall or take a percentage share of gross profits.

The exhibition sector has also been overwhelmingly disorganised for a number of reasons. In the first place, the demand for cinema grew at such a rate through the 1940s that the boom in theatre construction was considered to be a significant waste of resources by the wartime government, who duly banned it. A chronic shortage of theatres in per capita terms was compounded after independence by continuing restrictions on the construction of new cinema halls (Chakravarty 1993: 58). This greatly strengthened the hands of existing exhibitors who were able to rent their theatres to distributors at higher rates as a glut in production driven by illicit capital ran up against a lack of screen capacity, beyond which was an ever-growing and

enthusiastic audience for moving pictures. According to Valentina Vitali, 'By controlling the few exhibition outlets' exhibitors were able to 'impose whatever fees they wish' (2004). Amongst the exhibitors themselves, the consolidation of cinema chains was prevented by lack of working capital as well as ceilings subsequently imposed at state and federal levels upon urban land holdings (see Shrinivas 1991).

Since independence, the Government of India has also traditionally seen cinema as a useful source of revenue. At the regional level, the state governments were empowered to increase the entertainment tax levied on cinema tickets from pre-war levels of around 12.5 per cent, leading to entertainment taxes as high as 75 per cent of the ticket price in some areas (see Mittal 1995). This encouraged the widespread misreporting of attendance figures by exhibitors as well as the spreading of the tax burden through further rental hikes charged on distributors (KPMG 2005). For this reason, the feedback of box office data and profits back up the chain has been extremely unreliable throughout the post-colonial history of the Indian cinema. While the levels of entertainment tax levied in the various states have fluctuated over the years, and currently appear to be on a downturn, they still remain at very high levels in some states. Historically, this is particularly evident in northern India, where taxes on cinema tickets commonly run at 50 per cent or more. By contrast, the regional politics of the southern states since the 1960s, and the close relationship between political parties and local film stars, have led to the official encouragement of the local-language film industries that now dominate the market in the South. Accordingly, entertainment taxes are consistently lower in South India, which may serve to explain why two-thirds of the nation's cinemas are to be found there, despite the southern region being home to only 22 per cent of the national population (India Infoline 2006).

At the all-India level, the high rates of taxation being applied to profits made from the exhibition of films, accompanied by the difficulty in gaining clearance for the construction of new theatres, has greatly held back the growth of screen capacity in India – making it to date one of the least-resourced nations worldwide in terms of screens per capita (UNESCO 1999). Although the high degree of underscreening suggests room for growth, the difficulty in gaining clearance for constructing theatres has been compounded over the past two decades by endemic media piracy, which has allowed increasing numbers of patrons, largely from the middle classes, to watch films outside of the theatres. The wider economic malaise of the 1980s also led to price stagnation, declining profits and dwindling investment in exhibition infrastructure. In order to understand the multiplex phenomenon of the last decade, which appears to overturn the prevailing conditions of the market, it is important to recognise a number of key factors which contribute to the economic logic that is driving the multiplex boom.

The new leisure economy

The multiplex has been just one of the major changes in the Indian leisure economy brought about by the staged liberalisation of the national economy over the last 15 years. Contemporaneous developments have included the rapid expansion of private cable and satellite television, personal computing and mobile telephony, as well as vibrant growth in the marketing and services sectors (Butcher 2003, Mazzarella 2003). The commercial application of new media technologies and the swift arrival of large, vertically-integrated media combines from abroad has prompted a wide-ranging review of the anarchic conditions of mass independent production which have existed since the 1940s. On the one hand, since international players have only been partially successful in expanding the market for dubbed US imports in existing theatres, media multi-nationals such as Fox have begun to provide finance for local production. On the other hand, in recognition of the growing importance of the media sector as part of a services-oriented economic paradigm, the Government of India bestowed official industry status upon the film industry in 2000, thus opening the way for access to domestic institutional finance. For local producers able to access them, these new sources of investment capital, both domestic and foreign, along with the liberalisation of export controls, have provided both the means and the economic rationale for increased integration. As such, some of the major producers have been making serious efforts to co-ordinate their activities as production houses with the marketing and distribution of their films. This new trend towards integrated operations amongst the top echelon of the industry is being presented as a corporatisation of the film business, with a number of what were previously essentially family firms operating in various niche roles instead raising funds on the stock market and diversifying their interests across the industry (Price Waterhouse Coopers 2006, Moullier 2007).

Corporatisation in the media sector is an important context for understanding the multiplex. In a marked departure from the disaggregated form of the established exhibition sector, the multiplex phenomenon over the past ten years has been dominated by just a handful of players who are building the first truly national exhibition chains since the demise of Madan Theatres some 70 years ago. Currently, the five leading operators are PVR Cinemas Ltd., Adlabs Films Ltd., Shringar Cinemas Ltd., INOX Leisure Ltd. and FUN Multiplex Pvt. Each of these companies has diverse origins that we explore here in brief. At the same time, they all share some key characteristics, operational practices and business outlooks established in opposition to the traditional working model of film exhibition in India. Significantly, with the exception of the most recent entrant, FUN Multiplex Pvt., (which is part of media mogul Subhash Chandra's business empire), all of these companies have attracted major institutional and public investment from outside of the entertainment sector. At the time of writing, these five companies operate two-thirds of India's multiplexes and they are all engaged in massive programmes of expansion.

PVR cinemas

PVR, the operators of India's first multiplex at Saket in New Delhi, was originally incorporated in 1995 as Priya Village Roadshow, a joint venture between Priya Exhibitors Private Ltd. and Australian exhibition chain Village Roadshow Ltd. Priya Exhibitors Private Ltd. acquired the stake formerly held by Village

Table 3.1 Shareholding Pattern PVR Cinemas Ltd. 2006

Foreign institutional investors		
Fid Funds (Mauritius) Ltd	2287737	10.00%
T Rowe Price New Asia Fund	1000000	4.37%
Matthews International Funds A/C Matthews India	464890	2.03%
Citigroup Global Markets Mauritius Private Limited	286353	1.25%
Total	**4038980**	**17.65%**
Promoters		
Bijli Investments Pvt Ltd	4920068	21.51%
Priya Exhibitors Pvt Ltd	4330000	18.93%
Total	**9250068**	**40.43**
Corporate bodies		
Sonata Investments Limited	800000	3.50%
Total	**800000**	**3.50%**
Mutual funds		
The Western India Trustee And Executor Co Ltd (India Advantage Fund-1)	4253208	18.59%
Uti-Opportunities Fund	1139247	4.98%
Fidelity Trustee Company Private Limited	525495	2.30%
HSBC Midcap Equity Fund	276016	1.21%
Total	**6193966**	**27.07%**

Source: Adapted from PVR Cinemas 2006

Roadshow Ltd. in 2002 when the latter contracted its overseas operations (PVR Cinemas 2006a). PVR subsequently received 380 million rupees in investment from the private equity interest India Advantage Fund in March 2003, laying the ground for further expansion. A successful public offering was also made in March 2006, raising further funds (PVR Cinemas 2006b). PVR is currently India's largest multiplex cinema operator in terms of screen capacity, with 62 screens in 16 cinemas as of April 2006 (PVR Cinemas 2006a).

PVR does not own any of the multiplexes that it operates, holding the majority through lease agreements and offering the remainder as franchises. PVR currently has a further nine sites under construction and/or fitting, which are expected to become operational during 2007. There are further plans and agreements for 28 additional sites, which will bring the screen capacity of PVR to 250 screens. The majority of these new sites will be in the north-west: Punjab (nine), Gujarat (two), Rajasthan (one), Uttaranchal (two), Uttar Pradesh (three), Delhi (one) and Haryana (one). Other sites are also planned in Jharkand (two), Chattisgarh (one), Karnataka (two), Tamil Nadu (one) and Andhra Pradesh (one) (PVR Cinemas 2006c, 2006d). In 2005, PVR cinemas acquired a subsidiary company, PVR Pictures Ltd., which handles distribution of Indian films within territories where its theatres are located (primarily Delhi-Haryana-Uttar Pradesh) as well as nationwide distribution of imported, mostly American, features. Another 100 per cent subsidiary of PVR Cinemas is CR Retail Malls (India) Pvt. Ltd., which has been constituted to pursue the development of a seven-screen multiplex at The Phoenix Mills compound in Mumbai (PVR Cinemas 2006c).

Adlabs Films Ltd.

Adlabs Films Ltd. was founded in Mumbai as a film processing laboratory in 1978 by Manmohan Shetty and Vasanji Mamania. The company currently holds about 70 per cent of the film processing market in Western India. Adlabs entered into film exhibition in 2000, and opened its first multiplex at Wadala, Mumbai in March 2001. Adlabs made an initial public offering in December 2000, raising 528 rupees million for its expansion plans. Adlabs also moved into film production through its wholly-owned subsidiary, Entertainment One, in 2002 and in the following year launched a 50/50 joint venture with Mukta Arts (Mukta Adlabs Digital Exhibition Limited (MADEL)) to promote digital distribution and exhibition technologies. In October 2005, the land investment arm of the Reliance Anil Dhirubhai Ambani Group (Reliance – ADA Group) acquired a 50.16 per cent stake in Adlabs Films Limited for a price of 3.6 billion rupees, buying out Vasanji Mamania's stake in the company. Manmohan Shetty was retained as the managing director and chairman

Table 3.2 Shareholding pattern Adlabs Films Ltd. 2006

Public Shareholding – Institutions		
Foreign Institutional Investors (7)	4,996,344	12.55%
Mutual Funds/ UTI (9)	1,719,221	4.32%
Total (16)	**6,715,565**	**16.87%**
Public Shareholding – Non-Institutional		
Bodies Corporate (598)	919,250	2.31%
Individual Shareholders Up To 1 Lakh (14752)	2,203,101	5.54%
Individual Shareholders Above 1 Lakh (7)	601,122	1.51%
Non-Resident Indians – Repatriate (66)	46,787	0.12%
NRI – Non-Repatriate (20)	21,668	0.05%
Clearing Members (138)	109,384	0.27%
Market Maker (80)	37,389	0.09%
Directors (2)	7,291,334	18.32%
Total (15664)	**11,230,185**	**28.22%**
Promoters		
Reliance Land Private Limited	20,600,000	51.76%
Reliance Capital Limited	1,255,000	3.15%
Total	**21,855,000**	**54.91%**

Source: Adapted from Adlabs Films Ltd. 2006

of the company, which is now positioning itself with new interests all the way along the cinema chain, from production through to exhibition, as well as cross-media interests in television and radio (Adlabs Films 2006a).

Adlabs currently operates multiplex 11 sites with 42 screens and a seating capacity of 12,742. Seven of those sites are located in Maharashtra: Mumbai (four), Nasik (one), Indore (one) and Pune (one). Three sites are located in Uttar Pradesh: Meerut (one) and Ghaziabad (two). A number of Adlabs sites are owned by companies which are joint ventures or subsidiaries of Adlabs Films Limited. Other multiplexes are held under lease agreements with the lease model likely to serve as the basis for future sites. Adlabs has signed a large number of such leases for further multiplexes and current projections are for a further 110 screens and 32,000 seats over the next three years. Adlabs is concentrating on second-tier cities or B centres in tax exemption states, which are regarded as either an untapped (i.e. underscreened) or unregulated sector (i.e. both high levels of piracy and under-reported box office from local theatres) with high potentials for profit capture. Sites are also proposed in select A centres in other states. Three-quarters of the projected new Adlabs sites will be in the north and west regions (Adlabs Films 2006b).

Shringar Cinemas Ltd.

Shringar Cinemas Ltd. was incorporated in 1999. The beginnings of the Shringar Group of companies, however, reach back to the 1950s, when a partnership firm between Gobindram and Vasudev Naoomal Shroff began financing Bollywood films. In 1975, Shyam and Balakrishna Shroff launched Shringar Films, which subsequently became one of India's biggest film distributors. From 1995, Shringar Films began offering programme management to theatre owners. In 1997, Shringar Films began managing some film theatres. Shringar moved into the multiplex business in partnership with Adlabs in 2002 with the opening of Fame Adlabs in Mumbai, followed by the subsequent development of its own multiplexes under the Fame brand. A public share offering in Shringar was made in April 2005. In July 2005, Temasek holdings (an investment arm of the Singapore government) acquired a 14.9 per cent stake in Shringar (Shringar Cinemas 2006a, 2006b, 2006c).

Shringar Cinemas operates theatres on a ten-year lease model. There are currently six Fame Multiplexes with a total of 27 screens and 7,501 seats. Five of the six sites are in Maharashtra (Mumbai (three), Nasik (one) and Pune (one)) and the other is in West Bengal (Kolkata). Shringar plans to pursue a rapid expansion of its business through further lease agreements and through Shringar's management model, where it will offer programming, procedures and staffing to theatre owners. Shringar also has plans to move into the food court business through a new subsidiary, Oxford Multiplex Cinemas Pvt Ltd. The 31 new sites currently being proposed will be a mixture of new multiplex facilities, retrofits and single-screen theatres. Two-thirds of these sites will be dispersed nationwide, whilst one-third will be concentrated in Shringar's home market in Maharashtra (Shringar Cinemas 2006a, Fame Cinemas 2006).

Table 3.3 Shareholding pattern Shringar Cinemas Ltd. 2006.

Public Shareholding – Institutions		
Foreign Institutional Investors (3)	3,588,133	11.3669%
Mutual Funds (2)	1,462,262	4.6323%
Total	**5,050,395**	**15.9992%**
Public Shareholding – Non-Institutional		
Bodies Corporate (757)	2,452,450	7.7692%
Individual Shareholders Up To 1 Lakh (14,192)	5,736,110	18.1715%
Individual Shareholders Above 1 Lakh (35)	822,118	2.6044%
Non-Resident Indians (119)	2,360,270	7.4771%
Clearing Members (52)	71,340	0.226%
IPO Drop (1)	2,065	0.0065%
Total	**11,442,288**	**36.2547%**
Promoters		
South Yaraa Holdings	15,057,760	47.7017%
Shyam Shroff	1	0.0000%
Balkrishna Shroff	14,001	0.0444%
Shravan Shroff	1	0.0000%
Aditya Shroff	1	0.0000%
Rita Shroff	1	0.0000%
Total	**15,071,765**	**47.7461%**

Source: Shringar Cinemas Ltd.

INOX Leisure Ltd.

INOX Leisure Limited is unlike the other major multiplex company in that its origins do not lie in the entertainment sector. Operating since May 2002, INOX Leisure Ltd. is a diversification venture of the INOX group into entertainment. Also, it is a subsidiary of Gujarat Fluorochemicals Ltd. INOX currently operates 12 multiplex theatres across India. With no particular home territory, INOX promotes itself as the most national of the multiplex chains and has pursued a wide distribution of theatres from the outset. As such, INOX is currently the only player of significance in the eastern regions (INOX Leisure 2006a). INOX currently operates at 12 sites on 44 screens with 13,267 seats. The INOX sites in operation are in Mumbai, Baroda and Pune (Maharashtra), Panaji (Goa), Kolkata and Darjeeling (West Bengal), Kota and Jaipur (Rajasthan), Indore and Nagpur (Madhya Pradesh) and Bangalore (Karnataka) (INOX Leisure 2006b).

INOX owns a number of its major sites outright, but as the company expands, new additions are all expected to be undertaken on a lease basis. A further 11 new sites currently under construction and/or fitting are expected to come online by 2008 (INOX Leisure 2006c). INOX is now planning to enter into a partnership with leading retailer The Pantaloon Group. This alliance is intended to pursue the development of 51 malls nationwide, 35 of which will contain multiplex facilities.

Table 3.4 Shareholding pattern INOX Leisure Ltd. 2006

Public Shareholding – Institutions		
Foreign Institutional Investors (15)	6,712,018	11.19%
Mutual Funds (17)	3,675,108	6.13%
Financial Institutions / Banks (5)	113,193	0.19%
Total	**10,500,319**	**17.5%**
Public Shareholding – Non-Institutional		
Bodies Corporate (741)	2,011,829	3.35%
Individual Shareholders Up To 1 Lakh (41,215)	3,470,037	5.78%
Individual Shareholders Above 1 Lakh (22)	3,748,667	6.25%
Trusts (10)	505,713	0.84%
Non-Resident Indians (236)	141,996	0.24%
Clearing Members (81)	21,439	0.04%
Total	**9,899,681**	**16.5%**
Promoters		
Gujurat Flourochemicals Ltd.	39,600,000	66.0%
Total	**39,600,000**	**66.0%**

Source: Adapted from INOX Leisure Ltd.

INOX has also signed a term sheet with Calcutta Cine Private Limited (CCPL) and its shareholders for acquisition and merger of CCPL with INOX. The acquisition of CCPL will contribute up to eight more multiplexes in eastern India, mostly in West Bengal (INOX Leisure 2006a, 2006c).

FUN Cinemas

The FUN Cinemas brand, operated by FUN Multiplex Pvt., which came into being in April 2005, is the most recent entrant amongst the major players. FUN Multiplex is a division of E-City Ventures, which represents the entertainment and retail interests of the Essel Group (E-City Ventures 2006). The Essel Group, which started out in 1982 as a packaging company (and remains a world leader in this area), famously diversified into media in 1992, when chairman Subhash Chandra launched ZEE television, India's first satellite channel (Essel Group 2006). During periods of both partnership and competition with Rupert Murdoch's STAR, ZEE has been a giant of India's television boom during the deregulation era. ZEE TV now operates a suite of regional, national and international television channels (ZEE Television 2006). Essel had made earlier forays into the leisure economy with a number of theme parks, starting with Essel World in Mumbai in 1988 (Essel World 2007). E-City Ventures, launched in 1999, is composed of five divisions: E-City entertainment (developing and running shopping malls under the FUN Republic brand since 2001), E-City Films (distributing films since 2001), E-City Digital Cinemas (rolling out digital distribution and exhibition technology on lease, profit-share or theatre-hire basis in B centres since 2004), E-City Property Management Services (offering management expertise to private shopping mall owners) and, finally, FUN Multiplex.

The first three FUN Cinemas were opened as part of the FUN Republic 'family entertainment centres' built by E-City Ventures (Ahmedabad in June 2001, Andheri (Mumbai) in August 2003 and Chandigarh in November 2003). In this model the cinemas were operated as part of a mall package that also included eating, shopping and gaming. Following the setting-up of FUN Multiplex as a separate division in 2005, FUN Cinemas have launched four sites in New Delhi as well as opening in Jaipur (Rajasthan) and Ghaziabad (Uttar Pradesh). FUN Multiplex offers a choice of lease, profit-share and franchise-operation models to private mall owners (including sister concern FUN Republic) for the operation of FUN Cinemas at those sites. As of September 2006, FUN Cinemas was operating a total of 32 screens at nine locations. FUN Multiplex anticipates that it will be operating 180 screens nationwide by the end of 2008, with agreements signed with the operators of 35 malls (FUN Cinemas 2006).

The corporatisation of film exhibition

When we look at the structure and interests of these companies, a trend towards the increasing integration of different areas of film-related activity, and across the media sector more widely, is highly apparent. This, of course, would be supported by the history of the multiplex in other parts of the world. To recap the Indian field briefly: PVR has its roots in the exhibition sector but is now expanding into distribution and mall development. Adlabs is a film-processing concern that is also preparing for the shift to digital cinema through its move into exhibition, with its purchase by Reliance adding a suite of further interests in radio, telecommunications and elsewhere. Shringar has moved from being a distribution business to having new ambitions in production, distribution and exhibition (not to mention its plans for food courts). INOX is also handling film distribution. FUN Cinemas is just one piece of Subhash Chandra's multi-media empire, which includes film production, television, shopping malls and theme parks.

The rise of the multiplex in India is clearly part of the wider story of the rise of media conglomerates within the entertainment industry (or at least within its premium markets). With the exception of FUN cinemas, the financial backing of the multiplex operators is also indicative of the entry of external capital into the exhibition sector since the status of the film industry was revised in 2000. The FUN Cinemas story is slightly different as the Essel Group had previously diversified from plastic tubing into commercial television with the launch of ZEE TV in the early 1990s (Essel Group 2007, ZEE Television 2007). The links between the multiplex companies and the wider economy are also apparent when we take into account smaller regional players with ambitions in the multiplex business. Wave Cinemas in Uttar Pradesh is owned by the Chadha Group, which has a background in industries such as sugar and paper but has now moved into property development along with the operation of multiplexes (Wave Cinemas 2006, Chadha Group

2007). Cinemax, with a dozen sites in Mumbai, is a subsidiary of a residential property development concern, the Kanakia Group, another logical tie-up if you consider the upward push a nearby multiplex gives to the price of apartments (Cinemax 2006).

It is also pertinent to note that the multiplex operators form a distinct segment of the theatrical industry. Indeed, they do not see themselves as part of the existing industry, but rather as an industry in their own right. They have formed their own consultative industry body, rather than join existing exhibitors associations, and very few of the management staff in these firms have been drawn from the older theatrical industry. The majority of senior operations personnel have a background in the top-end of the hospitality industry, typically luxury hotels, although some have also come from retail and television. As such, both the self-image and the outward image of the multiplex industry is light years away from the model of operations formerly associated with India's disorganised entertainment sector and described as 'briefcase in a darkened restaurant' and 'assets buried in the backyard'. As Alok Tandon, Chief Operations Officer (COO) at INOX, explains:

> When we talk about standalone cinemas we talk about single family-owned cinema halls, dilapidated structures, not doing well, dirty places. And, again, what also happens is that as they pass down from generation to generation, there are many people who stake claim over that place. And hence, the vision is not there and naturally we would not come and be in those places. Now that is the scenario, the story of most of the single screen cinema halls in India. With the coming of corporates and especially the making of multiplexes: number one, it gives you a broad canvas in terms of you've got more money with you, you've got trained staff with you, you've got people who are only working for that particular business. For example, in a cinema hall, that business was a part of the entire family's other things that they used to do. In olden times people used to just, if they had money, they used to make a cinema hall. Just as a statement. Yes. I own a cinema hall. Now what is happening with more corporatisation is there are professionals coming in who are running this business.
>
> (interview 04/01/2007)

The multiplex chains are thus very conscious of both corporate image and brand value and, in light of the negative conceptions surrounding the older exhibition industry, they are at pains to emphasise the transparency of their operations, with a corporate model requiring the public declaration of shareholdings and profits. The value generated by more transparent operations goes further, with the computerisation of their working practice providing for the collection of significant volumes of box office and point of sale data which can be passed back up the production chain. According to Tushar Dhingra, COO at Adlabs Films Ltd., computerisation means that:

> You know what is the transaction size. You get to know what do they eat, what do they like, when do they come, how often do they come. How early do they

come for the cinema? And where do they book it? Do they book it from box office, or do they book it from internet or do they book it by telephone. A very important thing.

(interview 08/01/2007)

This kind of information, previously located in the owners of cinema halls but now available as a readily transferable dataset, is of great value to the industry as a whole, as Alok Tandon relates:

> every morning we send an SMS to distributors telling them how many seats were sold yesterday for this movie . . . Every morning they come to know how many tickets at INOX were sold for their movie . . . The producers, the distributors, even our competitors, they all know that working with INOX means they you are working with a really clean corporate. Absolutely 100 per cent.
>
> (interview 04/01/2007)

This degree of box office reporting is a major departure from the historical relations between exhibitors and distributors, and the emphasis given to transparency overall by the multiplex operators can be seen as both the cause and the effect of attracting the significant inflows of institutional finance from outside of the existing entertainment industry. That is not to say that the adoption of corporate processes is a matter of industrial collegiality or altruism. There are important competitive advantages to be gained from corporatisation in the exhibition sector, not only over existing theatres, but also in relation to distributors and producers. From the perspective of PVR Cinemas, Ashish Shukla identifies that:

> The advantages of becoming a national chain would be that you get economies of scale when you go to negotiate your film hire, which would be a big one, if you have a leveraging ability for marketing, then that is another advantage that comes . . . And in terms of market control, to a certain extent, in terms of if you are a percentage in double digits of the market, then you are able to do that. And, if one was to look at backward integration, and forward integration, of the business, then there are lot of new avenues that open up which obviously betters the profitability in each destination. It creates a model which is recession-proof. Gives you the ability to run the business more efficiently and effectively.
>
> (interview 20/03/2007)

Alok Tandon at INOX and Tushar Dhingra at Adlabs both concur that achieving scale at the level of exhibition leads to a stronger negotiating position with distributors over film rights and percentages (interviews 04/01/2007 and 08/01/2007). Tandon also believes that achieving scale offers the potential to serve a customer base amongst an increasingly mobile professional population:

> The advantage for me is that if a patron has gone to INOX in a particular city and if he is travelling and he goes to city B and he wants to see a movie, and if there is an INOX over there, he is likely to come to me.
>
> (Ibid.)

While the growth of the corporate model in the multiplex companies and its benefits seem relatively self-evident, it nonetheless remains critically important to consider the various factors that have encouraged various heavy industry companies and private equity funds, as well as Subhash Chandra and the Singapore government, to enter the cinema business in India at this particular time. Alok Tandon is candid on this point:

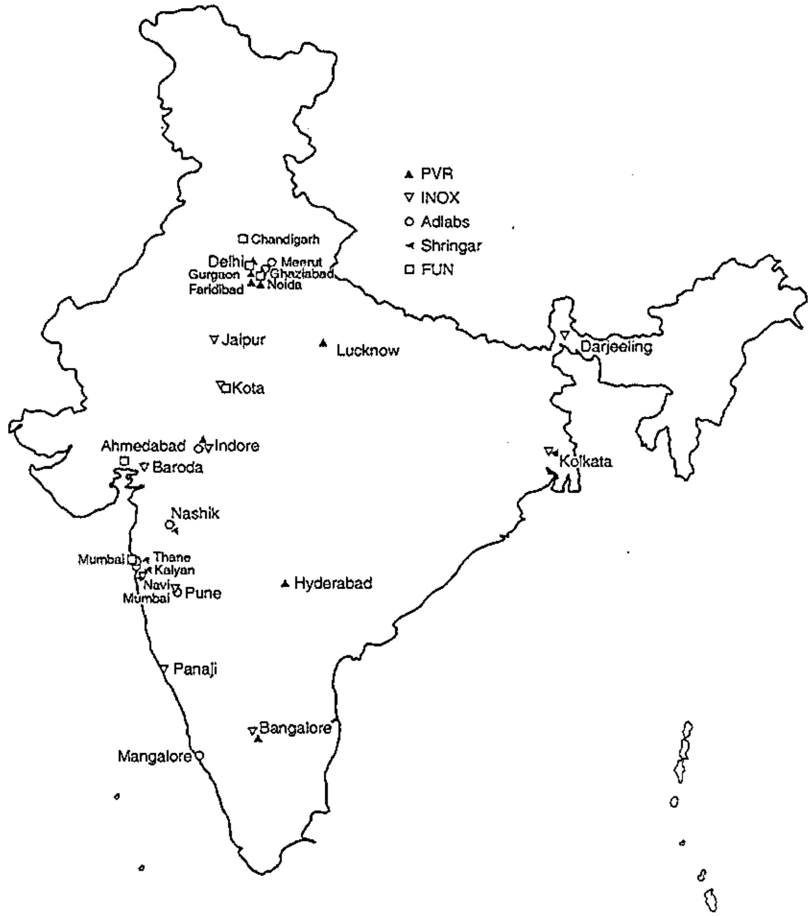
> Gujarat Fluorochemicals was purely a gas company making refrigerants, and when we wanted to diversify we took the help of MacKinsey. They told us to get into entertainment and especially multiplexes in particular. Now that is the reason that we entered this entire multiplex business.
>
> (Ibid.)

However, Snehhal Chitneni, the General Manager, Corporate Communications, at INOX is also quick to point out that: 'the environment was just right', because the 'state governments had just introduced a number of tax incentives' (interview 04/01/2007). In this sense, it is not only the advice of investment experts, but also the guiding hand of government that has been a relevant factor in generating the multiplex boom.

Entertainment tax exemptions

In terms of the wider economic picture, the various states of India have increasingly been required to compete for central funding and to attract greater foreign investment (Saez 2002). With varying degrees of success, therefore, the state governments have enacted policies designed to make their jurisdictions attractive to incoming investment. For its part, the interest of foreign capital in India rests not only upon acquiring cheap English-speaking labour for back-office operations, but also upon the potential for a numerically-large middle class to become consumers of goods and services. As such, the policies adopted by urban authorities in Indian cities are increasingly inflected with an entrepreneurial orientation, reflected physically in the spatial transformation of urban environments towards the needs of investment capital and towards those able to actively participate in a lifestyle centred upon rising consumption. At the same time, the government has been keen to placate the middle classes who have become increasingly assertive during the post-1991 era of liberalisation. As such, in their desire to foster prestige commercial development projects, a significant number of the economically-important Indian states, including Maharashtra, Punjab, Gujarat, Haryana and West Bengal, elected to give entertainment tax exemptions specifically to multiplex theatres after 2002. As Shriram Krishnan, the Chief Financial Officer for Shringar Cinemas, explains:

> First of all we were facing a movie-going problem. It was a mixture of entertainment tax laws; I mean entertainment tax in Bombay which is your prime movie industry market. Entertainment tax rates were at one hundred percent



Map 3.1 Existing multiplex cinema sites of the five major chains, September 2006.

> of the net ticket price. So if the whole thing was a hundred, fifty rupees was all you had to pay the distributor, the exhibitor and to take care of your overheads. Then, at that time, there was really a decline, satellite television had just started taking off in this country, and that was encouraging people to stay at home and watch satellite television. That's when cable came in, and India is known for piracy. So people could watch the movies they wanted on the same Saturday the movie got released in the cinema halls. So you know, all this happened and then what happened is the government came up and said 'Okay. Here are entertainment tax sops where you won't have to pay entertainment tax for five years, in the case of larger multiplexes for ten years'. So that really got the industry going. People got interested when they knew that they didn't have to

> pay entertainment tax. When we started setting up multiplexes, people started coming back to the theatres. So that what is really, for me, it has promoted that growth.
>
> (interview 20/01/2007)

Further decisions by a number of states to allow multiplexes to operate with dynamic ticket prices outside of the fixed tariffs and low-price seating quotas set for regular theatres have paved the way for admission prices four to six times the average cost of a ticket to a regular theatre. Coupled with a low- or even zero-level of taxation during the initial five-year exemption window, the multiplex currently has numerous advantages over the old cinemas. Anand Moorthy, Corporate Brand Manager at FUN Multiplex, explains the differential tax regimes applied to the multiplexes and the traditional theatres:

> There are two kinds of entertainment tax modules that exist in India. One is the single screen taxation module and one is the multiplex taxation module . . . Single screen basically for a hundred rupee ticket, two dollar ticket say, so out of a hundred rupee ticket, thirty percent goes to the taxes. The distributor takes a share depending on the content. The first week share is fifty percent normally. The second week share is forty, and thirty is the third week collection. That is how it goes traditionally. So for a single screen guy who gets a hundred rupees, fifty percent, fifty rupees goes in the first week to the distributor. So that leaves him with fifty bucks. And out of the hundred, thirty percent goes to the entertainment tax. So fifty and thirty and the single screen guy only has twenty. So has got to play with twenty rupee revenue for his costs, so the deductions are big, but for his maintenance and running the show his costs are very low. So that's how they are sustaining, but for multiplexes the exemptions are for the first five years, presently [and] if I collect a hundred rupees, I give to the distributor. That's my first cost. Other than that, there is a service tax also, which is two percent. That is also applicable to the single screens. We are also paying that service tax. So I pay distributor cost and service tax, that's it. Other than that, the rest is the money that I earn. But if you see my actual overhead costs, my people, my infrastructure, my land. Accounting for that my profits will not necessarily be better than single screen. So, yes, on capital terms we have an advantage, but when you calculate the operating costs, both the single screen and myself have to achieve a particular number to break even.
>
> (interview 06/01/2007)

Since the majority of entertainment tax exemptions are time-limited, the multiplex operators typically adopt a project outlook where sites are projected to break even in terms of capital investment costs within the initial tax exemption window. Beyond this, however, the continuance of a friendly tax regime remains a key factor in the long-term profitability of multiplexes. Income revenues will be reduced considerably if multiplexes become subject to levels of taxation similar to the older theatrical infrastructure, and the expiry of many of the initial exemption periods from

2007 onwards already makes this an important issue for operators. The overarching question here is whether the states will be willing to continue giving up their revenues once the initial investment has been attracted, particularly in light of the increased agitation amongst traditional cinemas that continue to pay high taxes and remain subject to price fixing. Traditional theatres in Maharashtra held strikes in 2003 and 2004 over 55 per cent entertainment tax rates as well as legislation that prevented the owners of 100 derelict halls from selling them on for redevelopment. At that time, all of the multiplexes in the state enjoyed tax exemptions and the right to set their own prices. As such, this kind of disparity between the treatment of low-end and high-end theatrical sectors may prove hard to sustain politically. In this case, the state government agreed to reduce the overall level of entertainment tax on single-screens to 45 per cent of the ticket price, which hardly satisfied the demands of the Cinema Owners Association (BBC Online 19/03/2004).

For the multiplex operators, there are two countervailing factors to be considered in relation to the future course of entertainment tax. On the one hand, their higher ticket prices and more transparent accountancy make them a more logical target for effective taxation than the single screens. On the other hand, if their expansion plans are successful, their sheer size may well give them the kind of leverage over regulators that will facilitate the negotiation of an ongoing favourable tax regime. This is the kind of critical mass that the disorganised theatrical industry has traditionally lacked in India. At present, however, uncertainty continues in this area. Whilst Anand Moorthy at FUN notes that: 'Today we do not know if exemptions will go on. There is a lobby happening' (interview 06/01/2007), Alok Tandon at INOX is more positive: 'The tax structure will come down in all the states. It is just a matter of time before the taxes are reduced' (interview 04/01/2007). Indeed, there are some signs that this may already be happening in some states, with Haryana reducing entertainment tax from 50 per cent to 30 per cent in 2006. Shriram Krishnan at Shringar is sceptical, however, that the current tax holidays can simply be extended through industry pressure: 'At some point they will need it. Otherwise how can we have the infrastructure?' (interview 20/01/2007).

The argument for lower levels of entertainment tax overall is put by Alok Tandon of INOX:

> Look at states where tax structure has been reduced. There also, the footfalls are increased. People have become much more transparent in reporting their figures to the government. Classic example is a place like Haryana, in Haryana the tax was very, very high. It has been reduced three or four times . . . What we see is that the collections that are less tax are much more than when the rate of tax was very high.
>
> (interview 04/01/2007)

Anand Moorthy at FUN also notes that: 'the government got tax collection of about ten percent more last year. So that is one way to look at it. The government is also benefiting by giving us tax exemptions' (interview 06/01/2007). This a view supported by Tushar Dhingra at Adlabs:

Table 3.5 Entertainment tax exemption regimes for multiplex cinemas

State or city	*Entertainment tax rates*	*Entertainment tax exemptions for multiplex cinemas*				
		Year 1	*Year 2*	*Year 3*	*Year 4*	*Year 5*
Mumbai	45%	100%	100%	100%	75%	75%
Delhi	30%	—	—	—	—	—
Kolkata	30%	100%	100%	100%	100%	—
Bhopal/Indore/ Jabalpur	60%	100%	100%	100%	75%	50%
Maharashtra	45%	100%	100%	100%	75%	75%
Uttar Pradesh	60%	100%	100%	100%	100%	100%
Punjab	50%	100%	100%	100%	100%	100%
Haryana	30%	—	—	—	—	—
Madhya Pradesh	50%	100%	100%	100%	75%	75%
Rajasthan	30%	100%	100%	90%	80%	—
Karnataka	40%	—	—	—	—	—
Andhra Pradesh	20%	—	—	—	—	—
Tamil Nadu	15%	—	—	—	—	—

Source: Adapted from: India Infoline 2006

> I think entertainment tax, the basic fundamental root comes from the socialism society of India, saying that this is not something good to do and the rich should be taxed. It started from there and it was fairly high. And what multiplexes or corporates have done is created transparency in terms of reporting to the producers, to the government. So that there is no tax evasion. And governments have understood that and they are welcoming that and they are being supportive towards it. There are certain states which are yet to wake up to that. But, yes, it is a work in progress.
>
> (interview 08/01/2007).

Whilst all of the major multiplexes operators identify entertainment tax exemptions as a major driver for investment in the industry and a factor in their choices of location, they also make the case that their operations are in for the long haul, and that their investors are not simply availing themselves of tax holidays, since the business has to be viable in the first place if they are to realise returns. Ashish Shukla at PVR therefore cautions that tax exemptions are an important factor driving growth, but not the only one:

> Tax benefit is not the only reason to be looked at because you have to have the business to have the tax benefit. So the way that we look at it is that it has to be something where there is propensity in the consumer to come. I mean in places like Bihar the propensity of watching is very, very bad. So one is that you will have to spend extra efforts to cultivate a market. Then after cultivation you have to make your business . . . Karnataka is still not a tax free state, but Bangalore is doing the best overall with seventy percent plus occupancy.
>
> (interview 20/03/2007)

Shringar Cinemas takes a similar position on adopting strategies that balance access to tax exemptions with the ongoing importance of traditional A centres:

> You see, fifty-six percent of my sites are in entertainment tax exempt areas. Except for Tamil Nadu. Our focus has been Tamil Nadu because Tamil Nadu has one of the best audiences in terms of occupancy percentages . . . Karnataka, the tax exemption policy is not very favourable, but we have to balance these things out because there are big audiences.
>
> (Shriram Krishnan, interview 20/01/2007)

When talking of the Shringar expansion programme, Krishnan is also keen to point out the importance of a strategic vision that goes beyond the tax exemption era:

> We are very conscious that we are going to be focusing on cities where there is going to be migrancy population, because that is what is going to take us to the next level of growth, after the entertainment tax holidays are over.
>
> (Ibid.)

In order to adequately contextualise what is at stake in the ongoing debate over entertainment tax, it is important to recognise the scale of the impact made by the multiplexes in the ten years of their existence, not just upon the exhibition sector, but also at the levels of production and distribution. Tushar Dhingra at Adlabs, speaking for the multiplex industry overall, emphasises the contribution being made by the multiplexes to the Indian film industry: 'Today, we are three to four percent of the number of screens available, but we are sixty percent of revenues to the film makers . . . And that has really helped the production sector (interview 08/01/2007). Similarly, Shriram Krishnan at Shringar, the multiplex company with the longest pedigree in the film industry overall, says:

> When I look at my distribution business, I see at least twenty eight to thirty percent of my revenues coming in from multiplexes now . . . I think it has really helped our industry, although it has a killed a few single screens . . . From a distributors perspective, they have seen their overall revenue go up. So for them I think it is a sunrise business. They are seeing how much a print will realise, and then they realise that putting a print in a multiplex brings in much more revenue than putting a print in a single screen even though they have large capacity. So I think only for large movies is it a tough decision whether you put them in thousand-seaters or three hundred-seaters. But for the normal run of movies, it really makes sense to actually play them in multiplexes.
>
> (interview 20/01/2007)

At the level of taxation, if the multiplexes continue to increase their share of the overall box office, it seems equally clear that they will become a major source of revenue for state governments, even if overall entertainment tax rates are reduced. This will be due to their higher admission prices and the much greater ease of

collection compared to the thousands of older theatres. Thus, if the guiding hands of state governments have encouraged the multiplex boom to date through friendly tax policies, they have undoubtedly done so with an awareness of their own long-term advantage arising from the corporatisation of film exhibition. On this basis alone, it is obvious that the multiplex phenomenon has major economic implications for the entire film industry, including implications for financiers, producers, directors, distributors, exhibitors and, of course, consumers.

The consuming class

Aside from their shared investment in the multiplex format and in the corporate model, it is salient to point out a further strong correlation between the thinking of the major players in their targeting of a particular audience demographic. Adlabs describes its customers as occupying the 'middle and upper income strata'. The Adlabs moviegoer is thus a 'Discerning customer looking for quality as well good value for money', who is also described as 'Aspirational – wants the best for himself / herself & family'. Adlabs further claims that 'Young Upwardly mobile people with high disposable income constitute a substantial percentage of our patron profile' (Adlabs Films 2006c). Similarly, INOX targets an upper–middle-class audience in 'upscale' locations 'in high-traffic, commercial areas, or in the midst of affluent residential areas' (INOX Leisure 2006e):

> We have got a higher average ticket price. Now that means that the patron that comes to me is a big spender and hence our main reason of having a plex, when we decide on a locality or decide on a place, is either we go for a central business district or an affluent residential area. That's to do with the fact that our pricing is always high. I want people who can pay me more for the ticket. Then they spend more money inside on my concession counters and when they come out, as I am part of a big mall in most places, they spend money in the mall also. So that's what I look at. I look at affluent spenders.
>
> (Alok Tandon, interview 04/01/2007)

The major multiplexes host regular promotions and star premieres to create buzz and compete for market share. They also target the upmarket audience with a suite of luxury seating classes. For example, the standard 'Classic' seating classes at PVR cinemas are augmented at selected sites by 'Cinema Europa' and 'Gold Class' auditoriums. Cinema Europa facilities include 'preferential' access to the Europa lounge bar and restaurant, while Gold Class auditoriums offer reclining armchair seating and in-seat waitress service (PVR Cinemas 2006e). Although they actively target a family audience, as with multiplex operators worldwide, the high socio-economic status of the ideal consumer type for the Indian multiplex is typically combined with the long-standing pattern of cinema as a generally youthful pastime. To support their focus on this demographic, Shringar Cinemas quotes National Council of Applied Economic Research (NCAER) figures that claim that two-thirds of the Indian population is below 35 years, and that the 'Urban growth rate

Figure 3.1 Forecourt of the Crown Plaza mall, Faridabad, home to one of 11 PVR Cinemas sites in the National Capital Region. (Adrian Athique)

Figure 3.2 Gold Class auditorium at the 11-screen PVR Cinemas in Bangalore, currently India's largest multiplex. (Adrian Athique)

for 15–24 years and 25–59 years is growing by 35% and 41% respectively' due to a 'young population moving to metros for education and work' (Shringar Cinemas 2006). In numerical terms, Shringar estimates that there are '82mn Urban Indians between 20–30 years growing 6.4% per cent~ p.a.' (ibid.).

Aside from a youthful demographic, which is also true of the traditional theatres, it is the elite nature of the audience claimed by the multiplexes that probably accounts for their much greater share of advertising revenues compared to regular theatres. According to India Infoline: 'Multiplexes charge anywhere between Rs5000 to Rs12000 for one-minute film per week. On the other hand, conventional theatres even in A+ category cities charge anywhere between Rs600 to Rs7500' (India Infoline 2006: 13). PVR, for example, offers a description of its audience to advertisers which suggests a mixed-sex, educated, car-owning family audience in the upper-middle income range. PVR also attributes its customers with an affluent, adventurous and out-of-doors behavioural profile of the type increasingly favoured by the marketing industry, which has recognised that the means to consume must be augmented (or even predetermined) by the will to consume (PVR Cinemas 2005). Clearly, the imagined community of the multiplex crowd constructs a vastly different customer from the lower class, and primarily male, audience that has dominated the cinema since the 1970s.

The lifestyling of the multiplex is extremely important, not just for attracting advertisers, but for persuading the more affluent customers, who now enjoy ready access to an unprecedented range of domestic audiovisual entertainment, to pursue out-of-home entertainment. For this group, the pulling power of a multiplex is not simply content-based, but is derived instead from ambience. As INOX puts it: 'To more than 3000 cinemagoers who walk into each of our multiplexes every day, INOX is a lifestyle statement rather than just any cinema hall' (INOX Leisure 2006e). According to Manmohan Shetty, Chairman of Adlabs:

> It is a matter of societal pride that we are now seeing new multiplex markets like Mulund emerging on the scene. It means that more and more people now are upwardly mobile and are aspiring for better standards in life. R Adlabs meets the rising aspirations of the people; it is not just a multiplex that screens films but a value added entertainment destination where various leisure activities are blended together to give an enhanced experience to the consumers.
>
> (Adlabs Films 2006e)

Much is made in the marketing and investment literature on the multiplex phenomenon, whether produced by the operators themselves or by financial advisors, of the importance of the growing wealth and numbers of the Indian middle class to the projected growth of the entertainment sector. (KPMG 2005, D'Essence 2006, India Infoline 2005, Price Waterhouse Coopers 2006, Singhal 2006). According to INOX:

> The demographic of movie audiences has expanded dramatically over the last few years as well, with a larger percentage of the population having entered

higher income brackets. In 2001–2002, the consuming class stood at 54.6 million households – today, it has grown to 90.9 million.

(INOX Leisure 2006a)

Although speculation on the economic potential of India's middle classes as a consumer market has taken place over decades, this kind of claim has become increasingly influential over the last decade. Indeed, these claims have been a major factor driving investment into India. The particular definition of the 'consuming class' referred to here originated in a 1994 report from the NCAER entitled 'The Consumer Classes'. This large-scale survey, undertaken in support of liberalisation measures sought to ascertain the consuming power of the Indian middle class, and to reclassify Indian society upon that basis. Thus the middle classes, situated between the tiny elite and the utterly destitute, were classified under three bands: 'consumers', 'climbers' and 'aspirants' (Varma 1998: 171).

This attempt to quantify and re-categorise the middle classes in India is indicative of a programme to create a new Indian middle class. According to Leela Fernandes, this 'culturally constructed' imagined community is intended to embody 'a cultural standard associated with the globalising Indian nation' which 'proponents of liberalisation have sought to deploy . . . as an idealised standard that other groups can aspire to' (2004: 2418). One of the better-known of these proponents is Gurcharan Das, a former chief executive of Proctor and Gamble India, whose book *India Unbound* (2002) makes a powerful case for rebuilding Indian economy and society around the industriousness and aspirations of the middle classes. According to Das,

> When half the population is middle class, its politics will change, its worldview will be different, its poor will be fewer, and society will have greater means to look after them. Thus to focus on the middle class is to focus on prosperity.
>
> (2002: 351)

In support of this view, the consuming classes are seen as having more than doubled over the past decade. A useful illustration of this perceived expansion can be found in the KPMG report entitled 'The Indian Entertainment Industry: Focus 2010 – From Dreams To Reality' (KPMG 2005).

Given their desired patron profile, the continued growth of a consuming class in India is highly significant to the future of the multiplex. It is the predictions of both the scale and the rapid growth of the segment of the Indian population possessing the means to consume that are central to the economic logic behind the multiplex boom. The multiplex operators are counting on the continued growth of the IT sector, with rising salaries in the services industries in particular being seen as a factor that will continue to drive the further expansion of the industry over the next ten years. In historical terms, the middle-class audience in India has either not been large enough or not been sufficiently concentrated anywhere outside of the old Presidency cities to constitute an easily exploitable high-value theatrical market. The selective economic growth of the liberalisation era post-1991, however, has

Table 3.6 Class mobility in terms of consumption within the Indian economy

The classes (*$ income per annum*)	*1994–95* (*million households*)	*1999–00* (*million households*)	*2005–06 estimate* (*million households*)
Rich ($4600 pa and above)	1	3	6
Consuming ($970–4600 pa)	29	66	75
Climbers ($470–970 pa)	48	66	78
Aspirants ($340–470 pa)	48	32	33
Destitutes (less than $340 pa)	32	24	17

Source: Adapted from KPMG 2005

increasingly favoured the educated urban upper middle class, increasing both their income and their aspirations in real terms. Nonetheless, despite the emergence of this long-desired upmarket audience, the capacity of the film industry to exploit it effectively might well have been held back by long-standing government regulations and the entrenchment of lower-class groups in the moth-eaten traditional theatrical sector. The deployment of the multiplex has overcome this hurdle by responding directly to the increased spending capacity of the new middle classes, as well as to their ongoing suburbanisation resulting from the rapid growth in personal credit, car ownership and the subsequent property boom. The multiplex format has provided a logical and attractive option for the film industry to cater exclusively to smaller, more affluent social groups. This is an endeavour for which the numbers have finally added up, this time not in bums on seats, but in rupees:

> Multiplexes have numerous benefits for the few: exhibitors and distributors earn more per film because of higher ticket prices; by breaking the one-film-per-week model, and shuffling the number and timings of shows of particular films, investment is made to yield the highest possible revenue; a certain kind of niche film . . . now becomes commercially viable; by exhibiting six or seven films per week, the chances of a loss to individual exhibitors is minimised; and socially, by targeting and catering to a niche audience, the multiplex becomes an extension of the home theatre, where the rich can watch films in the privacy of their own class.
>
> (Deshpande 2005: 192)

Naturally, the more obvious questions that arise at this point mostly surround both the projected growth and geographic dispersal of this new consuming class. In the first place, is such a group really big enough, or sufficiently concentrated, outside the A centres? How robust are these categorisations and how readily do these income categories translate into readily disposable incomes of the kind targeted by the multiplexes? Even if there is the capacity for expenditure, is there the necessary culture of consumption and, specifically, rising demand for cinema? In the first place, the euphoria surrounding the Indian middle class has to be understood as a consciously designed marketing phenomenon designed to attract inward investment. This is because the interest of foreign capital in India rests not only upon acquiring cheap English-speaking labour for back-office operations, but also upon the potential for a populous middle class to become consumers of goods and services. In his study of India's advertising industry in the liberalisation era, William Mazzarella provides the cautionary observation that the 'conjuncture of the meeting between foreign corporate executives and Indian marketing and advertising professionals in the wake of the 1991 reforms . . . encouraged vastly inflated estimates of the numerical size of this Indian middle class' (Mazzarella 2003: 272).

Pavan Varma's book *The Great Indian Middle Class* (1998) provides a counterpoint to Gurcharan Das's celebration of aspiration and India's newfound potential in the global knowledge economy. Varma instead describes the Indian middle classes as economically parasitic and socially indifferent and further claims that, just as it was their corruption that undermined the welfare state in post-colonial India, their current attempt to secede from the rest of Indian society in a rush towards narcissistic consumerism will undermine rather than underpin India's social and economic progress. Given his critical stance towards the advance of the consuming classes, Varma is also keen to point out that the flood of consumer goods into India during the 1990s was met by indifferent sales, and that those who believed that the liberalised Indian economy would employ the middle class as its 'engine for growth' need to recognise that 'the power of the engine was hardly in conformity with the wishful thinking of the enthusiasts', concluding that the Indian middle class does exist, 'but it is the middle class of a poor country' (1998: 171–172).

In the ten years since Varma's rebuttal, however, the growth of consumerism in India has been very considerable, even if it has not matched the original blue-sky predictions. So in that sense, the pessimism of Varma's account, and his reminder that the vast majority of Indian society remains poor, does not entirely negate the massive increase in car ownership apparent in Indian cities or the boom in soft industries such as telecoms and the visual media and the growing availability of mobile phones and televisions that has gone with them. Thus, the exuberance in the projections made by those with an economic interest in selling the new middle class is somewhat offset by the fact that even a vastly reduced estimate of the Indian middle class would probably still constitute a larger total than the overall population of many developed countries. Nonetheless, even liberalisation guru Gurcharan Das is quick to concede the uneven distribution of this new wealth:

> If we assume the NCAER's historical middle-class growth rate of the past fifteen years, then half of India will turn middle class between 2020 and 2040. To be sure there will be huge disparities. Much of west and south India will turn middle class by 2020, but the backward states like Bihar, Uttar Pradesh, and Orissa wont get there before 2040. Disparities are obviously bad, but vigorous migration helps to ameliorate them and creates pressure for the backward states to catch up.
>
> (Das 2002: 352)

More disturbingly, Das believes that the future of India can be determined in a large part by drawing a line between Kanpur and Madras, with the area east of the line

likely to remain in an increasingly subordinate position (ibid.: 287). A wide variety of professional forecasters also agree that liberalisation has exacerbated spatial inequality and regional inequalities in terms of both broader patterns of investments and quality of life (World Bank 2005, Gajwani, Kanbur and Zhang 2006). Returning to the definition, rather than the dispersal, of the consuming classes in India, it is also worth noting that the households currently classified by KPMG as 'aspirants', and even some of those classed as 'climbers', would fall below the official World Bank poverty classification of a $2 per day income. Indeed, when you allow for the fact that the World Bank classification accounts for per capita income and the KPMG projection for household income, even most of the 'consuming class' would be poverty-stricken by international standards (see Datt and Ravallion 2002, Deaton 2003a, 2003b, Sen and Himanshu. 2004a, 2004b).

This relative poverty of the Indian middle classes may be slightly offset by purchasing power parity (PPP) measures, but there is certainly a half-full, half-empty element to the middle class debate that needs to be recognised here. A recent Asian Development Bank report suggested that while India is indeed amongst the largest economies in the world in PPP terms, on a per capita basis for Asia, only the very poorest countries (i.e. Nepal, Bangladesh, Cambodia and Laos) are worse off (Asian Development Bank 2007). Nonetheless, there is undeniably an important qualitative dimension to be considered here. In terms of the classification of the consuming classes, the numerical veracity of the KPMG predictions is possibly less important overall than the scale of value that the NCAER categorisations attribute to India's population under the terms of the New Economy. The degree to which a social scale in this form is being understood and assimilated by Indians in their worldview and in their everyday life is critical to the success of the new India in ways that transcend the ongoing dispute over the actual numbers involved.

At a more functional level, the geographic spread of the major multiplex chains to date certainly tells us something about where the consuming classes are believed to be found in India today. This is because the business model of the multiplex is expressly based upon the location and acquisition of what are assumed to be rising disposable incomes. FUN Cinemas, for example, describes its multiplexes 'as epicenters of affluent New Economy suburbs', a view supported by Tushar Dhingra at Adlabs: 'What multiplexes are doing is creating an avenue for the New Economy that is coming in' (interview 08/01/2007). We can also see that the capital origins of the multiplex chains clearly lie in the north and west and that their markets to date favour these regions – especially Maharashtra, Gujarat and the National Capital Region (NCR) around Delhi. It is equally significant that, outside of these favoured areas, the multiplex operators have overwhelmingly pursued sites in major cities that are traditional A centres, such as Kolkata, Hyderabad and Bangalore.

The geography of the new leisure economy

In this chapter, we have detailed how the advent of the multiplex has been an integral part of major changes afoot in the industrial organisation of leisure is India. In particular, we have demonstrated how the rapid spread of the multiplex has been officially encouraged over the last five years by the tax exemptions and deregulated pricings facilitated by state governments. In terms of the consumer profile targeted by the multiplexes seeking a market for multiplexes, we have further demonstrated that it is the growth of spending power amongst an (as yet unascertained) proportion of the Indian population, and the shift towards a consumption-led economy, that is providing the operational rationale for the multiplex operators. Subsidiary factors encouraging the multiplex boom include the general shortage of family-friendly cinemas in Indian cities as well as generational change, with the 1970s baby boom increasingly impacting upon the economy and bolstering the youthful demographic associated with cinema patrons. In order to exploit these favourable conditions for investment in new cinematic infrastructure, the entry of institutional capital into the exhibition sector from outside the traditional entertainment industry has been essential.

One of the effects of this investment has been the radical departure from the operating model of the traditional exhibition sector, with the multiplex emerging as the flagship of a new theatrical industry that combines corporate ambitions with increasing structural integration across the film industry and, more widely, the leisure economy. The following chapter seeks to further situate the multiplex within the New Economy paradigm, where India's regulatory authorities have been inclined to look favourably upon the development of new leisure infrastructure for the urban middle class. Along with the corporatisation of the media sector, what has also been made very clear from the shareholdings and the location choices of the multiplex companies is that there is a strong relationship between the multiplexes, urban redevelopment and what is now being called 'organised retail'. As such, there is a strong connection between the multiplex industry and the real estate sector. As a crucial component of charting the emerging geography of the multiplex industry, it is the operating context of the multiplex in this regard to which we must now turn our attention.

4 India poised

Assessing the geography of opportunity

Chapter 3 served to indicate some of the critical linkages existing between the rise of the multiplex, ongoing structural change in the leisure industries and the emerging focus of economic planning in India. Extending this discussion throughout the course of this chapter, we describe how the multiplex industry intersects with the contemporaneous phenomenon of organised retail and the attempts being made by its proponents to re-write India's commercial culture. In turn, both the multiplex and its host body, the shopping mall, must be further considered in light of their intrinsic relationship to the shifting regulatory frameworks governing the management of urban lands and an exuberant property market in India's major cities. The volatile economic conditions within these particular contexts exert important effects upon the strategic planning of the multiplex operators. At one level, the shopping mall craze has been a growth driver for the multiplexes, but at the same time the rising cost of lands and the issues raised by a rapidly overheating market both raise questions over the long-term viability of the mall-multiplex combine. The spiralling costs in their most favoured markets and the oversaturation of previously successful catchments by copycat developers are providing the impetus for ambitious expansion plans to take the multiplex to India's second-tier cities. In effect, this entails shifting the terrain of commercial competition between multiplex operators to the national level.

The mall-multiplex combine

In the accounts provided by Acland, Hubbard and Ravenscroft and others, we have seen how the multiplex has almost invariably been deployed within the context of a wider re-organisation of the retail economy. Specifically, the history of the multiplex has been very closely related to the ultimate architecture of late capital: the shopping mall. In this respect, the Indian story also provides ample support for this symbiosis between new formulas for the provision of leisure and new environments for retail activity. As Malcom Voyce (2007) observes, the spread of shopping malls designed to serve India's growing consuming classes has been a major focus for both foreign and domestic capital investors in India over the last five years. The widespread adoption of the shopping mall format in India that is currently being proposed, in opposition to the existing network of small family owned stores and