

Bollywood stays complacent despite liquidity crunch

Could the current global market meltdown, directly or indirectly, affect Bollywood's finances and the production of its hugely mounted movies? This is a question not many in the film industry are asking at present because they are confident the worldwide liquidity crunch will have no direct impact on them.

So, it is business as usual in Bollywood and there is no sign of tension.

Instead, the mood so far is complacent in entertainment corporate houses as well as in privately-run big production firms like Yash Raj Films and Karan Johar-headed Dharma Productions, which are gearing up for the release of 'Roadside Romeo' and 'Dostana' respectively.

'The big production houses already have sufficient cash reserves and corporate houses have collected enough money from the markets to worry about for any short-term crisis,' said Manmohan Shetty, producer and former chairman and managing director of Adlabs.

Supporting Shetty's view, chartered accountant Mehul Parekh averred that never in the history of Indian film industry has any economic crisis slowed down film production.

'There's no cause for worry. But, yes, those who borrow money from the banks to make movies may face problems as the banks will not lend money easily as long as the current global financial instability continues,' said Parekh, who is also one of the directors of the Infinity Film Completion Services.

He said fresh equity sales of corporate houses engaged in entertainment content productions might slow down, but that would not affect them immediately.

Parekh felt the liquidity crunch may be a boon for cinegoers.

'In order to keep their businesses going, multiplexes may have to think of cutting down admission rates (ticket price) so as not to lose clientele if the liquidity crunch worsens,' he said.

Both Shetty and Parekh feel that money is not an issue in Bollywood at present.

'The problem is the poor film content and the films are not recovering enough money at the box-office because of that,' said Parekh.

Echoing the same view, Shetty said if the mega budget movies continued to do poor business at the box-office as is the case now, producers would be forced to reduce the budgets of their future projects.

'Cost-cutting measures are long overdue. If so and so stars cannot justify their prices at the box-office, they cannot afford to continue to charge the same, or at least the producers cannot afford to pay them the same. This is only one aspect of cost-cutting,' he said.

According to the half-yearly report card, more than Rs.3 billion (\$70 million) has gone into making films in Bollywood, but half of the amount sank beyond recovery.

In the beginning of 2008, the audience rejected Rajkumar Santoshi's supposedly serious movie 'Halla Bol'.

With equal disdain, the paying public passed over 'Sunday', 'My Name is Anthony Gonsalves', 'One Two Three' and 'Bombay to Bangkok'.

Even 'Tashan', 'Thoda Pyaar Thoda Magic' and 'Krazzy4' that had the honour of being produced by two of Bollywood's revered banners, Yash Raj Films and Filmkraft respectively, were rejected.

Under the present circumstances, what should be the ideal budget of a big star-cast movie?

'I would say, it should not exceed Rs.600 million because this is the amount of money that is recoverable from all sources at present,' Shetty said.

Citing the example of the impact of the recession in Hollywood, both Shetty and Parekh said that during the economic slowdown in the US in 1974, movie ticket sales climbed rather than declining.

'Films are the cheapest form of entertainment and therefore thrives more in bad times,' Parekh remarked.

Shetty was a bit more matter-of-fact and added: 'Under the present circumstances, there is more likelihood of fewer movies becoming blockbusters.'

Finally, will the present crisis in the international money market give a jolt to the Anil Abnani's Reliance BIG Entertainment (RBE)'s deal with Steven Spielberg's DreamWorks SKG, because as per the \$1.2 billion deal, RBE will have to invest \$500 million and provide another \$750 million in debt through JP Morgan Chase?

'In so far as debt is concerned, JP Morgan Chase has already committed it and it will not go back on its commitment,' Parekh said.

Jivraj Burman (© IANS / India eNews)