

## **Bollywood and Economic Development in Mumbai**

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On a recent visit to Mumbai I was asked to speak about the creative, or cultural industries. With the innocence of a naïve outsider, I observed that, with its vast economic development potential, its central role in the city's identity, and the unique contribution it is making to world culture, Mumbai's greatest strategic asset is Bollywood.



My audience, a distinguished gathering of business people, cultural players and politicians, seemed if anything embarrassed by Bollywood's upstart success and its unabashed populism, and were bemused to think that this fantasy factory might be a major player in the hard-headed world of business. But to me, Bollywood is a world-class example of a booming cultural industry cluster, and should be placed at the centre of Mumbai's economic development strategy.

In this article I will run over the underlying policy concepts in cultural industry development, and go on to outline their application in Mumbai.

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### **Culture is Big Business**

What are 'cultural industries'? They are based on individuals with creative arts skills, in alliance with managers and technologists, making marketable products whose economic value lies in their cultural (or 'intellectual') properties.



There are competing definitions: some prefer the wider terms 'creative' or 'copyright' industries. But all point to the same idea: that the key component in these businesses is individual creativity. In the cultural industries, what makes the money is a traditional arts activity such as singing, dancing, acting, telling stories, making pictures. Add technology skills and business acumen, and you get one of the world's fastest growing business sectors. It encompasses architecture, crafts and designer furniture, fashion, film, video, graphic design, performing arts, computer games, music, television, radio, visual arts, writing and publishing. Not so long ago, the world's biggest companies were industrial manufacturers and raw materials suppliers: Ford, Standard Oil, General Electric, Philips, General Motors. Now there are some completely new names in the list of top companies: Time Warner, Disney, Bertelsmann, News Corporation - television broadcasters, publishers, entertainers. And they are growing fast. In the world's advanced economies these sectors are showing annual growth rates



between 5 and 20% . Today, industries based on singing, dancing, acting, painting and writing are very big business.

They are a major employer, and a major contributor to national wealth. UK Government research reveals that creative industries earn more, and employ more people in London than financial services . In the UK, these industries contribute £55 billion in Gross Value Added - six times more than automotive industries and nine times more than aerospace and pharmaceuticals .Since 1996, copyright-based goods have been the largest export sector for the USA, more than automotive, agriculture and aerospace/defence . This means that we need to understand artistic producers as generators of economic value, as well as of cultural value. To many this is a strange and unwelcome idea. We are used to thinking of economic wealth and power as totally distinct from cultural wealth and power. The distinction is an organising principle in education, with our separate schools for arts, science and business, in government departments, and it is evident in the isolation of business from culture. With their high professional stake in the status quo, many business people, artists and policy-makers prefer it that way.

But this distinction only grew out of the needs of industrial economies. It did not exist before them. It would have been meaningless to Galileo. Today there are business people who believe that art has nothing to do with the real world. What would the engineer and weapons designer da Vinci say to that? There are artists today who say they are humiliated by the need to earn money, that society owes them a living. What would the entrepreneur and property developer Shakespeare make of that?

### **The Era of Creativity**

An economy based on mass production only needs to understand people en masse. An industrial business is successful precisely to the extent that it standardises its relationships with people, and does not use up resources treating each employee or consumer as a different individual. But we now see that as technology advances, the suppliers of traditional consumer goods and services find it harder to compete first on price and then on quality. Their response is to distinguish themselves by building lifestyle or cultural value into their product offer. This makes the cultural industries a contributor to all sectors of the modern economy.

In the past, if I bought a coat I would do so because I was cold, and I would choose it on the impersonal grounds that this coat is warmer and will last longer than that one. Now, if I buy a designer suit I do so to express myself, and the business that wants to sell me such a product has to appeal to me in a much more complex and delicate way. It must appeal to me as an individual.

Just as the industrial age replaced the agricultural age that preceded it, so the industrial age is being replaced in its turn. We are moving into a different world now, a world where the raw materials are not coal and steel but information, where the most valuable products are ideas and meanings, produced not by machines but by the imagination.

Think of Nike, or Coca Cola. What do these companies actually do? They don't make shoes or drinks, they get other companies to do that. Their whole manufacturing process is outsourced. It's appropriate for them to do this because the shoe and the drink are incidental to the real sales offer - which is a lifestyle. Companies like Nike and Coca Cola do not manage factories, they manage narratives. And the language that they use is not analytic and impersonal, but intuitive and aesthetic. It is the language of the storyteller, the entertainer, the artist.

### **Creative Clusters**

At the vanguard of this new Era of Creativity are the cultural industries. But they behave in ways that are hard for traditionalists to understand. Most of the distribution channels are controlled by large multinationals: Fox, Time Warner, Sony, Viacom. However it is hard to nurture creative talent inside these big corporate structures, and most new content originates with free-wheeling independent individuals and micro-enterprises. So the industrial ecology is one of whales and plankton: a handful of high-profile global players, stars and multinational companies, dependent upon vast shoals of project-based micro-enterprises. From the surface, only the bigger players are visible, but these big fish are wholly dependent on the small fry further along the supply chain.

New value is created in this sector when technical innovation, artistic creativity and business entrepreneurship are deployed together to make and distribute a new cultural product. Content-creators must be quick to respond to changes in fashion and technology. Their assets are invisible and volatile: reputation, skills and brands. They operate in global niche markets. They evolve by getting better rather than by getting bigger. Key players are rewarded by lifestyle and reputation as much as by money. A good deal of their critical infrastructure is external to the firm. All this adds up to a business profile that is not widely recognised by banks, investors or government.

The principal strategy that the creative sector as a whole adopts to address these structural issues is to pool resources and band together: into networks, clusters, quarters and other kinds of informal groupings. These are characterised by both co-operation and intense competition, particularly at the interface between creators and distributors.

And thus it is in Mumbai. With no encouragement from anyone, a new generation of entrepreneurs has built a world-class cluster of cultural enterprises centred on film, television, music and fashion and extending into publishing, high-end cuisine, photography, design and more: Bollywood.

### **A Golden Age of Film-Making**

Bollywood is a unfortunate name, doing little justice to the Golden Age of film-making that India is now enjoying. It seems patronising, encouraging us to think of it as Hollywood's poor cousin. Cultural traditionalists dismiss Bollywood as cheap and cheesy entertainment, investors simply don't accept it as real business and politicians see only corruption and criminality.



There is some truth to the criticisms. Even in a golden age, every film is not a work of genius, though a few are: only time will tell which. The risk and investment landscape in the creative industries is indeed very different, and investors must get used to new financial instruments such as options and completion guarantees. And Bollywood needs to put its house in order, as Hollywood did in its youth, and embrace a culture of contracts instead of cronyism and criminality. Only then will the film sector be officially treated as the serious industry it is, and encumbrances like the Entertainment Tax be dropped - though this has not prevented the Film Minister from drawing up a co-production treaty with the UK.

### **Mumbai Cluster Development Strategy**

What should government do? After all, this concentration of creative entrepreneurs has grown up in Mumbai without intervention from the public sector. The problem is that development to the next level, where Bollywood makes the economic contribution to India that Hollywood does to the USA, is only possible through public-private partnerships. To take off as a creative cluster, sectors like banking, education, tourism, culture, property and transport need to recognise and align some of their activities with the entrepreneurial energy and potential of Bollywood. Only local level partnerships of public and private sector agencies can bring this about. Government should promote and contribute to, but not determine, a cluster development strategy.

Imagine the possibilities. Universities and research centres would be working with audiovisual producers and distributors to investigate technologies and business models for new distribution channels such as mobile phones and the internet. Property developers and film bosses would get together to build new studio lots (in some of the old Mills sites?). As well as producing its own films, the sector would be

attracting foreign film-makers to India, by investing in training to improve the quality of its production and location services. With a programme of international film, fashion, food, music and design events, a Bollywood visitor attraction, and an archive of film memorabilia, Mumbai's national and international tourism earnings would go through the roof.

### **Bolly vs Holly**

And of course there is development of the sector itself. As every producer knows, the only way to finance the serious investment required in all aspects of the business, from script development, through technical services to marketing and rights management, is by opening up new markets. As far as I can see, every Bollywood producer's holy grail is therefore the 'breakthrough' blockbuster that will open up mainstream markets in America. But I wonder if these films will ever resonate with western audiences. Bollywood's core narrative shows India's young middle classes negotiating their new role



in the world. As comedy, it proposes an ultimately successful reconciliation between traditional community and family demands, and modern individualism. This optimism is totally at odds with Hollywood's fundamentally pessimistic world-view, where the individual usually wins out, but always at great cost to community and the wider world. Instead of looking to the west, Bollywood should perhaps play a longer game, and focus on permanently capturing the growing middle-class markets in Asia, much as Hollywood did with Europe in the 1940s and 50s.

### **Critical Mass**

Across the world, the creative sector is booming. Economic development agencies everywhere have identified the creative industries as a growth sector, and most are supporting them through some form of cluster-based development strategy, that understands the sector in both cultural and business terms. Creative clusters are places to live as well as to work, places where cultural products are consumed as well as made. They are open round the clock, for work and play. They feed on diversity and change and so thrive in busy, multi-cultural urban settings that have their own local distinctiveness but are also connected to the world. Despite its many problems, Mumbai is ideally situated to adopt this approach.

An ambitious programme for change in Mumbai was set out in a recent report , sparking public debate about whether the City should follow the example of London, Singapore, Hong Kong or Shanghai. Mumbai has many problems, the creative industries will not solve all of them, and no doubt it has much to learn from other cities. But Mumbai has a unique asset to help its transformation: a creative cluster at

'critical mass' level, ripe for growth. Civic leaders in other cities would be green with envy to have a success story like Bollywood to build on.

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