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**DEVELOPMENT
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Entertainment Industry : Opportunities

Film Censorship : Sharmila Tagore

Golden Memories : Mahesh Bhatt

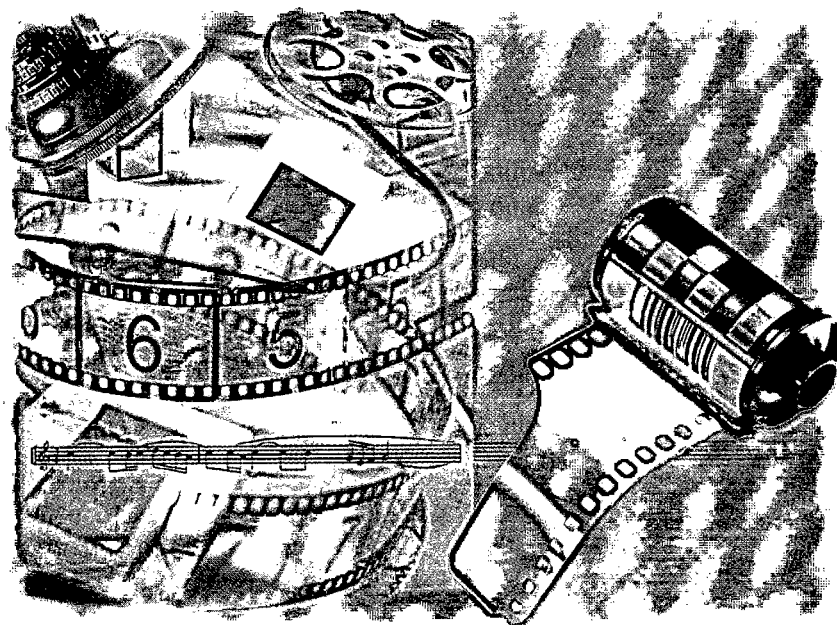
Public Service Broadcasting

FM Radio

Interview : P. Chidambaram

J & K Window : Hydropower

Economic Decisions : North East



Entertainment



(Courtesy: The Hindu)

93-year-old first lady photographer, Homai Vyarawalla, trying her hands on a digital camera while inaugurating the "Photo Imaging Asia 2005" in New Delhi



Yojana

DECEMBER 05

Special Issue on NORTH EAST

- North East is an area with tremendous opportunities.
- The December Issue of Yojana will be a Special Issue on North East beginning from 2005.
- The socio-economic issues and aspects of North East are covered in a lucid manner with special focus on the state of Tripura.
- Eminent writers, specialists contributing to the issue include Governor, Tripura; Chief Minister, Tripura; Jayanta Madhab – Economic Advisor to CM, Assam; Ms I.K. Barthakur.– Member, North Eastern Council, among others.

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*Let noble thoughts come to us from every side
Rig Veda*

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About the issue

THE INDIAN Entertainment Industry is one of the fastest growing sectors of the Indian economy. The Report by Confederation of Indian Industry (CII) and KPMG, India says that this is likely to witness an exponential growth at 165% i.e. Rs 58,800 crore by 2010.

The TV sector contributes over 60% of the entertainment industry's revenue of Rs 22,200 crore. As digitalization is the future of T.V. industry, this sector will continue to fuel growth with technologies like direct-to-home (DTH) broadcasting, Internet Protocol base and interactive television.

The Phase II of the private FM radio has made access to the airwaves a whole lot simpler and feasible for the commercial players. The second phase of FM licencing shifts to a more viable 4% revenue sharing regime with a one-time entry fee. Existing operators will be allowed to migrate automatically by paying a roughly equivalent entry fee. Although these measures make the medium quite attractive for the private players, the one area which still remains unheeded, is that of prohibition on airing news and current affairs programmes.

Community radio is a vital tool of development. By definition it serves a group of people in a geographically bound area, but only government recognized educational institutes and organizations have been permitted to set up community radio. The licence granted is valid for a period of three years as against 10 years for private FM players. The government is in the process of reorienting broadcasting to encourage meaningful content through community radio that is responsive to the needs of the people.

The appointment of a broadcast regulator to monitor the content, is another area needing urgent attention. With piracy being the bane of the entertainment industry, the law enforcers need to act decisively, with stringent punishment for the offenders. It is heartening to see that the Indian Music Industry, an industry body, has stepped up efforts to curb piracy.

In this issue, we have limited ourselves to the detailed analysis of the four traditional sectors – TV, film, music and radio, which together account for 96 % of the entertainment industry revenue. The issue also looks at film financing, censorship, Public Service Broadcasting and the challenges before the traditional form of entertainment.

The need of the hour is an Entertainment Policy in tune with the times. Apart from addressing the present day concerns, it also needs to give fresh impetus to the vital areas such as regulatory infrastructure, piracy, newer technologies and wider content creation, to name a few. □

The Indian Entertainment Industry

CONSISTENT COMMITMENT to economic reform over the last decade has spurred the steady growth of the Indian economy. The emphasis on creating an enabling environment for investment and the inherent potential of the Indian economy have together pushed India's annual Gross Domestic Product (GDP) growth rate beyond 8 per cent.

While India's GDP ranks eleventh in the world in absolute terms, it ranks among the top five economies of the world when assessed in terms of purchasing power parity. It is the growing consuming class with the proclivity to spend that will drive the growth of the Indian entertainment industry. Adding to this positive outlook is the fact that the average Indian is getting younger and is showing a greater propensity to indulge and entertain himself. Moreover, there are over 20 million Indians living abroad who are increasingly opting for India-oriented entertainment, as the availability of such content increases. Globally, a clutch of international films with Indian content, themes and performers are receiving wide visibility and acclaim. This broad acceptance of Indian entertainment is likely to give a

further fillip to the expansion of this industry.

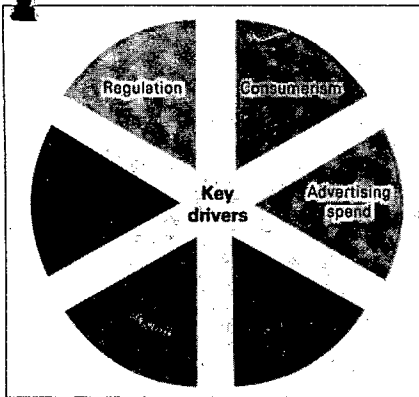
To be able to appreciate the contours of this industry, it would be useful to take a closer look at the key drivers of the entertainment sector.

The emergence of the Indian middle class with greater earning power and a higher disposable income is one of the key factors that will drive the growth of the Indian entertainment sector. Demographic analysis clearly shows the evidence of this growth. The consumption chart below indicates the continued progression of people into higher income and consumption segments.

A number of economic trends are testimony to this advancement.

- Automobile sales are rising across the country. In two wheeler sales, India now ranks second in the world, while car sales are over 1 million per annum, growing at about 25 per cent annually.
- India is the sixth largest market for mobile handsets (16 million units per annum) and is growing at 50 per cent a year.
- The country is the fifth largest market for colour televisions and is growing at 25 per cent per annum.

It is the growing consuming class with the proclivity to spend that will drive the growth of the entertainment industry



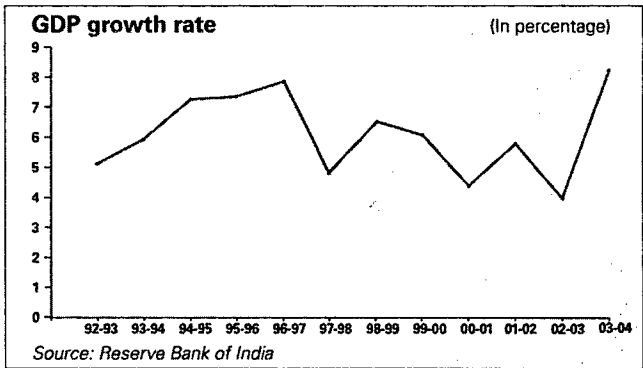
As the average Indian gets richer and his more compelling needs are met, his propensity to spend on discretionary items such as entertainment increases. Further, as his consumption of various goods and services rises, companies would try to reach out to him through more marketing and advertising. Higher demand and an increased investment would result in an expansion of the entertainment industry in the years to come.

As the Indian entertainment market grows, it is essential to recognise the heterogenous nature of the market. All too often, the specific appetite of certain segments such as the rural population,

women and children, is underestimated and their financial value proposition continues to be under-recognised.

Illustratively, here are some important facts about the rural sector:

- There are nearly 42,000 'haats' (rural supermarkets) in India.
- In 2002-03, LIC sold 50 per cent of its policies in rural India.
- Small towns and villages account for over one million cellular telephone users.
- Of the 25 million households that bought television sets over the last three years, 19 million, or 77 per cent were rural households.
- Of the 20 million who have signed up for a popular horizontal portal, e-commerce and free mail service, 60 per cent are from small towns.



Of the 100,000 persons that have transacted on its shopping site, 50 per cent are from small towns.

Companies and businesses that have managed to differentially cater to the varying segments of Indian population have benefited. As a corollary, the entertainment sector too has begun to witness the advent of a broader set of offerings which are aimed for specific segments: e.g. television channels for children. On the other hand, the 'children's films' genre, for instance, has yet to grow and mature in India.

There is a case for a proactive and sustained targeting of specific, niche segments of the market. In fact, given the size and potential of India's niche segments, niche may be a word which is likely to be replaced soon.

Advertising Spend

As per industry estimates, the total advertising spend in India in 2004 was approximately INR 118 billion, a growth of 13.4 per cent over the last year. However, India continues to have a low 'advertising spend to GDP' ratios compared to other economies, underscoring the untapped potential.

In 2004, the advertising spend for India stood at 0.50 per cent of the GDP, up from 0.48 per cent the previous year. This is expected to increase significantly due to rising consumerism and growing interest from global brands attracted by this huge and expanding market.

The Classes	1994-95	1999-00	2005-06E
Rich (Above USD 4600)	1 million households	3 million households	6 million households
Consuming (USD 970 - 4600)	29 million households	66 million households	75 million households
Climbers (USD 470 - 970)	48 million households	66 million households	78 million households
Aspirants (USD 340 - 470)	48 million households	32 million households	33 million households
Destitutes (Less than USD 340)	32 million households	24 million households	17 million households

Source: NCAER

Given the increasing number of media channels that consumers are exposed to, brands will have to advertise more frequently and across more channels to generate brand recall. As television channels have multiplied and the content available has become more diverse in the last decade, their viewership has increased, niche channels have emerged targeting specific demographic segments and the cost of advertising on television has reduced.

While the broadcasters can dwell on this shared optimism, they must also recognise that advertising budgets are very sensitive to economic downturns. Advertising budgets are not only easily brought down, but the productivity of

such expenses is also challenged. Companies are increasingly demanding their advertising agencies to link their fees to performance indicators such as sales increments. With increasing access to state-of-the-art technologies, addressability issues are being put to test, thereby exposing the limitations of current media research findings and measuring the true efficacy of media.

Content

Any new media market attracts an initial swell of content players. Such a scenario invariably leads to a stage where the smaller players find it unviable to continue and are eventually weeded out. After the initial shakeout, the industry consolidates and grows

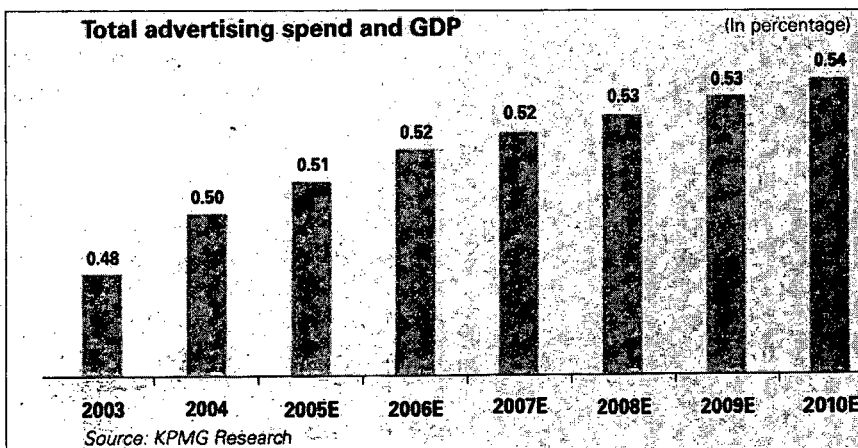
until it reaches a stage of maturity. Thereafter, in a stable environment, it is the quality of content, with an accentuation on innovation and creativity that drives the industry.

In the television medium, the different genres are in different stages of their life cycle. Several channels have emerged recently in the space of children's entertainment and education. The news channels are in the next stage of evolution with an influx of players in the last two years, but market limitations and more transparent viewership patterns will lead to an inevitable shakeout. Up the maturity curve is the mass entertainment genre, which has established itself with 3-4 major players and the quality of programming (including innovative formats) determining their fortunes. With the introduction of newer distribution channels, such as DTH and IP-TV, the demand for premium/alternate content will increase and this is expected to spur the growth of new genres such as education, teenage entertainment, mature content (subject to liberalisation of the programming code), etc.

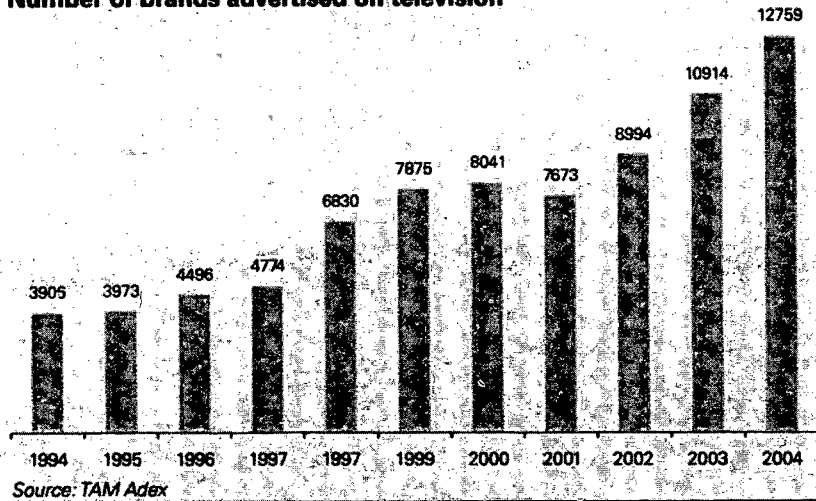
With a legacy of over 50 years and 1,000 films a year, the Indian film industry has reached a phase where the focus is on the quality of content. The increase in the number of films made has not seen a proportionate increase in their commercial success. In fact, there is now a decline in the number of films being produced annually and this trend is expected to continue as production houses now value quality over quantity. To combat the pressures of television programming, the Indian film industry, like its western counterpart, is being forced to attract the audiences through technological advancements like advanced visual effects, special effects, sound sync, animation and sheer star power.

	GDP	Total ad spend	Ad spend to GD
Australia	412	4	1.0%
China	904	6	0.6%
Hong Kong	164	4	2.1%
India	485	2	0.5%
Malaysia	88	1	1.0%
Singapore	86	1	0.9%
South Korea	477	4	0.8%
USA	10,384	134	1.3%
France	132	1	0.8%
Germany	1,984	16	0.8%
United Kingdom	1,560	14	0.9%

Source : KPMG Research.



Number of brands advertised on television



In the late 80s, the Indian music industry saw an end of the existing duopoly with several few players emerging. A spurt in content availability and new genres such as Indi-pop drove the rise in music consumption. However, technology has facilitated easy access to music through illegal downloads, pirated CDs and tapes, music television channels and radio FM channels. With little value realisation by music companies and minimal regulatory support, music companies are struggling for survival, as a result of which there has been very little experimentation in content. This situation could change with the increasing popularity of non-film music in India and globally, signs of which are being observed.

Pricing

India has the potential of becoming an attractive destination for international broadcasters and production houses, despite its low per capita income, as the larger population base makes a viable case for high volume consumption. However, while prices are significantly lower in India than in other parts of the world, access to volumes is restricted by fragmentation in the distribution chain.

Subscriber declaration by cable distributors to broadcasters in India is extremely low resulting in very inequitable distribution of subscription revenues. According to an independent research, the operator-broadcaster split of subscriber revenue in India has possibly the worst skew in the world.

Such low levels of declarations have been attributed to the lack of transparency in the last mile distribution end of the business, which is controlled by the 30,000 odd local cable operators and independent cable operators across India.

Similarly, in films, there is low transparency of actual gate receipts, outside of multiplexes and few organised theatre halls. This is particularly true in smaller towns where receipts are not accounted for.

According to industry experts, the total revenues lost to the film industry due to unaccounted receipts coupled with video piracy range between INR 15-20 billion annually. Film piracy through illegal DVD and VCD releases and the open screening of new releases by cable channels, is forcing film producers to pre-sell the television and video rights, before the release of the film even if it means an erosion of theatrical ticket sales.

Piracy of music through illegal downloads, unauthorised CDs and remixed versions of popular music is taking its toll on music recording companies. The paltry royalty sums, if any, paid by music television channels and FM radio only adds to the difficulties faced by these companies.

Differential Pricing

India has seen improved income levels across a large section of its populace, with a significant number of people willing to spend on entertainment. However, a substantial difference in the affordability levels between various sections of society continues to exist. As a result, a price differentiation strategy needs to be adopted for media products, with a view to maximise revenues.

Establishment of zones and creating a zonal pricing structure for different cable subscription packages could be an effective pricing strategy. Through a differential pricing system, broadcasters

Distribution of Revenues (in percentage)		
Market	Operator	Broadcaster
United States	60	40
United Kingdom	63	37
Australia	65	35
Japan	65	35
India	83	17

Source: Media Partners Asia

will be able to earn more from higher income groups through compelling content packages, and the same can be used to subsidise subscription fees of lower income groups with minimal content packages. This will help increase the size of subscribers thereby resulting in increased revenues.

In the film sector, price differentials already exist both at the point of distribution (territories for distribution) as well as at the point of exhibition (theatre hall tickets).

The differential pricing mechanism can be examined more closely and transparently to determine price levels that will draw larger audiences to films. In the music sector, pricing CDs at a premium end and cassettes at the low end may help music companies compete with the prices of pirated cassettes. A marginal drop in CD sales may be offset by increased cassette sales. At an overall level, difference pricing should be driven by the objective of revenue optimisation.

In all these sectors, differential pricing would require a thorough understanding of the demand for media and price sensitivities of various segments, gained through research at the ground level.

Regulation

Regulations give form and direction to the free play of market forces, according to the social and economic objectives of the nation. Therefore, regulatory interventions are typically driven by a vision for the future, which can be shared by all stakeholders. The need to have such a vision is very important now in India, as the entertainment industry prepares for the introduction of several new technologies and business models that have the potential to revolutionise the dynamics of value creation in this space. The guiding principles of such a vision should include:

- Ensuring consumer choice and protection
- Achieving sustainable growth
- Ensuring a level playing field
- Providing equitable distribution of value
- Adoption of new technology

In most media markets, the consultative process leading to formulating regulations, has served as defining steps for charting the growth path. In India, most segments of the industry have grown to their present structure and size in a largely unregulated environment. Such growth has resulted in the creation of last-mile monopolies in cable television, established through informal agreement among the unorganised last-mile operators. However, further growth will be extremely difficult without facilitative regulation to ensure structural and behavioural changes amongst the industry players. Such changes are necessitated by the following ground realities:

- Lack of consumer choice in several segments of the industry value chain, most notably in the last-mile of cable distribution
- Piracy-related revenue and tax leakages across all segments of the entertainment industry
- The need to establish a level playing field for new distribution platforms like Direct To Home (DTH) broadcasting and digital film

- The need to protect sovereign interests like national security.

Revenue Losses

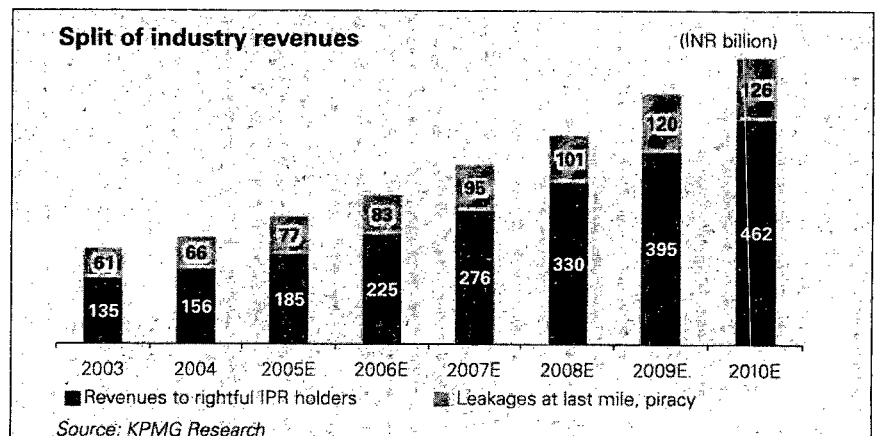
A substantial portion of the industry revenues is not captured at the last mile, through leakages and piracy. This does not even include unaccounted for revenues, the impact of which cannot be quantified, arising from:

- live entertainment events hosted by the unorganised sector
- black market sale of film tickets
- end-user revenues from pirated home video rentals
- unaccounted income from marketing of pirated home videos overseas.

Going forward, it is expected that the ratio of illegitimate revenues to total revenues will go down to less than 25 per cent from the current 30 per cent, though in absolute terms, it will continue to increase.

It is important to note that any regulatory intervention should be supported by a comprehensive framework for industry evolution, and followed up by efficacious implementation. Otherwise such interventions can only lead to chaos and uncertainty as demonstrated by the aborted attempt to introduce Conditional Access Systems (CAS) for television in 2003-04.

Technology has played a key role in influencing the entertainment industry,



by redefining its products, cost structure and distribution. Empirical evidence suggests that technological innovations create discontinuities in the industry, with the initial dissonance evolving into eventual realignment to effectively create and realise value from it.

Content creation has benefitted significantly from technological breakthroughs, especially in the areas of sound, visual effects and animation. This has benefitted audiences by providing them with a high-tech content viewing/listening experience. The growing adoption of digital television around the world has forced leading global broadcasting companies to put development and use of new technologies at the centre of their core strategies. For a content distributor, future will come by specialised offerings, such as high-resolution pictures, high-speed Internet access, online games and information, pay-per-view electronic commerce services and voice telephony. New technologies, such as satellite radio, are characterised by their ability to reach out to larger audiences than ever before, reducing the cost per contact. While these technologies typically require high initial capital expenditure, the same may be set off by incremental volume gains through increased reach. It is this trade off that needs to be evaluated before an investment is made in any new technology.

If one were to look at emerging trends in technology and their impact on entertainment consumption, the most significant trends are seen in the areas of media distribution, though some may be regarded as product innovations. Some such technology trends are given below:

Digital distribution of content in television and film will help plug the leakage of last-mile revenues due to the

under-declaration among cable operators and film theatre owners.

The Personal Video Recorder (PVR) expands users' ability to decide when and how they will watch programmes. It allows the viewer to pause a television programme when required, and provides the luxury of skipping commercials entirely. The PVR allows viewers to create their own programming schedule to fit their time requirements. Technologies such as this will lead to more audience 'fragmentation'. In such a scenario, it is the programming content that will ultimately drive the industry.

As digital video signals begin to appear, **High-Definition Television (HDTV)** sets are getting the most attention. Digitalisation allows HDTV broadcast and transmission with incredibly sharp and detailed pictures.

However, at present, current-generation television sales have not demonstrated a downwards trend. In fact, consumers continue to pay more for large screen models with present-day technology. Even in the US, viewers are not expected to switch to HDTV soon, due to the very high price differential.

Digital broadcasters are working on ways to include **interactive services** into their over-the-air video transmissions, primarily as video signal enhancements. Cable and satellite television companies are also moving towards interactive services that vary from simple video-on-demand to more complex internet access products. Such interactive technologies are expected to be platform-neutral, providing service providers with new products and services to offer.

Fixed broadband wireless systems are another way to bring interactive digital services to consumers. The wireless debate currently centres on the use of point-to-point or point-to-

multipoint technology. Point-to-point, a technology already entrenched in some regions of Asia, beams data over the air from a transmitter to one receiver. It is widely used for business-to-business communication. Point-to-multipoint, still an embryonic technology, operates like satellite distribution, beaming data to as many reception antennae as the signal can reach.

As internet connections have become faster and software for cyberspace has become more sophisticated, audio aficionados have benefitted significantly. Free, downloadable audio players for computers have made listening to audio via the computer commonplace. Traditional over-the-air radio stations have begun to take advantage of the new software, as well as the internet's ability to deliver graphics, data and video at the same time, to enhance their audiences' listening experience. The internet has also extended the reach of radio stations beyond their own markets, which was determined by the strength of their broadcast signals, to the entire world.

As technology has enabled internet users to **download digital audio** tracks, online music download sites have rapidly sprung up, presenting a challenge to existing radio stations. Marquee artists are opting more often to debut new albums or tracks online rather than through traditional radio stations or video music channels. Recording artists and record labels are also moving toward offering their music online. For both artists and producers, digital distribution is a way to bypass radio stations and, more recently, video music channels.

Satellite radio is a digital broadcast system that uses direct-to-home satellite technology to offer listeners up to 100 channels of commercial-free audio music, news and entertainment.

However, not all the new technologies listed above will succeed. In order to succeed and become a mass phenomenon, they will have to demonstrate that they are adding for the consumers and the providers.

The increasing penetration of technology is a major force shaping the entertainment landscape today. It will completely revolutionise content delivery as well as the viewership experience. Once these technological changes attain a critical mass, they can have a shattering effect on the existing industry equilibrium. Due to the imminent impact of these and other technologies, the successful media and entertainment companies will be the ones that are prepared for their disruptive effects on

the business models and the industry structure.

The future of the entertainment industry will be a function of the interplay of each of the above factors, namely consumerism, advertising spend, content, pricing, technology and regulation. Estimating the industry size over the next 5-10 years, would require a crystal ball, given the number of variables involved. However, based on current trends, the industry is expected to breach the INR 500 billion barrier in five years.

For the Indian entertainment industry, this is the moment of truth. Beyond the linear growth projections, there is a bigger story waiting to happen if a concerted and accelerated effort is made

now. The industry is entering a second phase of growth, which will have technology as one of the key drivers. This growth phase will be the consequence of a combination of quality infrastructure and the gradual penetration of digital connectivity, which will redefine the way entertainment content is delivered and consumed. This phase of growth needs to be supported by an enabling tax and regulatory infrastructure, as the government begins to understand the long term potential of this sector, and starts according it the priority status it deserves. □

(Adapted by Editorial team, Yojana (Eng) from CII-KPMG Report 'Indian Entertainment Industry, Focus 2010: Dreams to Reality'.)

Hit Parade

Some icons from the seventies and eighties that have either vanished off the face of earth or else are less easy to come by:

Chitrahaar:

The Wednesday and Friday night equivalent of MTV in black and white had India in a thrall.

As did the Sunday evening movie.

77 Cola: Some years back when Coca-Cola was banished we had Campa Cola and Thums Up which diehards swear can still be found, but Double Seven '77' is



definitely history.

Radio Ceylon: Ameen Sayani's voice would give you the goosebumps, and this was the greatest countdown show on radio ever, broadcast—yes—from Sri Lanka.

Marxism on campus: It was almost mandatory to spout Marx and Lenin, but never at the cost of revolution.

Stretchlon bellbottoms: It was the latest rage, a synthetic import from Japan that smelled of summer sweat. Probably the worst phase of fashion in the country.

Safari suits: They were an eighties invention and became the uniform of corporate India. Many still sport them.

Cabaret: Dancers in clubs did it, and

vamps in films did it. The cabaret gave us Helen as the bad girl with the golden heart. Now you have item numbers.

Postman: It was the generic term for refined groundnut oil, the ads were everywhere, and modern households used it alongside Dalda. Reputedly still around, when was the last anyone cooked with Postman?

Garden sarees: Persis Khambatta appeared in these ads for India's first-ever branded sarees in the market. Today, we don't know anyone who wears Garden sarees but in small-town India women ask shokeepers for "Garden" when referring to synthetic dress materials. □

The Magic of Sholay

The name Gabbar Singh, still evokes fear. There was a time when mothers used this name whenever they were not in a mood to sing lullabies to put kids to sleep. 'Sholay' inaugurated a new era in Indian film world. The yesteryears heroes, Raj Kapur, Dilip Kumar and Rajesh Khanna, gave way to the brooding and angry hero, balanced by the bubbly and pretended to be happy alternate hero of the modern Indian Cinema.

Sholay was a celebration of love and friendship of rustic, feudal revenge and of unrelenting, unyielding fight against evil

forces and sacrifice. The reverberations created by the tossing of the one sided coin in the Indian psyche, are actually the reflections of the attitude of the common Indian towards life.

It can rightly be said that the film has inaugurated the modern period of commercial Hindi cinema. That is why even after 25 years of its premier, there is a tendency to compare every successful film with Sholay. The film made use of several innovations including spectacular cinematography with shots panning over rocky heights and barren canyons. The clouds were menacing giving the movie

a sort of an eerie tension. It took villainy in Indian films to new heights. The songs, dialogues and mannerisms of the characters of the film are still imitated and enjoyed by millions of film lovers. All the characters, including minor ones, became popular all over India, irrespective of language and region. Sholay went on to become the most successful film in Indian film industry. 2005 is the 25th year of its success and still it is running in the cinema theatres. *Yeh dosti hum nahi chhodenge* is still fresh in the memories of cine lovers. □

The Ascent of Indian Film Industry

Gopalan Srinivasan

India has the best talent and technology for entertainment. A proper mix would herald a virtual boom for the domestic artists and cultural progress of the country

FILMS ARE deemed to be the crescent of entertainment industry the world over because of their role, range of activities and receipts they generate, besides providing lucrative occupation to talented people. The saga of Indian film industry is no different from this universal trend. With the entrenchment of television viewing as part of life among ordinary people across the country, the entertainment industry today stands at the crossroads. It not only provides plenty of opportunities to content providers but also offers a menu of pleasures and educative value to viewers, depending on their ability to absorb the meaning and message of the medium.

Within the entertainment industry, film holds the pre-eminent position as people by and large and regardless of age use their leisure to watch movies. They do so not only to understand the narrative brilliance, the excellent cast and its acting prowess, the nuances of director's wonderful mind but also to analyse and reflect the way the whole

movie is captured in the film, frame by frame. In recent years, the success of Bollywood, broadly described as the bastion of Hindi film world located in Mumbai, has been hailed as the triumph of talent in art and by artists with a blend of corporatisation of the film industry. This year particularly for the Hindi film industry has been a triumphant one so far with eight certified successes at the mid-point. Sanjay Leela Bhansali's *Black*, produced by Applause Entertainment, starring Amitabh Bachan and Rani Mukherjee, captured the great and patient struggle of a teacher to bring into mainstream a blind and physically challenged girl. The exemplary directorial touch and finest acting by the lead characters in that film evoked rave review across the country and the film became a hit. Not only 'Black', but, also a spate of good movies by relatively new entrants such as IDreams and K Sera Sera, who are pragmatic corporate bodies, provided vast scope for co-productions and funds. The advent of corporate culture into filmmaking is the best that could have supervened to star-struck tinsel world

Mr Gopalan Srinivasan is a senior journalist.

because in the place of arbitrary behaviour and whimsicality of mood-swing matinee idols, accountability and responsibility stand counted. This has enabled producers to finish a film within the budget and at the same time without compromising on the eternal values of sending some strong and robust message to viewers through the chosen theme of the film. This is also supplemented with the instrumentality of impressive acting by supporting cast which includes hero and heroine and a whole lot of other characters who dot the film.

The success of Indian films is resounding enough to have reverberations across the world. According to the latest report of the Federation of Indian Chambers of Commerce and Industry (FICCI) on the Indian entertainment industry, the Indian Diaspora (non-resident Indians) across Europe, Middle East, Africa, Latin America and North America is conservatively reckoned at 20 million. The underlying export potential of the film industry is linked to effective reach of Indian films to these viewers. According to FICCI, the export earnings for the film, television and animation industry for the last three years has been increasing from Rs 925 crore in 2002 to Rs 975 crore in 2003 and Rs 1010 crore in 2004.

Considering the importance of the film industry in the scheme of things, the government is alive to the various demands of the entertainment industry. For instance, institutional and bank financing is now accessible to the entertainment industry. Industrial Development Bank of India (IDBI) introduced a Film Financing Scheme in April 2001. Assistance under the scheme is made available to the

corporate entities promoted by reputed producers with a satisfactory track record. IDBI has stated that the minimum size of budget of a film that is required for it to be eligible for assistance has been internally set at Rs four crore. The Ministry of Information & Broadcasting has taken up several proposals providing duty/tax relief to the film industry and exemption from countervailing duty (CVD) to raw films is one such issue. 100 per cent foreign direct investment (FDI) is permitted in the film segment, while a Venture Capital Committee, set up to suggest a strategy to facilitate the flow of venture capital into the sector, has presented its recommendations to the government. Moreover, the National Film Development Corporation (NFDC), a public sector unit under the I&B Ministry, provides limited funding for films and supervises the integrated growth of the film industry in tune with the objectives of the national economic policy.

It must be stated that the film industry in the country is in the private sector and according to the Film Federation of India (FFI), the apex body representing the film industry, on an average 800 feature films are produced in the country every year. FFI reckons that approximately 10 lakh persons are employed directly and roughly 40 lakh persons are employed indirectly in the film sector. It is also relevant to note a recent report entitled 'Bollywood' made by Yes Bank for the Film and Television Producers Guild of India (Guild) which puts into perspective the prominent features of the Hindi Film Entertainment Industry. The report succinctly notes that there is a definitive shift in thought processes within the industry. This shift is towards increasing corporatisation, which started in 2000-01, is well on its way to enable

alignment of Bollywood with global best practices that are the hallmarks of developed filmed entertainment industries of the world.

Some of the key findings of the Guild-commissioned study on Indian film industry include, among others:

Number of High Grade Hindi Films (HGHF) produced and released has increased from 60 in 2001 to 89 in 2004, while total Hindi films produced and released during this period has increased from 157 to 177 (227 to 246, including dubbed films in Hindi).

The Hindi films production industry remains largely fragmented albeit there is a growing trend towards producing multiple films every year by select production houses. 63 out of 89 HGHF released in 2004 were produced by production houses and companies, which produced only one film in the whole year. There is an increasing trend towards co-productions (creative and financial), which have increased from three in 2001 to 15 in 2004. 67% of co-productions involved financial contributions while 33% involved creative inputs and / or production services.

Since 2001, there has been a growing trend towards use of Non-Traditional Financing Sources (NTFS) in film production. Number of films partially or fully financed from one or more NTFS has increased from six in 2001 to 46 in 2004. Cumulatively, NTFS contributed Rs 2,565 million in 2004 against Rs 485 million in 2001. This constitutes more than 50% of total project outlay of top 50 Hindi films produced and released in 2004 and underlines the rapidly transforming funding sources for Hindi films.

20 out of 46 films financed from NTFS last year were associated with new directors, reflecting the role being played by NTFS in nurturing and fostering fresh and new talent in film making. 61% of films financed from NTFS were funded by private equity from individuals and corporates, 93% of films funded from one or more NTFS in 2004 involved equity financing.

Gross Box Office Collections (GBOC) of all Hindi films have increased from Rs 9200 million in 2001 to Rs 12000 million in 2004, translating into an increase of 29.8% between 2001 and 2004. Average number of prints on which a film belonging to the top 50 Hindi film Group releases has increased by 22% from 310 in 2001 to 377 in 2004. During this period, average number of domestic prints has increased by 18% from 239 to 282 while overseas prints have increased by 36% from 71 to 96, emphasising the burgeoning importance of overseas markets for top Hindi films.

There are 73 multiplexes operating in India currently with a cumulative seating capacity of 89470 across 276 screens. Top 6 multiplex operators run 34% of total multiplexes, 41% of total screens and 37% of total seats. Based on the GBOC available for Hindi films released last year, these multiplexes constitute 28%-34% (depending on 35%-40% occupancy) of total GBOC for top 50 Hindi films and 21%-25% of total GBOC for all Hindi films. This highlights the invaluable role played by multiplexes in the growth of GBOC for Hindi films since 2001.

According to a survey by Pricewaterhouse Coopers Pvt. Ltd for FICCI, the rise in the multiplexes in

many ways has also impacted the movie-making business. Smaller size theatres provided the incentive for low-budget niche films and experimental cinema. The change was also seen in terms of shortening of the average release time in theatres, providing a growth opportunity in the home video segment and increased revenues from satellite and cable rights.

This Survey also states that last year saw substantial growth in revenues from overseas collections, consequent to an emerging growth in the number of prints being released for overseas theatres. The industry also witnessed the advent of various integrated film companies and public issues of UTV Software and Shringar Cinemas took place. The film segment will ride on the growth of multiplexes and digital distribution formats.

The Survey is quite sanguine that better realisation in box office collections, growth in collection from overseas markets as a result of better marketing and distribution set-ups and emergence of the home video markets would drive the growth of the filmed entertainment industry in the next five years.

The Indian film industry is not confined only to Bollywood and Hindi films. Beyond the Arabian shores, India has vibrant film industry in local languages too. In such places as Chennai, Bangalore and Hyderabad virtual film cities are doing a thriving business. Though the Constitution provides 'cinema' as a State subject, save certification of films, which is on the Union List, the Central government has taken several supportive measures for the growth of

cinema in general and vernacular cinema in particular through the NFDC. The film corporation extends credit to regional cinema too and through the Children's Film Society of India which produces children's films in various languages for telecast in Doordarshan, which exhibits such cinema; and through National Film Awards and the Indian Panorama section of the International Film Festival of India by recognising the best of regional cinema.

Alongside, the government is also seized of the menace of piracy and trade in pirated versions of entertainment. According to FICCI, the revenue loss from film piracy in India is about Rs 1200 crore annually. As for the music industry, the Indian Music Industry (IMI) has stated that the size of the music industry has fallen from Rs 1000 crore in 1999 to Rs 500 crore in 2004. Efforts are on to evolve common codes among the film producers, multi-service operators and cable operators not to exhibit films without valid permission from the copyright holders.

In sum, the Indian entertainment industry in general and film industry in particular is entering a phase of maturity and consolidation of gains achieved haphazardly in the past. It is time the potentials of the medium for making a qualitative change in the life of toiling millions through educative entertainment is exploited to the hilt. India has the best talent, and technology for animation and digitilisation for entertainment. The proper mix of all these benefits would herald a virtual boom time for the domestic artists and bring overall cultural progress of the country in the years to come. □

Film Censorship

Sharmila Tagore

INDIA HAS the largest film industry in the world, making on an average of nearly eight hundred feature films and nearly one thousand short films every year. Film production and exhibition occupies an important place in the field of culture as the most widely appreciated and democratic of the arts. Films play a significant role in shaping public opinion and in imparting knowledge and understanding of the lives and traditions of the people.

iconic status. Movies, in fact have become an integral part of way of life in India.

India has a free Press, and the same freedom applies to cinema, which is free enterprise outside the control of the Government, except the Films Division and Doordarshan which are aimed at education and information while entertaining. The Press in India is said to be the most free of control compared to other countries of the world, and the same applies to cinema.

However, neither cinema nor the Press are separately listed in the Constitution, all those freedom is a Constitutional right. This is because Press and cinema fall under the Fundamental Rights Chapter of the Constitution, particularly article 10(1)(a) which says all persons shall have freedom of speech and expression. "The freedom of expression means the right to express ones opinion by word of mouth, writing, painting, picture or any other manner, including movies.

But this right is subject to "reasonable restriction" on grounds set out under articles 19(2) of the Constitution. Reasonable limitations

Censorship has the task of scrutinizing films with a vision to ensure that the sensibilities of the viewers are not offended in any manner and therein lies its greatest challenge

The popular appeal and accessibility of films make them an important instrument of aesthetic education for broad sectors of the population. The reason perhaps lies in the fact that films have the power to influence public thought in manner, which is difficult to achieve by any other medium. By a rough estimate, every day about 15 million people watch films in India. Thus a population as large as India's population goes to the theatres for seeing movies every two months. Cinema has therefore the ability to influence thought and behavior like no other medium. This is evident from the way everything from hair styles to fashion, even speech, is influenced by movies particularly in India, where movies stars have an

can be imposed in the interest of the sovereignty and integrity of the state, friendly relations with foreign states, public order, decency or morality or in relation to contempt of court, defamation or incitement to an offence.

Thus the framers of the Indian Constitution felt it necessary to put certain reasonable restrictions in the larger interest of the community and country and strike a proper balance between liberty guaranteed and the social interests specified under Article 19(2). Furthermore, it is the duty of the state to protect the freedom of expression since it is a liberty guaranteed by it.

It is, therefore, clear that while the media print, electronic, film or any other, is free to express opinion and thought, it is only in the larger public interest that there should be some control however, miniscule.

Furthermore, since the reasonable restrictions are in public interest, it becomes the duty of the public to ensure that this freedom is not violated by the unscrupulous elements in the society, bent upon misusing the liberty given to them by the State and the Constitution.

Film Censorship

While the media in our country is free, regarding films it is considered necessary in the general interest to examine the product before it goes out to the public because it is an audiovisual medium whose impact is far stronger than that of the printed word.

Film censorship or certification is thus the end product of a process of pre-viewing of films and it includes a decision either not to allow a particular film for public viewing or to allow it for public viewing with certain deletions and alterations. Furthermore, it is for

ensuring that people do not get exposed to psychologically damaging matter.

The Supreme Court in its judgment dated 30.3.1989 in Civil Appeal Nos.13667-68 of 1988 relating to the censorship of the film "Ore Oru Gramathile"(Tamil) held that the film censorship become necessary because "a movie motivates thought and action and assures a high degree of attention and retention. It makes its impact simultaneously arousing the visual and aural senses. The focusing of an intense light on a screen with the dramatizing of facts and opinion makes the ideas more effective. The combination of act and speech, sight and sound in semi-darkness the theatre with elimination of all distracting ideas will have an impact in the minds of spectators. It can, therefore, be said that the movie has unique capacity to disturb and arouse feelings. It has as much potential for evil as it has for good. It has an equal potential to instill or cultivate violent or good behaviour. With these qualities and since it caters for mass audience who are generally not selective about what they watch, the movie cannot be equated with other modes of communication. It cannot be allowed to function in a free market place just as does the newspapers or magazines. Censorship by prior restraint is, therefore, not only desirable but also necessary.

Films can thus be publicly exhibited in India only after they have been certified by the Central Board of Film Certification. Films considered suitable for unrestricted public exhibition are granted 'U' certificates. Films which contain portions considered unsuitable for children below the age of twelve, but otherwise suitable for unrestricted public exhibition, are granted 'UA' certificates with a caution to parents to that effect. Those considered

suitable for exhibition restricted to adults only are granted 'A', certificates, those restricted for exhibition to specialized audience such as doctors etc. are granted 'S' certificates. Films considered unsuitable for public exhibition are not granted certificates.

The organisational structure of the Central Board of Film Certification (CBFC) is based on the provisions of the 1952 Act and the Cinematograph (Certification) Rules 1983. The functions within the purview of the Cinematograph Act, 1952. The Act envisages for the purpose of sanctioning films for public exhibition, the Central Government may, by notification in the Official Gazette, constitute a Board to be called the [Board of Certification] which shall consist of a Chairperson and [not less than twelve and not more than twenty five] appointed by the Central Government. They comprise of eminent persons from different walks of life such as social sciences, law, education, art, films and so on, thus representing a cross-section of society.

The Act further lays down that for the purpose of enabling the Board to officially discharge its functions under this Act, the Central Government may establish at such regional centers as it thinks fit advisory panels each of which shall consist of such number of persons qualified in the opinion of the Central Government to judge the effects of films on the public, as the Central Government may fit to appoint there.

Accordingly the CBFC today comprises of nine Regional Centers at Mumbai, Kolkata, Chennai, Hyderabad, Bangalore, Thiruvanthapuram, Cuttack, Guwahati, and New Delhi catering to the needs of both the established and

nascent centers of film production. Thus, the CBFC is a truly decentralized body which takes into account the wide diversity and plurality that exists in a country as vast as India and society as complex as ever. The Advisory panels constituted at every region also comprise of persons drawn from every walk of life to enable different views and opinions prevalent in society to be reflected in the process of film certification. The Cinematograph Act goes on to state that "it shall be duty of every such advisory panel whether acting as a body or in committees as may be provided in the rules made in this behalf to examine the film and to make such recommendations to the Board as it thinks fit".

The CBFC has divided into Examining and Revising Committees to provide a two tier system for certification of films. In the event of a difference of opinion in the Examining Committee or the applicant not being satisfied with the decision of the Examining Committee, the film can be referred to a Revising Committee.

An appeal against decision of the Board lies to the Film Certification Appellate Tribunal. The Tribunal is presided by a retired Justice of the High Court and includes four members.

The Certification Rules also apply to foreign films imported to India, dubbed films, and video films. The certification does not apply to films made specifically for Doordarshan, since Doordarshan has its own system of examining such films.

Certification

Section 5B(2) of the 1952 Act lays down that in addition to the general guideline laid down in Section 5 (B), the Government may issue "such directions as it may think fit setting out

the principles which shall guide the authority competent to grant certificates under this Act in sanctioning films for public exhibition".

These directions, commonly understood as guidelines, have been issued by the government and have also been amended from time to time, keeping in mind the changes in social outlook and also the kind of films being made.

Thus the notification dated the 6th December, 1991 envisages that the objectives of Film Certification will be to ensure that

- the medium of film remains responsible and sensitive to the values and standards of society;
- artistic expression and creative freedom are not unduly curbed;
- certification is responsive to social change;
- the medium of film provides clean and healthy entertainment; and as far as possible, the film is of aesthetic value and cinematically of a good standard.

In order to enable the Board to pursue these objectives, there are exhaustive guidelines laid down by this notification. These guidelines touch upon prevention of portrayal of excessive violence, child abuse, denigration of women, among other issues. Thus that the guidelines state that-

- anti-social activities such as violence are not glorified or justified.
- scenes-
 - ❖ showing involvement of children in violence as victims or as perpetrators or as forced witness to violence, or showing children as being subject to any form of child abuse;

- ❖ showing abuse or ridicule of physically and mentally handicapped persons; and
- ❖ showing cruelty to, or abuse of, animals, are not presented needlessly;
- human sensibilities are not offended by vulgarity, obscenity or depravity;
- such dual meaning words as obviously cater to baser instincts are not allowed;
- scenes degrading or denigrating women in any manner are not presented;
- visuals or words contemptuous of racial, religious or other groups are not presented;
- visuals or words which promote communal, obscurantist, anti-scientific and ant-national attitudes are not presented.
- The sovereignty and integrity of India is not called in question;
- Public order is not endangered;

Challenges

During the year 2004 the Board has issued a total of 5472 certificates. 2882 certificates have been issued for celluloid films and 2590 certificates for video films.

In the celluloid films category, 934 certificates were issued to Indian Feature Films, 285 certificates were granted to foreign feature films, 1437 certificates were granted to Indian short films, 222 certificates to Foreign short films and 4 for Indian long films other than feature, thus making a total of 2882 certificates.

The CBFC has been constantly striving to fulfill the responsibility entrusted to it and in a changing social scenario, the following measures specifically introduced earlier to curb depiction of sex and violence in films have been continued:

The song and trailers of Indian films being telecast on Doordarshan are now being subjected to pre-censorship.

- In each Examining Committee/ Revising Committee it has to be ensured that 50% of the members are women.
- The members of the Board and Advisory Panels have been requested to implement the guidelines strictly.
- Specific clarifications have been issued about interpretations of some of the frequently violated guidelines.
- The names of the members of the Examining Committees/Revising Committees/Film Certification Appellate Tribunal, on whose recommendation a film is cleared for public exhibition, are shown in the certificate for public exhibition granted to that film.

However the very nature of its job, the fact that it sits on a judgment upon a piece of art, renders it vulnerable to multi-faceted criticism, at times. The need for censorship in films has often been questioned by those who see this as an encroachment upon their right to freedom of expression. On the other end

of the spectrum, however, are those who feel the censorship ought to be a lot more pro-active in its approach.

The last decade has seen rapid changes in media technology and the reverberation of the same have been felt by the field of cinema also.

The emergence of cable television as a major force in the media industry has exposed the Indian audiences with an assortment of cultures and ideas. They have access to cinema from virtually the entire world. In addition, soap operas, both Indian as well as foreign, are gaining increasing popularity and in a way competing with cinema. The cinematic culture has therefore undergone a shift in its traditional focus. Bolder and unconventional themes are being experimented with.

The Internet has made available a plethora of information on virtually everything to a person sitting inside his own home. The Indian audience is thus no more insulated from the influences and trends, both good and bad, from across the globe.

Another factor that has to some extent influenced film making in India is the emergence of multiplexes do not

require large audiences for a solitary show, the producers are willing to gamble with themes, which are unconventional or may have appeal only to a select category of audience.

Various civil rights organizations have become pro-active and are engaging in a constant dialogue with film makers over portrayal of sensitive issues like child abuse, stereo typed projection of women, cruelty towards animals etc.

All these factors have contributed towards making the task of censorship all the more challenging. The pulse of the society, which is fast undergoing a change, has to be kept in mind.

The question however remains as to who decides what is suitable for the audiences and what is not. There exists no simple answer to that. The only thing that can be said is that the censorship should be responsive to the society. Its purpose is not to play a spoilsport by imposing unreasonable cuts. It nevertheless has the task of scrutinizing and scanning films with a vision to ensure that the sensibilities of the viewers are not offended in any manner and therein lies its greatest challenge. □

India's Top 10

Celebrity Track Survey 2005

Ranking	Celebrity	Recognisability	Likeability	Total Score
1	Amitabh Bachchan	93	65	6040
2	Sachin Tendulkar	92	64	5914
3	Shahrukh Khan	91	54	4892
4	Aamir Khan	90	53	4746
5	Kapil Dev	87	53	4561
6	Sunil Gavaskar	84	53	4504
7	Saurav Ganguly	89	51	4502
8	Kajol	85	51	4361
9	Aishwarya Rai	92	47	4359
10	Hema Malini	86	50	4282

Source: Hansa Survey.

Nostalgia, a Lucrative Business

Mahesh Bhatt

THESE DAYS, nostalgia marketing is everywhere. The truth of this dawned on me the other night when I was at a function to release an album which pays tribute to hit songs from my films. Twenty one hit tracks have been handpicked to form an album, which is aptly called 'Flash Back', by the music company SA RE GA MA, which has been marketing music from the late 30s and 40s, and has, in its repertoire, tunes which are closely tied to the emotions of almost every generation. In fact, this company has turned nostalgia into a money-spinning business ages ago.

We all know that next to smell, a tune is the next trigger which can hurl you back in time instantly. Every generation, as it ages, has a yearning to turn back the clock and return to simpler times. And marketers have understood this yearning and used it to their advantage.

Of late, Bollywood has been awash with remakes and remixes. The global success of *Mughal-e-Azam* amplifies the point that the faster we hurtle into this millennium, the more desperate is the impulse of a generation to look backwards.

Nostalgia is a stress reliever. It helps many to cope with the growing anxiety about ageing, death and relentless change. Recently, Indians have been overwhelmed by the breathtaking onrush of the information age with its high-speed modems and cell phones, and 200 odd 24X7 TV channels. While a sizeable section of India, in fact half of India which is young, celebrates the new dawn of the digital age and reaps its benefits, there are many who just cannot cope with this culture which has descended from nowhere. The older folks need some warm fuzzies from their past to cuddle upto.

An expert, who works for one of the world's largest marketing companies, recently made this statement: "These days we are wrapping up our modern conveniences with old-style packaging, hoping that the warm memories of the past will make the oldies, who have the bucks, reach for their wallets and make a purchase". Now, that completely explains why McDonald's is marketing its burgers using the look alikes of Raj Kapoor, Sanjeev Kumar and Rajesh Khanna to seduce the older age group into consuming fast food fare.

In the late 90s, Coca-Cola in the US recreated a plastic version of its famous

Young advertisers are seriously reflecting upon the older and richer Indians' deeper longing to take control of their lives by reconnecting with their past

Mr Mahesh Bhatt is a Mumbai-based film maker.

contour bottle of the post-War era, and sales doubled. Even FM radio today has extensive time bands where they play oldies, but goldies and certain TV channels only show old films. The collector's item of Mughal-e-Azam has sold like hot cakes, not only in India but also in Pakistan, and the new generation of film-makers are today scrambling about in the archival dustbin of Bollywood to find their next subject. By casting the actors of today in the subjects of yesterday, they increase their market base. The recent success of *Parineeta* proves this point.

Marketing golden memories has been a lucrative business the world over. In the US, one after another, CDs of old songs, books of old photographs, or essays reminiscing about childhood are repackaged and released from time to time. In Japan, the 38-56 age group accounts for about 30 million people, or one quarter of the total population. The

world over, this group is rejecting a pop culture that seems to care only about teenagers, and marketing experts have taken note of the enormous business opportunities thereby presented. Going with the flow and responding to consumers' nostalgic sentiments, marketers have been putting out wave after wave of products that were popular when this group was young.

These days, India seems to be beginning to wake up to this fact. In spite of the robust economy and the sudden affluence that may have descended into our backyard in the last couple of years, the truth is that it will take a while for Indians to adjust to this. Because of the dramatic changes which have occurred in our lives, Indians long for simple conversations between friends and family members and at times, for rustic rural life which is unrefined, without

brands and the speed that has overtaken our lives.

Indians are quite sensitive to their tradition, and the memories of the past weigh them down. Nostalgia marketing, which is being born, is doing so out of this vulnerability. While the young India today lives on the dreams of a phosphorent tomorrow, the old live on the memories of their foggy yesterdays.

How long can this nostalgia be sustained is anybody's guess, but it would be fair to say that young advertisers are seriously reflecting upon the older and richer Indians' deeper longing to take control of their lives by reconnecting with their past.

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News

UN structure reflects 1945, not 2005: PM

The Prime Minister Dr. Manmohan Singh has made a strong case for urgent steps to expand the UN Security Council as part of comprehensive reform to end the "democracy deficit" in the world body and to bring it in line with the prevailing global realities.

Addressing the 60th Session of the UN General Assembly in New York, the Prime Minister said "the UN's structure and decision making process reflect the world of 1945 and not the world of 2005". He suggested that unless the organizations become "more representative of contemporary world and more relevant to our concerns and aspirations", it would not be able to carry out its charter obligations or deliver on the

● *We must firmly reject any notion that there is any cause that justifies terrorism.*

● *The international community is generous in setting goals, but parsimonious in pursuing them.*

Millennium Development Goals. He called for a "New Deal" to spur economic development and creation of jobs on a global scale.

Dr Singh also utilized his address to send a powerful message to curb terrorism, saying "We must firmly reject any notion that there is a cause that justifies it". India has for long been a victim of cross-border terrorism, the Prime Minister said. He declared, "we shall never succumb to or compromise

with terror, in Jammu and Kashmir or elsewhere"

Dr Singh regretted that the rich nations were unwilling to help find resources to pursue Millennium Development Goals. He commented that "we find that international community is generous in setting goals but parsimonious in pursuing them".

Quoting Pt. Jawaharlal Nehru's 1947 observation that peace, freedom and prosperity were global pursuits, the Prime Minister concluded by suggesting that globalization could become an opportunity to redesign the world order in a more equitable manner. □

Compiled by Dr Sapna N Singh, Editor, Yojana (English)



IAS 2005-06

Eklavya IAS Academy

India's No. 1 Academy
assures you A 2 Z quality guidance in

Our IAS 2004 Selections	
Name	Roll No.
Dhruv Gupta	000711
Rahul Bhagat	164473
Gangadhar P S	011223
Aslam Hassan	158611
Sameena Hameed*	
Promila Gupta*	
* Qualified for interview	
OPEN SYMPOSIUM (Nov. 6, '05)	
Gen. Studies	9:00 a.m.
Public Admn.	4:00 p.m.
Sociology	2:00 p.m.
Anthropology	2:00 p.m.

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(Main & Prelim)

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The Great Indian Entertainment Screen

Madhu R Sekhar



NYTHING AND everything that draws away the attention of mind from the worries and the struggle to become the fittest in life is entertainment. A thing of beauty is a joy forever, said the great romantic poet, John Keats. And joy is entertainment. It can be music, an artwork, dance or drama and in the modern technological world cinema, television or even a fashion show.

The characteristic theme of entertainment in the 21st century is change. Rapid technological change. The pace of technological revolution in entertainment is sweeping the cultural and social life. Many new kinds of popular and colourful art forms are emerging to cater to an entertainment hungry world population, than any other time in the history of mankind. Never in history we had experienced such a vast interaction between art forms and technology. Of course, it happened, rather in a small magnitude when John Guttenberg invented printing.

New technology means new audiences. The modern audience is tech

savvy. Radio was the first technology based entertainment mass medium to enthral millions at a time. But the most technological entertainment medium in history is cinema. The earliest use of moving pictures was a result of simple optical devices such as magic lanterns, which were used to display still images in a rapid sequence. With the advent of motion pictures entertainment became an industry. Now it is one of the biggest industries in the world, giving employment to millions and producing new icons of popular art every year and everywhere. Cinema is a way for many to escape from realities. At the same time many consider it as an art form.

The Oberammergau Passion play of 1898 was considered as the first commercial picture ever produced. In 1902 George Melies produced 'A Trip to Moon', the first science fiction film with extravagant special effects. The first theatre designed exclusively for cinema opened in Pittsburgh, Pennsylvania in 1905. The popularity of the cinema made motion pictures the largest industry in entertainment. As the visual element of cinema needs no

Nowhere else in the world can one find such a diversified industry, uniting the people, the nation together with its rich music and cultural values

translation it has a universal power of communication, which transcends the barriers of language, boundaries and culture. Cinema, like language, is a culturally mediated artefact, which has been the product of specific cultures, reflects those cultures and in turn affects the culture. Popular movies became worldwide attractions.

The biggest film industry in the world in terms of films produced each year is the Indian film industry. Many film historians consider Raja Harischandra released in 1913 as the first Indian film. But many take “The Great Bengal Partition Movement; Meeting and Procession” the documentary made by Jyotish Sarkar in 1905 as the first cinema produced in India. That means 2005 is the centenary year of the greatest film industry in the world. The world celebrated the centenary of motion pictures in 1995 because the first motion picture, “The Arrival of a Train” produced by Lumiere brothers was premiered on a large screen on December 28, 1895 at the Grand Café in Paris. They also filmed “Workers Leaving the Lumiere factory that year. They were not based on a story. Both of them were motion picture documentaries. So strictly speaking, Jyotish Sarkar’s film was the first to be produced in India. Dada Saheb Phalke’s film Raja Harischandra was premiered in 1913.

“Alam Ara” produced by the Imperial Film Company and directed by Ardeswar Irani in 1931 ended the era of silent movies. A number of talkies like Kalidas in Tamil, Bhakta Prahlada in Telugu and Jami Sasthi in Bengali were produced in the same year. The first Marathi talkie, Ayodhiyecha Raja and Gujarati cinema Narasinh Mehta came out in 1932. The first film in Punjabi, Sheila and in Assamese, Joymati were produced in 1935. The first Malayalam

film Balan came out in 1938. The first film in Pushtu Laila Majnu was produced in 1941. Homi Wadia’s Ekta, the first film in Sindhi and G.P.Kapoor’s Nazrana, the first Marwari film were produced in 1942. The first Rajasthani film B.K.Adarsh’s Babasa Ri Ladi was released in 1961 while the first Bhojpuri film Ganga Maiya Tohe Piyari Chadhaibo was released in the following year. Naizraat, the first Kashmiri film was made in 1964. Kumar Kuldeep made the first Dogri film, Gallan Hoyian Beetiyan in 1966. The first Manipuri feature film, Matangi Manipur and the first Coorgi film, Nada Manne Nade Koolu were made in 1972. Beera Shera, released in 1973 was the first Haryanvi film. The first cinema in Brij Bhasha, Brij Bhumi came out in 1982. Bhadwa Mata, released in 1982 was the first film in Malvi and Mamata Gawae was the first cinema in Maithili. Both came out in 1982. The first full-length film in Sanskrit Adi Shankaracharya was released in 1983. It was produced by National Film Development Corporation and was directed by G.V. Iyer. Dr. M. Balamuralikrishna, famous Carnatic classical musician, scored the music of the film.

International Awards

Damle and Fatehlal’s Marathi film Sant Tukaram, produced in 1936 was the first Indian film to gain international recognition. It received a special jury mention in Venice Cinematograph Exhibition. In 1954, Do Bigha Zameen directed by Bimal Roy received a special mention at Cannes and it got the Social Progress Award at Karlovy Vary film festival.

Apart from Satyajit Ray, who had almost all coveted international laurels in his crown, many Indians won a number of awards in international film festivals. Raj Kapoor, the tramp and the greatest Indian showman to hit the

Indian silver screen won the Grand Prix for his Jaagte Raho at Karlovy Vary in 1957. In the same year Kabuliwala, the film by Tapan Sinha got a special mention for music in Berlin international film festival. In the eighth International film festival at Berlin V. Shantaram’s 1957 film Do Ankhe Bara Haath won the Silver Bear Award in 1959 for its impressive treatment of a social problem. In 1963 Suchitra Sen got the best actress award at Moscow for her stellar performance in Sat Pake Bandha. In the Chicago film festival of 1965 Waheeda Rahman got the best actress award for her role in Guide. In the Tashkent Film festival of 1998, Gautam Ghosh won the Simurg Grand Prix award for his film Antarjali Yatra. Adoor Gopalakrishnan’s film Mathilukal won the FIPRESI and UNICEF awards in 1990. In the Melbourne film festival of 1999, Deepa Mehta created a sort of record by winning seven awards for her film, Earth 1947.

Every year in all the major Indian languages many mega hit commercial films are being produced. Super stars and heroines hit the screen every year. The first perfect commercial blockbuster with all the ingredients is said to be Chandralekha. Then many mega hits, especially in Hindi, Tamil, Telugu and Malayalam came out. Many of the superstars were being worshipped as demigods. Films like Sholay changed the face of Indian cinema.

Parallel Cinema

The first Indian international film festival, held in 1952 in Mumbai, brought about a drastic change in the approach to the new medium. It paved way for a lot of qualitative changes in the film culture. Indian creative minds and talents who approached the medium with seriousness came under the influence of French New wave movies,

which featured unprecedented methods, expression and pictured existential themes, stressing on the individual and acceptance of the absurdity of human existence. The Italian neo realism and the avant-garde movement opened a new world for many of them.

The parallel cinema movement began in the regional cinema first, especially towards the end of the sixties. Many film critics are of the opinion that movement began with the production of Mrinal Sen's *Bhuvanshome* in 1969 and *Uski Roti*, both financed by the FFC. Satyajit Ray, Mrinal Sen, Ritwik Ghatak, Adoor Gopalakrishnan and John Abraham were the pioneers of new cinema in India.

The new Indian cinema was the artistic expression of sincerity and commitment. It was of great social significance, presenting a modern, humanist point of view in contrast to the fantasy world of the popular cinema, where everybody is either busy with love, dance and music or with fighting evil forces. This movement caught international and national attention, significance and importance because it gave rise to a cinema with commitment, meaning and new way of treatment. It was essentially one seeking truth, did not obey conventions and rules and refused to become subservient to popular notions and box office calculations.

The new Indian cinema was a

product of the influences of new movements in art and literature, especially the post world war era. Existentialism, neo realism and surrealism influenced in Indian psyche. Bimal Roy, Guru Dutt and Raj Kapoor, tried to blend the social realities with a sort of romantic socialist ideals. While Satyajit Ray focussed on urban middle class existence, Mrinal Sen and Ritwik Ghatak exposed the dark underside of Indian lower middle class and the unemployed. Ritwik Ghatak, with his penchant for pessimistic bohemianism swooped on the Indian screen with films like *Nagrik* (1958) and *Meghe Dhaka Tara* (1960). The post-renaissance spirit of challenging every existing institutions and beliefs was the hallmark of many of Ritwik Ghatak films.

The sixties and early seventies witnessed the emergence of a new group of filmmakers in Mumbai. Their contribution to the growth of parallel cinema was very significant. Notable amongst them are B.R.Ishara (*Chetana*), Basu Chatterji (*Sara Akash*) Rajinder Singh Bedi (*Dastak*), Mani Kaul (*Uski Roti*), Kumar Shahani (*Maya Darpan*), Avtar Kaul (*27-Down*), Basu Bhattacharya (*Anubhav*), M.S.Satyu (*Garam Hava*), Shayam Benegal (*Ankur*) and Kantilal Rathod (*Kanku*). The parallel new wave Hindi cinema have reached a new height during the late seventies with the advent of film makers like Saeed Mirza (*Albert Pinto Ko Gussa Kyom Aata Hai*), Govind Nihalani (*Aakrosh*), Rabindra Dharmaraj (*Chakra*), Sai

Paranjpe (Sparsh) and Muzaffar Ali (Gaman).

With some fantastic and artistic movies which exploited all the possibilities of the most powerful medium like *Manthan* and *Bhumika*, (Shyam Benegal), *Aaghat* and *Tamas* (Govind Nihalani), 36 Chowranghee Lane (Aparna Sen), Hindi cinema or the Indian mainstream cinema reached new pinnacles during the eighties. Throughout the nineties also the mainstream Indian Hindi cinema produced notable films like *Drishti*, *Drohkal*, (Govind Nihalani), *Lekin* (Gulzar), *Disha* (Sai Paranjpe) and *Prahar* (Nana Patekar).

Parallel cinema of Karnataka and Kerala also won many laurels and appreciation. In 1965, the melodious tragedy, based on the novel of Jnanapeeth award winner Takazhi Sivasankara Pillai, *Chemmen* (Prawns) directed by Ramu Kariat, won the President's Gold medal. The B.V. Karanth Karnad combination has produced immortal cinemas *Vamsa Vriksha* and *Samskara*, criticising the caste system.

A number of noteworthy films, which belong to the genre of parallel cinema, were produced in Marathi, Oriya and Assamese also.

Nowhere else in the world, or in the history of human entertainment, can one find such a diversified industry uniting the people, the nation together with its rich music and cultural values. □

News

Indian Classics in *Time* top 100

Satyajit Ray's *Apu* trilogy, which redefined Indian cinema in the 1950s, Guru Dutt's *Pyaasa*, portraying the disillusionment of a poet with the material world and Mani

Ratnam's *Nayakan*, based on the life of a Mumbai gangster, are on the list of 100 all-time great films compiled by the *Time* magazine. Put together by *Time* magazine critics Richard Schickel and

Richard Corliss, the unranked list of the 100 greatest films has a host of widely acclaimed movies like *Lawrence of Arabia*, *Casablanca*, *The Lord of the Rings* trilogy and *Pulp Fiction*. □

Satyajit Ray was the first internationally recognized filmmaker of our country. He explored and investigated the millenniums old social institutions of our country. In his films, he worked out, the conflicts and issues of post independent India in the background of his state of Bengal, may be because of the popular adage, "what Bengal thinks today, India thinks tomorrow". He was an extraordinary filmmaker who has had a profound influence on filmmakers and viewers throughout the world. "The Oscar Academy award citation of 1992 says that "in recognition of his rare mastery of art of motion pictures, and of his profound

humanitarian outlook, which has had an indelible influence on film makers and audiences throughout the world". In 1978, the organising committee of the Berlin Film Festival ranked Satyajit Ray as one of the three all time best directors.

Pather Panchali got the Indian President's Medal in 1955. It was selected as the Best Human Document in the Cannes Film Festival in 1956. In 1956 it got the Diploma of Merit Award in Edinburgh, Vatican Award in Rome, and Golden Carabao in Manila. It bagged the Best Film and Direction award in the film festival of San Francisco in 1957 and in the same year got the Selznik Golden Laurel in Berlin.

In the Vancouver film festival of 1958 it was selected as the best film and in the same year it was selected for the critics' award for best film in Stratford, Canada. In the New York film festival of 1959, Pather Panchali was selected as the best foreign film. It bagged the Kinemo Jumo Award for best foreign film in the Tokyo film festival of 1966. In the Denmark film festival of 1966 it got the Bodil Award for the best non-European film of year.

Aparajito (The Unvanquished), released in 1956, was the second of the Apu trilogy. The film is a touching story of maternal sacrifices to make the son educated. Apu got a

Pather Panchali (1955)

Director : Satyajit Ray.

Cast : Karuna Banerjee, Kanu Banerjee, Uma Dasgupta, Subir Banerjee.

Plot : Based on Bibhutibhusan Bandopadhyay's novel about a poor family struggling to survive, the film looks at tragedy through the eyes of young Apu.

- The film was funded by the West Bengal Roads and Buildings Department in the hope that *The Song of the Road* would be a promotional documentary for the roads of the state!
- *Time* magazine described the film as the finest piece of filmed folklore since the "father of documentary" Robert Flaherty's *Nanook of the North*.
- When Ray ran into financial trouble during the making, and was even contemplating giving up the project, it was singer-actor-director Kishore



Kumar who helped him out with Rs 5,000, getting *Pather Panchali* back on the road.

- After watching the film, celebrated exponent of French New Wave Cinema, Francois Truffaut said ; "I don't want to see a movie of peasants eating with their hands."
- The one film which moved Ray the most before he started scripting *Pather*

Panchali was Italian Neorealist filmmaker Vittorio De Sica's *Bicycle Thief*, which he reportedly saw 55 times.

- In its 1992 poll of the 10 Greatest Films of All Time, the British Films Institute's *Sight And Sound* magazine rated *Pather Panchali* at number six in the list alongside the likes of *Citizen Kane* and *The Godfather*.

scholarship and leaves for Kolkata for studies and meanwhile Sarbajaya falls ill. Apu is late and his mother dies.

In the Venice film festival of 1957 Aparajito got the Golden Lion of St. Mark award, Cinema Nuovo Award and the Critics award. In the same year in London it bagged the FIPRESCI award. The awards for best film and direction, International Critic award and Golden Laurel for best foreign film of 1958-59 in San Francisco in 1959, Selznik Golden Laurel in the Berlin film festival of 1960 and Bodil Award for best non-European film of the year, 1967, in Denmark, were some of the awards bagged by Aparajito.

The final episode of the Apu trilogy, Apur Sansar (The World of Apu), was released in 1950. It is about Apu, the man. Soumitra Chatterjee, who imparted immortality to many of Ray's characters, played Apu. Apu gave up his studies and was looking for a job. Unable to find a job he joins the crowd of jobless in the city of joy. He started writing an autobiographic novel. A sheer turn of events forces him to marry a village girl, portrayed by Sharmila Tagore. Totally disoriented in the maddening crowd of the city, they develop a companionship. And she dies in childbirth. Initially Apu blames the child for the mishap, but later he gives up the idea of novel and reunites with his son.

Apur Sansar got the Indian President's gold medal in 1959. It was selected for the Sutherland Award for best original and imaginative film in the London film festival of 1960. It bagged the Diploma of Merit in the 14th International film festival of Edinburgh and selected as the best foreign film National Board of Review of Motion Pictures, USA, in 1960.

Personal Awards

- 1958 : Padma Shree.
- 1965 : Padma Bhushan.
- 1967 : Magsaysay Award, Manila.
- 1971 : Star of Yugoslavia.
- 1973 : Doctor of Letters, Delhi University.
- 1974 : D.Litt. Royal College of Arts, London.
- 1976 : Padmabhushan.
- 1978 : D. Litt. Oxford University. Special Award, Berlin Film Festival. Deshikottam, Viswa Bharati University.
- 1979 : Special Award, Moscow Film Festival.
- 1980 : D.Litt. Burdwan University. D.Litt. Jadavpur University.
- 1981 : Doctorate, Benares Hindu University. D.Litt. North Bengal University.
- 1982 : Homage & Satyajit Ray, Cannes Film Festival. Special Golden Lion of St. Mark, Venice Film Festival. Vidyasagar Award, Govt. of West Bengal.
- 1983 : Fellowship, The British Film Institute.
- 1985 : D.Litt. Kolkata University. Dadasaheb Phalke Award. Soviet Land Nehru Award.
- 1986 : Fellowship, Sangeet Natak Academy.
- 1987 : Legion d' Honneur, France. D.Litt. Rabindra Bharati University.
- 1992 : Oscar for Lifetime Achievement. Bharat Ratna.

The Apu Trilogy got the Wington Award for each film in the London Film Festival of 1980.

The Apu trilogy, deep rooted in Indian culture, ambience and ethos, evoke a universal humanistic response. It was an exploration into the human relations, especially in the family. Apu and his sister Durga in Pather Panchali, Apu and his mother in Aparajito and in Apur Sansar it was Apu, his wife and son. Though Shakespeare explored into the various stages of growth of the human mind through his famous tragedies, Romeo and Juliet, Hamlet and Macbeth or King Lear, it was another venture. It was an exploration into the possible tragedies that can occur in human life. But, Satyajit Ray explored into the various aspects of family love, sacrifices and dilemmas. Akira Kurosawa, the great Japanese director, said once " The quiet but deep observation, understanding and love of the human race, which are characteristics of all his films, have impressed me greatly."

These three film classics have their share of cinematic magic moments like the scene in which Apu and Durga discover the train. Death, the clown without any sense of the stage or screen, plays an important role in all these films.

He directed Parash Pather (The Philosopher's Stone), in 1957.

Jalsaghar (The Music Room, 1958), the film in between Aparajito and Apur Sansar bagged the Indian President's silver medal in 1959 and in the same year it got the silver Medal for Music in Moscow film festival.

Devi (The Goddess, 1960) got the President's Gold Medal in 1961.

Rabindranath Tagore (Documentary, 1961) bagged the Indian President's

gold medal, Golden Seal Locarno in 1961 and special mention in the 1962 Montevideo film festival.

Teen Kanya (Three Daughters), the Ray film of 1961, got the Indian President's silver Medal for 1961, Golden Boomerang award, Melbourne in 1962 and Selznik Golden Laurel Award, Berlin in 1963.

Abhijan (The Expedition, 1962) bagged the President's silver medal. Kanchanjungha was his another film of 1962.

Mahanagar (The Big City, 1963) got Indian President's certificate of merit in 1964 and in the same year it bagged the Silver Bear for Best direction in the Berlin film festival.

Charulata (The Lonely Wife, 1964) got the President's gold medal in 1964. In the Berlin film festival of 1965 Charulata bagged the Silver Bear award for best direction and the Catholic Award. It was selected as the best film of the Acapulco Film Festival in 1965.

Satyajit Ray directed Two in 1964 and Kapurush-O- Mahapurush (The Crowd and the Holy Man), in 1965.

Nayak (The Hero), his 1966 film got the President's award for Best Screen Play and story in 1967. It was selected for the Critics Prize (Unicrit award) and special jury award in Berlin in 1966.

Chiriakhana (The Zoo, 1967) got the prize for best direction by West Bengal government in 1968.

Goopy Gyn Bagha Byne (Adventures of Goopy and Bagha, 1968) got the award for best direction, New Delhi in 1968. It bagged the Indian President's Gold and Silver medals in 1970. In the film festival of Adelaide in 1969 it was selected for Silver Cross award and Ray got the award for the best director. In the Tokyo film festival of 1970 it got

Merit award and in the same year it selected as the best film in Melbourne.

Satyajit Ray's film of 1969 was Aranyar Din Ratri (Days and Nights in the Forest).

Pratidwandi (The Adversary) his 1970 film got the special award and President's Silver medal, New Delhi in 1972.

The Ray films of 1971 were Sikkim (Documentary) and Seemabadha (Company Limited). Seemabadha won the President's Gold Medal, New Delhi and the PIPRESCI Award, Venice, in 1972.

Satyajit Ray's 1972 documentary, The Inner Eye got the Indian President's Gold Medal in 1974.

Asani Sanket (Distant Thunder, 1973) was selected for the President's Gold medal for best music direction and it was selected as the best regional film in 1973, New Delhi. It got the Golden Bear Award in Berlin in 1973 and Golden Hugo Award in Chicago in 1974.

Sonar Kella (The Fortress) the 1974 film of Ray got the Indian President's silver medal for best screen play and was selected as the best regional film in 1973, and was selected as the best film direction and screenplay by the West Bengal Government. It got the Golden Bear award in Berlin in 1973 and Golden Hugo award, Chicago in 1974. It also got the award for the best feature film for children and young adults in Tehran in 1975.

Jana Aranya (The Middleman, 1975) got the best direction award, New Delhi and was selected as the best film direction screenplay by the government of West Bengal in 1975. It got the Karlovy Vary Prize in 1976.

Bala was his documentary of 1976.

Shatranj Ke Khiladi (Chess Players, 1977) got award for best feature film in Hindi and the award for best colour photography, New Delhi.

Joi Baba Felunath (The Elephant God, 1978) got the best Children's film award, 1978, New Delhi and was selected as the best feature film in the Hong Kong film festival of 1979.

Satyajit Ray directed two films in 1980. Pikoo (Pikoo's Day) and Hirak Rajar Deshe (Kingdom of Diamonds). Hirak Rajar Deshe was selected for the best music director and best lyrics award in New Delhi in 1980 and it got special award in Cyprus in 1984.

Sadgati (The Deliverance, 1981) got the special jury award New Delhi, in 1981.

Ghare Baire (Home and the World), 1984, bagged the best Bengali film and the best costume design award, New Delhi in 1984.

Satyajit Ray made a documentary on Sukumar Ray in 1987.

His 1989 film based on the drama by Ibsen, Ganashatru (Enemy of the People) got the award for best Bengali film, in New Delhi.

He directed Shakha Proshakha (Branches of the Tree) in 1989.

Agantuk (The Stranger, 1991) bagged the FPRESICI Award in Venice in 1991 and was selected for the best film and best director award in New Delhi, 1991.

There is perhaps no other filmmaker in the world who exercised such total control over his work as Ray. He used to handle everything from script writing to designing publicity material with artistry and control of a master craftsman. His ability of transforming the ordinary things into something exciting and evoking the unsaid and his methods of non-verbal communication through the body language of his characters is mesmerising. That is why his films and characters survived the test of time and became evergreen classics. Like Michelangelo, Da Vinci, Beethoven and Mozart, Ray also is immortal. □

Back to the Future

INDIA IS the world's largest producer of films by volume-producing almost a thousand films annually. However, revenue-wise, it accounts for only 1 per cent of global films industry revenues. Film and film-based entertainment together occupy a considerable part of the Indian consumer's mindshare. In terms of its sheer impact and visibility, film and film-based entertainment transcend well beyond what their 27 per cent direct share of the Indian entertainment industry's revenues would indicate. Indian films, especially the mainstream Hindi film industry (or "Bollywood") dominate segments like music and live entertainment as well as television, where popular films and film-based programmes attract the highest viewership along with cricket.

Apart from the growing international success of Indian themed films like 'Moonsoon Wedding', 'Bend it like Beckham' and 'Bride and Prejudice' (which debuted at the top spot at the UK box office), global curiosity about Bollywood is on the rise-Bollywood has been featured in recent issues of 'National Geographic' and 'Time'. All these point to the fact that the Indian film industry is now reaching the sophistication that is required to cater to global audiences.

Although over ninety years old, the Indian film industry was accorded the status of an industry as recently as 2000. Consequently, it is only during the last five years that organised financing from banks, financial institutions, corporates and venture funds became possible. Earlier, it was almost solely reliant on private and largely individual financing at extremely high interest rates.

Over the last few years, there has been some change in the operating style of the industry. Films financing from organised sources is on the rise: around 100 films availed of organised funding of INR 7 billion in 2004 compared to virtually nil a few years ago. This number could be higher in the future if

- on the demand side, the industry responds pragmatically, by creating an environment conducive to organised funding; and
- on the supply side, more financiers from the organised sector enter the fray spreading the risk for a single financier and deepening the market.

The seeds of corporatisation have been sown and early forms of vertical integration between content producers, distributors, exhibitors, broadcasters and music companies can be observed in the industry. The stakeholders, especially the new generation of

The key to success will be the ability of the players to adopt global practices with the necessary degree of customisation and localisation



producers, directors and performers, are now much more receptive to international best practices to redefine the way of doing business. Better discipline has resulted in a slow turnaround in the industry, which recovered from an unsuccessful 2002 to record better profitability in the last two years.

Integration and rightsizing of all functions across the value chain is expected to lead to a consolidation among the fragmented players in the industry. This would result in increased market power, better economies of scale (through sharing of common resources across different areas of the value chain) and initiatives to mitigate risks as against transferring risks on to the next

establish itself as an important global film-making hub outside of Hollywood.

The Changing Paradigm

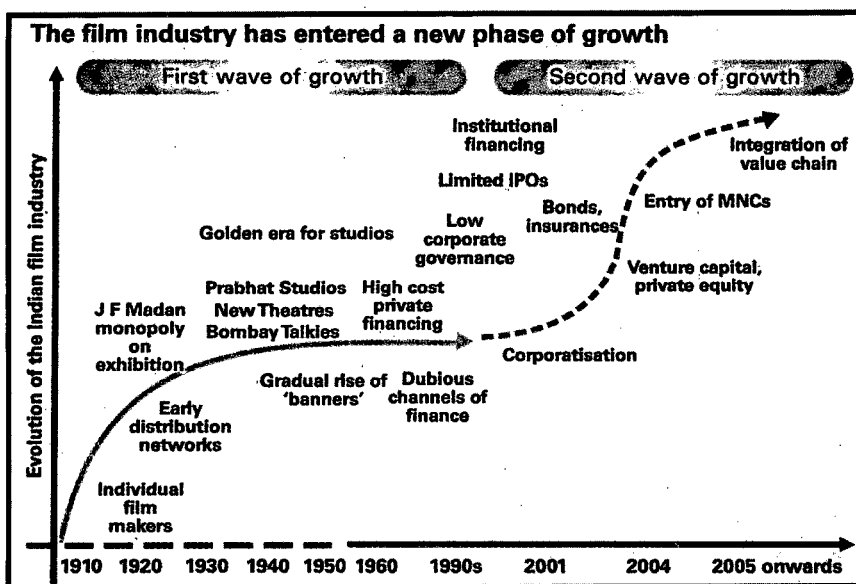
- The opening up of new markets overseas, with viewership of Indian films spreading beyond the Indian diaspora into Asian, and eventually non-Asian audiences.
- Nationwide distribution of well-made, big-budget regional films, some of which could cross over into countries like Japan and China.
- Rising penetration of home video and greater demand for pay-per-view content with the advent of alternate delivery platforms like DTH and IP-TV.

- Increased theatrical attendance consequent to
 - right-sizing and upgradation of theatres and
 - introduction of multiplexes to enhance the viewing experience
- Reduced leakages and piracy, with greater investments in digital distribution technology and network for:
 - eliminating/reducing the time lag between releases in mainstream and other centres
 - more effective monitoring and recording of revenues.

The Indian film industry comprises of a cluster of regional film industries, like Hindi, Telugu, Tamil, Kannada, Malayalam, Bengali, etc. This makes it one of the most complex and fragmented national film industries in the world. These regional language films compete with each other in certain market segments and enjoy a virtual monopoly in certain others. The most popular among them is the Hindi film industry located in Mumbai, popularly referred to as "Bollywood".

Bollywood

Out of the 200 Hindi films made in India each year, around 150 are made in Bollywood. These Bollywood films are released throughout India on both big and small screen formats, with several of them being screened overseas as well. Though there have been sporadic instances of regional films, enjoying a national release or even an overseas release, virtually all films having a national audience, are made in Bollywood. It accounts for over 40 per cent of the total revenues of the overall Indian film industry, which is currently estimated at INR 59 billion. It is estimated that only INR 50 billion finds its way to the industry coffers, with the



balance INR 9 billion being cornered by pirates.

Regional Films

The major regional film industries are Tamil and Telugu, which together earn around INR 15 billion, followed by Malayalam, Bengali and Punjabi. The average cost of production of a regional film, in keeping with its limited market (compared to a Hindi film) and lower revenue potential, are only a fraction of that of a mainstream Bollywood film. With increased viewer exposure to a plethora of entertainment options on satellite television, the number of regional films produced annually has fallen from around 800, three years ago, to around 650 currently.

However, in terms of discipline and cost control, the level of professionalism prevalent in certain regional film industries (like Tamil) is higher than that observed in Bollywood. For instance, the average time frame for completion of a relatively big-budget Tamil film is 4-9 months, as opposed to 15-18 months in Bollywood. Some key reasons for this are:

- Appropriate importance given to script development and pre-production,
- Leading actors working on limited number (usually one or two) of assignments at a time and
- Large scale of operations of studios giving them:
 - flexibility to amortise and spread costs and risks over a larger portfolio
 - greater degree of integration

English Films

Big budget Hollywood films are beginning to make a mark, with their dubbed versions making inroads into the semi-urban and rural markets. A recent case in point is *'Spiderman 2'*,

which along with its dubbed version, grossed a whopping INR 342 million, higher than *'Murder'* and *'Hum Tum'* - two mainstream Bollywood hits of 2004. On a cumulative basis, box office collections of foreign films grew in both revenues and number of releases, from INR 1.5 billion from 60 films in 2003 to INR 1.8 billion for 72 films in 2004.

Enthused by the international success of India-themed English films made in UK and US (like *'Monsoon Wedding'*, *'Bend it like Beckham'*, and *'American Desi'*), there is now a growing trend among younger film-maker to make English language films in India for the overseas viewers. Though the market share of such English language films made in India is still insignificant, both by volume as well as by revenues, there exists a niche audience for them, which is growing.

Parallel Films

Parallel film-makers like Satyajit Ray and Shyam Benegal have won plaudits internationally for adapting the neo-realistic style of film-making to an Indian milieu. Even in commercial Indian cinema, during the 50s and the 60s, film makers like Bimal Roy, Guru Dutt, V. Shantaram and Mehboob Khan made films with powerful social messages that were box office hits, successfully walking the tightrope between critical acclaim and commercial success.

Gradually, from the 60s, a distinction started developing between the so-called 'commercial' and 'art' films. The art film-makers could not compete at the box office due to the lack of commercial viability of the subjects they attempted. The mainstream films kept growing in terms of budgets and star cast. From the 70s onwards, there was a clear divide between commercial and art films.

In the last few years, the tide seems

to have turned again with barriers between art and commercial films beginning to wither away. Noted art house film-makers like Shyam Benegal, Govind Nihalani and Ketan Mehta are foraying into big budget, star-studded films while commercial actors are increasing performance in art films. Such interaction between art and commercial film arenas is expected to bring about an overall improvement in the quality of content.



In addition, India also produces around 1,300 short films, documentaries and non-feature films, several of which have won critical acclaim and international awards. However, there has been no organised attempt at commercial exploitation of the non-feature genre.

Till date, categories like tele-films and special-effects driven films, which drive film revenues internationally, were virtually absent in India. Efforts in producing telefilms have been few and far between. However, with the advent of additional distribution platforms like DTH and IP-TV, this could become a considerable revenue-earner for the industry in the future, with established film producers, directors and actors helping in realising its potential.

The recent success of films like *'Koi Mil Gaya'* and *'Bhoot'* and the domestic success of Hollywood films like *'Spiderman-2'* and the Harry Potter movies indicates a growing taste for special-effects driven films in India.

Indian visual effects houses have acquired the sophistication and skill-sets to handle the special effects requirements of Indian mainstream films, though they may still have some distance to travel before they bag any large Hollywood contracts. Increased demand coupled with a supply push (post-production and visual effects houses investing in films) could increase revenues from this genre.

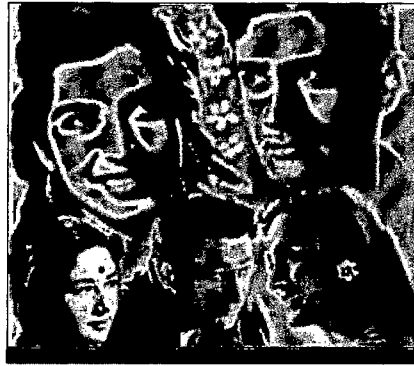
Sequels of very successful commercial films, another genre hitherto non-existent in India, are being attempted for the first time. It remains to be seen how effectively the new generation of film makers leverage these genres to generate revenues.

The industry realises almost 70 per cent of its total revenues (around 80 per cent of legitimate revenues) of INR 59 billion from domestic and overseas theatre viewership, unlike in countries like the US which earn only 35 per cent of revenues from theatre viewership while the remaining 65 per cent is derived from other revenue sources such as DVD/VHS/cable, satellite, pay-per-view, etc.

For a brief period which ended in around 2001-02, sales of music rights accounted for 20-30 per cent of the cost of production for a major film, selling for as much as INR120-150 million. Such prices were not sustainable and consequently, the sale of music rights ceased to be a major source of financing of productions. Lately, however, producers have been able to extract high prices from television channels by selling the satellite rights of major films in advance. Established producers have also been able to tap in-films advertisements as another source of revenue, their clients mostly being consumer goods companies.

With the deepening of the home video market, sale of DVD/VCD rights have now emerged as a considerable

source of revenue, though at present, such rights are mostly bundled along with overseas theatrical rights and sold at lump sum prices. Overseas income from sale of theatrical and home video rights have been increasing from INR 2



billion in 1998 to INR 4 billion in 2000 to INR 9 billion now, accounting for 16 per cent of total revenues.

Organised Film Financing

Till 2000, films were mostly financed through private sources, since commercial tending agencies considered the industry to be a risky and low-priority sector. The two major sources for finance were:

- Distributors and music companies, who would pay advances to established film-makers and films with reputed star-casts to acquire the theatrical/music rights.

- High-net worth individuals

Due to the unorganised nature of this funding and its perceived riskiness, the interest rates charged were usurious.

Curiously, despite several downturns and the apparent riskiness, private financing continued unabated, even during lean periods. For instance, even in 2002, *annus horribilis* for the industry, fresh capital continued to enter. This indicates that the industry was able to generate sufficient returns, despite the high financing cost. This also implies that it is quite likely that in the absence of proper accounting and reliable data on costing, coupled with

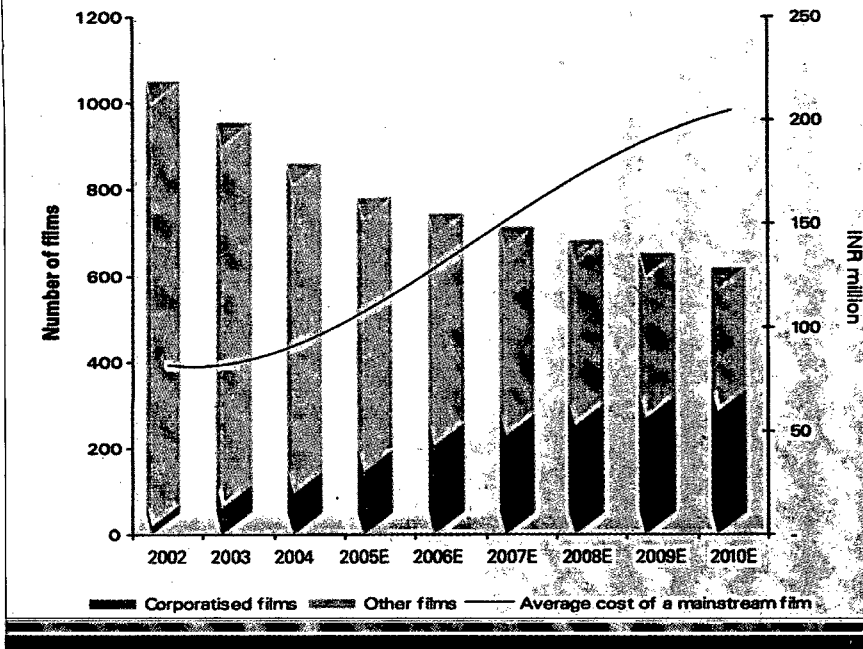
the continuous game of one-upmanship among large producers/distributors (prompting them to make exaggerated statements about their expenditure), the costs of production may have been grossly overstated in the past. In other words, it is possible that the bottom-line for the industry may actually have been much healthier over the last few years than what it was believed to be.

The availability of organised financing from commercial banks and lending institutions, primarily IBDI, triggered the entry of private equity funds and large corporate houses in this space. It is believed that the general experience of the organised sector has been satisfactory, which should lead to the entry of more players in the near future.

Organised funding has significantly reduced the average financing cost in this sector. However, institutional lending rates are still high compared to other sectors, since film financing is perceived to be riskier. Limited or non-recourse financing, akin to project financing, is not common. It is believed that institutional financing could bring in stipulations like completion bonds, insurance, well-defined contracts, etc. The production houses' willingness to accept these conditions will determine the comfort level of the financiers. Once financiers earn reasonable returns for a sustained period, the risk-perception could change. Then one may even see sophisticated financial structures like securitisation, credit enhanced bonds, etc being introduced into the market.

In the existing model of funding, financing is done on a project-wise basis. The bank finances upto 50 per cent of the cost of project and retains the negative rights as collateral. The producer brings in the rest of the money from his own sources. The bank also insists on a completion guarantee from the producer and insurance against delay.

The changing pattern of film financing



The percentage of films produced through organised funding in the industry is expected to grow. Though corporate and institutional funding is currently limited largely to Bollywood films, it may not be long before regional films begin to qualify for such financing.

The Multiplex Revolution

The conversion of standalone, poorly maintained single-screen theatres to sophisticated multi screen theatres, in addition to the new multiplexes within or around shopping malls and family entertainment centres, is an emerging trend in urban India today. Multiplexes, though a recent urban phenomenon, have shown the way forward in increasing domestic theatrical revenues. The reasons for their success are:

- They enjoy an average of 50-60 per cent occupancy per screen as opposed to 30-35 per cent of standalone theatres.
- The customer is willing to pay more for the enhanced viewing experience.
- The government has accorded various tax rebates for multiplexes.

- States like Maharashtra and Delhi have permitted dynamic ticket pricing, allowing them to change ticket prices according to demand and supply.
- They increase footfalls in shopping malls by 40-50 per cent. As a result, several major malls have multiplexes in or near them. The present retail boom has led to a significant rise in the number of multiplexes.

Increasingly innovative promos for Hollywood films and alliances that now involve a wide spectrum of players - multiplexes, television channels, internet portals, cellular operators, hotels, cafes and consumers goods are expected to percolate to Indian film releases as well.

The advent of multiplex chains is expected to usher in a new era of film exhibition, apart from just an enhanced viewing experience. Some of the expected changes are:

- Dedicated marketing teams to leverage state-of-the-art technology to address the programming needs of exhibitors

- Marketing team to work out content-to-customer matches on the basis of consumer surveys and other metrics.
- Developing synergistic marketing strategies in conjunction with content producers, broadcasters, music companies, etc.
- Offering better terms to producers based on
 - Presence across multiple locations
 - Significantly higher transparency
 - The strength of their balance sheet

These activities of the multiplexes could lead to a possible shakeout and consolidation among the standalone theatres.

Piracy and Its Control

Initiatives to reduce piracy in the years to come, either due to digital encoding mechanisms or better enforcement of the law, can also lead to an increase in domestic theatre viewership revenues. In the US, a



typical theatrical window spans six months, where collection amounts to 25 per cent of the total gross. In India typically 70 per cent is collected over three months, after which piracy catches up and virtually nullifies any further theatre revenue potential. There are a large number of video rental shops across the country, Many of which thrive on pirated videos. It is difficult to estimate the combined revenues of

NOW SHOWING		
FINDING NEVERLAND (U)	1:15 PM, 6:00 PM 10:55 PM	
SHEESHA (A)	8:45 PM, 11:30 PM	
CHAHAT EK NASHA (A)	11:15 AM, 7:45 PM	
NATIONAL TREASURE (U)	11:00 AM	
KAYA TARAN (U)	6:20 PM	
13 GOING ON 30 (U)	2:00 PM, 11:10 PM	
BLACK (U)	12:10 PM, 2:40 PM 8:20 PM, 10:50 PM, 11:20 PM	
SHARDA (A)	10:00 PM, 1:00 AM	
PAGE-3 (U/A)	3:20 PM, 10:30 PM	
VEER ZAARA (U/A)	2:40 PM	



However, the success of mainstream films overseas seems to be driven by the popularity of a few leading performers. To earn sustainable export revenues, it is imperative that this success extends beyond a few blockbusters to a wider portfolio. It is now a challenge for mainstream producers to create content that is universal enough to cater to the Indians abroad and to the man in rural India, while being technically comparable to a Hollywood film, in order to woo the discerning audience.

these rental shops but the impact it has on eroding theatrical revenues is significant. Issues relating to piracy have been discussed in detail later in this report.

International Market

While the initiatives mentioned above can expand the domestic market, a better exploitation of Indian products in other markets can provide another avenue of growth. These markets include:

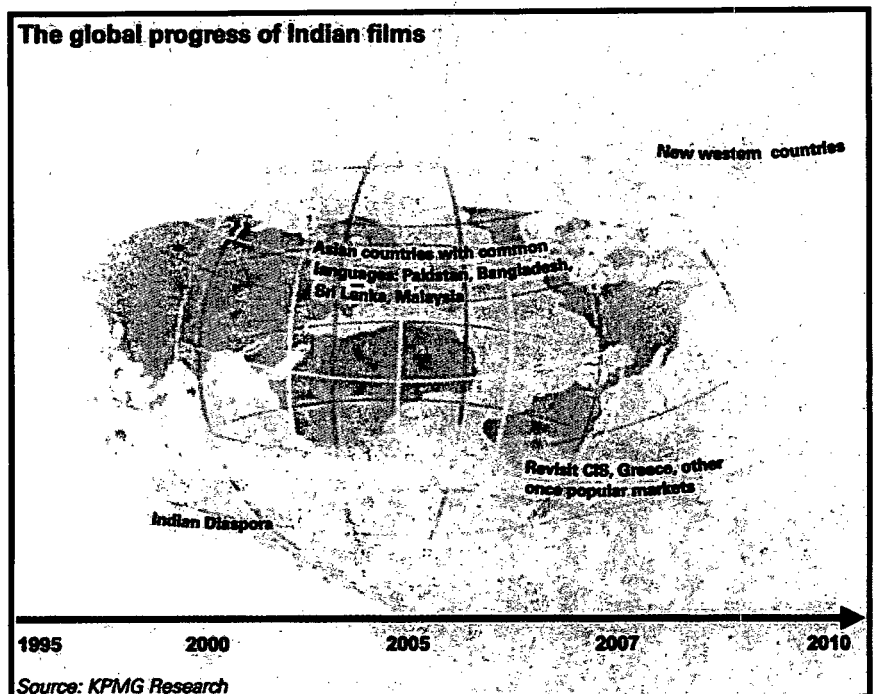
- The Indian diaspora
- Neighbouring markets like Pakistan, Sri Lanka and Bangladesh which are now opening up
- Non-traditional/new markets like Greece and the CIS countries, where Indian films were extremely popular 30-40 years ago, through sub-titled or dubbed content

The Indian diaspora is estimated to be 20 million strong and growing. The combined wealth of the global Indian diaspora is an estimated USD 300 billion. Apart from being a community binder for Indians across the world, Indian films in the past few years have contributed in a significant way in promoting culture and tourism.

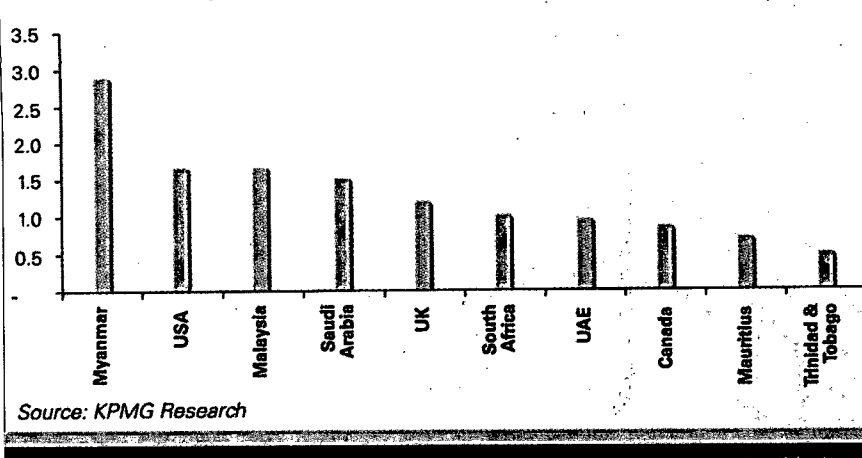
Over the last ten years, overseas theatrical revenues have grown continuously and are now a major influence in determining the way mainstream films are made. More Indian films are now distributed and released in mainstream international theatres, owing to the growing demand from the Indian diaspora. Most of these revenues accrue from US, UK and Canada owing to their high concentration in these countries.

Looking Beyond

Another key area of market expansion from an international perspective, is the export of Indian films to foreign audiences, both to culturally similar countries (e.g. Pakistan, Bangladesh, Sri Lanka, etc.), as well as to countries where cultural barriers are considerable. Currently the non-Indian viewers of Indian films are largely restricted to Asian expatriates, as



The Indian diaspora



opposed to say Americans or Europeans.

Pakistan, for example, has a 155 million strong population that has a keen interest in Bollywood films. Similarly, countries like Bangladesh (136 million strong Bengali speaking population), Sri Lanka (3.5 million Tamils), Malaysia (1.5 million Tamil speakers) Singapore, UAE, and Fiji also have good potential for different regional Indian films, as has been proven by popularity of Indian regional television channels in these countries.

International Viewer

India is of the few markets globally where Hollywood has not been able to dominate. Hollywood only has a 4 per cent market share in India, arguably the lowest amongst all other exporting countries.

The Indian film industry boasts of a repertoire of 67,000 plus feature films and a few thousand documentaries made over the years in 30 different languages and dialects. This kind of body of content is only second to the US and the UK and therefore, can be a considerable source of export revenue due to its potential of distribution via multiple formats globally.

In contrast, most countries that had

vibrant film-making industries earlier have seen a decline in their domestic production due to the local dominance of Hollywood films coupled with lack of competent local language content. Even countries like France, UK and China have felt the need to institute state initiatives and control mechanisms like limiting the exhibition of foreign



films to help their local film industries compete with Hollywood.

Since these countries are not producing significant content locally, they could be looked at as an attractive alternative market for all types of dubbed and sub-titled Indian films. This provides the Indian industry with a new opportunity to exploit in the international film landscape. CIS countries and the Middle East are the most appealing markets for India within this niche segment.

Penetrating these markets, however,

will require significant upgradation in many aspects of production, like the quality of subtitles, dubbing, production values, universality of content, the ability to tell a story keeping an international audience in mind and, most importantly, the ability to handle a large canvas. It is not surprising, therefore, that internationally successful films based on Indian themes have been made by celebrated non-Indian directors, like James Ivory (several Merchant-Ivory) films, Richard Attenborough ('Gandhi'), David Lean ('Passage to India') and Roland Joffe ('City of Joy'), or by Indian expatriates like Shekhar Kapur and Mira Nair who are familiar with the pulse of the western audience.

New generation Indian directors are becoming increasingly aware of the fact that a different kind of story telling style and skill is required for an international audience; this is an encouraging development.

Collaborations

The next considerable step in the interaction between the Indian film industry and the world could be co-production, with established Indian film-makers collaborating with international majors to create global products.

Elsewhere in the region, involvement by major studios in local film-making and distribution has brought about a completely new dimension to the end-product. Columbia produced the landmark crossover film 'Crouching Tiger, Hidden Dragon' (which reportedly grossed an estimated USD 140 million at the box office worldwide) and few other Hong Kong based films, while Warner Bros has started distributing films produced in the Philippines. The Miramax-produced Chinese film, 'Hero' opened to a USD 18 million collection in August 2004, surpassing any other Hollywood film

that week and reportedly ended with well over USD 100 million in box office receipts.

Outsourcing to India

Apart from monetising the direct potential of Indian filmed content globally, there are several applications where India, due to its inherent cost advantage, can emerge as a major competitor to other countries as a preferred outsourced destination for films. Some of these are:

Digital content creation: The convergence of computer technology with film-making technology is revolutionising the way films are made. Digital content is an integral part in Hollywood films such as 'Matrix', 'Twister', and 'Jurassic Park'. Given the fact that India has a talent pool of world-class software professionals which is available at much lower cost compared to the West, India could have been at the forefront of film related software and graphics production. Already, a beginning has been made by organisations like the Hyderabad-based Ramoji Rao Studios which has provided equipment, crew, sets, and post-production facilities to at least seven Hollywood productions including the Oscar-winning 'Gladiator'.

India is steadily growing into a major hub for cost-effective outsourcing for animation and special effects. According to industry experts the size of the Indian visual effects industry is currently estimated at around INR 30 billion and has grown at around 30 per cent over the last few years. According to NASSCOM, the size of the animation industry itself is INR 25 billion, while special effects and other services account for the remaining INR 5 billion.

However, India still forms an insignificant part of the global visual effects value chain. Over the last couple

of years, many new post-production studios have been set up in India, aided by the fact that the infrastructure requirements for a medium sized visual effects studio are not very high. Most of these establishments operate well below their true capabilities and at a relatively low end of the value chain. They are yet to take appropriate initiatives in terms of quality control and building the requisite skill sets to move up value curve. Also, no Indian studio had yet been able to integrate all the segments to be able to offer large-scale end-to-end services for discerning clients. As a result, India has continued to remain a mere low end outsourcing destination for developed countries with very few notable instances of creative collaboration and origination.

With prospects of increasing domestic and overseas business in the future, it is imperative that the Indian post production and animation houses make the necessary investment in technical and human capital to be globally competitive in terms of quality and creativity and not merely on costs alone.

Locations: A large number of Hollywood films are presently shot outside the United States in countries like Australia, South Africa, Canada and even Spain. For example, 'Matrix' was shot in Australia, 'Shanghai Knights' was shot in the Czech Republic, 'Anacondas' in Indonesia, while large parts of 'Kill Bill' and 'The Entrapment' were shot in Beijing and Malaysia respectively. The Indian subcontinent extends right from the snow capped Himalayas in the north to the warm coastal regions in the south, with forests and deserts in between-a range of locales for film shoots covering nearly every conceivable climate and location. However, despite this, the trend of using Indian locations has not really caught on internationally. This may be

attributed to the commonly held perception in Hollywood about political and regulatory impediments. Ironically, on the other hand, several countries like South Africa and New Zealand have been wooing Indian producers with sopps and incentives. A facilitative regulatory environment and a focussed promotion drive by the government and industry associations could help create the right visibility and awareness for India as shooting destination.

Outsourcing: India is now maturing as a outsourcing destination in terms of its ability to offer end-to-end services of the desired quality to discerning international customers. More than 50 per cent of the Fortune 500 companies have some form of offshore outsourcing operations in India. With current revenues of USD 12.5 billion and a steady growth rate of 30 per cent, the business process outsourcing industry in India is likely to continue to grow.

Traditionally, the back-end post production work has shifted from one country to another to take advantage of the low-cost, high-quality output. The back-end hub for films shifted from US to UK and now resides in Australia. The cost differential for post-production activities between US and India could be as high as 100 per cent. India, with a 2.5 million strong experienced work force, could be a formidable outsourcing player if it were to invest in appropriate world class equipment for post production.

However, India's cost advantage is not enough to create a large outsourcing industry. For Hollywood, quality is a more important factor compared to mere cost reduction, as has been made clear by its preference for other countries (like Singapore) vis-a-vis India.

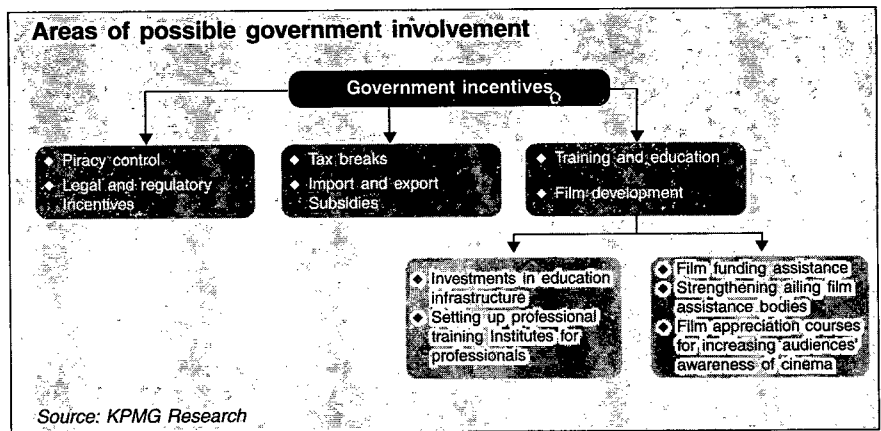
Government Incentives: Specifically in the context of films, there are several

areas where the government could act as catalyst, through direct or indirect support.

Certain countries like Canada, Iceland etc. offer tax incentives for shifting the production to a local site in that country from a country where the film is primarily intended to be exhibited ('runaway film production'). Tax incentives are also granted by certain countries on co-productions, involving two or more production companies from different countries jointly financing and producing a film. Co-production can enable the production houses to avail the benefits that are available to national films in other countries with which co-production treaties have been entered into. These tax incentives are by way of special tax credits or deduction of eligible profits from income subject to tax.

Entertainment tax levied by various states/municipal bodies on the value of film tickets, live stage-shows etc. adversely affects the entertainment industry. This results in a large portion of theatre ticket receipts diverted towards tax, instead of being channelled into development of theatre exhibition facilities. At an average of 60 per cent, the entertainment tax levy in India is one of the highest in Asia. A wishlist of concessions

- Complete amortisation of production costs in the year of completion of the film
- Amortisation of costs of incomplete films, subject to furnishing adequate documentation
- Extending tax-incentives for multiplexes in metro cities
- Tax incentives for newly set-up film ventures, with a corporate set-up and sizeable amount of investment
- Providing facilities and indirect tax incentives on film production, studios, etc.



- Tax incentives for film-financing activities
- Rationalisation of entertainment tax
- Concessions on customs duty on import of studio and other equipments and software to promote use of superior technology in film-making.

In addition to fiscal incentives, the government could play a meaningful role in the areas of education and foreign trade, not necessarily through grants or investments but through facilitation (of say, land allotment and clearances), by complementing the private sector's initiatives in this regard.

The initiatives and ideas suggested above have the potential to play the necessary assisting role in restructuring the industry and ensuring that it takes off on the path of sustained growth. What is needed now is a film dedication to carry out deep-seated transformational modification including strategic and structural alterations, implementation of new technologies, superior understanding of the consumer pulse and better organisational effectiveness to ensure that the sector realises its true potential.

The industry is making its leap from a fragmented, unorganised framework to an organised, commercially focussed structure. It will need to adapt and

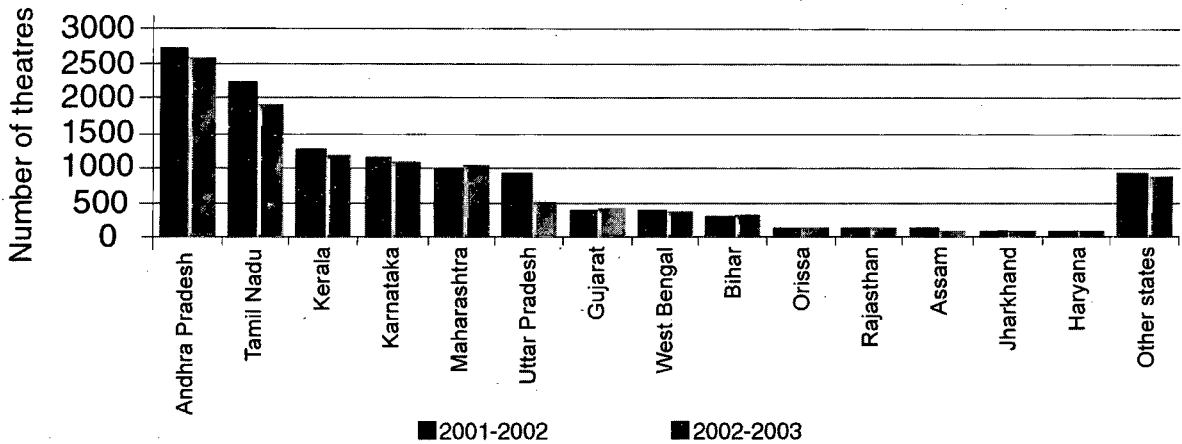
imbibe the business processes that would aid this metamorphosis. Simultaneously, it needs to tap alternate revenue streams by utilising the right technologies and following the right processes to optimise resource utilisation. The key to success in such a dynamic scenario will be the ability of the players to adopt global practices with the necessary degree of customisation and localisation. When it succeeds in making this transformation, it will compare favourably with the world's most developed film industry, viz. Hollywood, in terms of functioning and earning potential.

In conclusion, it may be pertinent to observe that most of the initiatives discussed above-like the integration of the value chain (akin to the studio model of the 30s and 40s), the emergence of new genres, the merging of barriers between mainstream and parallel films and the exploration of new markets like Eastern Europe and Greece, cross over films and co-production-have all been attempted by the industry during the 30s through to the 70s, with varying degrees of success. In a way, therefore, it can be said that slowly but surely, the Indian film industry is now moving 'Back to the Future'. □

Adapted by Editorial team, Yojana (Eng.) from CII-KPMG Report 'Indian Entertainment Industry, Focus 2010 : Dreams to Reality'.

Latest Facts on Films

Spread of Theatres in India



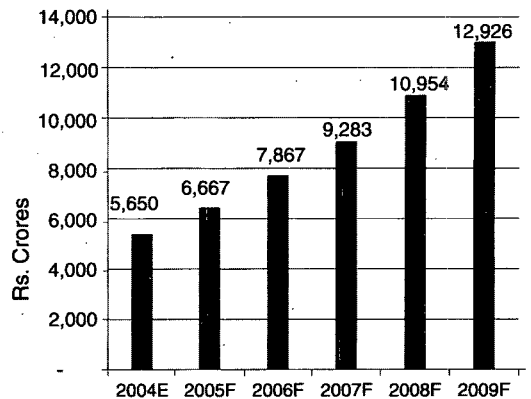
Source: Film & Television Producers Guild of India

Top 10 International Movies of 2004 Estimated Gross Collections

Rank	Movie	Rs. Crores
1	Spiderman 2	34
2	Anacondas	22
3	Van Helsing	10.6
4	Harry Potter 3	9.6
5	Day After Tomorrow	8.6
6	Troy	5.6
7	Lord of the Rings (3)	4.7
8	Resident Evil: Apocalypse	4.5
9	Hellboy	4.3
10	Oceans 12	3.8

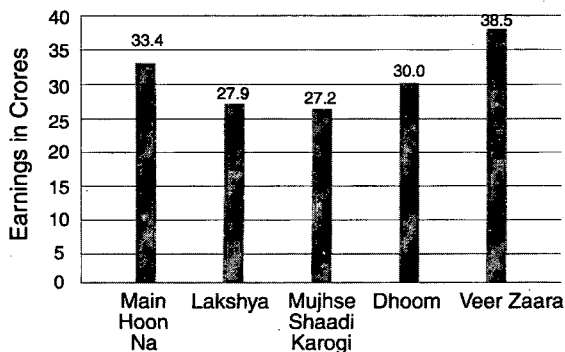
Source: Industry Estimates & PwC Research

Revenue Growth of the Indian Film Industry



Source: Industry Estimates & PwC Analysis

All India Net (2004)



Source: www.ibosnetwork.com

Hindi Top 10 Movies of 2004 — Estimated Gross Collections

Rank	Movie	Rs. Crores
1	Veer Zaara	56
2	Main Hoon Naa	49
3	Mujhse Shaadi Karogi	43
4	Dhoom	41
5	Khakee	39
6	Lakshya	34
7	Hulchul	29
8	Masti	28
9	Hum Tum	25
10	Aitraaz	24

Source: Industry Estimates & PwC Research

FM Radio : A Revolution

S K Arora

IT MAY not be long before the residents in a district listen to their very own boys and girls on airwaves. Their very own slangs, value system and cultural connotations could well be there to make radio communication truly of local flavour. No longer would the time constraints on radio waves would drive out the programmes of local content and relevance.

This would be a reality soon when the government's policy on the second phase of private FM (Frequency Modulated) radio stations in the country, becomes operational. Cleared by the Cabinet on June 30, 2005, the Ministry of Information & Broadcasting is now in the process of implementation of this policy.

The Policy objective of the Government for Radio in the 9th Five Year Plan was improving the variety of content and technical quality of radio. On the technological front the focus shifted from Medium Wave (MW) to Frequency Modulated (FM). The thrust areas for radio included, improvement of programme content; providing wider choice of programs; improving broadcast quality; enhancing technical features; renewal of old and obsolete

equipment; addition of new facilities at radio stations.

Keeping in line with the policy of liberalization and reforms, the government allowed fully owned Indian companies to set up private FM radio stations on a license fee basis. In May 2000, the government auctioned 108 frequencies in the FM spectrum across 40 cities in the country through an open auction bidding process. The decision to open up the frequencies to private participation was taken by the government with the following major objectives: expansion of FM radio network; to make available radio programmes with superior quality of fidelity and reception; generation of programmes with local content and relevance; encouragement of local talent and generation of employment; and to supplement the services of All India Radio (AIR) and promote rapid expansion of the broadcast network in the country for the benefit of the Indian populace.

In July 2003, the government appointed a Radio Broadcast Policy Committee under the Chairmanship of Dr Amit Mitra to provide recommendations on the second phase of Private FM Broadcast liberalization. The Committee after delving through the lessons from the first phase, the

The government has made a sincere effort to give a boost to the private FM radio. How it actually develops over a period of time would depend on the private sector enterprise

Mr S. K. Arora is Secretary, Ministry of Information & Broadcasting, Govt. of India.

relevant experience from the telecom sector as well as global experiences made a series of recommendations. These primarily relate to the entry & exit mechanism; license fee structure; enhancing the scope of services; improving roll out and migration of existing licensees to Phase II.

Thrust Areas

FM broadcasting is the preferred mode of radio transmission all over the world due to its high quality stereophonic sound. Therefore, the emphasis in the Tenth Plan is on substantially enhancing FM coverage from 30 per cent (all of which was AIR's capacity) of the population to cover 60 per cent of the population along with efforts to consolidate the MW transmission network, which has reached 99 per cent of the population. The major thrust areas for the purpose included, encouraging private participation in providing quality services and replacing the existing system of bidding for licenses with a revenue sharing mechanism. Automating all FM transmitters and all MW transmitters of 20 kilowatt (KW) and below capacity. Strengthening and expanding the reach of radio in the northeastern states (including Sikkim) and island territories. Using FM radio to spread literacy, because of better transmission and reception.

Phase I is what has already happened. In this Phase 108 frequencies had been put on bid, 22 frequencies were operationalised and two were "deemed" operationalised. The start-up has been slow. Out of 40 cities and 108 frequencies, Government received 101 bids for an aggregate of Rs. 425 crore as against the estimated amount of Rs. 79.65 crore. However, the actual collection was only Rs. 158.8 crore from bids for 37 frequencies.

The freshly issued guidelines/policy brings into operation the second phase

and consists of two parts. One part would consist of those frequencies offered in Phase I which are not operational and additional frequencies in towns already covered in Phase I. The other part would consist of frequencies in new towns not already covered.

Phase III would consist of those frequencies, which would be put on bid after Phase-II bidding is over and some experience has been gathered about the performance of Phase II. Recommendations for Phase III would naturally follow such experience and would be made at a later date.

Phase II Policy

Under the new policy, additional 336 private FM radio channels will be available across the country, spread over 90 cities/towns of A+, A, B, C, & D category. Besides, 36 channels of IGNOU and 51 others are also earmarked for educational purposes. News broadcast, however, would continue to remain out of the purview of FM radio. Eight towns in the north-east region would be covered under the scheme with 40 FM radio stations, including 32 private operators and eight dedicated for educational purposes. Similarly, in Jammu & Kashmir nine channels (7 for private broadcasting and 2 for education) are planned in the cities of Jammu and Srinagar.

In order to overcome the drawbacks of Phase I, measures have been put in place. The bidding process has been made closed bid type to restrict speculative bidding of the open bidding. Secondly, the fixed annual fees has been replaced with the revenue sharing pattern, whereby the private operators will have to pay four per cent of their revenue as annual fees. Thirdly, withdrawal clauses have been made more stringent to ensure that those who bid for a particular frequency do come up with the radio station.

Under the new policy provisions, care has been taken to ensure that a single large entity does not monopolize the airwaves. Accordingly, no entity can own more than one FM radio station in the same city/town, and no single entity will be allowed to own more than 15 per cent of the total airwaves frequencies in the country.

Special Efforts

With a view to attract more & more players for the smaller towns classified under category 'C' & 'D' those operating in these towns, will be permitted networking of their programmes i.e., they can advertise for and share their content on the radio stations in the higher category stations.

Though it is difficult to draw exact contours as regards the educational value, it is hoped that with 87 channels marked for educational purposes, including 36 IGNOU channels, FM radio stations would contribute to further the cause of non-formal as well as formal education at the grassroots level.

There are apprehensions in some quarters that the upcoming private radio stations would be competing with the All India Radio and might take away a slice of AIR revenues. However, it is felt that the competition would result in better quality programmes for the listeners. The financial loss if at all is there, would be more than made up over a period of time. Also, the step is expected to generate employment opportunities for the local talent.

With these guidelines, the government has made a sincere effort to give a boost to the private FM radio by facilitating creation of an environment for the development of FM radio in the country. How it actually develops over a period of time would depend on the private sector enterprise. □

Tuning in ...

RADIO IS a mass medium and ideally suited for India-leveraging its twin advantages of wide coverage and cost effectiveness. It is dominated by the state-owned All India Radio (AIR), which covers 91 per cent of India's area and reaches 99 per cent of the population, through a wide network of broadcasting centres and transmitters. Apart from AIR, there are 21 privately-owned FM stations in 12 major cities, all of which have been granted licences over the past 3-4 years.

Advertising is the sole source of revenue for radio in India. Currently, the sector generates annual revenues of INR 2.2 billion and is growing at around 20 per cent annually. This implies a marginal rise in radio's share in the advertising pie to around 1.9 per cent. Given that commercialisation of radio is still in a nascent stage in India, this growth rate is far from flattering.

As a result of unsustainably high licence fees, the sector has been reeling under heavy losses. A few FM stations have been forced to shut down, as they could not afford to pay the annual license fees, set at levels significantly above their earning capacity.

If one considers the private sector FM market in Mumbai, four players cumulatively generate annual revenues

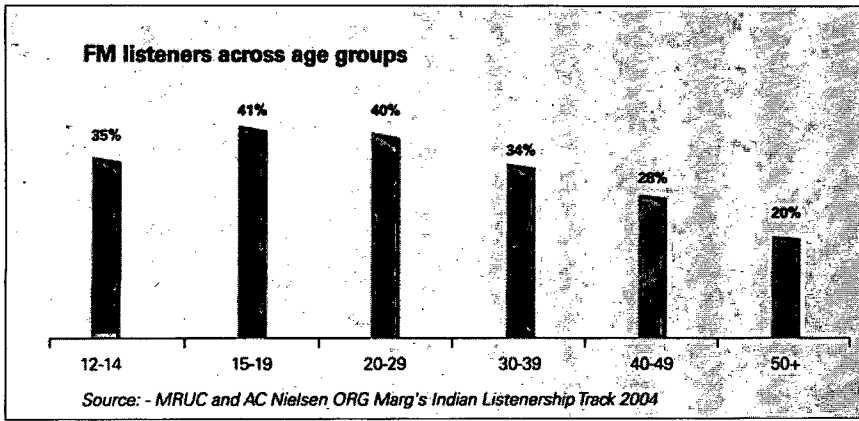
around INR 250-300 million, against total operating costs of around INR 550-600 million. Given that a significant portion of the operating costs is the licence fee, which is set to increase at 15 per cent per annum, revenues would need to grow at over 40 per cent annually to break even in the next three years.

Globally, radio is enjoying a renaissance based on the support of the youth. They seem to prefer it since, unlike television, it is more compatible with their lifestyle.

Research trends in Australia indicate that radio enjoys a higher level of popularity among the 15-29 age group. Today's teenagers love radio because it complements a faster-paced lifestyle—they can listen to music and get information on the move. Younger audiences, particularly those below the age of 25, also have access to new technology like mobile phones. They have taken very quickly to interacting with their favourite radio stations and RJs via email and SMS for song requests and competitions.

India has an estimated 180 million radio sets, reaching over 99 per cent of its one billion inhabitants—a clear indication of the vast commercial potential in India for this medium. Plainly, the radio sector cannot and should not be satisfied with a growth rate in the low 20s.

The private radio channels across the country are likely to transform commercial radio from an urban phenomenon to a national one



In India too, it is the younger generation that is the key target audience vis-a-vis radio. While consumption in India is still largely at home, 'the radio on the move' trend is catching on in urban and semi-urban areas. The easy availability of FM radio sets at affordable price points (ranging from INR-40 INR 150) is fuelling its mass penetration.

According to market research, in Mumbai and Delhi, FM penetration is the highest in the Sec A segment and least in Sec D. Further, 70 per cent of radio listeners in these cities listen to FM radio all seven days of the week. However, this sector has not been able to monetise its hold on the listener's eardrums. In spite of such attractive statistics, in terms of its advertising spend, radio remains a laggard. It has less than two per cent share of the total advertising pie in India, compared to a global average of 8 per cent. In the US, radio has a 13 per cent share, in Spain 9 per cent and closer to home, in Sri Lanka, radio has a 21 per cent share of the advertising spend.

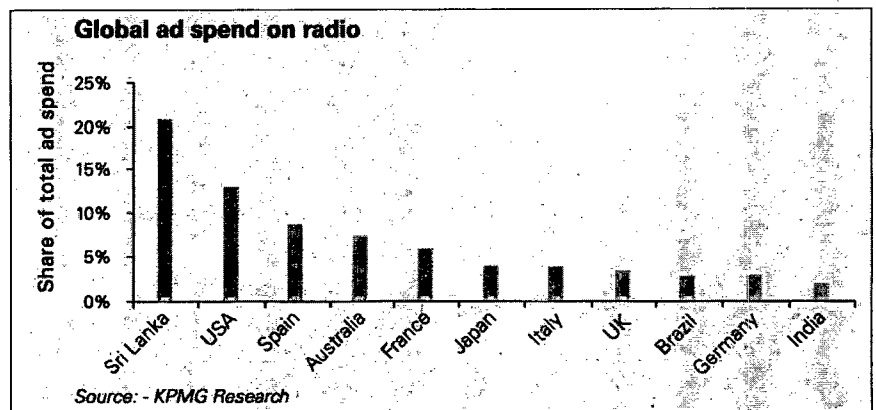
Universally, media categories in the growth stage have a share of around five per cent and mature categories average around 10-12 per cent of the total advertising expenditure across various media. We estimate that if its real potential is unlocked in India, commercial radio could account for approximately 8 per cent of media

spends in the short to medium term and up to 10-12 per cent in the long term.

Bridging the Gap

Due to the public-broadcaster nature of AIR and its socio-economic rather than a commercial focus, its ad revenues are expected to grow at a moderate pace. Since the private FM channels need to survive in a commercial and competitive environment, they have focussed on mass entertainment to gather listeners. Hence, it is expected that the private FM channels will drive the future growth of the sector.

To exploit the potential of this sector, FM radio needs to grow from the



current 21 stations in 12 cities to at least 300 stations in 100 cities. At an investment of INR-40 million per radio station frequency, the total additional investment required will be INR 11 billion. In its current form and structure,

the radio industry will not be able to attract the necessary funding.

Local Mantra

The sales and marketing efforts of the major FM radio stations have focussed on the large advertising clients. This may be partly attributed to the FMCG-marketing background of some of the managers and partly due to the sales strategy of the multi-media groups that own most radio stations.

However, radio is a unique medium and focus on large advertisers seems to be at the cost of its largest potential benefactor-the local retailer. The retail segment globally constitutes a large part of the radio's clients and sales, but currently India accounts for a small portion of the radio revenue pie. For example, in USA, 70 per cent of all radio revenues come from local retailers, and only 30 per cent comes from either national or international advertisers or from the network of advertisers. In contrast, in India, retail comprises only 8 per cent of radio advertising.

Radio, by its very nature, is a localised medium, due to its ability to transmit a particular message over a

small geographical area. The retailer, with city/locality-specific target groups, can be a major beneficiary to radio advertising. Clearly, there is a need to unlock the advertising potential in the retail segment.

Radio stations offer high frequency 'opportunity to hear' for the advertiser. International research indicates that radio has 60 per cent of television's effectiveness at increasing campaign awareness amongst an audience of 16-44 year old radio listeners. However, advertising on radio costs just 15 per cent that of television. While the price relativity for other audiences will vary, the achievement of 60 per cent of the result at 15 per cent of the the cost makes radio significantly more cost effective than television.

Niche Programming

Internationally, content specialisation has been a distinct trend in the evolution of radio, especially FM radio. Radio stations have traditionally grown by attracting specialised audiences. These stations address specific audiences based on geographic, socio-economic or ethnic or combination of factors, like a radio station that caters to the African-American population of New York or a Malayalam channel with Indian content for expatriate Indians in the Middle-East. Being localised, these channels also meet the demands of local advertisers.

Initially, most radio stations in India started off with a defined niche as well. Between them, they provided the listener with a choice of English, Hindi and mixed content. However, the pressure to sell airtime forced them to resort to the lowest common denominator-Hindi film music. Very few have held on to the English format or even non-film content. Channels that started out with English programming as key differentiator have drastically reduced the total airtime dedicated to it. Since there is very little to differentiate between the various channels, the resultant effect is constant channel swapping by listeners. Radio stations have not been able to generate any significant channel loyalty. In fact, a closer look reveals that even programme

Brief History of Radio Broadcasting in India	
1923	First radio programming broadcast
1927	Proliferation of radio broadcast clubs
1935	Radio broadcast begins with AIR
1936	News broadcast begins
1977	First FM service in Madras
1993	FM allowed operators to take blocks
1997	FM business grows
1998	Prasar Bharati decides to stop FM broadcasters from airing
1999	Privatization of FM
2000	Bidding license to bolster revenue
2001	Licenses given to private radio broadcasters

loyalty does not exist, with listeners simply switching from song to song.

This me-too approach towards content has a direct implication on the marketing of the radio channels as any message or campaign carried by it runs the risk of being lost in the clutter. Hence, there is an urgent need to evolve programming towards differentiated content. It may also require a shift from mass marketing of the radio channels to marketing programmes targeted at specific market segments. Validation of niche audiences would enable differentiated client targeting with unique value propositions.

With limited sponsored market research done in this area, radio stations find it difficult to market their USP. However, these radio stations need not look beyond their walls to get valuable listener data. The innumerable contests and interactive sessions on air bring in close to 30,000 callers every day for a single channel in a city like Mumbai-a valuable database that is currently under leveraged.

Radio stations will need to start finding their own niche. Channels that address specialist listener groups need to emerge.

Multi Media

Although most radio stations in India are part of larger media outfits, they do

not necessarily leverage their strengths across multiple media. Business units within media groups tend to have their own sales teams working in isolation, not fully selling their integrated media story to prospective clients. While it is necessary to maintain and operate separate profit centres, going forward, radio stations could look at a greater degree of integration of sales efforts to fully exploit the multi-media strategies. This way, the media groups, rather than just being owners of media assets, will be able to offer an integrated value proposition to the advertiser.

India's radio industry has a strong growth potential if mechanisms and policies are put in place to provide it with appropriate support.

India, with its diverse regional influences, is in a prime position to take advantage of the growth potential of this segment. With privatisation gathering momentum, the increased number of private radio channels across the country is likely to transform commercial radio from an urban phenomenon to a national one, as has been the case with satellite television. □

Adapted by Editorial team, Yojana (Eng.) from CII-KPMG Report 'Indian Entertainment Industry, Focus 2010: Dreams to Reality'.

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by
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A Passion for Community Radio

*R Sreedher
Neeraja Prabakar*

It is both a challenge and a responsibility for the Community Radio practitioners to rediscover newer horizons for the progress of its people

“.....There is no denying that today we live in an increasingly consumerist media-driven society, but believe me, if there is a media wonder that has the potential to be people-driven, it cannot be anything but community radio, more community radio and even more community radio. The choice is ours – whether we want to be media-driven or whether we want to drive the media. With the former we are dumb, passive and voiceless and with the latter we are active, vibrant and vocal. The decision is finally ours...to be active...or to be passive.....” – Words of a passionate crusader for community radio

COMMUNITY RADIO is an independent and non-profit development communication tool that facilitates democratization of the airwaves for the benefit of the common man. An emerging broadcast sector with vast untapped potential to facilitate progressive societal change, community radio is the need of our times, particularly in a developing country like India.

It is a simple, efficient and cost effective medium for, of and by the people to help them reach out to themselves. By encouraging freedom of expression and initiating an open dialogue, community radio helps people become opinion makers and participate in decision making. It serves as a catalyst to mobilize the community to utilize local talent and resources and empowers it with valuable life skills towards better standards of living.

Community radio norms in India at present permit a transmitter power of 50 watts and an antenna height of 30 metres from the ground level covering a radius of about 15 kilometres. The programmes should reflect the aspirations of the community it represents and exude local flavour focusing on issues related to health, education, environment, agriculture and societal development. At present there is restriction on advertisements and airing of news bulletins and current affairs programmes.

Next to public service and commercial radio, this is a new genre of radio broadcasting in India and what distinguishes community radio from the other media is its participatory nature

Dr R. Sreedher is Director, Educational Multimedia Research Centre, Anna University, Chennai and Ms Neeraja Prabakar is Programme Executive, AIR.

which facilitates free interaction. Programmes are designed to incorporate the specific needs of the community it caters to and are further restructured based on feedback. There is no talk down approach but just sharing of information relevant to the community in a manner that is easily assimilated.

With an endless string of such rich attributes it is a wonder that community radio is yet to take off in a big way in our country, though it has been popular for over fifty years in countries across the world. In the year 1995 when the Supreme Court of India made a landmark judgement declaring airwaves public property, a new chapter unfolded in the history of radio broadcasting in India.

At a time when radio was fast losing its place of glory in the face of competing media, FM radio came in as a whiff of fresh air and ushered in a new generation of listeners who tuned in. Close on the heels of private FM radio which began making waves, community radio enthusiasts across the country began lobbying for permission to set up CR stations for development activities and the government responded positively in December 2002 seeking applications from educational institutions and NGOs.

The community radio licensing procedure being a long drawn affair involving clearances from several ministries including Information and Broadcasting, Telecommunication, Human Resources, Home and Defence, CR aspirants had a tough time struggling with laborious paper work. And finally from among sixty applicants, Anna University was the first to be awarded a community radio license in the country and began its broadcasts on February 1, 2004.

What started off as a modest initiative with just an hour of radio



programming has today grown into a radio software collection of over 1100 hours within a year of its operations, made possible by volunteer support from among media students, faculty, NGOs, development organisations and the community. Anna FM broadcasts for ten hours every day in two slots both in the morning and evening.

Having studied community radio for a full semester even before India's first campus community radio, Anna FM @ 90.4 MHz was actually launched, the media students had little difficulty in grasping the nuances of community radio broadcasting which bridged the gap between public and commercial radio. Right from digital recording and editing to preparing the playlist, handling the equipment and RJing, the students got themselves trained while on the job, seeking advice or support only when policy decisions had to be made. Occasional messing up did happen but before long they were back on track dishing out their very best.

The media faculty took care of the programme content each day of the week with support from student volunteers. A weekly chart drawn well

in advance reflects the programme mix that include topics such as health, education, environment, social awareness and community development as laid in the community radio guidelines stipulated by the Government of India. The directive to adhere to the AIR broadcast code is followed scrupulously despite ensuring creative freedom in programme planning and presentation.

Apart from being a nodal consultancy centre for community radio aspirants on a national level, Anna FM has also been recognized as a potential international training and resource centre for managers of community radio stations by the Commonwealth of Learning (COL) and UNESCO.

Workshop organized for CR station managers by the university had over sixty experts and delegates from across eleven countries who shared community radio experiences unique to their culture and exchanged opinion on how best to forge ahead.

Acknowledging Anna FM as a successful venture, the government has recently entrusted the university with



the prized responsibility of exploring the possibilities of establishing a community radio based pre-disaster warning and post disaster damage control system in the Andamans comprising a satellite triggered low power solar transmitter. The warning system integrated with the community radio will ensure active involvement and participation by the residents of different island communities. A feasibility study report for setting up such a system has been submitted for consideration by the authorities.

An Asian Centre for Community Media at the university with willing international partners and support from the government media is being proposed. This will provide a professional forum for community radio practitioners and stakeholders to come together periodically and devise strategies for the growth of this sector by providing training and consultancy for programme planning, content sourcing, human resources, capacity building, sustainability, funding, infrastructure, programme exchange, building a self regulatory mechanism and promoting participatory research.

About ten educational institutions which have received their final clearances have their community radio stations on the air - MOP Vaishnav College for Women, Chennai; Manakula Vinayagar Engineering College, Pondicherry; Kongu Engineering College, Erode; Vidya Pratishthan Institute of Information technology, Baramathi, Maharashtra; Jamia Millia Islamia, New Delhi; India International Institute of Management, Jaipur; Sunbeam English School, Varanasi; Banasthali Vidyapeeth, Rajasthan - and a few others are on air with their test transmissions, while some are in the final stages of commissioning their stations.

With the community radio movement poised to grow further and contribute to grassroots development, efforts are on to deregulate the sector by easing the licensing process and working towards ensuring sustainability. Over forty community radio stakeholders including Anna University responded to a consultation paper on licensing issues put up by the Telecom Regulatory Authority of India. This was followed by open house discussions in

October 2004 at New Delhi and Mumbai, based on which TRAI has tabled its recommendations to the government.

TRAI's major recommendations on community radio include relaxation of licensing procedures and fixing a time frame for clearances apart from provision for advertisements at five minutes per hour of airtime and increasing transmitter power based on geographical terrain and population density. A reduction in the bank guarantee to Rs 25,000 is on the anvil apart from waiving the spectrum fee for the first two years of the licence period. There are strong indications that the government is receptive to these suggestions and is evincing keen interest in promoting the use of community radio as a viable alternative model of communication for development, peace, justice and solidarity. After a formal cabinet approval the policy announcement for CR is expected in about a couple of months from now.

Capacity building for community radio is another important aspect which needs immediate attention as there is a road block to programming due to a dearth of radio professionals. With huge sums of money invested on technical infrastructure there are a few players today who have not yet started off due to lack of content support and proper direction.

Identifying and training the community in the nuances of community radio broadcasting including programming and technical aspects will go a long way in helping build on available local talent and resources.

As far as sustaining community radio it would also be beneficial to network community radio stations and explore the possibilities of online sharing of programmes. Approval to air relevant community radio programmes on All India Radio as a programme exchange

service with the public service broadcaster is also in the pipeline.

Community radio is constantly reinventing itself to exploit its potential to the fullest by converging with newer technologies like the WLL phone and internet radio browsing apart from webcasting of its programmes.

After a year of relentless sloggng, Anna FM today occupies an enviable position and faces the challenge of sustaining the momentum in the coming years.

What better way than consolidating its resources and moving ahead with renewed energy.

The Anna FM Partnership Meet convened on its first anniversary on February 2, 2005 to extend its gratitude to all its volunteers and partners in progress, was a demonstration of how collective efforts by the community can contribute to empowering its people and thereby build democratic societies.

Despite being housed within the campus, Anna FM is not a mere campus radio as it is often made out to be. It is

sometimes disheartening to note that campus based community radio is often targeted with insensitive criticism on its limitations but then this is both a challenge and an opportunity for Anna FM to prove the sceptics wrong.

The Anna FM programme clock is designed with utmost care to ensure community centred programming. Endowed with the best of resources within the university and outside, through its partner institutions, Anna FM spares no effort to involve the community at every stage of programming and make them an intrinsic part of the process.

From health, education, women empowerment and entrepreneurship development to consumer awareness, environment, civic issues, lifestyle and nurturing local talent apart from special shows for the differently-abled, Anna FM has it all and more.

With community radio on the fast track mode, the airwaves may soon become public property in the real sense as envisaged ten years ago by the

historic Supreme Court Judgement of 1995. And before the momentum fizzles out it is imperative that all CR stakeholders strengthen their persuasive powers to keep the excitement on and allay the unfounded fears of the government of a possible take over by civil society.

The dream journey of this democratic development communication medium, for, of and by the people called *community radio* has just begun. May be it is a late start for India but the dormant strength of this people driven media power in the world's largest democracy is potential enough to overshadow the achievements brought about in this sector in the rest of the world in a much shorter span.

As the global community radio players eagerly watch this beginner unleash its pent up community media power, its both a challenge and a responsibility for the CR practitioners out here in India to learn and unlearn the nitty gritty of this unique tool and rediscover newer horizons for the progress of its people. □

News

PM's Interaction with US Industry

In a rare interaction with captains of US industry and business, the Prime Minister Dr Manmohan Singh has promised to bring down the tariff levels comparable to the levels of Asean and other countries in the region while seeking foreign direct investment (FDI) in infrastructure, a high growth area.

At a luncheon meeting with over a dozen top corporate honchos, many of them whose companies figure in Fortune 500 list, he said his government has an agenda for growth and it would follow sincerely.

Dr Singh told them that while non-tariff barriers had been considerably reduced, tariff had been lowered and the process would continue in the coming year, "We will bring down our

tariff rate to those comparable to that in Asean and other countries in the region". he said adding the policies on infrastructure would benefit those who were considering investing FDI. He clarified the government's position on the decisions taken as of now and the steps that were envisaged in future, especially for those industries abroad considering investing FDI either as new units or as fully-owned subsidiaries and those offering high technology transfer.

Summing up the interaction, the Indian ambassador to US Mr Ronen Sen told reporters that it was a broad exchange of views and no speeches were made. Replying to questions, Mr Sen said nobody had raised any concern over the possible problems the

investors may face in view of the crucial political support provided by left parties to the UPA government nor about the labour laws, seen as a big impediment. Mr Ronen Sen said those present at the interaction were well aware of the political situation and investment climate in India and they generally do not generalize any specific or area specific problems.

The luncheon co-hosted by the Indian ambassador and William Harrison Jr of JP Morgan Chase, who is the US co-chair of the India-US CEO's forum, was limited and restricted so as to be truly participative. □

Compiled by Mr VN Tripathy,
Editor, Yojana (Hindi)

Public Service Broadcasting

K S Sarma

IN A changing global economic perspective, broadcasting is considered one of the faster growing segments. Though part of the overall entertainment industry, broadcasting enjoys a unique role and a status, as it is the only service that reaches into people's homes and shapes their perception of their own society and the world around them. Television, over the years has become a powerful and pervasive medium more so than stage, cinema, newspapers or magazines and has the potential to do more good or harm both to individuals and to society.

Over the last fifteen years, broadcasting markets around the world have changed dramatically. Deregulation of terrestrial markets, the growth of multi-channel television and the emergence of strong pay television operators have fundamentally altered the competitive dynamics in many countries. And - with the arrival of the digital era - we are poised for even more dramatic changes. The situation in India is no different.

The advent of digital television is accelerating the expansion of channel choice available to viewers. The

range of such channels is considerable and at least to some degree the television market is beginning to resemble the market for books and magazines with numerous diverse titles and outlays. However, not all services are free. Viewers are required to pay significant sums for these services.

With the digital technology making it possible to broadcast multiple channels, there is a growing perception that the traditional Public Service Broadcasting concept is becoming outdated. Worldwide experience suggests that as consumers begin to convert from analog to digital services, they are faced with an increasing array of viewing choices. This tends to result in audience fragmentation and a smaller viewing audience for each channel. Advertising revenue, with a few exceptions, is tied to viewing numbers. A proliferation of channels reduces the number of viewers watching any given programme and hence the advertisers would not be prepared to pay more to place their advertisements. An increasingly fragmented television market also tends to spread advertising revenue

Since Public Service Broadcasting is funded by the public, it should reflect their aspirations in the truest spirit

Mr K.S. Sarma is CEO, Prasar Bharati.

over a greater number of channels/broadcasters. This has the potential to affect the financial viability of most of the commercial broadcasters. To remain in the fray, they would tailor their programming to suit the cause of the advertisers and treat their viewers as consumers. Such a market led scenario quickly leads to a situation where plurality of programming loses its identity and only the popular fares are belted out by channel after channel. This is a situation that demands presence of a public service broadcaster with strong socio-cultural roots.

What is Public Service Broadcasting ?

Public service broadcasting cannot be defined as "what BBC does or what Doordarshan does". Public Service Broadcasting to be meaningful, must have three essential features. Firstly, its purpose and mission must be different from those channels in the market. Secondly, its mission - to inform, to educate and to entertain, must apply across genres of programming and Finally, the broadcast service must be free at the point of use to everyone. Hence, purpose, mission and universal access form the pillars on which Public Service Broadcasting is built.

Public Service Broadcasting to be meaningful, should provide varied range of high quality programmes meeting accepted standards of taste and decency and providing news, factual and educational programming of an informative and unbiased nature. It should reflect both mainstream and minority tastes, helping create social cohesion and a sense of belonging for minorities. It should reflect national culture and promote national identity through its programming mix. It should also take

a lead in creating and developing a strong national programme production base, thus encouraging the broadcasting sector in particular and the economy in general.

All India Radio and Doordarshan are examples of two successful Public Service Broadcasting in India. All India Radio, with its near 100 per cent reach and Doordarshan with a 90 per cent coverage have guaranteed 'universal access' to broadcasting for millions of people across India. Their programming continues to be guided by the mission - to inform, to educate and to entertain. They have created a nation wide production base and time and again risen to the occasion by broadcasting quality programmes upholding India's culture and identity. On the technological front, both Doordarshan and All India Radio have created broadcasting infrastructure unparalleled in the country.

Past laurels are fine. How are they responding to the changing media scenario? The dawn of the digital era, growing competition and pressures on funding have added more complexity.

Fragmentation of viewers : With advent of digital satellite broadcasting, the number of channels broadcasting into the country has crossed 150. As a result, the Indian television market is witnessing continued fragmentation of viewership and a consequent reduction in share for channels. Availability of multiple channels also has a dramatic effect on Public Service Broadcasting's share within a home. According to a recent data, out of 108 million television homes in the country, 55 million TV homes now have multiple channels. As it has happened elsewhere in the world, the arrival of niche TV channels has resulted in the decline in the

viewership of mixed content TV channels like DD National. On the radio front, the mushrooming of FM transmission has affected listenership on primary service. The Short Wave transmission, once a stronghold of Public Service Broadcasting is becoming less popular. While Public Service Broadcasting traditionally identified itself with broader national or regional issues, the audience interest has shifted towards local issues of immediate importance. 'Narrowcasting' is becoming a buzzword, forcing Public Service Broadcasters also to alter their programming strategies.

Funding Public Broadcasting :

In India, a mixed pattern is followed in funding public broadcasting. While a substantial amount of money is provided by the government through budgetary assistance, the broadcaster is also expected to raise revenue to fund a part of its requirement. The more the public broadcaster depends upon advertising revenue, the indistinguishable it becomes from the private channels.

Striking a right balance is the biggest challenge before a Public Broadcaster. Resource crunch severely threatens development of broadcasting infrastructure as well as creation of new content. It is in public interest to have a good mix of both advertising revenue and public funding.

In Japan for example, the public broadcaster NHK collects license fees but it is voluntary. 80 per cent of the viewers pay while the remaining 20 per cent do not pay. The fact that 80 per cent viewers pay voluntarily speaks volumes about the content NHK provides, which is seen as having certain value to the viewer. In the United Kingdom, there is a licence fee on TV sets but not on

radio sets. However, now there is a debate going on as to the licence fees collected by BBC should be shared with other private channels also who claim that they are also doing certain public service.

It is needless to say that a model that works well in one country need not necessarily work in the other. However, certain lessons can be drawn. Recent attempts by both Prasar Bharati and the Ministry to introduce a license regime in India have met with not only political resistance but public outcry too. Therefore the challenge before Prasar Bharati is to have a right mix of public funding along with a definite emphasis on increasing ad revenue from television and radio.

Piracy : One of the challenges being faced by broadcasters all over the world is the issue of piracy. Signals of Sporting events like World Cup Football, Cricket, Olympics etc, which need heavy payment for sports rights, are stolen and shown in the form of News and other programmes causing huge loss to the broadcaster who acquired rights on payment. Broadcast signals are also rented out to other countries by pirating them. Cable operators carry the programmes of broadcasters without their permission causing heavy losses. While encrypted pay channels have avenues to prevent such piracy, the Free-To-Air Public Service Broadcasts suffer the most. Therefore, there is an urgent need to have a Broadcasters' Treaty in place to protect against piracy of content.

Regulatory Framework : A strong broadcast regulator is needed in the country to provide a level playing field for Public Broadcasters, via-a-vis Private Broadcasters. While

the Private Broadcasters are getting away with ads on liquor and tobacco and such other prohibited areas, either in a direct fashion or in a surrogate manner, Public Broadcasters are unwilling to do so due to their mandate. While regulation may not be the panacea, it is a requisite necessary condition for public broadcasters to survive to the challenges thrown by the private broadcasters with total freedom.

Content sharing : Across the world, Public Service Broadcasters are bestowed content sharing rights for certain sporting and other events of national interest. The European Union, United Kingdom and Australia have comprehensive laws, which ensure that events of public importance are made available to everyone through universal access. In the absence of a similar law in India, the Public Broadcaster in the past had to secure such rights with the intervention of courts. Such a situation hardly provides a conducive broadcasting atmosphere. There is thus, an urgent need to have a law providing for content sharing between the private pay channels and the Free-To-Air Public Service Broadcaster.

Manpower shortage : Popular perception is that Doordarshan and AIR are hugely over staffed organizations. But reverse is the truth. We are facing acute shortage of staff, especially in the programming field. For example, programme personnel account for only 17 per cent of total staff in Doordarshan and 27 per cent total staff in AIR. We need to address this issue urgently, as it is affecting in-house programme production ability.

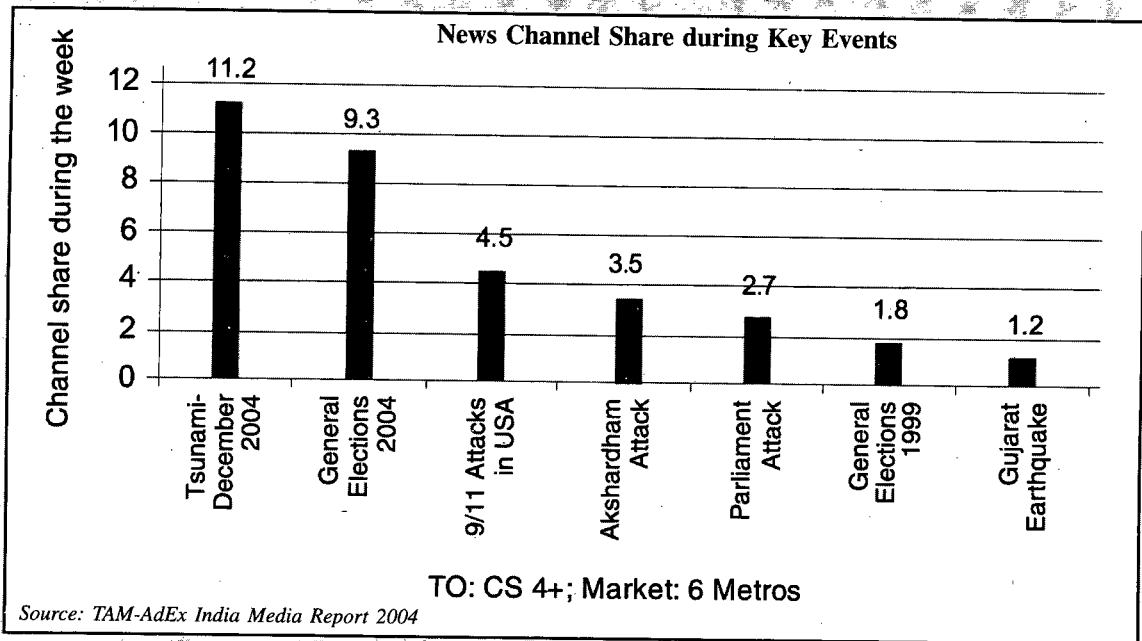
Other Challenges : For every broadcaster upgradation and modernization of its infrastructure is

a continuous process to keep pace with the technological developments. However it needs a large sum of money and Free-To-Air broadcasters like Prasar Bharati, facing resource crunch, will have to necessarily depend upon Government for funds. There are real questions about how Free-To-Air broadcasting can survive in future, in the face of the spending power and subsidising capacity of pay-TV. This will be one of the great challenges over the next few years.

Even when a majority of consumers in the digital era have access to rich sources of information and content, they would be required to pay substantial sums of money. An overdose of niche channels also runs the risk of creating 'information fatigue' in the minds of viewers. Left to market forces the television / radio programming will witness duplication of formats rather than diversity of programmes. Minority will lose its voice and programmes run the risk of becoming entirely urban centric. On the other hand, Public Service Broadcasting provides a mixed diet of entertainment, education, reference, films and music, which can be sampled at zero or very low cost at the point of access. But, we should remember that it is not completely free. Since Public Service Broadcasting is funded by the public, it should reflect their aspirations in truest spirit. Public Service Broadcasting to be successful should become invariably public. In its ownership, funding, programming, the concept 'Public' should always define the logical boundary of any public service broadcasting organization. In short, Public Service Broadcasting should become, 'broadcasting by the people, of the people, for the people.' □

Latest Facts on T.V.

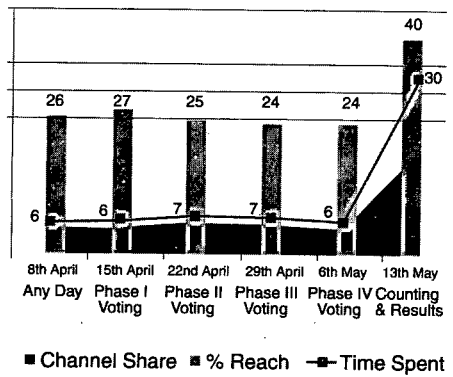
Tsunami was the highest viewership grossing event till date on a television channel



General Elections

News Channels during Indian Election 2004

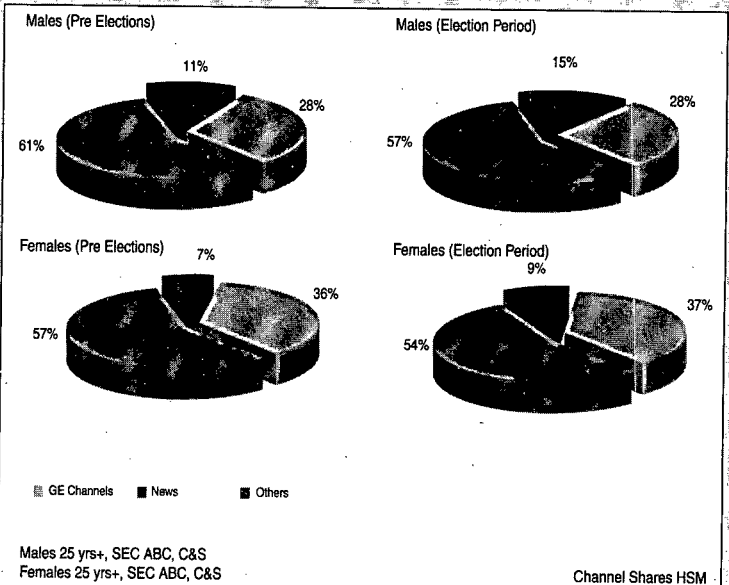
Time Spent 5X↑ ; Viewership Share ~ 4X↑ ; Reach ~ 2X↑



The run-up to the Elections was fairly dull with News Channels' Viewership share remaining stagnant at around 6 per cent to 7 per cent. The *India Shining* campaign has been talked about for six months and viewers assumed a particular result. But the final result that came in on the counting day left everyone in shock and viewership rose to a record high as

- Number of viewers on news channels doubled!
- Time spent watching news channels rose by five times!
- Share for news channels quadrupled!

However, the Saas-Bahu coalition remains intact:
No change in General Entertainment Channel shares!



Compilation based on 'Frames 2005' a joint report prepared by FICCI and PriceWaterhouse Coopers

The Times are Changing ...

THE INDIAN music industry is over a century old. However, the past few years have been dismal for the industry. It has shrunk to INR 10 billion from INR 13.5 billion in the last four years, as the onslaught of piracy, the high cost of acquisition of film music and the low priority accorded to the sectoral issues by the authorities have somewhat upset its business viability.

The situation in India is not unique. Globally, the music industry has been in recession for about four years and is now making a slow recovery. A series of revenue enhancing and cost-cutting measures have been undertaken by global music majors, which are expected to bring about a turnaround soon.

In India, the pattern of music consumption and distribution has shifted radically in recent times. Music buying has reduced and, despite the popularity of the new Hindi films, which make up for 40 per cent of total music sales, the number of units being sold is falling. On the other hand, piracy has ensured that the average retail price of music cassettes remains stagnant over the years, while that of CDs fall. This has led to a spiralling decline in revenues, since such falling prices have

not been compensated through rising volumes.

Over the last few years, the industry also witnessed the rapid rise of remixes, or cover versions and music videos of original soundtrack, which have attained mass popularity and received more airplay than the originals, on television and on FM radio, but did not

significantly increase the sales of the original music companies. Future growth is likely to come from non-physical formats like digital downloads, royalty income and ringtones, among others. The Indian



music industry needs to adapt to this swing in audience preferences by leveraging appropriate technology in a facilitating regulatory environment. Going forward, the industry will need to focus on controlling its distribution and manufacturing costs. This is likely to enhance the industry's bottomline and result in more capital freed for investment in technology and infrastructure.

The recovery process for the industry will be slow and moderate growth is expected from here on. There is an immediate need for the various stakeholders, viz. film producers, music companies and user-segments to come

The Indian music industry needs to revamp its operating model with support from key stakeholders and evolve new revenue streams to stay competitive

together and evolve solutions from within, and adopt a collaborative approach as discussed later.

Industry Structure

The Indian music industry has a unique structure compared to most global markets. Till 1990, it was completely dominated by film and devotional music. With the advent of satellite television and increasing consumer exposure to non-film music channels, non-film albums and remixes have gained popularity recently. In the non-film category, devotional music produced by smaller and local companies is the most popular. A few late entrants to this category have decided to stay away from the vagaries of film music and have focussed on high end classical, devotional and other niche genres instead.

Though the problem of piracy has been in existence for the last twenty odd years it has emerged as an all-engulfing menace in the last five years or so. The volume of pirated units has been rising consistently despite the falling prices of legitimate music. Piracy, which is currently estimated at INR 4.3 billion, accounts for as much as 42 per cent of the industry's total revenues. Unless stringent measures are taken now, this is expected to rise further.

A look at Indian audio-video market shows that the VCD/DVD/MP3 segment is growing at an explosive pace of almost 300 per cent. However, this growth has not been reflected in a corresponding growth in the legitimate sale of CDs, VCDs and DVDs. On the other hand, there has been an alarming rise in the production and sales of CDs and DVDs, far in excess of demand, in India and certain countries. Evidently, such growth has only resulted in increased piracy. While local CD-R burning is assuming a larger percentage of the piracy revenues (replacing VCDs and manufactured CDs), import of pirated CDs and DVDs from neighbouring countries continues unabated.

Genre-wise distribution of music sales in India	
(in percentage)	
● New film music	40
● Old film music	21
● Regional film music	5
● Popular music	8
● Devotional music	10
● International	8
● Others	8

Source: Industry Estimates

Apart from physical piracy, another increasing problem is digital piracy. It is powered by the rising popularity of MP3 technology and rising PC penetration, making free downloads a convenient option for the consumer.

While India has a large, indigenous copyright industry and a reasonably sound copyright law, there are several obstacles to reducing piracy. These are:

- Reluctance by law enforcers to accord due attention to the issue,
- Lack of resources and training (to track sophisticated MP3 piracy),
- Lack of an optical law, and
- Lenient punishments.

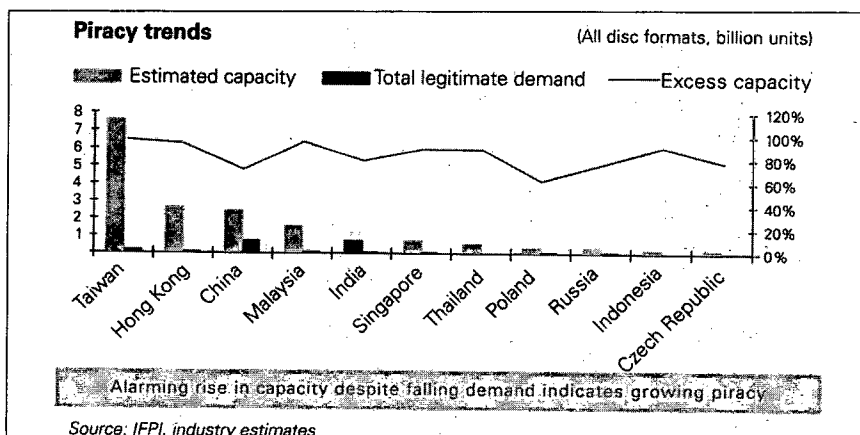
However, there is some light at the end of the tunnel. Indian Music Industry (IMI), an industry body comprising over 50 member companies, has stepped up its efforts to curb piracy through regulation as well as through technology. The members have decided to contribute 1 per cent of their annual turnover, which works out to

approximately INR 40 million, towards this cause, though this amount is considered rather inadequate. The recent strengthening of the Civil Procedure Code and the proposed Optical Disc Law are steps in the right direction. Strict vigil at the customs check-points and more stringent implementation of the law by the police will go a long way in reducing physical piracy in the near future. Side by side, it is expected that digital piracy too will be brought under control eventually, through:

- Technology push: a wide repertoire of legitimate digital music becoming available through a variety of convenient platforms and options
- Demand pull: increased internet penetration and the advent of broadband
- Efforts by authorities to educate and deter the free downloader

Curbing Piracy

Concerned by the growing trend of free downloads and peer-to-peer networks, and the inability to control mounting losses due to home piracy, music companies worldwide have decided to adopt a carrot-and-stick policy. Realising that there is a significant section of listeners with access to free and convenient downloads, they are adapting to the same channels of distribution to provide the convenience of digital downloads. They are also backing this up with a strong regulatory push, public announcements, litigation warnings and



legal cases against users distributing large volumes of music files over the system. The results have been positive and for the first time since its origin, music downloads on peer-to-peer file sharing networks have started reducing.

Also, new global developments have seen better acceptability of new service offerings. Apple Computer's iTunes Music Store, launched in April 2003, that sells individual song downloads for 99 cents, has reportedly sold more than 200 million songs from all four major labels and over 600 independent labels has contributed to its success.

The new digital age is likely to see the rapid growth of service providers like iTunes, Napster, Rhapsody, MusicMatch etc. who have been able to enhance the music companies' revenues through innovative offerings like:

- Audio books
- Exclusive tracks, in-studio performances, customised playlists and on demand video
- Portability-the freedom of accessing the account from any PC
- Flexible payment options, like pay-per-song, monthly subscription, one-off charge, pre-paid cards and music allowance accounts.
- Tie-ups with retail stores and PC manufacturers.

Currently, the music industry derives annual revenues of INR 10.2 billion, of which music sales contributes around 92 per cent and the non-physical formats contribute the balance. Ring-tones now contribute around 5 per cent; and royalty revenues 2.5 per cent. It appears that the negative trend in revenues, seen in the earlier years, has been reversed. Sales in 2004 have increased at a very modest 1.2 per cent vis-a-vis a 4 per cent decline in 2003 and 14.5 per cent drop in 2002, while the bottomlines have significantly improved.

Recovery and Growth

From a perspective of pure financial returns, and looking at other alternative and more attractive avenues available to

the entertainment sector, the music industry will need to completely reinvent its business model in order to attract significant investments. In the future, it is hoped that the film and the music industries will work collaboratively, aided by digital infrastructure, effective distribution formats and a more conducive and effective regulatory regime, to combat piracy and get the listener back into the buying mode.

Though piracy remains a major global issue globally, the solution for the Indian music industry, because of its inherent nature, will need to be quite different and will have to come from within the entertainment industry. A few steps that could rejuvenate this industry are suggested below.

The Indian music is quite unique compared to those in other countries, as it is virtually dependent on new Hindi films for the lion's share (40 per cent) of its revenues. Regional and old Hindi films and another 25 per cent to the industry revenues. The film industry needs to look at the music industry as partners rather than buyers-the current risk-reward distribution among them is lopsided and needs to be made more equitable.

The film's performance at the box office and music company's cost of rights acquisition determine the profitability of a music album. However, the music creates the curiosity factor for a film. It is the first phase of promotion that initiates the entire brand building for a film. Music companies do not have any say in the way the music is conceived or produced, yet they are expected to market it. Here, a collaborative approach with the producer of the film, and a revenue sharing based understanding, could result in improved content and better risk sharing. In the future, there could be collective efforts where the music companies are involved at the content-creation stage and also in the marketing of the film.

Over the last three years, there has been a unified effort in the industry to

correct the price paid for purchasing music rights. In the last few years, while the film industry went through a phase of rationalisation, the music industry made certain overvalued acquisitions. One fall-out of this market correction has been that the sale of music rights has dried up as a significant revenue stream for producers. Moreover, a new trend of producers setting up their own music companies has emerged. In the near future, there could be an increased number of alliances, and even acquisitions, with film production houses taking over music companies, to avail of their distribution network and operating expertise.

FM Factor

It is believed among certain sections of the music industry that the proliferation of FM radio stations across the country has led to decline in the sale of audio cassettes and compact discs. Globally, FM stations help promote albums and labels by playing their songs. However, in India, FM is considered more of a threat than a promotional medium for the music industry the reason once again being the unique genre-preference of the Indian listener, which is heavily skewed towards new film music. However, since FM radio is limited to a handful of large cities, its impact in accelerating the downfall of the music industry may be overstated. In the future, though, there is a need for the music and radio industries to work together rather than at loggerheads, to work out a common growth path within the given environment. The possibilities and synergies of co-branding of music products and properties between radio stations and music companies can be explored. For example, Radio X could promote a collection of Y Music's songs or artists resulting in increasing the demand for these songs. On the other hand, Y could release a 'Radio X Top 10' album consisting of such songs and programmes promoted on air.

Again, on several occasions, good quality, non-film albums produced by

music companies do not get reasonable airtime. Such experimental or offbeat music can be effectively promoted on radio and the channel can be incentivised to take certain risks through intelligent revenue-sharing arrangements.

Marketing Non-film Music

Music is not a necessary item on the consumer's shopping list. In the film-centric Indian music industry, there is virtually no loyalty for the label among the segment that buys only film music. However, the marketing models developed by FMCG companies to launch and sell lifestyle and aspirational products can be implemented by companies to boost the sale of non-film albums. This is possible by developing brands and charging premium prices once brand loyalty is built among the target audience. Once a strong brand

recall is created through successful marketing of non-film albums, the same can be extended to film albums to create a differentiating factor over competing pirated products.

Interestingly, the growing sale of video remixes of old classics has actually opened up a window of opportunities for the music companies that hold the original rights. The future could see these (original) music companies themselves getting into the remix act in a big way. This same move could see them getting into the cassette segment of non-film devotional songs recorded by unknown artists, hitherto a stronghold of the lesser music companies.

The Indian music industry needs to undertake several strategic shifts going forward in order to retain its lost glory. It needs to revamp its operating model with support from key stakeholders and

evolve new revenue streams for various delivery platforms.

The last decade saw a spurt in the number of players who were attracted by the profits seen during the boom years. The next few years could see a consolidation and shake-out. The corporatisation in the film industry would have a beneficial effect on the music industry, as they jointly move towards a more equitable revenue and risk sharing model.

Music is a creative industry, which needs support in trying times. How willingly and effectively the various stakeholders come together to adopt a partnering approach will determine the pace at which the industry reinvents itself to stay competitive. □

Adapted by Editorial team, Yojana (Eng.) from CII-KPMG Report 'Indian Entertainment Industry, Focus 2010: Dreams to Reality'.

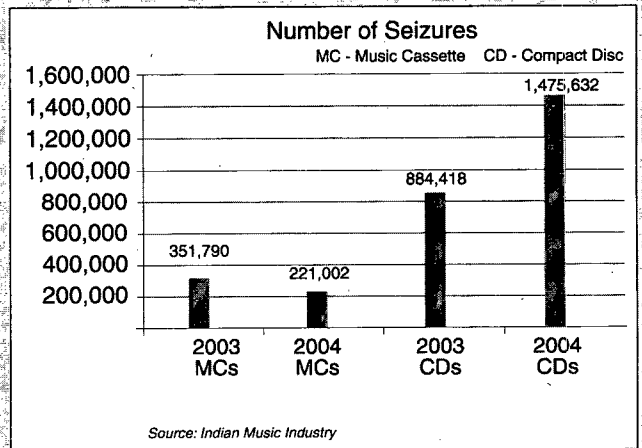
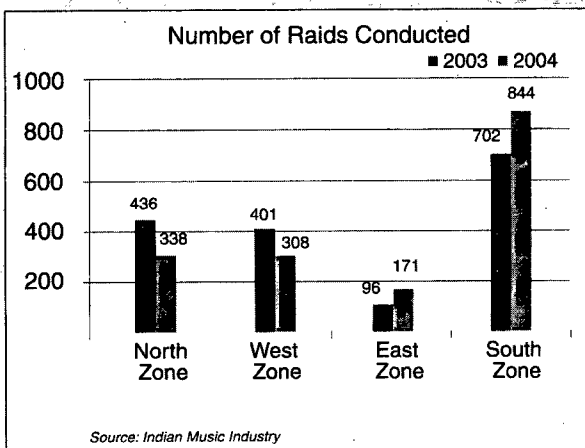
Anti Piracy Measures

Undaunted by the magnitude of the problem, several initiatives from the government and the industry are being taken to tackle this menace. The frequency of raids conducted across the country coupled with the increases in the number of seizures is seen as a positive step in anti-piracy measures by the music industry.

Formation of the National IPR Taskforce under the aegis of FICCI, with the objective to lead the national initiative against counterfeiting and

piracy has been applauded for its comprehensive efforts to combat piracy. Some of its other initiatives include:

- Anti-piracy campaigns—These included several advertising campaigns which were broadcast over major television and radio channels, outdoor hoardings etc. featuring eminent personalities of India.
- Supporting International Copyright conventions such as IFPI (IFPI represents the recording industry worldwide with over 1450 members in 75 countries and affiliated industry associations in 48 countries).
- Promoting digital technologies such as use of holograms on cassettes and CDs.
- Monitoring production of CD manufacturing.
- Promotion, public awareness and enforcement of the Copyright Law.



Traditional Media in Karnataka

Anjali Kariappa B

As these traditional forms are not patented, attempts to organize and build awareness among the artistes could come a long way in streamlining the traditional media



THE MODERN era is often known as the golden era of communication. From the pigeons and other traditional forms of courier service to satellite communication, we have come a long way. With the foray of the Electronic media and its impact on the masses, the traditional media is waging a quiet battle for survival – a battle for the recognition and appreciation of their authenticity and uniqueness.

From time immemorial India has had an effective means of mass communication through the innumerable folk forms and art forms. She is blessed with a diversity that is unknown to most other countries. Each of the states has a traditional, distinct and fascinating treasure house of folk artistry. Folk media has been able to reach people as it disseminates information through symbols, characters and an ambience that are known and to which they could relate to. Karnataka, a southern state of India has a rich cultural heritage and can boast of folk forms that are distinct and vibrant.

Folk songs, folk dances and folk

theatre are the elementary classification of the traditional medium. However, the focus of these various forms are on four basic characteristics. They are (a) Literature (b) Abhinaya or Expressions (c) Dance (d) Costume and Symbols.

Based on these characteristics, folk media in Karnataka can be classified into two types. They are:

1. Solo medium
2. Compound medium

Solo: Under this type of classification, the focus is on a single motive, which could be any of the four characteristics mentioned. Folk songs and folk dances come under this classification as both these forms are primarily focused on literature and dance respectively. So solo medium is timely and contextual in nature.

Folk Songs: Karnataka has a wide variety of folk songs that cover a wide range of themes, thoughts and interests of the people. Various folklorists have made different classifications of these folk songs. However, it can be broadly classified into religious songs and

secular songs. The religious songs are those that concern a particular sect, deity, temple or pilgrim centre. Some of the religious songs are Kamsale, Chowdike, Gorarea, Gane, Yellamma, Manteswamy, Junjappa, and Mallayamadeshwara to mention a few. The secular songs do not propagate any particular religion. These songs safeguard the secular literature and propagate matters of distinct interest and worldly wisdom. Karapala, Dombidasa, Helava, Jangama, Kinnari Jogi, Thamburi are a few secular songs.

Here mention has to be made of the Gee-Gee songs of North Karnataka. They are based on heroic instances, sentiments and value of the people. It can be sung by any caste or creed and flexibility is name of the game.

Folk dances: There are different folk dances for different religions as well as different regions. Folk dance is another form of expression and communication. It is dance of the masses. It is different from classical dance as it does not have the sophistication nor the focus on the finesses and perfection of style or body movements.

The folk dances in Karnataka are innumerable and varied. Here too there are various classifications of these dances. Some of the religious dances are Nandi Dwaja, Beese Kamsale, Pata, Bana Devara Kunitha, Karaga etc. Some dances with strong religious overtones combined with a philosophical base are GoravaMela, Veeragase, Linganda Birana Kunitha, Dollu and Bhagavanthike mela to mention a few. Mari Kunitha, Billat, Kombat etc. are those, which are performed by the entire community. There are also dances of ghost worshipping like Bhootha Nruthya,

Naga Nruthya and Vatte Kolla. Other than these there are also performances like Chit Mela, Chennu Kunitha, Maragalu Kunitha, Dollu Kunitha and Kolata, which disseminate secular information.

Prof H.S. Ramchandre Gowda, Professor in Folklore and Chairman of the Folklore Literature Publishing Committee, says there are around 139 solo performing art forms in the state. However, he states that the survival and growth of these art forms depend on their flexibility and adaptability to change. He says, "Folk forms change according to the values of the community and they continue to exist and grow only where there is community support and communal recreation".

Compound: Folk theatre can be classified under this type as it uses all the four characteristics - literature, abhinaya, dance and costume in their performance. However, it is said that all forms of folk theatre take their origin from the mother of all plays, i.e., the street plays. In Karnataka, folk theatre can be classified into two main forms. They are:

- Yakshagana
- Puppetry

Yakshagana: is a traditional theatre form combining dance, music, spoken word, costume, make-up and stage technique with a distinct style and form. Other than Yakshagana, which is primarily a theatre form in the coastal and Malnad areas of Karnataka, the state can also boast of other theatre forms. Mudlapaya of Eastern Karnataka, Dodda Aatta and Sanna Aatta of North Karnataka, Dappinatta of North Karnataka and the Parijatha, which is a musical form are some of the other traditional theatre forms.

-Today, Yakshagana is one of the

most flourishing art forms and is believed to have a history dating back to over 500 years. However, it is interesting to note that Yakshagana has so far not shown signs of decline in quality inspite of the constant changes taking place. Within this theatre form there are two stylistic schools. They are Tenkuthittu practiced in South Canara and Badagu in North Canara districts.

Dakshina Kannada, Uttara Kannada, parts of Shimoga, Hassan and Chikmagalur districts constitute the area where another distinct art form flourishes - "Talamadale". Talamadale is the presentation of the spoken word in a dramatic style accompanied by music. This theatre form is without costume or make-up and hugely relies on the essence of prose. Speech here is extempore. Though essentially it is the epics that are discussed here, contemporary social and political issues are deftly interwoven into the performance. The audience here is the intellectual upper and middle echelon of society.

This art demands learning; hence the artistes should be well versed in mythology, classical literature, philosophy and poetry. They should have a sharp mind and quick sense of humour. Talamadale, however is not a troupe or specialized art. To most artistes it is a freelance or hobby art. The future of this art is far from bleak. This is because of the constant and easy adaptability it has to the changing societal scenarios. Today, there are about 150 associations having over a thousand artistes performing on a regular basis.

Puppetry: In Karnataka, Puppetry is considered to be the pioneer of folk theatre dating back to the twelfth century. Traditionally puppetry relied on ancient epics like Mahabaratha and Ramayana. It has a fascinating sense of

appeal and caters to a varied audience irrespective of the age.

The two prominent forms of puppetry in Karnataka are:

- String puppets
- Leather puppets

String Puppets: String puppetry involves the manipulation of puppets with long strings invisible to the audience. These puppets are around 2½ to 3 ft. in height and weigh about 10-12 kgs. Some puppet troupes have begun to use rods as well for the manipulation of these puppets. String puppets of Karnataka can be classified into two types. They are the Bailu thittu puppets of South Karnataka and the Yakshagana puppets of regions like Nagamangala, Mandya etc. Yakshagana puppets have facial colour, headdress, costume and jewellery similar to Yakshagana actors. Some string puppets are also marionettes i.e. made of wood.

Leather puppets: It is believed leather puppetry in Karnataka dated back to the 11th and 12th century. Leather puppets are made either of goat skin or deer skin and are coloured with vegetable dyes. These puppets are flat structures and are transparent. The leather puppets are the shadow puppets as their performance is with the play of lights. These puppets have an aura of their own. They spring alive behind a white screen and create a world of fantasy with the deft expertise of a seasoned puppeteer.

The traditional puppet shows lasted for about 6-8 hours and is accompanied by indigenous musical instruments. Today, puppetry is one of the successful means in creating social awareness.

However, the explosion of mass media has dealt a severe blow to puppetry. Puppetry is most often hereditary in character. Since royal

patronage has become a thing of the past, scarcity of funds and income for the artists has made survival extremely difficult. Mr Venkatesh, Managing Trustee of the Chandana Art Foundation International which works for the revival of this fascinating folk form says, a survey conducted by them in Karnataka exclusively on the string and rod puppets under the leadership of puppeteer and Sangeet Natak Academy awardee Mr Ranganth Rao showed that the traditional puppeteers are languishing in remote areas of the state due to lack of support and the art was facing the fear of extinction.

With the importance of folk media and the vast potentiality of the same, one would wonder at the role played by the government in utilizing this medium of communication for developmental purposes. The Directorate of Field and Publicity and Song and Drama Division of the Union Government and the Department of Information and Publicity of the state government are prominent agencies that are utilizing the folk media to support and propagate developmental programmes.

Come Dasara, and Mysore the cultural capital of Karnataka comes alive. For nine days the city is resplendent with musical concerts, exhibitions and cultural shows. Mr Selva Kumar, Deputy Commissioner of Mysore says, "Performing folk forms are an integral part of the Dasara festivities. Prior to the main procession, the city sees the showcasing of traditional folk forms at various locales. The Dasara procession, has folk artistes from the various parts of the state taking part in the procession. There are folk performances from the 7 taluks of the district as well. This year there are around 600-700 artistes taking

part in the festivities. The Department of Kannada and Culture is responsible for auditioning and selecting the troupes for the festivities."

The song and Drama division established in 1954 is one of the foremost organizations using traditional media for publicizing developmental schemes under the Five Year Plans. The Song and Drama Division utilizes live entertainment media such as drama, dance, puppets folk recitals and folk songs besides sound and lighting programmes to meet the growing need of communication support for development in rural areas.

There are over 50 troupes spanning across the various folk forms working under the Regional Centre of Song and Drama Division, Bangalore. In Karnataka, the troupes of this division performed around 1500 programmes in the year 2004-2005.

Mr Krishna Murthy, Regional Director, Regional Centre of Song and Drama Division, Bangalore, says, "The folk media is the most effective means of reaching the unreached. In spite of the boom of the electronic media, it has not been able to reach the rural masses satisfactorily. The performances of these troupes are region specific and cover a wide range of topics such as discrimination against the girl child, dowry menace, Family Planning, literacy, health issues, awareness of various Acts such as Pre-Natal Diagnostic Act, Right to Employment Act etc."

He says, "Since people are familiar with the medium, the message gets across effectively. It is most effective as it is a means of interpersonal communication. However the folk forms being used must be adaptable and flexible to change. They must be able to build the performance with the theme

and message effectively. Religious folk forms are most often avoided as change in these folk forms may hurt the sentiments of the community. However, a medium like Yakshagana inspite of being mythological is being used by the Song and Drama Division because of its adaptability.”

The Planning Commission has specified certain areas of focus such as the various schemes of the Common Minimum Programme of the Government, the need to build awareness among the rural masses of the various rights that the citizens of the country are endowed with. Focusing on the increasing terror and the futility of Naxalism in Naxalite hit areas through the traditional media is also in the anvil.

Other Agencies: Other than the government agencies, a number of NGO'S too are working to help the marginalized artistes to carve a niche for themselves. However raising funds to sustain their activities has become a matter of concern. Madhyam Communications is one such organization that has been doing a lot of work to help sustain the folk forms. Ms Munira Sen, Executive Director, of Madhyam says, their idea was to use cultural events within the community to spread the message of empowerment. Madhyam had around 10 performing troupes. The Kala Madhyam Mela held at the Chitra Kala Parishath; Bangalore was an opportunity for the artistes to directly market their ware. These melas generated an income of around 1.1 crores in the last five years for these artistes. However for the last one and a half years supporting the performing troupes has become impossible because of a financial crunch. She says, the attitude of the government against foreign funds has hit the NGO sector hard. In the past one and half year 18 embassies have closed down their grant

making sections because of the government policy. In such a scenario efforts to sustain missions that are pro-poor and which depend on funds becomes difficult for the NGO's.

Other than the NGO's there are also other organizations like the Regional Resource Centre for Folk Performing Arts, funded by the Ford foundation and supported by the Academy of General Education, Manipal and MGM College Trust which work for the documentation, preservation and dissemination of folk forms.

Present Status: The vast potentiality of the folk Media remains undisputed, however the electronic media has always received greater attention ever since it set foot into the threshold of communication means. This is because of their easy availability and fascinating ability to build a larger than life image. In this process the folk media has been systematically and subtly shunned to the background. Personal contact, demonstration and interaction are the important aspects of the folk media. However this simple know-how no longer fascinates the human mind. Industrialisation and urbanization has led the society into a more materialistic mode of thought.

Folk forms that are hereditary in character find it difficult to survive as the younger generations seek greener pastures. They prefer to pursue a career, which rakes in more money than pursue a hereditary art form that pays them miniscule wages inspite of being genuinely passionate about it.

There is also the general tendency among the masses to believe that folk media is a rigid and outdated means of media. In reality this is not so. Although the basic form and structure of the folk form has changed very little over the centuries the message they have to

convey has always changed with the times and adapted to the contemporary world.

Folklorists are of the opinion that the sustenance of folk media requires more than Governmental and financial support. According to them, Folk Media requires community support. Since most of the these folk songs, dances or dramas are based on the value and needs of the community, it is vital to be encouraged and supported from within the community. It can be noticed here that most folk forms that are still flourishing are those that are patronized by their respective communities or regions.

Secondly, it is important that the folk artistes respond to the aspirations of the people who are patronizing them. Thirdly, folk forms that are progressive and empower the society will continue to be powerful means of communication. Whereas, performances that are regressive such as superstitions, demeaning women, promoting caste prejudice or hampering inter community relations will eventually die.

However, another concern echoed is the danger of these folk forms becoming the mouthpieces of their patrons. The funding agencies should not become the implementing agencies dictating the content for these performances. The folk artistes must be made aware of this thin line of divide between funding and dictating. The mass appeal of these folk forms cannot be doubted as a number of big banners in the movie business are also cashing in on the traditional folk songs and dances. However, as these traditional forms are not patented the original artistes aren't even acknowledged by the electronic media. Thus, attempts to organize and build awareness among the artistes could come a long way in streamlining the traditional Media. □

Villagers Learn to Speak Out

Ram Bhat

MARCH 1, 2005 was a red letter day for the sleepy village of Budhikote, situated about 100 km from Bangalore. However, on that day, the sounds, lights and action in the village provided abundant competition to the country's information technology capital. The gram panchayat elections had just been held, and Namma Dhwani (Our Voices in Kannada), Budhikote's cable audio centre, was disseminating the election results. But with a difference.

One of its reporters, Nagaraj, went to Bangarpet with a mobile phone to monitor the counting of votes. His reports, sent every 15 minutes, reached the speaker-phone at the radio station. A microphone was placed near the phone and thus every word Nagaraj spoke was cablecast. The reception was tremendous. Says Nagaraj, "People kept calling the Namma Dhwani Centre till 3 am."

The reaction was predictable asserts Vijaya, another reporter, "We had cablecast a profile of the candidates and the issues they highlighted. This made the elections more meaningful as the community learnt what the candidates' priorities were."

There have been other red letter days. In June 2003, Budhikote was

grappling with drought. Water pipes had dried up. There was no water for eight days. Despite protests from the local community and promises from the authorities, nothing happened.

Finally, Nagaraj decided to record the sentiments of the community. "Women complained and shouted into the mike and vented their anger at the village chief's indifference." The tape was played that evening through the cable centre. The message struck home. The pipes were repaired and the water supply restored.

Another significant intervention was in disabilities. While subsidised public transport was guaranteed for people with disabilities, the community was informed that to be eligible they had to fill a form that cost Rs 100. Namma Dhwani found this to be a racket where middlemen were making money. It cablecast the correct information and the bubble burst.

Health, income generation, culture and education are other programmes at Namma Dhwani. The school audio initiative ensures that educational programmes (many made by the children) are cablecast regularly to the nearby government school. Namma Dhwani's programme about indigenous medicine is another popular programme. Addressing minor ailments

In January 2005, Namma Dhwani won the Global Yeo-man's Award for local content. Surely it is time for its voice to take centrestage through radio



A community radio station worker interviews a woman in a village

like colds, coughs and fever, it has reinforced indigenous medicine.

About a km-and-a-half from Budhikote is the dalit village of Ambedkar, connected to Namma Dhwani by loudspeakers.

It has low media penetration levels, low knowledge levels about diseases like AIDS, tuberculosis and civic

responsibilities. Through loud speaker narrow-casts, Namma Dhwani provides awareness to the local community.

A partnership between the farmer community, NGOs Mytrada and Voices and supported by UNESCO, Namma Dhwani is community radio of, by and for the community. Programmes are designed and produced by the

community. The studio managers and volunteer reporters include residents from Budhikote and adjacent villages.

The management and advisory groups comprise representatives from local self-help groups in the area.

Situated on the border of Karnataka, Andhra Pradesh and Tamil Nadu, the Budhikote community speaks a mix of Kannada, Telugu and Tamil. There is no local radio station. The nearest AIR station is in Bangalore.

Not surprisingly, Namma Dhwani fills a gap. However, community radio legitimacy would substantially increase its bandwidth and impact. Namma Dhwani could then cover a much larger cluster of villages.

In January 2005, Namma Dhwani won the Global Yeo-man's Award for local content (Asia Category). Surely it is time for its voice to move from the wings and take centre stage through radio. □ (Courtesy: 'The Asian Age')

News

2 Indian Radio Channels in Africa, West Asia

Here's good news for Indian music lovers! Two 24-hour radio channels from India, one in Hindi and one in Tamil, have been launched across Africa and West Asia.

Jhankaar, a Hindi contemporary music station, and KL, a Tamil music station, will be broadcast directly from India, thanks to a partnership between television and radio company Multi-choice and satellite radio service WorldSpace.

The launch function at the Taboo nightclub here had members of the diplomatic corps rubbing shoulders with the media and a range of invited guests as a top DJ from Bangalore,

Chico, was specially flown in to get the crowd rocking.

Linda Vermaas, general manager of content for Multichoice, said: "We know how popular Bollywood has become. We know that these channels reach beyond just our Indian audience."

She said the content of the services that Multichoice provides has to address a broad spectrum of language, culture and religion. This had led to the introduction of the Hindi and Tamil television channel packages from India launched as DSTV Indian in July last year. "With KL and Jhankaar, we now have a really substantial offering that we know

rounds off the kind of needs and requirements of our particular audience."

"At Multichoice, we pride ourselves in taking cognisance of the diversity of the people we serve on this continent. Our cooperation with WorldSpace allows us to enhance to the existing DSTV Indian offering."

Hamza Farooqui, the managing director of WorldSpace South Africa, said: "This exciting initiative is mutually beneficial to both parties, in that DSTV subscribers are able to access worldclass Indian radio content, and we at WorldSpace have the opportunity to provide the same channels in a portable format. □

Matchsticks of Natural Fibre

UTTAM SAMBHU Patil (76) belongs to Nandurbar, Maharashtra and retired as Head Master from a local High School. Being a science graduate and teacher, Patil was always interested in research and development activities. In 1972 he got the national award meritorious invention for the pencils he had made out of stalks of jowar.

Genesis

Demand for a number of natural fibres is coming down due to the decline in industries based on such fibres. Uttam Patil was aware that growers of such fibres in many Indian states were suffering. The labourers dependent upon the cultivation of such fibres were also on the receiving end. Uttam Patil wanted to do something to address this problem. One idea that occurred to him was that these fibres could be used to make matchsticks.

Innovation

Uttam Patil has successfully developed a process of making splints for safety matches using some natural fibres. The natural fibres are bound by natural starch to give it the required thickness and strength. This is then coated by some natural oils to provide the final finishing. The splints thus obtained are cut to the required length/size. These splints are then dipped into phosphorus solution to coat the tips with the igniting material.

Advantages

In comparison with the conventional matchsticks, these matchsticks burn longer. The

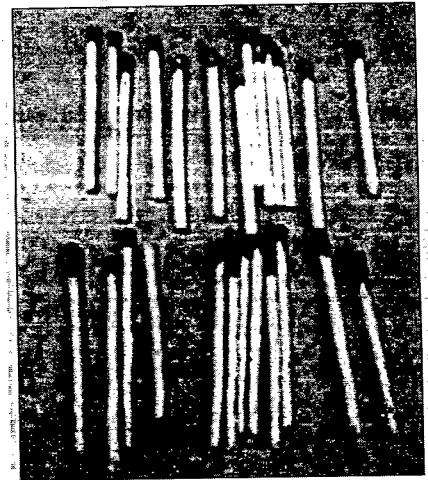
matchstick burns slowly but steadily, reducing the chances of the user's fingers being burnt. Further no harmful chemical is used except the mandatory phosphorus. Preparing these matchsticks are much easier and cheaper than preparing wooden matchsticks which require huge machinery for cutting logs of wood to suitable size. The innovation has a significant impact on the environment and can also change the dynamics of the safety match industry.

Eco-friendly with employment generation potential

As these matchsticks provide an alternative to wood, they reduce the pressure on our rapidly depleting forests and contribute towards maintaining the ecological balance. Afforestation requires decades, whereas these fibres mature in six months, making it a viable alternative. The manufacture of these matchsticks has significant employment generation potential in the small-scale industry sector as well as for women working at home. Even the waste from industries processing natural fibres can be used to manufacture these matchsticks. This assumes significance in the context of the large amount of agro-waste, which is underutilized in an agriculture-based country like India.

Current status

At present Uttam Patil manufactures the matchsticks for personal use. He sends the sticks to institutes and other places for demonstration purposes but has not commenced commercial production. He has also provided drawings of the machinery required for making the matchsticks. These



machines, once developed, would enable the mass production of matches. He is willing to transfer the technology to established entrepreneurs and help in product development. He has also developed a match strip to replace the conventional matchbox. Uttam Patil believes that everybody should have a sense of creativity. Citing his example, he points out that he persisted with his efforts to innovate even though he lacked money and laboratory facilities. □

“If the readers know of any one who has solved a local technological problem in a creative manner or know of someone who has very rich traditional knowledge in any field of survival, they may please send the details or even the contact information to NC (S and D), NIF, Post Box 15051, Ambavadi, Ahmedabad - 380 015 or by email at info@nifindia.org”.



PRIME MINISTER'S APPEAL

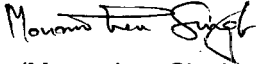
My Fellow Citizens,

People across the Indian subcontinent have felt the pain and anguish to those who have lost their loved ones and their livelihoods in the earthquake that ravaged Jammu and Kashmir, on both sides of the Line of Control, and parts of Pakistan.

Neither nature's fury nor human compassion recognizes political boundaries. It is in our culture to help one's own and one's neighbours in an hour of need.

The Central Government is extending all cooperation and assistance to the Government of Jammu and Kashmir to provide relief and enable rehabilitation. The Government of India has also offered help and assistance to the Government of Pakistan.

I am sure Indian civil society will step forward and contribute to the relief and rehabilitation effort. I appeal to every concerned citizen of our Republic to donate generously to the Prime Minister's National Relief Fund to help us help those in need.


(Manmohan Singh)

Payment may be made by cheque or draft in the name of the "The Prime Minister's National Relief Fund" and sent to the Prime Minister's Office, South Block, New Delhi-110 011. Banks would not charge any commission for preparation of drafts favouring the PMNRF. No postal charges will be levied on contributions sent to the above address.

Contributions can also be made

- directly any branch of all the banks
- online at <http://pmindia.gov.in> or <http://pmindia.nic.in>
- through Money Orders with no commission chargeable.

Contributions to the PMNRF have been notified for 100% deduction from taxable income under section 80(G) of the Income Tax Act.



Prime Minister's National Relief Fund

Investment Opportunities : Hydropower

HYDROPOWER PRESENTS several benefits over conventional energy sources. These include:

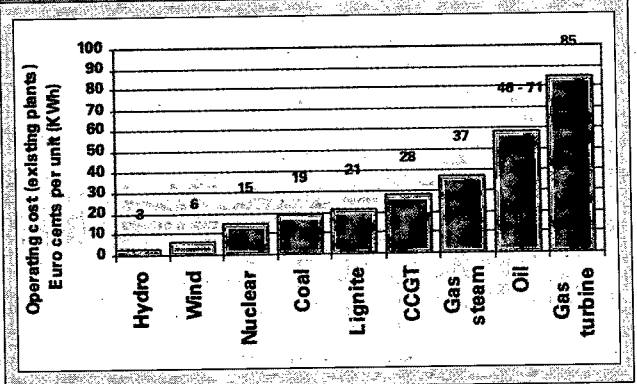
- The power load curve in India necessitates significant peaking power requirement. There are large swings between peaking demand and base demand; in some states the difference being in excess of 25%. This requires having power generation sources that can be available on tap to meet surges in power demand. Unfortunately, thermal power is incapable of swift changes in operating capacities, and gas-based capacities are recent phenomenon.
- Hydropower is non-inflationary power. Hydropower plant has predominantly fixed costs, with operating costs being a small component. These decrease over a period of time as debt gets repaid and debt servicing burden reduces. It is in stark contrast to the thermal power generation sources, where the fuel costs are expected to increase over the life of the project, having an inflationary impact on the project. The life cycle costing done on power plants of various vintages and fuel indicates that hydropower projects have lowest costs.
- In-exhaustible source of power generation in India has a significant potential of hydropower capacity. The primary source of it being water, the generation source can be termed as inexhaustible, in contrast to coal and natural gas, which has a finite resource level.
- Clean and green source of power in this age of alarming increase in emission levels and concern on greenhouse gases, hydropower presents a benign source of power generation. The generation of power through hydropower does not result in emissions being generated and any detrimental impact on the atmosphere. On a per MW per annum, hydropower saves 1338 tonnes of CO₂, 17 tonnes of SO₂, 4 tons of N₂O & 966 tonnes of ash.
- Longer project life span hydropower projects have much higher life spans than conventional power plants on account of less pollution and chemicals used in power generation. Typical life of a hydropower project is upwards of 60 years; and with refurbishments can extend beyond 100 years. In

contrast, thermal power projects have life spans of between 15-20 years.

- Localized generation and consumption presents significant T&D loss reduction hydropower projects are fairly modular in nature, ranging from sizes of a few KW to as large as 500 MW. The smaller project sizes can be put up in remote places, wherein it is economically prohibitive to provide power through transmission from large projects. This saves vital power that would be lost in transmission and also saves costs on setting up the lines.
- Saves vital foreign currency. Conventional thermal power is increasingly shifting towards natural gas, significant portions of which would get imported, resulting in outgo of foreign currency. Hydropower, on account of its reliance on water saves on this vital foreign currency.

The experience internationally reiterates the importance of hydropower and thrust given by various developed economies to hydropower. Hydropower is extremely well developed in the Scandinavian countries and Canada, and in some of these countries, hydropower accounts for a high as 80% of the country's power capacity. On account of this, the average power tariff in these countries is also lower than that in India. The low power tariff has a direct impact on the competitiveness of domestic industry, resulting in economic growth and export competitiveness. It also improves the local environment.

Lifecycle Costing done on Power Plants of various Vintages and Fuel



Industrial Tariff across Countries	
Country	Industrial tariff (euro cents / KWh)
Sweden	2.42
Finland	3.76
Luxemburg	3.94
Greece	4.80
France	4.81
Spain	5.14
Portugal	5.30
Ireland	5.31
UK	5.32
Germany	5.34
Belgium	5.72
India	10.00

India has one of the largest hydropower potential, which is largely untapped. At an equivalent PLF of 60%, India has a total exploitable capacity of approximately 84,000 MW. In addition, there exists potential for 6780 MW from small and micro hydel and 94,000 MW of pumped storage schemes. Of this, Brahmaputra and Indus (which largely flows in Jammu & Kashmir) river basins can support 55,000 MW of capacity. Besides the hydropower potential in India, significant hydropower potential (about 150,000 MW) remains untapped in Nepal and Bhutan, for whom the main market remains India.

The Government of India has facilitated hydropower development through favourable policy climate. This includes incentives to private developers such as for better availability, excess energy above design energy, compensation for hydrological risks, and enunciating a policy on hydropower development. This policy prescribed budgetary support for ongoing and new hydro projects under PSUs, creation of a Power Development Fund by levying cess on electricity generated, basin-wise development of hydropower potential, emphasis on survey and investigations through prioritization of projects,

simplified procedures for clearances from CEA and government support for land acquisition and R&R aspects.

The Government of India has also brought out an ambitious plan to implement 50,000 MW of hydropower by 2012 and has done a ranking study of hydropower projects to prioritize development. Preliminary ranking was done of 399 hydropower schemes with total capacity of 107,000 MW on 10 major aspects.

Hydropower potential

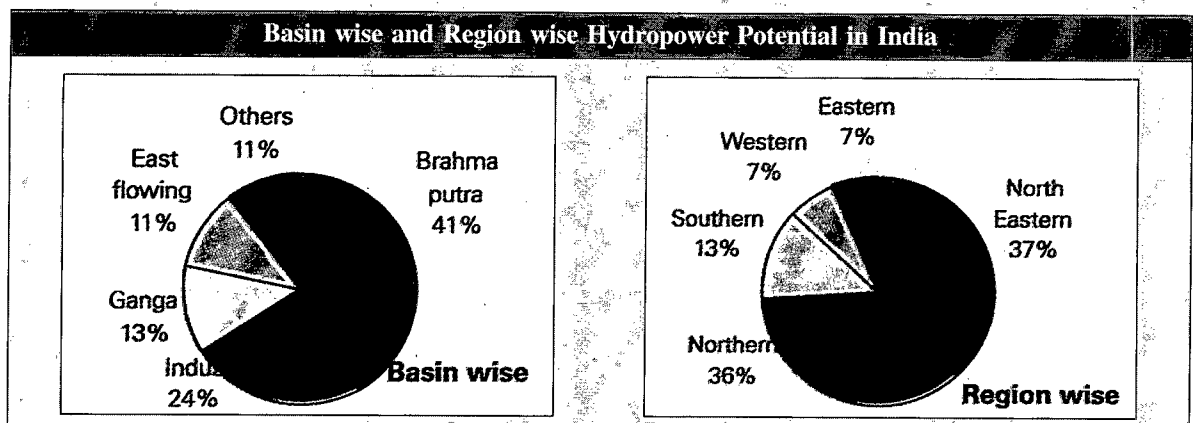
Jammu and Kashmir (J&K) has a huge hydropower potential estimated at 20,000 MW, which represents about 24% of the country's capacity. Of this, less than 10% has been exploited so far. Although J&K also has proven reserves of coal and lignite, the mining of which is a fairly expensive proposition; and thus, hydropower is the cheapest and abundant source of energy available to the state. Small hydro can meet the needs of remote Ladakh regions.

The installed capacity in the state is 374 MW, with 190 MW of hydropower and 184 MW of thermal capacity. The hydrothermal mix for the state is at 56:44.

River Basin	Installed Capacity (MW)
Jhelum	730
Ravi	9
Indus	8.55
Chenab	723
	1470.55

MNES has identified 106 sites of up to 3 MW with a total capacity of 145 MW and 78 sites with aggregate capacity of 729 MW for projects in 3-15 MW range. Baglihar project (1450 MW) and Dulhasti project (390 MW) are two large capacity projects under implementation currently.

In addition to the aforementioned projects, seven projects have been transferred to NHPC for execution by



2010. These include Kishenganga (330 MW), Uri-II (280 MW), and Sewa-II (120 MW).

Concerns

Despite the significant potential of hydropower and its apparent benefits, it has still not been harnessed in a meaningful way. There are a number of parameters that can be attributed to this. These include:

- High gestation period A typical hydropower project takes between 5 to 6 years to commission. This could result in a lower IRR on the project as compared to competitive project alternatives. This also means that debt is required for fairly long tenures amounting to 15 to 17 years (including 5 to 6 years of construction), while the Indian debt market is still not fully geared to meet large needs of such long term funds
- Projects offered for implementation do not have reliable hydrology data and/or terrain studies. This translates to a high project risk faced by developers and also delays in implementation whilst the developers collect and analyze data on their own account.
- Skewed tariff profile – In a cost-plus scenario that large hydropower projects operate, initial years see significantly higher tariffs on account of higher debt servicing demands. In contrast, with the SEB reforms underway and SEBs in transition mode, most of the SEBs would want to have a more uniform tariff profile that is akin to the levelized tariff profile.
- Environmental factors – The political economic environment in J&K also had been a major factor in deterring large scale investment in the state. Hydropower investments are very large scale capital expenditure schemes that typically require a long-term stable investment climate.
- Remote from large consumption centres – The plains of north India and west and south India are large consumption centres for power. J&K is far removed geographically from these regions, and thus hydropower development in J&K entailed building long transmission lines.

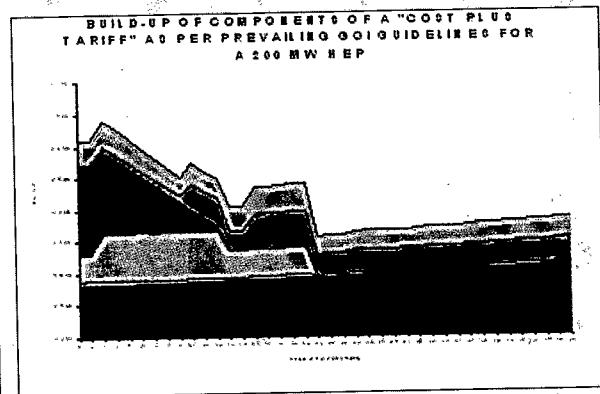
Appropriate structuring

While the issues merit serious consideration, we believe that the projects can be implemented through a Public-Private Partnership framework, with appropriate risk allocation and structuring. This would allow the project stakeholders to identify a project risk, assess the party best able to manage that risk and allocate the risk to that party, and in the event that the risk is not apportionable, to insure it out. The residual risk structure is one that all the project stakeholders are comfortable living with.

Some of the mitigants to the risks mentioned above are provided below, some natural and others structured:

- The long gestation period gets compensated by extremely low variable costs and longer project life. Variable costs are typically only O&M costs, and the project life is in excess of 60 years.

Build up of Components of 'Cost Plus Tariff' as per prevailing GOI Guidelines for a 200 MW HEP



- Hydropower is ideal for off-grid remote power generation that alleviates the need to supply far flung corners through transmission lines laid across the state and supplying from large generation projects. This would lower T&D costs and mitigate the concern of consumption centres being removed from generation sources.
- As mentioned earlier, the Government of India has embarked on an ambitious scheme of implementing 50,000 MW hydropower projects by 2012. The role played by the Government of India in such schemes would be to prepare a shelf of projects with hydrology studies done, satellite studies to analyze the terrain and surface compositions and with preliminary work completed.
- With the development of financial markets, and integration of the Indian economy with the world economy, newer and more innovative financial instruments are now available that can through financial engineering, enhance debt tenors. The insurance industry has also evolved with products such as weather insurance and hydrology insurance available.
- To reduce the impact of a front-ended cost plus based tariff, experiments are being done with a "levelise" pattern tariff that, at the minimum, needs to cover debt servicing and O&M costs.
- One of the serious issues specific to J&K is the political and economic climate in the state. With the reforms being ushered in, and with products such as political risk cover available, these aspects can be dealt in

conjunction with the state government and the Government of India.

Project Framework

As can be seen, there is significant hydropower potential in J&K that can be tapped through proper structuring of the projects and appropriate risk parceling.

We present below one of the project structures that can be implemented successfully for constructing large scale hydropower projects.

The key principles underlying the contractual structure shown are

- The risk allocation by contract is to the party best able to manage it.
- The risks that cannot be covered by the above method are covered by insurance.
- The residual risk left with the hydropower project company is minimized.

These principles would permit complex hydropower projects to be financed through maximum use of limited recourse debt and usage of lower cost equity. This would also facilitate lower tariff charged to the SEB. Thus the SEB's interest is served by optimal risk allocation, not minimum risk borne by the SEB. The lenders have key concerns about risk allocation that must be addressed if limited recourse debt is to be availed.

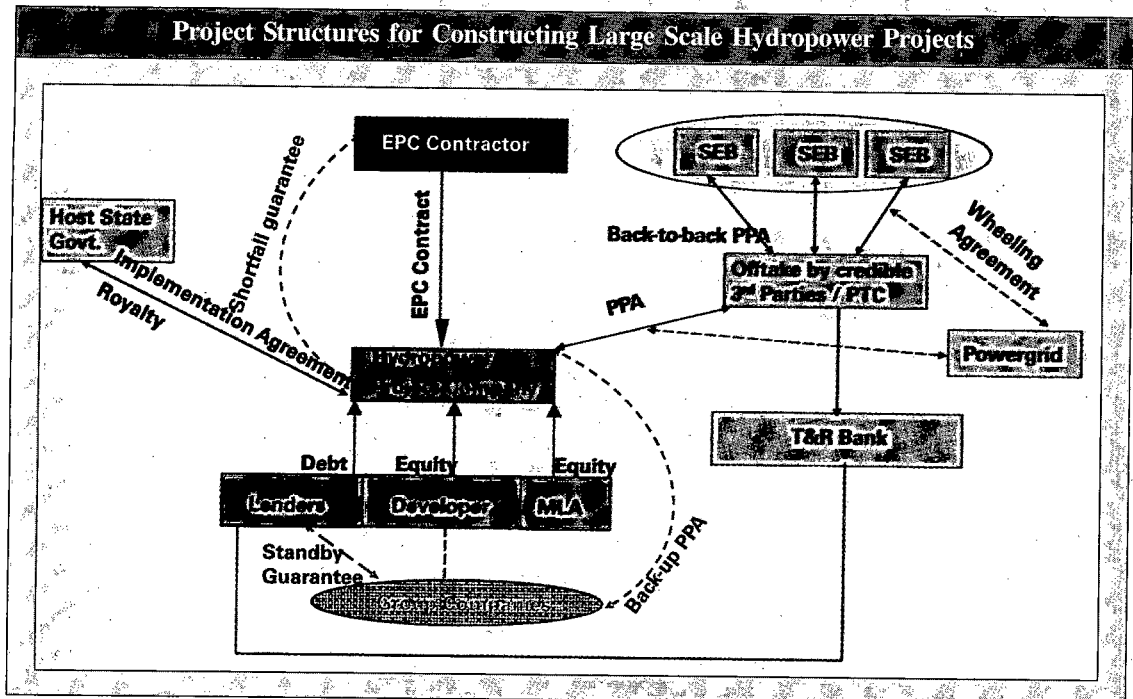
As can be seen, numerous stakeholders come together to make a hydropower project finance transaction happen.

These include:

- Special purpose vehicle
- Developers
- Lenders
- EPC contractor
- O&M contractor
- T&R Bank
- Powergrid
- PTC
- SEBs
- State Government
- Group companies of the Developer
- Insurance company
- CERC/SERC

Certain key thoughts in the above structure are as follows:

- The power offtake contract is with PTC India Ltd., which in turn has back to back contracts with the SEBs. Although it does not entirely mitigate the risk of supplying to the SEB directly, what it does achieve is diversification of risk through exposure on a wider range of SEBs and instills certain greater degree of discipline in the SEBs through an intermediary agency like the PTC.
- An added modification of this structure is the back-up PPA available from the group companies of the



developer. This is extremely helpful in situations where PTC is not in the picture or the PPA between PTC and SEBs that power is being sold to is not entirely to the satisfaction of the lenders.

- The project cashflow through a Trust and Retention agreement, wherein the utilization of project cashflows are monitored a normal precedence being statutory payments, O&M payments, debt servicing, DSRA top up and the residual flows to the benefit of the developers.
- Since the project has inter-state buyers of power, there would be an agreement with Powergrid for transmission of power.

The hydropower sector in India in general, and J&K in particular, has faced problems for reasons besides the project specific issues. As demand for power grows and concerns on environmental impact of thermal power and its sufficiency grows, as also the investment climate improves, there is a greater realization that increased reliance needs to be placed on benign sources of energy such as hydropower.

The unprecedented amount of financial resources required for implementation of hydropower projects entails a coordinated and seamless working of various stakeholders identified above in the project implementation phase. The Government of India needs to facilitate creation of a shelf of projects with all requisite approvals, and technical studies conducted. A nodal agency for such work would facilitate the process. The traditional public sector dominated financing methods would be inadequate to meet future demands and mobilization of requisite resources will require more radical changes in the sector organization and tariff structure to enhance attractiveness to the investors.

In conclusion one should not be daunted by the past performance of the sector and should strive towards making it a viable proposition for all the investors. As the saying goes "Never fear the shadows. They simply mean there is a light shining somewhere nearby."

Based on the document, "Road Ahead to Investment in J&K" brought out by Yes Bank for PHDCCI for its centenary Partnership Summit with the Government of Jammu and Kashmir.

Ustad Bismillah Khan and Pt. Hari Prasad Chaurasia in Kashmir

With an aim to revive the deep cultural relations between different civilizations of the country, music, theatre and other festivals are being organized in Kashmir valley. The organizers like J&K Academy of Art, Culture and Languages, Sangeet Natak Academy, SPICMACAY (Society for Promotion of Indian Classical Music and Culture Among Youth), Doordarshan got together to spread through music and art, the message of friendship, non-violence and humanity.

It was in 1960s that Ustad Bismillah Khan performed his first show entralling the audience with classical tunes

on shehnai and today 89 year old legendary shehnai maestro mesmerized all present in Tagore Hall in Srinagar. The Shehnai Vadan programme included three segments of classical ragas on shehnai by eight-member group led by the Bharat Ratna award winner himself.

Bismillah Khan is among the three classical maestros who have been bestowed with the highest civilian honour, the Bharat Ratna. The other two are late MS Subhalakshmi for *carnatic* music and Pandit Ravi Shankar for *sitar*.

Flutist Pt Hari Prasad Chaurasia also gave a performance in Srinagar.



Flutist Pandit Hari Prasad Chaurasia and Ustad Bismillah Khan performing at a music festival organised by the Jammu and Kashmir Academy of Art and Culture in Srinagar

School Children make the most of 'Sair-e-Virasat'

These melodious musical sound of band Pather (Folk dance), just in front of Botanical Garden at Cheshma Shahi in Srinagar, witnessed a mad-rush of visitors. They all had come to witness and take the message of love from the thousands of children, who participated in the first ever mega show of 'Sair-e-Virasat' (Heritage walk) in Kashmir.

More than four thousand school children, who had come from different schools of Kashmir valley were in school uniform and participants were clad in traditional dresses of Jammu, Kashmir and Ladakh – depicting unity in diversity. They chanted slogans like “Amno Amaan Ka Yeh Kaarwaan Hai Aur Isi Se Kashmiriat Rawaan Hai”.

The children sang the popular song of Lalla Aarifa of Lal Ded, the famous poetess of Valley. Some students dressed in traditional dresses of Kashmir and Ladakh were carrying basket full of Kashmiri traditional articles like Samawar (a big tea kettle), Kangri (fire pot), water pots made of clay and instead of wearing boots they had sabbots (a slipper made of wood). Students representing Ladakh were clad in long gown and hats cut at the center.

There was a message. These children and visitors, like any common person, want to live in an atmosphere that is free from any violence. These gardens were closed for them but the situation has changed and they have been opened now. □

Peace, please



IN FULL FLOW: School girls presenting a cultural programme during a heritage walk to promote peace and harmony in Srinagar

(Courtesy: The Hindu)

J&K Gymnasts yet again bring laurels

Jammu and Kashmir state gymnasts added feather to their cap by winning five medals in the VIII National Aerobic Gymnastics Championship held at Thiruvananthapuram.

They were two (team) gold, two (individual) silver and one bronze medal. Jaskaran Singh and Manpreet Kaur and Ravia Verma clinched gold in the junior trio event, while Kamal, Atul and Manvinder took senior trophy. Besides Jaskaran secured silver medal in Men's Junior (individual). Manpreet Kaur won silver medal in junior girl's individual. Mandeeep Kaur secured silver in individual women junior. In mixed junior, Inderdeep and Ravia won bronze.

In yet another milestone, Kamal Singh Chib, Atul Sharma and Manvinder Singh have been selected to represent the country in the First Indoor Asian Games being held in Bangkok from 15 November, 2005. □

Women's cricket in Kashmir



IN ACTION: A Kashmiri girl bats during a cricket match at the Women's College in Srinagar. The Indian women's cricket team is expected to tour Pakistan for the first time
(Courtesy: The Asian Age)

J&K Hosts 51st National School Games Football Championship

51st National School Games Football Championship for boys under 19 was held in Srinagar from 10th to 15th September, 2005. 25 teams from all over the country participated in the sport event with 500 participants. The teams which took part included Uttar Pradesh, Haryana, Madhya Pradesh, Delhi, Rajasthan, Jharkhand, Chhattisgarh, Uttaranchal, Chandigarh, Punjab, Tamil Nadu, Kerala, Pondichery, Daman and Diu, Andhra Pradesh, Goa, Maharashtra, Gujarat, Assam, Meghalaya and J&K. □

Youth Festival

For the first time in Jammu and Kashmir, a youth festival involving about 1000 college students from across the state, was organized in Ramnagar, a rural area outside the glitter and glamour of urban centres. The three day event brought together students of 32 colleges including girls, who interacted with each other, shared their experiences and had an opportunity to witness from close the state's culture. Among the participants, were 339 girls from different colleges of the state.

They had only heard about firing and blasts in Kashmir Valley. They were unaware about the breathtaking scenic beauty of Kashmir and the hospitable local people.

On their maiden visit, after reaching here, over 200 youth from different states realised that Kashmir is more than firing and explosions.

The lush green meadows, springs, lofty mountains, gigantic pines, famous lakes and the world's highest cable car impressed them.

The visitors are here in connection with national youth camp, being organised by Jammu and Kashmir. Besides strengthening the bonds of national integration, the other objective of the camp is to make aware the youth from the rest of the country, the real picture of Kashmir.

Sanjay Kumar of UP said he was reluctant to visit Kashmir. I was apprehensive about my coming here and so was my family. But my other colleagues told me that we should not miss this opportunity and pay a visit to see with our own eyes the real Kashmir," he said.

According to him, the Valley is immensely beautiful as God has generously gifted it with beauty. Like him, Diwakar of Rajasthan felt no difference between the Kashmiri youth and those in other parts of the country. "In the company of Kashmiri youth we are feeling at home. I do not feel that

there is any kind of emotional barrier between us and them. They are taking good care of us. Infact, the misgiving about Kashmiri youth have got removed," he said.

In the week-long camp as many as 252 youth from different states including Jammu and Kashmir and 40 teachers took part.

The teachers felt that such camps should be frequently held here so that more and more youth are involved. "Such an exercise would not only strengthen the national bonds but help the youth in understanding Kashmir.

Not only the students, but we too were afraid of coming here. Who would like to risk his or her life? But let me tell you Kashmir is not that risky and vulnerable as we assume while sitting in the drawing rooms watching television," said Sheila Kumari, a teacher.

Not only Gulmarg, the youth will also get an opportunity to visit other tourist spots. They will also visit the famous shrines which had strengthened communal bonds in Kashmir for centuries together. □

(Courtesy: The Deccan Herald)

Education Tour for Batalik Women

Army organized a 13-day education tour for the women of Ladakh. A selected group of 32 women of Women Empower Centre, Batalik region toured Delhi, Agra and Jaipur from September 20 to October 2. In addition to sight seeing and visiting places, the tour exposed them to the echelons of power and decision making in the country.

Women Empowered Centres have been established in the

remote village of Kargil and Ladakh districts to educate women folk with basics of vocational training to enable them to become responsible citizens.

Army has been intimately involved in civic action programmes in Ladakh. These programmes are undertaken for local population under Operation Sadbhavana aimed at addressing civic grievances and inculcating a sense of development among masses.

Delhi, here we come



READY TO GO: A group of women for Ladakh waving to the camera before leaving on a tour to Agra, Delhi and Jaipur from Srinagar. As many as 32 Women Empowerment Centre trainees of the Batalik region in Ladakh will be part of this two week trip organised by the Army under "Operation Sadbhavana".

(Courtesy: The Hindu)

Nod for conservation plan for Srinagar lakes

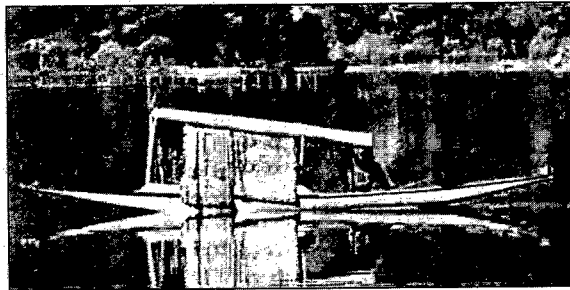
The Rs 298.76 crore project will improve the water quality and lake ecology

The Cabinet Committee on Economic Affairs has approved an expenditure of Rs 298.76 crores for conservation and management of the Dal and Nagin lakes in Srinagar. The cost of the project will be borne by the Centre.

The project, likely to be completed by March 2010, will improve water quality and ecology as well as arrest further shrinking of the lake area.

This will also yield significant health benefits to the people there as well as the tourist population.

It is proposed to divert raw sewage, now released into the lakes, into six treatment plants having a total capacity



of 36.7 million litres a day to cater for sewage flows up to 2017. Other measures proposed include a

comprehensive system for sanitation in peripheral villages, houseboats and hamlets (including collection and treatment of sewage); proper collection and disposal of solid waste generated in the settlements within the lake and on its periphery; catchment area treatment to reduce silt in the lake; diversion works in the Telbal Nala settling basin; completion of remaining works for outlets of Nala Amir Khan and Brari Numbal cut; and dredging and de-weeding in selective areas. ■

Music riddles Kashmir now

Amid roaring of guns and blasts, music is making waves in Kashmir presently. This is for the first time that a Kashmiri music album is selling like hot cake.

According to market reports, the album *Cholhama Roshay Roshay* (My beloved left in a miff) has sold 20,000 video disks and 30,000 audio tapes in two months.

A new singing sensation, Mehmeet Sayeed, is in the limelight. Mehmeet said she had not dreamt of the success that her album would achieve. According to her, though she was singing, 'Cholhama Roshay Roshay' was her first commercial venture which has given her name and fame.

Digitally mastered in Delhi, the album contains seven Kashmiri songs picturised in Kashmir. Producer and Director of the album Zafar Farooq Salati is equally happy over the success. "When I decided to make a musical album, I was not expecting that it will make waves. I had spent around Rs 5 lakhs for the album and my calculations was that if at all people will like the album I will get my money back. I had not imagined of earning profits," he said. According to the Producer such is the success that some people have made pirated discs which are being sold in the market. He has lodged an FIR with the police. The singer said she had received an offer from MF Hussain to sing in his next Bollywood venture.

Mehmeet is a second year student of BA and studies in a local college. Her mother has done her BA (Hons) in Music. "Music is in my blood. I was singing from the second standard. But I had no guru up to 11th standard. After completing my matriculation I received my formal

training in music from late Ghulam Nabi Sheikh and Feroz Ahmad," she added.

She presently working on her musical album *Chandhear Zoon* based on the compositions of the famous Kashmiri poet Habba Khatoon. ■

(Courtesy: Deccan Herald)

Krishna in the Valley



CELEBRATING JANAMASHTAMI : A young girl is dressed as Lord Krishna during a procession to mark Janamashtami celebrations by Kashmiri Pandits in Srinagar. (Courtesy: The Hindu)

News from J&K

- Under the Prime Minister's Reconstruction Package for Jammu and Kashmir, the state government is undertaking projects promoting fruit processing at Rs 33 crore. These include upgradation of units at Doobgah, in Sopore and at Khanmooch in public sector. Ten solar drier units are also being setup in Kargil and Leh districts for apricot processing. A modern Osmtic dehydration cum pulp processing of apricots at Nobra is also coming up. In addition, a state-of-the-art High Humidity Cold Storage at Leh and Infrastructural Development for mushroom are coming in cooperative sector.
- The Union Ministry of Rural Development has released an amount of Rs 838.86 lakh as central assistance to state government for a Sampooma Grameen Rojgar Yojana. This amount is part of the first installment to eight districts of the state.
- The Jammu and Kashmir government has announced incentives for fruit industry of the state including increase in the procurement rate of C-grade fruit and Rs 1.00 crore to promote Kashmir brand of quality apple. The incentives include waiver of penal interest to all drought affected fruit growers on crop loans and 2 per cent remission on interest on all fruit crop loans as on ending June 2005.
- The state government has set up a national seed farm, the first of its kind, for producing quality fish seed under controlled conditions. The farm, spread over 20 hectares, will supply fish and has been established at a cost of Rs 10.00 crore. It will also rehabilitate Mahaseer for sport fishing.
- The army has dedicated a micro hydel power project to remote Rangwar village in Kupwara district. Rangwar, being a remote village not connected with road was in the dire need of the hydel project.
- A two-day farmer's meet was held in Jammu to create awareness among the farmers on the latest techniques to boost production.
- Traversed by the caravans of Mughal emperors and their royal army more than 400 years ago, the Mughal road will be developed as an alternative highway to connect Jammu and Kashmir with the rest of the country. Work on the construction of the road has begun on a war footing and the project is expected to be completed by 2007.
- After a long gap of 17 years, the famous Exhibition Grounds in the heart of Srinagar came to life once again as the Chief Minister Mufti Mohammad Sayeed inaugurated the 51st industrial and handicrafts exhibition amid fanfare, music and applause by visitors. The last such event took place in 1988.
- Justice Mr R P Sethi, a retired judge of the Supreme Court has taken over as the first chairman of the State Accountability Commission.
The Commission will probe into charges of corruption against public men. Setting up of the Commission was promised by the present coalition government in its common minimum programme.
- The Jammu and Kashmir government has given state awards for excellence and skill to nine artisans of the state. ■

Earthquake Rocks Pakistan, J&K

In a major earthquake on 8 October, 2005 measuring 7.6 on the Richter Scale over 40,000 in Pakistan and more than 1000 in Jammu and Kashmir were feared killed. The epicentre of the earthquake was at Muzaffarabad in Pakistan occupied Kashmir (PoK).

The Centre has announced a Rs 500 crore package which is in addition to Rs 100 crore announced earlier as relief measure. The PM has also announced Rs 1 lakh as compensation to each of the family of the victims.

In this hour of grief, 'Yojana' expresses its heartfelt condolences to the families of the victims and those affected by the earthquake. ■

UN Comes Alive with Women

Devaki Jain



AT A time when, to quote Prof Amartya Sen, “the United Nations is often separated out these days for particular chastisement for being ineffective (or worse)”, approximately 7,000 women converged in New York between February 28 and March 11 to participate in a special session, the 49th UN Commission on the Status of Women (CSW). Being something of a celebration not only of ten years since the world conference on women in Beijing, but also of 30 years since the first UN world Conference in Mexico in 1975, the CSW had organised ten days of serious knowledge-sharing and debate. There were a total of approximately 200 events of which about 30 were official events on subjects ranging from current challenges and forward-looking strategies for the advancement and empowerment of women and girls, to the integration of gender perspectives in macro-economics.

The NGO Committee of the CSW was chaired by an Indian lawyer, Bani Duggal and she had enabled a whole range of events starting from reflections on the past to very specific issues spread out over New York, all captured in a ‘CSW 2005 Handbook’. She along with an equally dynamic Korean Chair of the CSW orchestrated some

memorable experiences, as for example, a celebration, of Women’s Day, where the Nobel Laureate Wangari Maathai was the chief guest, but many of the stalwarts of the Mexico, Nairobi and Copenhagen conferences and UN office-bearers spoke of the future from the past.

Wangari Maathai had a fascinating composite proposal for women, namely to engage in environmental conservation of natural resources as perhaps the most critical way for ensuring peace. She argued that most wars and conflicts were over natural resources, including the war against Iraq. It is not difficult to imagine the applause of the whole house at this statement from the public podium on a day when the UN was celebrating 30 years of women’s conferencing, with two former secretary generals present and several of the high level former office-bearers in the Department of Women Affairs.

And almost in continuation of Wangari’s explicit statement, most of the former senior women officials who had worked in the UN lamented on the lack of progress on the ground and the lack of acceptance of women’s quest for justice, not only by governments and civil societies, but by the UN establishment itself.

It was a celebration as much as it was knowledge sharing and debate among 7,000 women at New York

Ministers and officials from 150 or more countries described their own work, whether it was the usual report of ten years since Beijing, or specifically the changes they had made in the mechanisms, or the way they have addressed the impact of globalisation, or even sometimes speaking boldly on how international atmospherics were destroying their efforts.

As always, the United States provided the most absurd barrier to progress—first introducing a paragraph in the declaration to mute the assertion of women's rights over reproduction, and then again to mute the efforts to affirm economic security for women in an unequal and insecure world. But, the spirit of the gathering was so progressive and the unity of disgust with the behaviour of the US government over Afghanistan, Iraq and international law so tangible that without much difficulty, these irritations were overcome.

It was moving to see the distress of

the American women's lobby, consisting of not only the older women, but also a number of young women, especially academics and activists, who are working for women's advancement both in their country and worldwide. They played a key role in overpowering their government's obstructive stances.

Three Pointers

The size of the gathering and its creativity clearly revealed three major pointers. One, women saw the international space that the United Nations' system offers as a space that provides the particular advantage of collective will and collective sharing of anxiety without constraint, which in some ways establishes a legitimate political pressure, a benefit which does not exist in national regions.

A second clear signal was an informed understanding of the havoc that was being caused by what could

euphemistically be called the new international economic order. The new face of economic development, one of preoccupation with security and domination, is creating sharper and sharper disparities of every kind, while privatising essential services and devastating the earth.

The third was a determination, both that the UN had to be salvaged and saved from being hijacked, and simultaneously that women world-wide had a role to play as a world-level political movement and a united political force, and had to find that fistful of salt, that campaign that gripped the imagination and shook the oppressor off. It seemed Maathai had triggered such an idea, a doable transnational campaign, led by women (as indeed they are leading in so many locales all over the world) to conserve natural resources with their collective energy. □

(Courtesy: 'The Deccan Herald')

News

India Lags Behind China, Pakistan in World Bank Trade Report

India figures rather low at 116 in a new Report that ranks countries on the basis of the ease with which business can be conducted there. Brought out by the World Bank and International Finance Corporation (IFC), the private sector arm of the World Bank Group, the Report states that South Asian Economies are increasing the pace of reforms to help small and medium businesses generate more jobs, but heavy legal burdens were cramping the style of most countries in the region.

India lags behind China (ranked 91st) and all South Asian countries, except Afghanistan. But the saving grace comes by way of the note that the Report takes of India's important reforms to credit registries and enforcement of collateral law, making it easier for business to get new finance.

The South Asian Countries are ranked as : Maldives 31, Nepal 55,

Pakistan 60, Bangladesh 65, Sri Lanka 75, Bhutan 104, India 116 and Afghanistan 122.

The Report tracks a set of regulatory indicators related to business startup, operation, trade, payment of taxes and closure by measuring the time and cost associated with various government requirements; it does not take macro-economic policy, quality of infrastructure, currency volatility, investor perception or crime rates.

India significantly improved the process for enforcing collateral agreements with a new procedure that requires only minimal court involvement. The Report observed in some case, time to enforce fell from 10 years to 6 months. A new consumer credit bureau was launched, making it easier for lenders to evaluate credit worthiness. Stamp duties for registering property were halved from 10% to 5%. Then again, the report says in India, an

entrepreneur must submit 15 documents and get 27 signatures to import goods!

The World Bank - IFC Report has left the country's major industry chambers divided.

While FICCI termed the findings as 'alarming' and urged the government to push through the next phase of reforms. ASSOCHAM questioned the very authenticity of the Report. PHDCCI, on the other hand, said the World Bank should have taken fundamentals before ranking it 116th.

ASSOCHAM and PHDCCI said that it is wrong to give such a poor ranking to India, particularly when its tariff structures, procedural hassles and other bottlenecks have been removed. The Report does not reflect these measures, which have been widely appreciated by investors world over.

Editorial Team, Yojana (English)

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Reforms, Disinvestment...

India should meet its fiscal deficit target this financial year and there is no need for new taxes to fund an ambitious rural jobs programme. Finance Minister P Chidambaram told Reuters in an exclusive interview on 15th September, 2005. The following is the text of the interview.

Q: *There is an impression that reforms have stalled and this could slow growth. Do you have reforms that you have in your pocket?*

A: "It is a completely wrong impression. If reforms have slowed down how do we register high growth? If reforms have slowed down then how is the forecast for industrial production in 2005/06 at 8.5 per cent and how did we achieve 8.4 per cent in the year that has gone by, 2004/05.

Reforms in the minds of certain people mean privatisation, FDI, means removal of capital account restrictions.

I am not denying that movement in this direction is pro-reform but reforms in Indian context is much wider than these issues.

Since we are addressing the larger issue of reforms, of agriculture, of infrastructure, of delivery of services like education, healthcare, like promoting investment, like enhancing savings, mobilising domestic resources. It is reflecting in the growth rate. These are also reforms but unfortunately some don't see these as reforms at all."

Q: *Is there anything that you are intending to do in the next few months or next year which investors can look at?*

A: "What I have has been placed on the table.

We have a pension reforms Bill in Parliament, favourably reported upon by the committee and therefore I expect

the Bill to pass in the winter session.

We have two Bills on banking reforms, they are not controversial, they have gone to the committee in routine course, they will come back to Parliament and I am confident that these two Bills will pass ... they may need some modifications here and there.

Then we have the issue of disinvestment which is nearing resolution. Then we have other items on the table which are the subject matter of debate, for example, FDI in retail is the subject matter of debate. No conclusions have been arrived at. But these I have placed on the table."

FDI in Retail

"Steering of the idea is now with the commerce minister. The Prime Minister has given expression to his thoughts on one or two occasions."

Poverty, Government Finances, Taxes

Q: *Let's move to the rural jobs guarantee plan. Some people have said it is a populist policy. International rating agencies have said it could widen the deficit and push up interest rates. What's your response to that?*

A: "What we do for 250 million people if it is populist so be it. There is poverty and among the poor there is unemployment. What we are addressing is only income poverty. There are indicators of poverty which are being addressed differently.

But are we not obliged to address income poverty? That issue is being addressed by the initiative of providing employment for 100 days for one person per family. Is that too much for a country of over a billion people?

We have committed to the Fiscal Responsibility and Budget Management (FRBM) Act mandate. We are obliged to fulfil the FRBM targets.

Therefore, we would have to improve tax administration and hence tax revenues, on the one hand, and, on the other, we would have to be very strict about public expenditure management.

On Funding Rural Job Plan

Q: *Do you foresee any fresh tax to pay for this?*

A: "I don't think so. I have said tax rates must be stable, moderate and reasonable. Whatever tax rate changes required to be done have been done in the first two budgets."

Stock Market

Q: *What about the stock market. It's going up and up. What do you think is driving this and where does it get to a point when you might be worried or concerned?*

A: "This question is loaded. It

means that you have to worry at some point of time. One doesn't worry when one looks at an index. One begins to worry when the price/earnings ratios go out of control. At the moment, P/E ratios are in the comfort zone between 16 and 16.5 or so.

If P/E ratios remain in the comfort zone, there is no reason to worry about a particular index number. At the moment, there is no cause to worry.

Now what is driving the stock market? Obviously, what is driving the stock market is high business confidence, the copious flow of FII money; the return of a portion of the small investors, not all; and high liquidity in the market.

Now all this is good and when second quarter results come, that's what I've been trying to tell people, when second quarter results come, and if they are as good as the first quarter results, then the stock market has anticipated correctly, the second quarter results.

Q: So no signs of a bubble at the moment?

A: "The Securities and Exchange Board of India, Reserve Bank of India and the Ministry of Finance keep a careful watch. There is some unusual movement in some penny stocks, but that I'm told happens in every market.

There is no bubble building up but SEBI is looking into these penny stocks which have shown some unusual activity."

Inflation, Oil Prices

"We've not passed on the entire international price rise to our consumers as you may have seen, the bulk of it is absorbed by the oil companies — the upstream companies and the downstream companies.

A significant portion is absorbed by the government and only a small portion has been passed on to the consumer, which means that the inflation effect will be moderate.

There will be some inflationary impact in two to three weeks after the price hike was effective but RBI will take some counter measures to keep inflation under control. It's our goal to keep inflation under control."

Measures To Counter Inflation

"Well I can't possibly discuss them. Obviously the measures can only be fiscal and monetary.

"Moderate. It's very low today, inflation is 3 per cent. We are a developing country with a growth rate of close to seven per cent, and inflation of 3 per cent is better than European inflation."

Interest Rates

"In fact liquidity is ample. Under the reverse repo, the RBI is mopping up something like 47,000 crore or \$10 billion.

All bankers have told me that in the medium term short- to medium-term interest rates will remain stable."

On What Concerns Him

"My first problem will be where will oil prices go? So far we seem to have managed it, but obviously this cannot go on for ever. I think oil prices are outrageous.

I think oil producing countries are exploiting the situation caused by the high growth rates of China, India and perhaps the U.S. They are making windfall profits.

In the result they are impoverishing developing countries, but I can only give vent to my views, I have no control over oil prices. That's my first worry.

My second worry is public expenditure. We have taken on huge responsibilities, huge expenditure commitments. So we need to be very tight on public expenditure.

That means, in order to finance our flagship programmes we would have to knock out many obsolete outdated programmes — programmes which have not delivered in the past and

whose value is very little.

This is a very difficult exercise but we have begun this exercise together with the Planning Commission. So my second concern is public expenditure management.

My third concern is of course investment. Investment is high today but it must continue to remain high. Nothing should shake the confidence of investors, both domestic and foreign.

As far as I am concerned if all my investment requirements are found domestically, I'll be happy. Since they cannot be found domestically, I have to encourage foreign investors. That's what we are doing.

So I am meeting with Indian industry, foreign investors, and encouraging them to invest more. We need a much larger dose of investment — in industry, in services, in agriculture.

So nothing should be done to affect investor confidence, everything should be done to remove whatever barriers and hurdles there are to investment — substantive, procedural, legal — so that every year the quantum of investment, new investment, is higher than the previous year."

High Oil Prices

A: "Well, it will mean that we will have to find the money to pay for our oil imports, which means some other investments will have to be cut, and if investment is cut it will hurt growth. Growth is a function of investment.

It is also a function of efficiency, I don't deny that but it is primarily a function of investment."

Foreign Investors

A: "They are worried about the clearance and approval mechanisms but they are coming in droves. Take automobiles, everybody is here; take telecom, everybody is here; take steel, everybody wants to be here, Posco, Mittals.

So there is no concern about ideological issues or political issues. Concerns are at a more practical level. I'm doing it case by case. When Posco came we put it on the fast track. When Nokia came we put it on the fast track. When BMW came, we again put it on the fast track. We are willing to look at specific proposals and clear the hurdles."

Cutting Obsolete Programmes

A: "Well, we have to battle the interests that have developed as a result of funding that programme (obsolete programmes), so they are there. There are officers, there are service providers, there are NGOs, there are the so-called beneficiaries.

Some of them will, of course, protest and say they are doing a world of good and how can you take it away. Now we know, every study says that it doesn't deliver anything but we have to knock that out and save money.

Then there is Non-Plan, what we call Non-Plan revenue expenditure. Non-plan revenue expenditure is by and large preempted by interest payments, defence, pensions and salaries. But even allowing for preemptive payments, there is scope to cut back on Non-Plan expenditure."

Forex Reserves

A: "If there are high-cost loans, we can repay them. There are hardly any

now. Well I don't quite know. If there are any, we'll prepay them."

China vs India

A: "It's all in your mind. People are looking at both China and India. People are speaking of China and India in the same breath. China and India are not in competition with each other. It's not China versus India, it's not China or India.

We wish China well, but I think there is enough room for both China and India to attract investment and enough room for both China and India to record high growth rates." □

(By special arrangement with ANI-Reuters)

News

Central Government's Decision For North-East Development

The Cabinet Committee on Economic Affairs has approved a proposal to undertake improvement of selected road length in the North-East region. The project to be implemented in three phases, would cost government Rs 12,123 crore.

The first phase of the special accelerated road development programme will be completed between 2005 and 2006 and will cost Rs 4,618 crore. The entire project will

provide connectivity to the remote and backward areas of the North-East with the rest of the country as well as with neighboring countries. Better roads will enhance investment opportunities and trade in the region.

The Centre has also approved the construction of a 660 km long product pipeline by Oil India Ltd. from Numaligarh to Siliguri at an estimated cost of Rs 468.92 crore.

Helicopter services in Arunachal

Pradesh, Meghalaya, Sikkim and Tripura would continue. 75% of the subsidy in their operation would be borne by the Centre and the balance 25% by the respective state governments.

The subsidy would entail Rs 25 crore year.

The Central government has decided to promulgate an ordinance to convert the University in Manipur into a Central University. □

News

Mahatma's statue in Beijing

The statue of a brooding Mahatma Gandhi holding a book unveiled by Home Minister Shivraj Patil at Chaoyang park here, a place frequented by leaders of the Chinese communist party and visiting dignitaries.

This is the first statue of an Indian leader to be put in China.

Another statue of Rajiv Gandhi, which has been made in Beijing's Jintai Museum, is ready for shipment to New York. It will be put up for auction during the 60th anniversary celebrations of United Nations later this month. The proceeds of the auction will be donated to the victims of Hurricane Katrina in United States.



Inspiration for the World

Both statues have been designed by celebrated sculptor and museum director Yuan Xikun, who has been feted and awarded by several countries besides his own. The statue of Mahatma Gandhi made of bronze is 102-cm tall without the pedestal, which is 92-cm high. It is 100-cm wide.

The park also houses statues of Cuban leader Josi Julian Martm Pirez, Venezuelan national hero Smmsn Bolmvar and Czech educator Johann Amos Comenius. Patil will call on Chinese Premier Wen Jiabao and hold discussions with Zhou Yongkang, minister for public security. □

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SSVI and Rural Development

A K Mishra

IT IS a well recognised fact that agriculture alone is not capable of meeting the challenges of unemployment and poverty reduction of the country. As such, planned and regulated development of small scale and village industries has the strength to ensure regional balanced development. Some of the village industries which may easily be encouraged in rural areas are: hand pounding of paddy, oilseeds crushing (ghani), leather tanning and manufacturing footwear, production of gur and khandsari, handmade paper, palm gur, soap, agarbatti candle making, beekeeping, poultry horticulture, sericulture, etc.

'hybrid' type of units of various kinds and forms covering not only the age-old household industries but also modern mechanised small-scale units.

Large scale industries have encouraged the concentration of wealth and economic power in the hands of industrial elite. Side by side, these industries have also caused a disproportionate growth of location of industries in large cities, giving rise to what is called the slum culture, and have created social tensions, exploitation and environmental pollution.

Decentralisation of wealth and economic power is considered an important strategy for uplifting the common people of a nation. On this front, the SSVI can play a very significant role. The small industries with due emphasis have the potentiality to eliminate or to minimise the conditions of monopolistic competition and exploitation. Truly, the SSVI are no substitute to large scale industries, but it is also true that these industries are capable enough of producing to marketing consumer goods with equal efficiency. Hence, these industries may be given dominant position in the area of consumer goods. It may be noted that the Industrial Policy Resolution maintained that consumption goods industries fall under the purview of the private sector and, therefore, one cannot

Village industries are those that are generally located in rural areas, use simple tools and techniques, and are labour intensive in nature. Small scale industries are based on low level of capital investment in plant and machinery. Other similar industries which are not directly concerned with agriculture, use rural resources and absorb mostly rural craftsmen and artisans also fall under the category of small scale and village industries. These may include spinning and weaving (mostly by handlooms at present), blacksmithy, manufacturing cutlery, toy-making, soap making, rope making, bamboo and cane work etc. In this way, small scale and village industries are a

Efforts need to be made not only for creating demand, but also for stabilizing demand for the products offered by small industries

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object the entry of the large scale private enterprises in the field of consumer goods, But what is needed is that the small scale and village industries should be protected against any threat of competition created by the large scale industries. It has been much more necessary due to the liberalisation policy which allows any marketeer from anywhere to operate in India. By decentralising industry in the remote corners of the country, village and small industries tend to mitigate economic inequalities and avoid the abuse of modern industrialism.

Employment Generation

The small scale and village industries are much more suitable in generating huge employment opportunities for the vast rural population who in search of employment leave their homes and become the victim of several undesirable events in cities and towns. According to the data available in Economic Survey 2003-04, during 1994-95—2003-04 employment generated by the small scale sector almost doubled—from 146.56 lakh employment in 1994-95 to 273.97 lakh in 2003-04. According to an estimate, in the manufacturing sector, the small scale sector contributes nearly four-fifths of manufacturing employment in India. Further, between 1972 and 1987-88 while employment in the factory sector as a whole recorded an annual average growth of 2.21 per cent that in the small sector it was to the tune of 5.45 per cent p.a.

In a nutshell, the conditions of mass unemployment and under-employment of manpower, shortage of capital, high cost of advanced technologies, lack of skilled manpower, widespread illiteracy and rising cost of living also favour a relatively greater emphasis to be placed on small scale and village industries. Their potential for large scale employment both to unskilled, semi-skilled and skilled labour force—with the help of relatively small amount of capital is well established. In view of

the widespread illiteracy among the rural population, the simple and intermediate technology involved in village industries is particularly suited to our conditions. Besides, owing to the shorter gestation period of small scale and village industries, they can play an effective role in arresting the mounting inflationary pressures on the economy.

The small scale and village industries have also been playing an important role in earning foreign exchanges which are very much essential for a developing nation like ours for the purposes of developing industrial economy and meeting other national and international obligations. The small scale sector, it may be noted, accounts for more than 33 per cent share in India's total merchandise exports. The exports of this sector, according to Economic Survey 2003-04, stood at Rs 29068 crore in 1994-95 which went up with rising pace to Rs 86013 crore in 2002-03, showing three-fold growth within a decade.

The small scale and village industries are important not only for creating employment and generating foreign exchanges, but also for contribution to national production which is employed for assessing national income. During 1994-95—2003-04 the production of small scale sector recorded satisfactory growth. The overall production of this sector was Rs 2,98,886 crore (at current prices) in the year 1994-95 which rose to Rs 3,48,059 crore (estimated) in the year 2003-04, showing nearly 12 per cent growth. In this way, this sector accounts for approximately 14 per cent of our national production.

Development of an economy is highly influenced by the level of development of entrepreneurship in the country. In India, there are rich farmers and traders who could be motivated to set-up production units based on local resources in the areas where they live and work and thereby entrepreneurship would be promoted. Normally, these

farmers and traders use their funds in non-productive activities like buying of gold and silver. Gradually, the rich farmers and the traders who set-up production units in rural areas, in the long-run, on the basis of their industrial experiences, can set up large-scale production units and thereby the local resources would be utilized to a greater extent.

Apart from the above facts, promotion of small-scale and village industries helps in manufacturing artistic goods in huge quantities, stabilizing democratic structure, fostering better industrial relations, promoting cooperation, eliminating labour conflicts and reducing grievances, promoting self-employment, reducing population pressures in urban areas and enhancing foreign exchange reserves.

Development of village industries on planned basis can play an effective role in increasing production, productivity and economic wealth and giving a broader and stronger base to the rural economy in particular and national economy in general. By utilizing larger human resources and reducing the concentration of economic power in a few hands, it would improve the distribution system. But the reorganisation and development of small scale and village industries is not an easy task. Special care and alertness is necessary to strengthen the cooperative system in the country to take the charge of these industries.

Care should be taken to ensure that these industries are economically viable; that they can be started on their own and generate a surplus for future growth; that they keep their doors open to technological advancement and better organisational and management techniques and make the fullest use of market research to keep themselves in reach of changing fashions and new demand. Purely traditional types of cottage industries using primitive technology and unaware of the

requirements of the fast changing society cannot stand in the modern era.

The conditions for the speedier development of village industries in India are much better today than ever before. The rural population has a large number of educated unemployed also who would like to assume entrepreneurial and managerial responsibilities given a suitable opportunity. With the better supply of electricity in rural areas, opening up of more branches by banks and improvement in the transport and communication facilities, development of village industries should be much faster.

village industries should be launched like a mass movement. We have to make-efforts to carry the message of growth to every door and enthuse the rural masses to participate in it. We may develop large scale industries too, but that would fail to secure an improvement in the living conditions of the common man without which the expected growth is an impossibility. Again, the village industries should form an integral part of the overall rural economy which means that their production pattern should be strictly correlated with the area of their operation. These industries should be protected against the competition posed

by the organised sector, at least at the initial stages.

Efforts also need to be made not only for creating demand, but also for stabilizing demand for the products offered by small industries. It is possible only when through advertising and publicity or through other effective means widespread awareness is created in the minds of the masses in favour of the products of small and village industries. Further, these industries should be impressed upon to produce goods to suit the changing tastes and preferences of people. □

News

PM Panel recommends price control on 314 drugs

The Pharma task force appointed by the Prime Minister has recommended that the government determine the ceiling prices for all but 40 of the 354 "essential drugs". Their ceilings should be fixed by taking the weighted average of the top three brands by value. This would bring nearly 35% to 40% of all medicines sold in the country under price regulation.

In the final report submitted to the Chemicals and Fertiliser Minister Mr Ram Vilas Paswan, it also asked for halving the excise duty on all drugs to 8%.

The task force, headed by Mr Pranob Sen, Principal Adviser to the Planning Commission, proposed compulsory price negotiations for all patented drugs before they are approved for marketing. It recommended interest subsidy on borrowing for small scale companies trying to comply with good manufacturing practices. The exemption limit for SSI units should be raised from Rs 1 crore to Rs 5 crore. The task force also recommended that government should design charitable access programmes for cancer and HIV drugs. All existing

- Government asked to cut by half the 16% excise duty levied on retail price

- Fix ceiling prices on all medicines containing one or more of the 314 essential ingredients

- Industry proposal for price freeze at existing levels rejected

- Interest subsidy suggested on borrowing for SSIs complying with good manufacturing practices

- Design charitable access programmes for cancer and HIV drugs

fiscal incentives for research such as 150% weighted deduction while calculating the taxable income of drug company should continue for another ten years.

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According to the task force, essential drugs ought to be bought by government directly from manufacturers at below their market price and then supply to the poor at lower prices.

For Below Poverty Line (BPL) families it suggests that government hospitals should make such medicines available free. And not just available: they must spend money to tell the poor that checker drugs are available. "There is a need to persuade the states to establish State Illness Funds (SIFs) and set up revolving funds in government hospital' says the report. These funds will help in marketing low-cost or free drugs, therefore plugging a loophole where poor or BPL families often remain unaware about the schemes to help them.

The report points out a need to overhaul the present drug delivery system, indicating that primary health care centre, Public Distribution System or another public network needs to be found to distribute drugs.

- Agencies

UN Human Development Report - 2005

In the last decade, the number of Indians living in poverty has come down from 35 per cent to 26 per cent. But, as there has been little forward movement on key development indicators, India is stuck, for the second year in a row, at its ranking of 127 (out of 177 countries) on the Human Development Index (HDI).

There is one clear message of the recently released UN Human Development Report 2005: India needs to display the level of dynamism and innovation in basic health and education as it has displayed in global technology markets.

The HDI combines measures of life expectancy, school enrolment, literacy, gender equity, income, sanitation and hygiene levels, to allow a broad view of a country's development. Despite the rank remaining the static, India's HDI value itself has moved up marginally from 0.595 to 0.602 over the last one year.

Globalisation is a success story in India, but the country's record in human development is mixed, according to the UN Human Development Report 2005.

While incidence of income poverty has declined, the "pick-up" in growth has not translated into a commensurate decline in poverty. The Report says "some of India's southern cities may be in the midst of technology boom, but one in every 11 Indian children dies in the first five years of life for lack of low-technology, low-cost interventions".

Commenting on India's virtually "Jobless" growth, the HDR says every 1 per cent of national income growth generated three times the jobs in the 1980s as in the 1990s.

It blamed the legacy of under investment in human development for the deep-rooted gender inequalities, rural poverty and inequalities between states which was undermining the potential for converting growth into human development.

Extreme poverty is concentrated in rural areas of states like Bihar, Madhya Pradesh, Uttar Pradesh and West Bengal, while income growth has been dynamic in other states, urban and the services sector.

Unless public policies are aimed at broadening the distribution of benefits from growth and global integration, this imbalance will continue, the HDR warned.

While calling for a political leadership of a "high order" to stem this trend and address the challenges ahead, the HDR has termed as "encouraging signs" of the UPA government's launch of the National Rural Health Mission and its commitment to raise public spending on health from 0.9 per cent of GDP to 2.3 per cent. □

Human Development

	India	vs	China
HDI Rank	127		85
GDP Per capita (PPPS)	1,753		5,003
Literacy rate (In per cent above 15 year)	76.6		1,300
Population (Growth rate in per cent)	1.4		0.6
Telephone lines (Per 1,000 people)	46		209
Cellular subscribers (per 1,000 people)	25		215
Internet users (per 1,000 people)	17		63
FDI inflows (per cent of GDP)	0.7		3.8
Expenditure on Health (% of GDP)	1.3		2.0
Military expenditure (% of GDP)	2.1		2.3

Indian States

Indicator	All India	Kerala	Bihar	Rajasthan	U.P.
● Female share of Population (per cent)	48	52	49	48	48
● Under-five mortality rate (per 1,000 live births)	95	19	105	115	123
● Total fertility rate (births per women)	2.9	2.0	3.5	3.8	4.0
● Birth attended by health Professional (per cent)	42	94	23	36	22
● Children receiving all vaccinations (per cent)	42	80	11	17	21

Source : HDR 2005

	India	Pakistan	Bangladesh	China	US	Norway
HDI Overall Ranking (out of 177)	127	135	139	85	10	1
Human poverty (rank)	58	68	86	27	-	-
Gender equity (rank)	98	107	105	64	8	1
Life Expectancy Index	0.64	0.63	0.63	0.78	0.87	0.91
Education Index	0.61	0.44	0.44	0.84	0.97	0.99
Per cent pop with no regular access to water	14	10	25	23	-	-
Infant mortality rate (per 1,000)	87	103	69	37	8	4
Annual growth rate (per cent of GDP)	4.0	1.1	3.1	8.5	2.1	29
Export of goods & services	14	20	14	27	41	10

Source : HDR-2005

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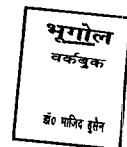
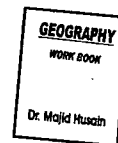
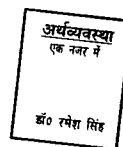
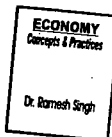
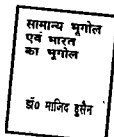
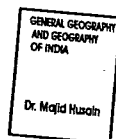
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In the News

- The government has given a formal go-ahead to the construction of eight new nuclear power reactors at four sites. At its meeting, the Union Cabinet gave an “in-principle” clearance of sites for setting up nuclear power stations and for “pre-project activities” – like acquisition of land at these places. These sites are Kakrapar (Gujarat) where two 600-megawatt heavy water reactor will come up, Kundankulan (two 1000 megawatt light water reactors); Jaitapur in Maharashtra (two light water reactors) and Rawatbhata in Rajasthan (two 700 megawatt heavy water reactors).
- To encourage the competitiveness of the small scale industries (SSI), the Cabinet Committee on Economic Affairs (CCEA) has approved a raise on the ceiling on loans under the credit – linked capital subsidy scheme from Rs 40 lakh to Rs 1 crore. It also gave its nod for increasing subsidy from 12% to 15% under a scheme for technology upgradation. The validity period of the scheme has also been extended to 31-1-2007. The practice of categorization of SSI units in different slabs on the basis of their present investment for determining the eligible subsidy has also been done away with.
- The Union government has approved implementation of the project deepening and widening of the main harbour channel and approach of the Jawaharlal Nehru Port Trust at an estimated cost of Rs 800 crore.
- The Union government has decided to divest 8% shareholding in Maruti Udyog Limited (MUL) and through the sale expects to raise about Rs 1000 crore. The shares will be sold to public sector financial institutions including banks, reducing the government stake in MUL to 10.28%. The decision was taken by the Cabinet Committee on Economic Affairs.
- The Cabinet Committee on Security (CCS) has cleared the proposal to allow India for acquiring three Boeing 737-700 Business Executive Jets equipped with missile deflecting security suits for VVIP use. To be delivered by 2009, the new Boeings are expected to cost around Rs 1000 crore.

The CCS also cleared the construction of an all weather-road to Leh from Manali. The 292 Km road via Darchu, Padam and Nimu to Leh will be completed in nine years at an estimated cost of Rs 1,355 crore.
- The Cabinet Committee on Security also cleared the creation of additional territorial army battalions. It approved reconstitution of the categories into two broad groups. One comprising J&K, North-Eastern states barring Sikkim, to be funded with cent per cent aid and the remaining states to be funded at 75% with the states chipping in with the remaining 25%.
- India has offered support to the war-ravaged Afghanistan to tackle terrorism and extremism and announced a fresh \$50 million assistance for its reconstruction process. During the visit of the Prime Minister, Dr Manmohan Singh to Kabul, the two countries signed three agreements for cooperation in small development projects, in health, education and agriculture research.
- India and China have signed an MoU to combat terrorism and drug trafficking as also gun-running along the border areas. The MoU was signed by the Union Home Minister Mr Shivraj Patil and the Chinese State Councillor and Minister for Public Security Mr Zhou Yangkang in Beijing.
- India and the United Kingdom have decided to set up a joint economic commission to promote mutual trade and investment and a science and innovation commission to explore new high-technology areas. The two countries also signed MoUs on air services, oil and gas, co production of films and intellectual property rights. A Chair would be set up in the Cambridge University in the name of Jawaharlal Nehru which would be funded by India. The British government has announced allocation of \$ 10 million to promote academic and educational exchanges between the two countries.
- India will buy six scorpene submarines for \$ 3 billion from France. The cabinet committee on security has decided earlier to buy the submarines but held back an announcement in view of Prime Minister’s visit to France in September.
- The Centre has cleared Indian Airlines’ plan to acquire 43 Aircrafts from Airbus industries at a price of Rs 9,890 crore.
- The World Bank will provide \$ 300 million as loan, to Tamil Nadu for executing the state urban development project aimed at improving the infrastructure services. The World Bank, the Centre and the state government

News Largest nuclear power reactor begins commercial operation

Fourth reactor at the Tarapur station has the capacity to generate 540 MWe

The fourth nuclear power reactor of the Tarapur Atomic Power Station (TAPS-4), Maharashtra, began commercial operation from September 12, according to S.K. Jain, Chairman and Managing Director, Nuclear Power Corporation of India Limited (NPCIL). It is India's largest nuclear power reactor with a capacity of 540 MWe.

The unit reached criticality on March 6 and was connected to the western grid on June 4. It is a Pressurised Heavy Water Reactor (PHWR), which uses natural uranium as fuel, and heavy water as both moderator and coolant.

V.C. Agrawal, Project Director, TAPS-3 and 4, said the start of the TAPS-3's commercial operation signalled that the power generated by the unit would be sold to the State Electricity Boards of Maharashtra, Gujarat, Madhya Pradesh, Chattisgarh and Goa, and the Union Territory of Daman and Diu. Maharashtra would be the major beneficiary. The tariff was Rs 2.65 a unit, Mr. Agrawal said.

Advanced concepts

According to Mr Jain, TAPS-4 incorporated advanced concepts in nuclear engineering and the state-of-the-art

- Power to be sold to some State Electricity Boards
- Prototype Fast Breeder Reactor being constructed at Kalpakkam
- The first unit of TAPS sets record

technology and equipment. The NPCIL, a public sector undertaking, designed and constructed it.

With the addition of TAPS-4, NPCIL now operates 15 nuclear power reactors, with a total capacity of 3,310 MWe. It is constructing seven more reactors in different parts of the country, with a total capacity of 3,420 MWe. Another public sector undertaking called Bharatiya Nabhikiya Vidyut Nigam Limited (BHAVINI) is constructing the eighth reactor called Prototype Fast Breeder Reactor (PFBR) at Kalpakkam, near Chennai.

The PFBR will generate 500 MWe. Mr Jain is also the Chairman and Managing Director of BHAVINI.

He said the third nuclear power reactor at Tarapur—TAPS-3—was in advanced stage of commissioning and that it would be started up in early 2006. TAPS-3 would also

generate 540 MWe.

The civil works on the construction of the third and fourth reactors at Kaiga in Karnataka and the fifth and sixth units at Rawatbhatta in Rajasthan were nearing completion.

Major equipment and system installation work was underway. These four reactors would each generate 220 MWe.

The first unit at the Madras Atomic Power Station at Kalpakkam was undergoing a major refurbishment.

The replacement of its coolant channels and steam generator, which was a massive effort, had been successfully completed.

Mr Jain said the first unit of TAPS was operating continuously for the last 270 days, beating the previous record of 269 days.

The TAPS-1 and 2 are Light Water Reactors that use enriched uranium as fuel, and light water as both moderator and coolant.

The two reactors were built by General Electric, an American company, in the 1960s. They have a capacity of 160 MWe each.

Mr Agrawal said the TAPS-4's commercial operation had begun seven months ahead of schedule. □

News Kakrapar Completes One Year of Uninterrupted Operation

Unit-1 of Kakrapar Atomic Power Station (KAPS-I) in Gujarat, has completed one year of uninterrupted operation. KAPS-I has been supplying electricity to the grid continuously, since September 16, 2004. This is a new record for Indian reactors. The other units, KAPS-2, has been under continuous operation since January 30, 2005. This shows that Indian nuclear power plants are now capable of operating continuously between two mandatory shutdowns.

KAPS has been designed, constructed and is operated by the Nuclear Power Corporation of India Ltd. (NPCIL), a public sector undertaking under the Department of Atomic Energy (DAE). It comprises 2 x 220 MWe Pressurized Heavy Water reactors that use natural uranium as fuel and heavy water as moderator and coolant.

The World Association of Nuclear Operators (WANO) has evolved

performance indicators to compare performance of nuclear power plants worldwide. KAPS has consistently been among the top performing plants internationally, when judged against these parameters. KAPS-I was adjudged the best performing PHWR in the world for the period October 2001-September 2002. Station Director, KAPS was conferred the Nuclear Excellence Award by WANO. This high level of performance has been achieved compromising safety. Indeed the nuclear and industrial safety record of KAPS has also been of the highest order.

During the past one year there has been no incidence, even of level 'O', as per the INES scale of the International Atomic Energy Agency (IAEA). In appreciation of its Industrial Safety Performance the Ministry of Labour and Employment, Government of India, has awarded the runners-up prize to KAPS for 2004. (The first prize has been awarded to Narora Atomic Power Station (NAPS.) The safety

performance and industrial safety accident rate have been consistently better than the world median.

NPCIL was founded in 1987 and completed 18 years on September 16, 2005. It has, in the period, acquired expertise in all areas of work relating to nuclear power, namely, siting, design, construction, operation, maintenance, and life extension.

India's largest reactor, the 540 MWe Unit-4 of Tarapur Atomic Power Project (TAPP-4) went into commercial operation on September 12, 2005. With the addition, of TAPP-4, NPCIL now operates 15 reactors in the country having an aggregate capacity of 3310 MWe. It is also constructing another 7 reactors aggregating 3420 MWe. NPCIL stations have operated safely and reliably. In over 238 reactor years of accumulated operation there has been no radiological accident. □

reached another agreement pertaining to the Tamil Nadu empowerment and poverty reduction project.

- Rajasthan government is evolving attractive strategies to upgrade tourism industry. The State Tourism Department is now seeking private participation. It is inviting participation from private parties through its programme "adopt a monument".
- Setting up hotels in Uttar Pradesh will be less difficult now. The state government has adopted single-window system for granting clearances required by investors in the hospitality sector. Earlier it was mandatory for investors to obtain clearances from 45 government departments. Two committees, one at the division level headed by Commissioner and another at the state level headed by Chief Secretary have been set up. It will be the responsibility of committees to obtain clearances from government departments and agencies. Investment proposals of upto Rs 50 crore will go to the committee headed by divisional commissioner while those above Rs 50 crore would go to the state level committee.
- Microsoft is to launch an India-specific operating system "Windows XP Starter Edition". The system is licensed and built exclusively for use in India. It is intended for users speaking any of the nine Indian languages who may also want to use English. Microsoft will also adopt 100 schools in six states to provide an interactive learning environment.
- The Rajasthan government has approved the introduction of contract farming.
By amending relevant Act paving the way for establishment of mandies in the private sector, to which farmers can directly sell the product without the intervention of middlemen.
- Information Technology major, TCS, Wipro and Satyam have displayed interest in setting up software development units in Punjab.
- The Rajasthan government has signed an MoU with the Confederation of Indian Industries (CII) to accelerate development in backward areas of the state. Under the agreement, both CII and state government will work jointly initially for development of one of the most backward district Dugarpur as classified by the Planning Commission.
- The Tamil Nadu government has released the new Information Technology Enabled Services (ITES) policy and announced the setting up of a second Information Technology Park in Siruseri.
- Tata Steel has signed four MoUs with the Jharkhand government including investment of Rs 42,000 crore in a 12 million tonne Greenfield integrated steel plan.
- Directorate of Film Festivals, Ministry of Information and Broadcasting and Goa government have signed an

agreement to make Goa as permanent venue for holding all future International Films Festivals in India.

- It was a historic moment at Wagah border as India and Pakistan released 585 prisoners on 12th September, making one of the biggest prisoner exchanges between the two countries in recent times. Pakistan released 435 Indian prisoners and India release 150 Pakistani prisoner.
- Four Indian Americans have been named among the world's top 35 young high-tech innovators by the Massachusetts Institute of Technology's (MIT) prestigious Technology Review magazine. They are Anita Goel of Nanobiosym, Narsimhachari of Tropos Network, Ranjit Manohar of Cornell University and Shiladitya Sen Gupta of Harvard Medical School. All, aged below 35, have been named top high-tech innovators.
- A Memorandum of Understanding between the Indian Institute of Technology, Guwahati and the National Institute of Information and Communication Technology, Japan has been signed for comprehensive research in the area of Information and Communication Technology.
- The Supreme Court has held that the Unit Trust of India is liable for "deficiency in services" for the Postal Department's lapse in not delivering dividend or maturity cheques to depositor. It ordered to pay Rs 3.35 crore to unit holders.
- The Union government has decided to switch from the cash-based to accrual based system of accounting.
- ITC has become the first Indian Company and second in the world to win the prestigious Development Gateway Award. It won the \$1,00,000 Award for the year 2005 for its e-Chaupal initiative which has achieved the scale of a movement in rural India. The Award recognizes ITC's e-Chaupal as the most exemplary contribution in the field of Information and Communication Technologies (ICT) for development during the last 10 years. As the largest IT-based corporate initiative in rural India, ITC e-Chaupal was chosen from 135 nominations across the world.
- Kalinga Foundation Trust has decided to raise the amount of Kalinga Prize from \$ 2000 to \$6000 from 2006.

The United States Educational Foundation In India (USEFI) has announced a new fellowship programme for Indian law graduates with two to three work experience in the areas of intellectual property rights or mediation/alternative dispute resolution. More details about the Fellowship are available at website – www.fulbright-india.org. □

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India-European Business Summit on issues related to SPS, tariff barriers

The Prime Minister Dr Manmohan Singh and the British Prime Minister Mr Tony Blair who is also the President of European Union together have sent out a message that globalization and change were inevitable for any economy.

Addressing the Sixth India-EU Business Summit in New Delhi, Dr Manmohan Singh said "Do not be fearful of change. Learn to live with it." He said, "there is a perception in Indian trade and industry circles that the European market is becoming increasingly difficult to penetrate. As tariff barriers disintegrate, non-tariff barriers suddenly come up". He

said Indian agricultural exports, which enjoyed a competitive advantage, faced protection and discrimination in the European markets. Dr Singh called for liberalised rules of entry for Indian professionals in the EU.

The British Prime Minister, Mr Tony Blair, who is also the President of the EU said India will have to open its economy further to attract \$150 billion foreign investment in the infrastructure. He said the two sides should be 'bold' in opening up their markets within the mechanism created under the World Trade Organisation.

The two sides signed a wide

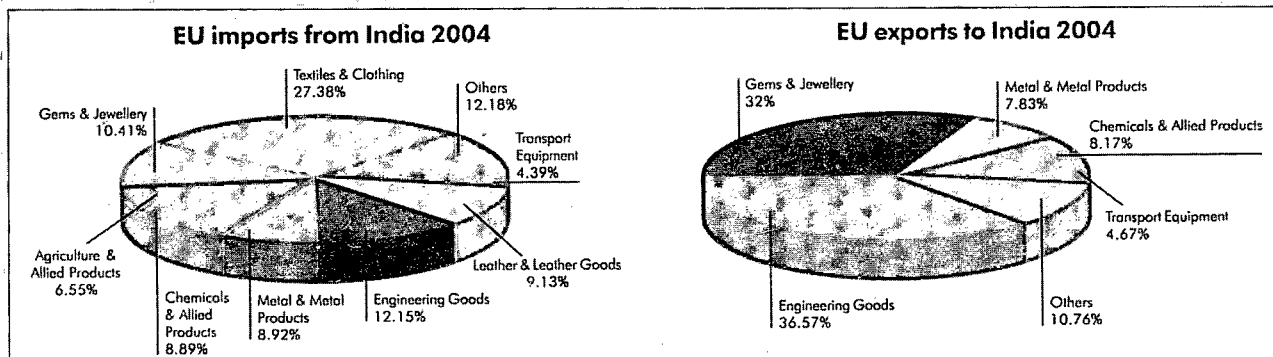
ranging Joint Action Plan (JAP) on the economic ties. Under the JAP, initiatives to enhance trade and investment, energy security, IT and bio-technology would be taken up. Under JAP, a high-level trade group would also suggest measures by the next summit to boost bilateral trade which is currently recognized as "below potential". Both sides will set up a working group on pharmaceuticals and biotech and hold experts' meeting. Both sides formed a Joint Working Group to iron out issues related to Sanitary and Phytosanitary (SPS) measures and tariff barriers to trade (TBT). The group is expected to meet before the end of this year. □

EU-India Trade

The EU remains India's largest trading partner, accounting for 21.76 per cent of India's exports and 16.85 per cent of total Indian imports in the year 2004-05. As per the latest figures for the year 2004, total trade between EU and India increased from

(€ 28.4 billion in 2003 to € 33.2 billion in 2004, registering a growth of 16.9 per cent. EU exports to India show an impressive growth of 17.2 per cent in 2004 against a growth rate of 11.7 per cent in 2003. Exports increased to € 17 billion in 2004 from € 14.5 billion in 2003. EU

imports on the other hand increased from £ 13.9 billion in 2003 to € 16.2 billion in 2004, recording a growth of 16.1 per cent. During the year 2004, the commodity composition of EU's exports and imports from India as a percentage of total are given in the charts below. □



Source: EU-India update

The Tyranny of Food Habits



9 March, 1969

AT CHRISTMAS our family assembles in strength at the old house by the seaside. Three generations dine together, as they have done, for years and years. The faces are older each year, the numbers larger, the house noisier, as more children make their appearance.

What never changes, hasn't changed since we were the youngest generation, is the menu. Year after year there is the inevitable pulao, the spiced pomfret, the curried duck, swimming in oil. The menu's unflinching predictability has taken most of the savour out of Christmas. We have, each year, looked forward less and less to the Christmas fare, and especially to Oily Duck. But feeble suggestions for a change have always been firmly suppressed by the elders, who declare that Christmas wouldn't be Christmas without Oily Duck. And when one year a new recruit to the family, a rash South Indian daughter-in-law, got rebellious, disaster followed. Christmas truly wasn't Christmas that year; it became a regular "Cross-mas". That was the end of rebellion, and Oily Duck came to dinner

again next Christmas, to stay for ever.

There is really little that one can do about the food one eats, the food one grows up with. In childhood the home food used to pall on us, and we generally smacked our lips in anticipation when one cook was dismissed and another was to be engaged. My mother invariably grumbled that the new cook knew no cooking at all. I remember how we used to implore her not to teach him—lest he learn to produce exactly what she had been giving us for years. But eventually every cook learnt, and did, what his predecessors had done before him.

It was only when I left home on a transfer that I got away from the dreadful sameness of home cooking. And then the elders at home worried themselves about the hardships I was going through, having to miss the home food.

Food habits die hard, not in our family alone, but outside as well. South Indians who have migrated to the north persist in a passion for *idli*, *dosa* and *sambar*; tastes that are unaccountable to the rest of the country, even if misguided researchers hail the *idli* as a highly nutritious food.

Every South Indian home is a little Tamil Nadu, or a little Andhra, wherever it actually is. And Bengali homes in South India are little Bengalis. Maharashtrians in Calcutta flock to Maharashtra Nivas, where they get home food, even served the Maharashtrian way. Mixed homes have a problem. My South Indian wife tries ever so often to foist coffee on me as a breakfast drink. I loathe the stuff, and demand my tea, which she

detests. So we always have to have both! Here is something for the National Integration Council to work on.

And so it is when we go abroad too. We take with us our own food habits, tastes and smells. In Rome we may do as the Romans do, but will not eat as they eat. One recent Indian writer tells how her father-in-law took with him sacks of *dal* and rice when he went abroad. I remember entering the Hotel 2400 in Washington D.C., where a number of our Government officials used to be billeted. The corridors reeked of Indian *masalas*, garlic and onion. I did my little bit to add to the fragrance; I gave one of my friends there a gift of canned Bombay duck. How rapidly Hotel 2400 must have sunk in popularity after that!

Nor are we alone in our food insularity. There was a recent story of European nurses in a British hospital who struck work because they got nothing but British food. That case is a bit different, though. British food is in a class by itself, and there let it stay, for all care. Even the most cosmopolitan of men would rebel against roast beef and spinach, meal after meal, day after day, year after year.

When you really think of it, what great difference does a meal make? Whether you eat

rice or *chapatis*, use mustard oil or *ghee*, drink tea or coffee, whether your food be delicious or drab, elegant or insipid, rich or humble, it all gets reduced in a matter of minutes to much the same basic elements of nutrition. It was probably with this thought in mind that Walter de la Mare wrote:

"It a very strange thing, as strange as can be,

That all that Miss B eats turns into Miss B."

J B D'Souza



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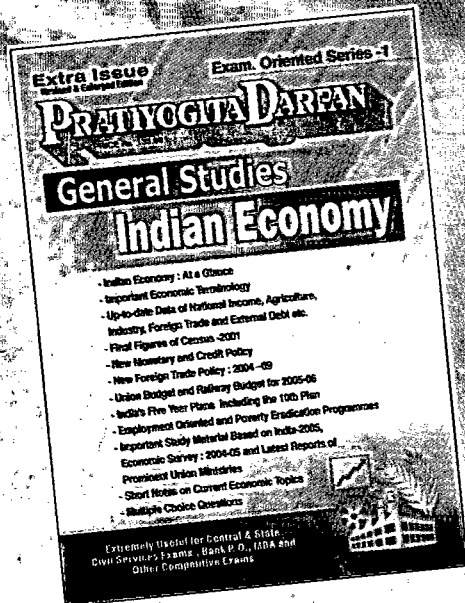
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