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Archit Mishra • Bollywood • Box Office • News

Indian Box Office Model – Explained in detail

2 years ago • by Indicine Team • 59 Comments • 5 min read

The whole idea behind this write up is to make each and everyone understand the complex box office model in India. Any questions, please ask in the comments section below.

Producer: The person who invests in films. The money that a Producer invests in making a film is called the “Budget”. It includes everything from remuneration of the actors, technicians and other crew members to transportation and other costs. Apart from this, once a film is complete, it has to be marketed and that calls for “PA (Promotion & Advertisement)” expenses.

Distributor: The Distributor forms the most vital link in this money chain by acting as a medium between Producers and Theatres. The Producer has to deal out their film to the All India Distributors. The price at which the producer sells his film to the distributors is termed as “Theatrical Rights”. The producer can either directly sell the Theatrical Rights to Distributors or make a contract with any Third Party which in turn has the responsibility to deal with Distributors. In that case the Producer will get his share from the third-party even before his film releases

Films distribute their films

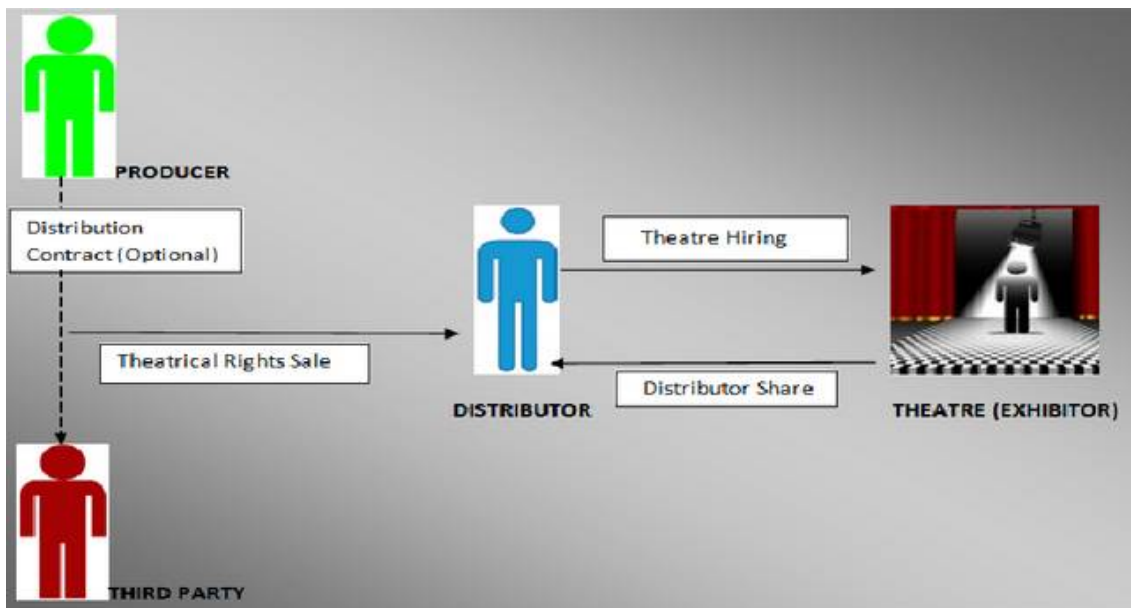
efull 2. Indian film industry is



majorly distributed in 14 circuits and each have its distributors to represent them :- Mumbai, Delhi/UP, East Punjab, CI (Central India), CP Berar (Central Provinces), Rajasthan, Bihar, West Bengal, Nizam, Mysore, Tamil Nadu, Assam, Orissa and Kerala.

Exhibitor (Theatre): In layman terms, Exhibitor is nothing but a theatre owner. The theatres form the end of the box office model. On pre-defined agreements with the exhibitors, the distributors hire their theatres to showcase films. There are two types of theatres in India: (i) Single Screens (ii) Multiplex Chains and both have different kind of agreements with distributors. This agreement focuses mainly on “Number of Screens” and “Monetary Returns” to be paid back by theatres to Distributors. **Entertainment Tax** (All India average of 30% approx) is deducted from the total collections at the ticket window. This tax is enforced by individual state governments and thus differs from

circuit to circuit. After taxes, a percentage of the total nett gross is paid back to the Distributors. This return is known as “Distributor Share”.



Box Office Terminology:

- 1) Cost of Film = [Budget + PA (Promotion & Advertisement) Expenses]
- 2) Non Theatrical Revenues = Satellite Rights + Music Rights + Overseas subsidy etc.
- 3) Footfalls = Total number of tickets Sold
- 4) Gross Collections = Total money collected from ticket sales
- 5) Net Collections = [Gross collections – Entertainment Tax]
- 6) Distributor Share is generally calculated as below:

	Week 1	Week 2	Week 3	Thereafter
Multiplex	50%	42%	37%	30%
Single Screens	70-90%	70-90%	70-90%	70-90%

This means 50% of the collections (after entertainment taxes) goes to the Distributor in the first week of release and so on.

- 7) Profit / Loss (Distributor) = [Amount at which film was bought – Distributor Share]

Let us now go through a scenario to better understand about these terms.

Case Study – Suppose a film releases with an average ticket price of Rs 120 at Multiplex and Rs 60 at Single Screens in Week 1. 100 people visit a multiplex and single screen each. Entertainment Tax to be deducted from gross collections is same as 30%.

	Multiplex	Single Screen
Footfall	100	100
Average Ticket Price	120	60
Gross Collection	$100 * 120 = 12000$	$100 * 60 = 6000$
Entertainment Tax	$0.3 * 12000 = 3600$	$0.3 * 6000 = 1800$
Net Collection	$12000 - 3600 = 8400$	$6000 - 1800 = 4200$
Distributor Share	Fixed 4200(50% — $> 0.5 * 8400 = 4200$)	Between 2940 and 3780(70% — $> 0.7 * 4200 = 2940$ /90% — $> 0.9 * 4200 = 3780$)

Highlights

Multiplex v/s Single Screen: It is quite an inevitable fact that Multiplexes have been dominating the box office with every passing year; still the strength of Single Screens can't be ignored. Single Screens may be termed as the backbone of Distributor Share for the consistent contribution they make and even today, when it comes to making/breaking big records, a film cannot bypass Single Screens.

Hit vs Flop: General norm is that the collection of a film judges how big success it is. But, this is false. In reality it is the Distributor Share which decides a film's fate because it takes into account both the film's cost & its box office performance. A film may be called a FLOP fare if it collects 60cr net because of its huge costs to the makers and distributors. On the contrary, another film may turn out to be HIT even if nets 40cr only due to low budget.

Footfalls – An Untold Story: While writing this article, I realized that there is a parameter which is not quite explored/considered in judging box office numbers. And that is Footfalls – i.e the number of people going to watch a film in theatre. One may figure out quickly from above facts that even if more people visit a Single Screen than a Multiplex, Multiplex always has a lead due to high ticket prices.

Love to have your feedback/comments.

Article by Archit Mishra ([Read more articles from the author](#))

59 Comments

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Haider Afridi

February 21, 2013 at 3:34 pm

Commenting i thing for the first time on Indicine just to say WOW

Great Article dude. Well Explained. Keep It Up ;)

Highly rated comment  21  6

baburao

February 21, 2013 at 3:42 pm

excellent article by indicine, keep it up.

Highly rated comment  13  3

JC

February 21, 2013 at 4:30 pm

I don't think any movie had the repeat value as high as that of Sholay, not even Mughal-e-Azam.

 5  11

JC

February 21, 2013 at 4:33 pm

Further, one question?

What do you mean by footfall in actual terms? does it mean the number of people present in the theatre to watch the movie or the number of tickets sold? as there are chances of some people deliberately make bookings but the theatre is running empty.

 2  7

sachin11

February 21, 2013 at 5:25 pm

In terms of footfalls

Gadar=4 crore

Sholay=3 crore and

3 idiots=2.75 and what about ddlj which is still running in mumbai theatre.has ddlj footfalls reached even 1 crore
? looks like everyday only 2-3 peoples r going regularly from 15 years to watch ddlj.lol

Highly rated comment  40  15

sachin11

February 21, 2013 at 5:39 pm

1)Producers

2)Distributors

3)Exhibitors and

4)Footfalls these 4 categories r most important.

Salman concentrates on only the 4th category and ruling there currently

Aamir concentrates on all 4 categories and doing very good in all categories while

Srk concentrates on only first 3 categories.lol. bcoz he can't buy the 4th category like awards.lol

Highly rated comment  40  22

lallu khan

February 21, 2013 at 6:04 pm

loved it man...grt work indicine

 5  3

Tinku Jain

February 21, 2013 at 6:17 pm

My question to you Mr. Archit is when a film is termed as a hit, does it mean that it has doubled its investments from the point of view of theatrical rights or it has doubled its budget from the point of view of the producer ???

 4  6

TIGER

February 21, 2013 at 7:07 pm

@JC AND ALL OTHERS WHO THINKS MUGHAL-E-AZAM IS NOT GOOD AS COMPARE TO SHOLAY, SHOLAY THEY WILL RELEASE FREQ NO DOG WILL GO TO WATCH THE MOVIE,AND FOR UR KIND INFORMATION MUGHAL-E-AZAM RELEASED FEW YRS BACK IN COLORS ITS DID 100 DAYS IN THIS GENERATION ALSO, NOT LIKE SHOLAY THEATRE OWNERS RELEASES SHOLAY MOVIE MANY TIME BUT NOT EVEN WORKED OUT FOR A SINGLE WEEK.AND ABOUT MUGHAL-E-AZAM WHAT U KNOW ABOUT THAT MOVIE IT SUCH A GREAT MOVIE AND HIGH BUDGET WHEN THE MOVIE SHOOTED LONG FOR 15 YRS GOT AND THEN RELEASED IN 1950 PEOPLES WILL NOT GO TO THEIR HOUSES LEAVING THEATRES TICKET COUNTERS AND ALSO IN A BIG WAY THE

PEOPLES COMES TO WATCH THE MOVIE FROM THIER VILLAGES AND SLEPT @ THE THEATRES ONLY,THIS WAS THE CRAZE.....

 7  4

vivek

February 21, 2013 at 8:20 pm

Interesting article.. but I would like to know how you counted the single screen share? As far as I know.. single screens are rented. Can you explain please?

 5  3

Rohit

February 21, 2013 at 8:39 pm

Great article.

 5  1

Navin

February 21, 2013 at 8:48 pm

@jc Bro I think Sholay and Mughal-e-Azam are separte entities altogether so you cannot compare the repeat value of both movies. I kind of know what you mean coz growing up and in my teen years then I can remember watching a dvd copy of Sholay with my friends on numerous occasions because for me it was a clasdic tale of friends for life. But when the color enhanced Mughal-e-Azam released it was a once in a life time moment to watch it in theatres again because it is a historic film. Making a comparison then one can say it was Bollywoods answer to Hollywoods ‘Cleopatra’, a masterpiece because of lavish sets and huge expenditures involved. For its time Mughal-e-Azam was light years ahead of its competitors.

Both films have great repeat value for different reasons, Sholay because it shows us great camoraderie between friends and Mughal-e-Azam for its great conflict between father and son. Both films deserve equal respect and should be viewed with great pride and honour that 100 years of cinema has given us these 2 classics amongst many more.

 6  3

Desii

February 21, 2013 at 9:12 pm

Deols killed it with Gadar and Sholay! Biggest hits of indian cinema... Deols were too dominating at the box office in their primes!

 7  2

Damnnn....!

February 21, 2013 at 10:33 pm

First time n may b d last time I agree to navin

 5  1

sukesh_jha

February 22, 2013 at 12:57 am

Fab work

Superbly articulated

 4  1

Nice Post

February 22, 2013 at 4:17 am

Dabangg 2 became the third film to hit 250 crore mark worldwide. Three idiots and Ek Tha Tiger have crossed 300 crore while the ten films below have all crossed 200 crore Worldwide. Below are the top grossers in terms of Worldwide GROSS.

1. Three Idiots (2009) -- 385 crore
2. Ek Tha Tiger (2012) -- 310 crore
3. Dabangg 2 (2012) -- 250 crore
4. Bodyguard (2011) -- 230 crore
5. Dabangg (2010) -- 215 crore

By boxofficeindia

 8  5

amit

February 22, 2013 at 10:34 am

when a film flops who lost money, producers or distributors.can you tell me how they recover their money(for both producers and distributors).

 5  5

sahil

February 22, 2013 at 11:41 am

WOW.... Indicine is Back

 5  0

JC

February 22, 2013 at 12:46 pm

@ Indicine,

I await your reply on my query regarding footfalls.

@ Tiger,

Dude, did i personally insult you, that you start barking like mad?

@ Navin,

Thanks for your writing, but i never told Mughal-E is not worth it. I regard it one of the master-piece of Indian cinema like Mother India. What brilliant movies they were, and also Pyaasa. Classic.

But when it comes to comparision, it has always been these two ultimate movies that clash.

All I am saying is that Sholay released many times in theatres and it has so many runs on videos and tv that whenever we find it running, we do check out for the favourite moment or scene.

I don't think any movie has so many scenes and dialogues that is super-hit. Amjad Khan was the best of the lot with his role of Gabbar.

We wait for the train sequence, we wait for gabbar's entry, we wait for thakur's confrontation with gabbar, we wait for jai & veeru's confrontation with gabbar after holi, the comic scenes of soorma bhopali, asrani the angrez ke zaamane ke Jailer, then the hariram nai funny part in Jail, the entry of Basanti and her long conversation, mehbooba song.....the list is just endless.

Yes, i have grown with all the hype of Sholay, and infact i saw it only after some 10 years when it again released, on a 70mm screen, and it was great. Just like some of you felt great watch Mughal-E in colour when it re-released.

Hence, for the above i feel the repeat value of Sholay is much higher than anyone, you just can't ignore it and the many scenes in it, as the reasons are too many to once again catch the moment.



Navin

February 22, 2013 at 4:39 pm

@JC bro I dont think I could have given a better case in favour of Sholay than what you have so for that I respect you entirely and commend you for making an arguement in favour of Sholay. For me I couldnt add anything more to what I have already said but at a push then like you I would maybe but reluctantly walk into a show showing Sholay first with friends before walking into a showing of Mughal-e-Azam with family second. Its a tough call to make but everyone should appreciate your honesty and kudos for sticking to your beliefs.

We thank Mehboob sahb and Ramesh ji for giving us this great conandrum to deal with as to which movie is the greater film.

Thank you and may Bollywood in the next 100 years give us further movies to conduct debates on and have many more fruitful discussions.

God bless the Indian movie going audiences.



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