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Case Study -Global Film Tourism

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The term 'Film tourism' can be defined as a branch of cultural tourism, and it refers to the growing interest and demand for locations which become popular due to their appearance in films and television series. Alternately, Film tourism can also be defined as tourism to a place or a hotel, which has been depicted in a popular film. The interest or pull generated out of seeing a movie scene which in turn pushes the tourist influx of a particular region up is a roundabout way of marketing, but has a larger impact on more dedicated audiences than direct advertisements.

Film tourism can be defined from two unique perspectives: one, the aspect of producing and shooting motion pictures, and secondly, the tourism activities induced as a result of the movies shot in a location or destination. Powered by the growth of the entertainment industry and the increase in international travel, Film tourism is a growing phenomenon.

Both Production and Pre-Production stages involve extensive travel and shooting in exotic outdoor locations. This phase involves expenditure spread across various sectors such as equipment manufacturing to local labour to board and lodge as well as the various clearances that enable film shooting. It has been observed that while the film's actors are provided five-star accommodations during the production stages, the film crew, spotboys, etc are provided 3-star accommodations. Film tourism results into short term economic benefits to the region in the form of employment, hospitality, transportation, and food and catering. It also enables the host country to experience about diverse culture and nationalities, along with an opportunity to learn technological advancement.

Scenario of Global Film Tourism

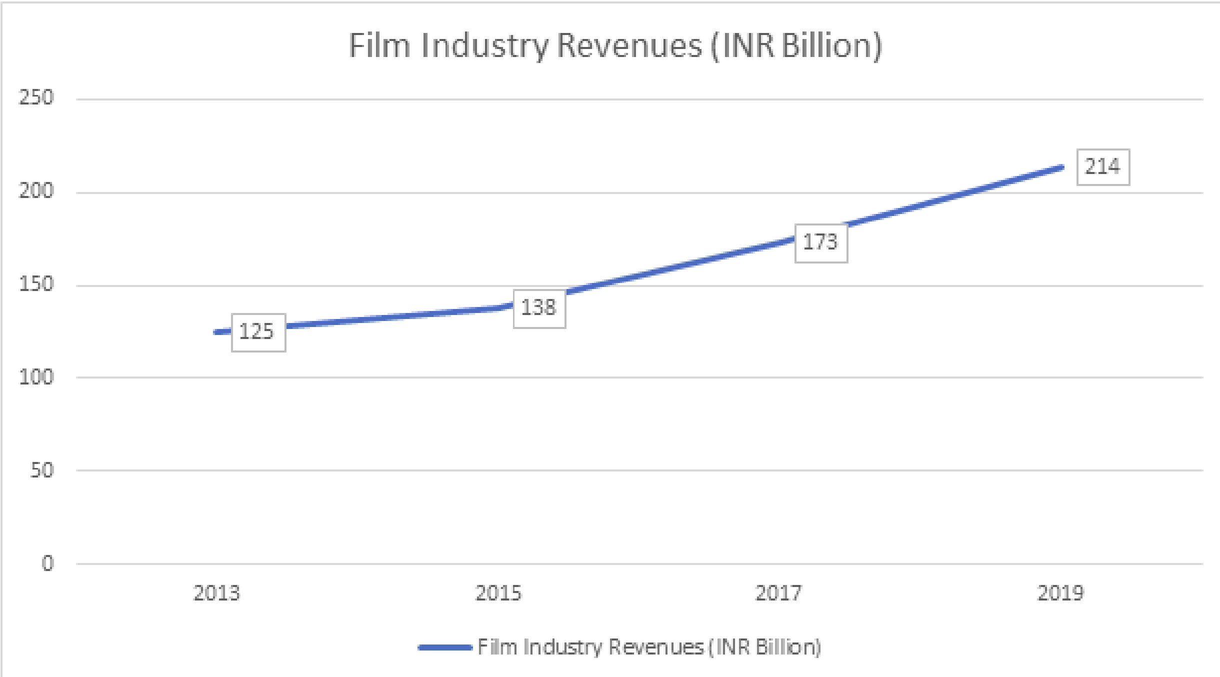
Globally, the countries have started recognizing various direct and indirect benefits of encouraging local film productions. This has led to several countries invest in film production incentive programs that may be both monetary and non-monetary in nature. Here is a list of film incentives given by various countries around the world.

Country	Film Incentives	Beneficiaries
Australia	• Producer Offset provides a cash rebate of 40% on Qualifying Australian Production Expenditure (QAPE) • Post, Digital and Visual Effects Production (PDV) offset provides 30% rebate on PDV QAPE • Location offset provide 16.5% rebate on QAPE	• Australian resident country •Foreign company with permanent establishment in Australia • Official Treaty Co-productions
Canada	• Tax credit of 28% on qualifying British Columbia (BC) labour expenditure • Digital Animation or Visual Effects (DAVE) Credit of 16% on DAVE labour • Regional Tax Credit of 6% of qualifying labour when min 50% of principal shooting is in Vancouve	• Canadian taxable production company with a permanent establishment in BC • Company should have primary business in film or video production • or provision of production services, broadcasting/cable • Subsidiaries are eligible for credit
Ireland	Tax relief of 32% of eligible expenditure with a lower cap: • Eligible expenditure • 80% of total production cost • EUR 50 mn ($66 mn)	Producer company must be: • Be Irish resident or trading through a branch • Make film for cinema exhibition or broadcast • Be existent for at least 12 months & have filed corporation tax return • Not connected to a broadcaster • Hold 100% in Qualifying Company SPV for 1 film
Spain	• 25% cash rebate on UK qualifying film production expenditure • Tax relief is capped at 80% of core expenditure • No budget limit	•Film Production Companies (FPCs) within the UK tax net •Official Treaty Co-productions
UK	• 25% cash rebate on UK qualifying film production expenditure • Tax relief is capped at 80% of core expenditure • No budget limit	•Film Production Companies (FPCs) within the UK tax net •Official Treaty Co-productions
USA	• Film Production Credit of a 30% refundable tax credit on qualified expenses • 30-35% post production tax credit for costs incurred in NY • Productions with budgets over $500,000 receive additional 10% credit on qualified labour expenses from specific countries • Sales tax exemption to film production activities	Production companies that film majority of the project in NY or post production work happens in NY

*Source:**1** Aus Film, Australia Government – Department of Arts & Communication, Screen Australia **2** Canada Film Capital **3** Section 481 – Irish Film Board **4** European Film Commissions Network **5** British Film Commission **6** Empire State Development- Film Tax Credit Program*

Scenario of Indian Film Tourism

The Indian film industry is the largest in the world in terms of number of films produced with around 1,500 to 2,000 films produced every year in more than 20 languages. The industry also had the second highest footfalls in the world in 2015 (over 2.1 billion) following China (almost 2.2 billion).



Source: Deloitte Report - Economic Contribution of the Indian Motion Picture and Television Industry

Tax incentives by State governments for promoting Film Tourism in India

S.No.	State	Incentive
1.	Maharashtra	• The Maharashtra government offers 5-year tax exemption to single screen theatres under municipal councils and a seven-year tax exemption to those located in rural areas. • MTDC has announced a Bollywood tourism plan, under which Indian and foreign tourists can take guided tours of film studios and setswhile being exposed to a first-hand experience of film shooting.
2.	Uttar Pradesh	Hindi films that are shot at least 75% in UP will be eligible for a grant amounting to 25% of production cost or INR 10 million (whichever is less).
3.	Tamil Nadu	The TN government will provide 100% exemption from entertainment tax to movies with Tamil names, which have been given U certificates.
4.	Jammu and Kashmir	The J&K Government has decided to waive taxes for filmmakers while they shoot films in Kashmir.
5.	Rajasthan	Films that are 75% shot in Rajasthan and given U certificates, will get a 100% exemption from Entertainment tax for one year.

Source: https://www.worldwidejournals.com/paripex/file.php?val=January_2015_1422005602__58.pdf

Challenges facing Film Tourism in India

Currently, about 70 approvals and licences from as many as 30 authorities are required for shooting films inIndia. Delays in the approvals process often results in filmmaker going to other destinations despite the costadvantage in the country. Due to hurdles in obtaining licenses, India has lost at least 18 big budget movies to other locations in the last 4 years.

Approvals Required for Film Shooting in India

• Central clearances: Shooting of foreign feature films in India requires the prior approval of the Ministry of Information and Broadcasting (MIB) whereas in the case of a documentary, approval of the Ministry of External Affairs (MEA) is required. The script of the film has to be approved by the MIB which is a time-consuming process; the Ministry may also depute a liaison officer to facilitate the shooting.

• Location specific permissions: Film makers require approvals from authorities in specific locations prior to shooting.

• Introduction of Soft Loans: The government should replicate the foreign countries' film tourism incentives in India. It should provide film makers a short-term loan without charging interest to meet their short-term needs. This would encourage producers to shoot in that particular location, and would catalyse the growth of the industry.

• Safety & Security: Safety is also a major concern which needs to be address by the government, as increasing terrorist attacks and political disturbance hinder the growth of the industry. States should undertake various initiatives like setting up surveillance cameras, tourist police, 24*7 help lines, and compulsory registration of tourist guides operators, etc. to ensure safety of the tourists as well as the film crew. These initiatives may be highlighted by the states/ Central Government in various promotional campaigns to project India as a safe and secure tourist destination.

• Investment in Infrastructure: Inadequate infrastructure acts as the biggest hindrance to the Indian film tourism industry, and has been affecting its growth since past several years. Bad road conditions; poor connectivity; inadequate air and sea port capacities; and lack of development of modes of transports, like railways, and alternates, like inland water transport and domestic aviation, have been causing delays in the film tourism industry operations. Due to this, costs per film in the Indian film industry increases; and ultimately leads to disturb the planned budget. Therefore, there is an urgent need for investment in infrastructure linking roads, railways and airports, to curtail the losses.

• Other approvals: Filmmakers also need to adhere to certain local laws of the region where shooting is to take place in India. The regulators may be various Municipalities and Municipal Corporations, associations of cinematographer, make-up, hair-dresser, etc., and state legislations.

• Tax Incentives: It is important to provide tax benefits and other incentives to film makers in order to attract them to a particular location. In India, because of absence or limited incentives, film makers prefer to shoot at foreign locations over Indian locations. Ministry of Tourism must regulate its policies to promote film tourism, and hence tourism in the country. Initiatives such as exemption or refund of VAT, rebate in production cost, free premiers, reduction or exemption of entertainment tax, etc. will certainly make a huge difference in Indian film tourism industry.

• Often, foreign producers are faced with unclear rules and regulations in terms of obtaining
permissions making the process inefficient and expensive. However, the Indian film sector, along with the Government of India and various state governments, is revamping its approvals process as well as looking to incentivise local film making through the establishment of an India Film Commissions and the Film Facilitation Office. Both these initiatives have been recently announced as part of the Make in India campaign in the film sector.

Films Shot at International Locations

Film: Krrish
Production Country: India
Shot in Country: Singapore
Tax and Financial Incentives: The Singapore Tourism Board (STB) introduced the subsidy in May 2004 to encourage international film producers to shoot and produce high-quality films and TV programs in Singapore.

The scheme subsidizes up to 50% of the qualifying expenses incurred by foreign producers during their shoots in Singapore. Under Krrish subsidy, it spent US$ 5.0 Million.

Economic Impact: After the movie was released, the local people visited places with which they were unfamiliar. In addition, Indian visitors began looking at Singapore as a modern destination that is culturally and economically similar to the "new India" and the lifestyles of its middle-class Diaspora.

Film: Harry Potter
Production Country: USA
Shot in Country: UK
Tax and Financial Incentives: Films made in the UK receive tax breaks worth around £95 million (US$ 160 million) a year, with 25% of their production costs incurred in the country.

Economic Impact: The number of visitors rose by almost 30,000 to 4.2 million in 2010. They stayed for an average of 3.3 days in 2010, compared to 3.1 days in 2009, and helped to boost the total spend of visitors in the county by 5.4%.

Film: Lord of the Rings
Production Country: USA
Shot in Country: New Zealand
Tax and Financial Incentives: The production of the films incurred an expenditure of approximately NZD 353 million (approximately $250 million) including NZD 188 million ($130 million) in labour costs.

Economic Impact: Post the release of the films, a 50% increase in tourist visits to New Zealand were seen. In 2004, 6% of visitors to New Zealand (120,000-150,000 people) cited The Lord of the Rings as being one of the main reasons for visiting New Zealand.

Q1. How can we retain Film shooting business in India ?

Q2. Give suggestion on Making Permission / Approval easy for Film shooting in India .

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