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LEGAL CHALLENGES IN INDIA'S ENTERTAINMENT INDUSTRY: ISSUES AND REFORMS

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Abstract

Over the past few years, Indian entertainment has expanded to include Bollywood, regional movies, OTT platforms, music, gaming, and even television. But along with this advancement came legal issues such as poor copyright enforcement, contract violations, misuse of censorship rules, embezzlement, and inadequate governance for digital content management. Such obstacles undermine fair competition, infringe upon an artist's rights, and leave digital content creators in the dark. This essay looks at the regulations that are currently in effect, lists the main issues that still remain, and offers reform ideas that might improve the legality of the Indian entertainment sector.

Keywords: Entertainment Law, Copyright Law, Censorship, OTT Restriction, Contract Law, Indian Cinema

1. Introduction

Over the past few decades, India's entertainment sector has undergone significant upheaval. In the past, the only entertainment options were movies and television shows, but these days, YouTube videos, podcasts, digital streaming platforms (OTT), and online gaming are all highly popular. People can use their smartphones and smart TVs to watch movies and television shows at any time and from any location. In addition to providing chances for singers, filmmakers, and artists, this new method of content consumption has also given rise to numerous legal issues. The lack of clear laws on digital platforms has resulted in numerous conflicts and legal problems, in contrast to traditional cinema, which is subject to stringent supervision by the Central Board of Film Certification (CBFC).

One of the biggest challenges in this industry is piracy and copyright infringement. Many movies and songs are illegally copied and distributed. India's entertainment sector has changed a lot in the previous few decades. Earlier, entertainment was limited to film and television, but today, digital streaming platforms (OTT), YouTube video, podcasts, and online gaming have

grown highly popular. People can use their smartphones and smart TVs to watch movies and television shows at any time and from any location. In addition to providing chances for singers, filmmakers, and artists, this new method of content consumption has also given rise to numerous legal issues. Unlike traditional cinema, which is strictly regulated by the Central Board of Film Certification (CBFC), digital platforms do not have clear regulations, which has led to many controversies and legal disputes.

Research Objectives

1. Identify key legal challenges in India's entertainment industry.
2. Analyze the impact of these challenges on various stakeholders.
3. Propose policy and legislative reforms to address these issues.

Research Question

What are the major legal challenges affecting India's entertainment industry, and what reforms are needed to address them?

Hypothesis

The existing legal framework governing India's entertainment industry is outdated and insufficient to regulate digital content, protect artists' rights, and prevent financial irregularities. Strengthening copyright laws, OTT regulations, and contract enforcement mechanisms can significantly improve legal compliance.

Literature Review

2.1 Existing Studies on Entertainment Law in India

Despite the expansion of entertainment law research in India, its focus continues to remain on the violation of copyright, exploitation of the artist, and absence of a proper body to govern digital content. In India's entertainment industry, the prime legislation is the The Copyright Act, which came into force in the year 1957, which provides for the enforcement of intellectual property rights in relation to creative works in films, music, and digital formats.¹ Even when there is a law in place, enforcement is scant, due to both ineffective implementation and a lack of adequate punishment clauses for violations. The poor enforcement of copyright coupled

¹ Wikipedia, Central Board of Film Certification, Wikipedia, https://en.wikipedia.org/wiki/Central_Board_of_Film_Certification (last visited Mar. 14, 2025).

with the growing digitization of content and online streaming services further provided a haven for piracy. Moreover, the Cinematograph Act, 1952, that was meant to control the certification and censorship of films has also been left behind in the age of Over-the-Top (OTT) platforms, resulting in a gap in content regulation and subsequently, confusion. The blanket absence of order in the legal approach to digital entertainment leads to a proliferation of piracy websites, placing artists in predatory contracts and financial loopholes for tax evasion, as well as laundering money in film production. As a result, there is an urgent need to update existing entertainment laws to address modern-day challenges and establish a transparent regulatory system that effectively governs both traditional and digital content distribution.

2.2 International Comparisons

The Digital Millennium Copyright Act, which is implemented in the United States, protects the proprietary rights of content creators and prevents piracy. It includes a provision that allows copyrighted materials to be removed from websites as soon as a violation is claimed, a practice known as "real-time content takedown." In contrast, India's Information Technology Act, 2000 is comparable to the EU's GDPR for restreamers operating without licensing, meaning that performers may not be satisfied with a mere unauthorized license. The European Union offers comprehensive consumer protection measures through the General Data Protection Regulation.

In contrast to India, China actively manages over-the-top (OTT) content for government-controlled content, where local and international media are governed by a single policy and made available to viewers following government review. India lacks a unified regulating body for over-the-top (OTT) material, in contrast to China, which results in uneven censorship practices and uncertain legal issues for producers of digital content. These international practices show that India needs to update its entertainment laws to meet international standards and improve its entertainment sector, especially in areas like copyright enforcement, digital content regulation, and artist protection. sustainability

Legal Framework Governing India's Entertainment Industry

1.1 Copyright and Intellectual Property Laws

While the Copyright Act of 1957 is the primary legislation to preserve creative work within Bollywood, music, and digital media, India's entertainment sector functions under a plethora

of intellectual property laws.² Given that artists and content creators own their work, they reserve the right to take action against any unauthorized reproduction or distribution. Unfortunately, enforcement continues to be a problem due to ineffective digital tracing infrastructure, lenient punishments for offenders, and an inability to target piracy websites that operate outside of Indian jurisdiction. Furthermore, the Trademarks Act of 1999 also serves a major purpose in the entertainment industry by unscrupulously preventing trademark infringement that may be used by unauthorized parties for commercial purposes. Moreover, the Designs Act of 2000 extends the protection of intellectual property to other useful artistic components of the entertainment industry like costumes, set and graphic design. In theory, these laws provide solid protection, but there remains a significant gap in enforcement, especially when it comes to unfurling piracy and unlicensed distribution of content that serve as tremendous legal and financial issues.

1.2 Contract Laws Affecting Artists

Contractual arrangements between artists and production companies in India are mostly regulated by the Indian Contract Act, 1872, which provides the legal framework for binding contracts in the entertainment sector. Yet, even with the presence of this law, most contracts entered into in Bollywood and regional cinema are one-sided, overwhelmingly benefiting production companies at the expense of artists.³ This has led to extensive exploitation, with actors, musicians, and other creative industry workers not receiving fair returns for their work, particularly in the digital streaming industry. For example, playback singers in India don't get royalties from streaming sites like Spotify and YouTube, unlike Western playback singers who enjoy organized revenue-sharing arrangements. The Specific Relief Act, 1963, enables artists to recover for breaches of contract, such as compensation and specific performance of contractual terms. Nevertheless, because of the absence of standardized contracts, the majority of artists lack the legal knowledge and finances to fight exploitative deals. In order to safeguard artists against monetary and contractual exploitation, there should be a special legal system in India for standardizing contracts and providing equitable share of revenues between production houses and artists.

² Wikipedia, Central Board of Film Certification, Wikipedia, https://en.wikipedia.org/wiki/Central_Board_of_Film_Certification (last visited Mar. 14, 2025).

³ The Indian Film Industry Caught Up in the #MeToo Movement, Le Monde (Sept. 7, 2024), https://www.lemonde.fr/en/international/article/2024/09/07/the-indian-film-industry-caught-up-by-the-metoo-movement_6725187_4.html.

Key Legal Challenges in India's Entertainment Industry

4.1 Weak Copyright Protection and Piracy

Piracy continues to be one of the most significant legal issues within India's entertainment industry, resulting in billions of rupees in annual revenue loss. Tamilrockers, Movierulz, and Filmywap are some of the websites that leak movies online just hours after their release in theaters, which makes it challenging for producers to get back their money. *Ud ta Punjab* (2016) is one great example of how piracy can actually harm box office collections.⁴ Even though the IT Act, 2000, makes digital piracy a criminal offense, its enforcement is patchy, and the authorities have difficulty blocking illegal websites that keep shifting their domains to avoid legal prosecution.⁵

Enhancing copyright enforcement by imposing tougher penalties and AI-based piracy detection mechanisms will be able to check this emerging menace.⁶

4.2 Unfair Contracts and Artist Exploitation

The lack of industry standard contract rules has resulted in artist exploitation, where numerous professionals toil on limited agreements that curtail their economic returns. Playback singers, actors, and writers are usually paid meagerly and no portion of streaming revenues, even as digital platforms gain prominence. In contrast to Hollywood, where artist unions bargain for equitable contracts, India has no collective organization that provides standardized contract terms. Implementing compulsory revenue-sharing schemes and legal rights for artists would serve to correct this problem.

4.3 Lack of Clear OTT Regulation and Censorship

Indian OTT platforms operate in a regulatory gray area, as they are not subject to CBFC regulation. This has resulted in controversies over content, like the case of *Tandav* (2021), in which several suits were brought against the producers for offensive content. In the absence of a single policy of content regulation, content creators online have no clear guidance on censorship and liability. Having a special OTT regulator with explicit censorship regulations

⁴ "After Censor Woes, 'Udta Punjab' Under Piracy Attack," *The Times of India* (June 16, 2016), available at <https://timesofindia.indiatimes.com/entertainment/hindi/bollywood/news/after-censor-woes-udta-punjab-under-piracy-attack/articleshow/52778367.cms>

⁵ "TamilRockers," *Wikipedia*, <https://en.wikipedia.org/wiki/TamilRockers> (last visited Mar. 14, 2025).

⁶ "Piracy in Indian Film Industry – 10 Consequences," *Bytescare* (Nov. 28, 2024), available at <https://bytescare.com/blog/piracy-in-indian-film-industry>.

may cut down on legal uncertainty in this area.

4.4 Financial Irregularities and Tax Avoidance

The Indian entertainment sector has for a long time been linked to money laundering as well as other financial fraud such as hawala transactions and tax evasion. Some Bollywood film producers have come under investigation from the Enforcement Directorate (ED) for unreported foreign investments as well as money laundering. Prevention of Money Laundering Act (PMLA), 2002 aims at preventing this kind of criminal financial activity but loopholes within financial reporting requirements enable unreported investments to come into film-making. Implementing required financial disclosure standards and enhanced PMLA enforcement has the potential to stem financial malpractices.⁷

Proposed Legal Reforms

5.1 Toughening Up Copyright and Anti-Piracy Laws

Digital piracy is a huge problem in India's entertainment industry. It leads to big losses for filmmakers and artists. The Copyright Act from 1957 isn't tough enough to deal with piracy today. We need to change it to add stronger punishments for anyone caught sharing copyrighted content illegally. To fight piracy, we can use AI tools on streaming websites. These tools can find unauthorized uploads and send automatic takedown notices to remove them. Working with internet service providers can help block access to sites that host pirated content. Taking action against these sites quickly, charging bigger fines, and informing people about the risks of watching pirated content can help reduce copyright theft. Working with other countries to shut down foreign streaming sites will also help. By updating our copyright laws, we can create a safer space for artists and businesses in the entertainment world.

5.2 Protecting Artist Rights with Fair Contracts

Many artists in India face problems with unfair contracts. These contracts often pay them too little and don't give them a say in their work. Unlike in the U.S., where artists have fair compensation systems, India doesn't have proper rules for streaming royalties or merchandising rights. We need to revise the Indian Contract Act from 1872 to make sure contracts in entertainment are fair. This could include rules for revenue-sharing that give artists

⁷ Arpan Chaturvedi, Aditi Shah & Aditya Kalra, To Seal India Merger, Disney-Reliance May Need to Dilute Cricket Dominance, Reuters (Aug. 22, 2024), <https://www.reuters.com/markets/deals/seal-india-merger-disney-reliance-may-need-dilute-cricket-dominance-2024-08-22/>.

a fair cut from streaming services and other sales. Having a standard contract for all artists can help prevent exploitation and make negotiations clear. Also, artists should be allowed to renegotiate their contracts after some time to reflect how well their work does. Creating a board to help with legal issues and disputes over contracts would also be helpful.⁸ Strong penalties for breaking contracts and forming artist unions to fight for better pay will support artists. With fair rules, India's entertainment industry can be better for those creating the content.

5.3 Regulating OTT Content

The rise of OTT platforms has created new opportunities but also confusion about content rules. Unlike movies, which get approval from the Central Board of Film Certification, there are no clear rules for OTT content. This has led to legal issues, like the complaints against the show *Tandav* for offending religious feelings. To fix this, the government should set up a regulatory body for OTT platforms. This body should not be political and should work with these platforms to create a self-regulation code.⁹ This code should include guidelines for content classification, age restrictions, and a way for creators to appeal if they feel their content is unfairly restricted. Having clearer rules can help protect creative work while ensuring responsible content is shared.¹⁰

5.4 Monitoring Money in Film Production

India's film industry has had issues with money laundering and tax evasion. The laws we have, like the Prevention of Money Laundering Act (PMLA), haven't been enforced well. Many producers have faced legal scrutiny for not reporting foreign funds, which shows we need stricter rules.¹¹ The government should require clear reporting of all money coming into movie production. This means filmmakers should list where the money for their projects comes from. They also need to have their finances audited to follow tax rules. Better enforcement of PMLA will help curb illegal financial activities. Setting up a special agency to look into financial deals in the entertainment industry could help catch suspicious transactions. Providing tax benefits for legal investments can also promote transparency. Clearer financial rules will help the Indian

⁸ *B-town Writers Are Fighting Wage Gap, Unequal Credit and Backlash*, The Times of India (Sept. 2024), <https://timesofindia.indiatimes.com/entertainment/hindi/bollywood/news/b-town-writers-are-fighting-wage-gap-unequal-credit-and-backlash/articleshow/112917097.cms>

⁹ *Telecommunications Act, 2023*, Wikipedia, https://en.wikipedia.org/wiki/Telecommunications_Act%2C_2023 (last visited Mar. 14, 2025).

¹⁰ *Outrage over Indian YouTuber Ranveer Allahbadia raises social media regulation concerns*, Associated Press News (Feb. 21, 2025), <https://apnews.com/article/305bb55cdd87e6003791424e8ff78859>.

¹¹ *Prevention of Money Laundering Act, 2002*, Wikipedia, https://en.wikipedia.org/wiki/Prevention_of_Money_Laundering_Act%2C_2002 (last visited Mar. 14, 2025)

entertainment industry stay open and honest.

5.5 Regulating Online Gambling and Betting

Online gaming and fantasy sports are booming in India, but the laws aren't clear. Games like Dream11 are caught in a gray area between gaming and gambling.¹² The old Public Gambling Act doesn't cover digital gaming, leaving these sites without legal protection. The government needs to update the Public Gambling Act to define online gaming and e-sports clearly. Setting up rules for licensing online gambling operators will ensure they work legally.¹³ Consumer protections, like age checks and spending limits, are important to prevent gambling problems. A dedicated gaming regulatory board should be created to monitor these platforms, handle fraud, and resolve disputes. With these regulations, India can protect consumers, stop illegal gambling, and help online gaming grow responsibly.

Conclusion

India's entertainment industry has a lot of challenges. There are problems with copyright enforcement and unfair contracts. OTT (over-the-top) platforms also lack clear rules, and there are money issues too. To fix these problems, we need stronger laws. Adopting better practices from other countries can help. For example, we can look at anti-piracy laws like the DMCA. Having standard contracts for artists and clear rules for OTT content would make things better. If we make the entertainment sector more transparent and strong, it will protect artists and creators. This will also help India compete better in the digital media and entertainment space.

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