

Perspectives on Publishing in India 2014-2015

Trends in Indian Publishing: An Overview of the current trends and opportunities in the Indian Publishing Market

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INDIA: Key economic and demographic indicators (2012 and 2013 estimates)¹

- **Area:** 3.29 million sq km
- **Population:** 1,236,344,631
- **Capital:** New Delhi
- **Population growth rate:** 1.51%
- **National Literacy rate:** 74.04%²
- **Number of languages:** There are 24 recognized languages. English enjoys the status of subsidiary official language but is the most important language for national, political and commercial communication; Hindi is the most widely spoken language and is the designated national language.
- **GDP (PPP):** USD 4,077 trillion
- **GDP (official exchange rate):** USD \$1.996 trillion
- **GDP (real growth rate):** 4.7%
- **Rate of inflation:** 8.00%
- **Unemployment:** 8.8%
- **Currency:** Indian rupee (INR); 1 USD= 60.65 INR
- **Indian exports:** USD 442.4 billion
- **Main export partners:** USA, UAE, China, Singapore, Hong Kong
- **Indian imports:** USD 616.7 billion
- **Main suppliers:** China, UAE, Saudi Arabia, Switzerland, USA.
- **Mobile Phones:** 933 million Connections (2013)

“The overall market, if I start giving out number is USD 122 million, as of 2014. So, this USD 122 million market is expected to grow to USD 128 million by 2018. Electronic consumer publishing is actually growing at 17 percent. As against the global growth rate of 1 percent, India is actually growing at 6 percent. The market size in India is about ` 14,000 Crore, of which about ` 4000 Crore is Consumer Publishing and about ` 9000 Crore is actually Education.”

- Smita Jha, Leader-
Entertainment &
Media Practice, PwC
India

¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>

² <http://ibnlive.in.com/news/tripura-tops-literacy-rate-with-with-9465-per-cent-leaves-behind-kerala/420560-3-224.html>

Information on the publishing industry in India

The Indian book market

The Indian publishing industry is growing at an impressive pace and India is one of the few (if at all any) major markets in the world which is still seeing growth in both print and digital publishing. The highly fragmented and competitive nature of the market is further made erratic because of the fact that it does not have industry recognition from the government.

Financial reporting is also not mandatory for cottage industries and such is the treatment given to publishing that the net worth estimates are the most realistic estimations of the collated data. The Federation of Indian Publishers claims that there are approx. 19,000 publishing houses in India out of which 12,400 are using the ISBN system and are publishing approximately 90000 titles per year. Out of these, 50% titles are in Hindi and English, while the remaining are in any of the 24 officially recognised regional languages of India. The value of the Indian publishing industry in 2012 was estimated at USD 2 Billion ³ with an overall growth rate of around 15% as per conservative estimates. Of these, 30% output by value is from trade books and about 70% of books published in India are educational. The K-12 segment is registering more than 12% growth in print and printed textbook volumes are pegged at ca. 2 billion textbooks per annum.

A nationwide survey conducted by the National Book Trust of India, the government body for book promotion, in 2010 revealed that one-fourth of the youth population, a staggering figure of

³

<http://www.businessworld.in/businessworld/businessworld/content/Printing-Revolution.html>

83 million, identify themselves as book readers. Since the year 2000, 100% FDI is allowed in this sector, which has led to the entry and establishment of most of the multinational players like Harper Collins, Penguin Random House, Hachette, Simon & Schuster etc.

Indigenous enterprises are mostly family owned businesses. Due to the fact that they have been passed on from one generation to the next, there is still a certain lacuna in terms of corporatisation.

The Indian market offers great potential for the European economic market. India ranks second after China as one of the world's most attractive investment destinations. India's potential lies in its excellently trained workforce, its young population and a relatively stable government, along with above-average profit margins for foreign firms. Given its strength in terms of its youth population, India not only has a high potential in the area of education, but also enormous purchasing power. Germany has an excellent reputation already in the fields of education, science and technology. German continues to be one of the most learnt languages and enjoys great popularity around the country.

More than half of the total titles published in India are in Hindi and English, with Hindi constituting about 26%, followed by English at 24%.⁴ India ranks third, behind the USA and the UK in the publication of English-language books. There is a huge demand for contemporary Indian writing in English and other languages and Indian authors have a high

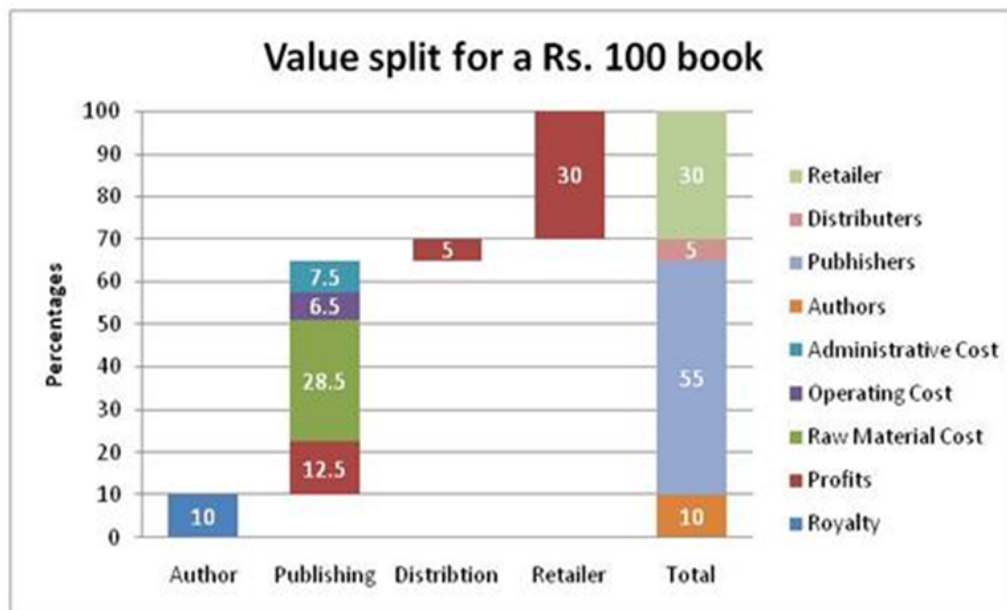
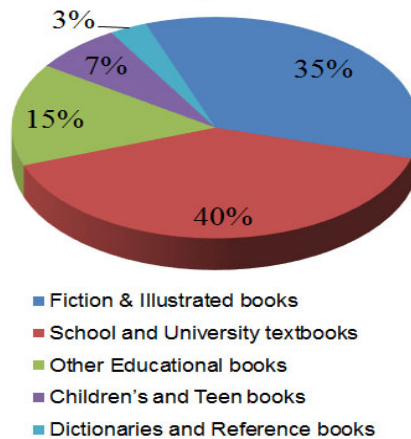
⁴

http://www.ficci.com/sector/86/Project_docs/Publishing-sector-profile.pdf

success rate. 90% of MNC's publishers are noticing higher growth in the local publishing programme, mainly driven by higher demand for local content.

Players in the Indian publishing industry rate collections on book sales, dearth of steady and reliable distribution channels and Piracy as well as e-Books cannibalizing print as the key challenges that grip the industry currently.

Indian Trade Publishing Estimates



Self-Publishing

In the past 2 years, self-publishing has gained momentum in India with a surge of players like NotionPress.com,

ebooksutra.com, Quills Ink, Zorba Books and AuthorsUpfront. Amazon launched its self-publishing segment in India in August

2012 but players like pothi.com and Cinnamon Teal have been operating in India since 2008. The market, at the moment, is highly fragmented and defeated by the lack of marketing and distribution support for self-published authors. On Amazon India, out of the top 100 kindle books, 20 were KDP titles by Indian or Indian origin authors.

Digital publishing in India

Digital publishing in India is an emerging market. Currently the market for e-books is small but growing. An important reason for this is that currently e-reading devices are still very expensive for most consumers in India which impacts e-book adoption rates. On the positive side publishers feel that the digital publishing market will grow substantially in India given the increasing sales of devices which support e-books like smartphones and tablets. Amazon's Kindle entered the Indian market in August 2012. In July 2012 Penguin India, the largest trade publisher in the country, launched 240-titles as e-book editions.⁵ Currently the biggest market for e-books in India is the higher education sector. The emergence of online retail has been a boon to both publishers and consumers in India. It has allowed publishers to bypass dodgy supply chains and book buyers have easier access to books at lower prices.

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<http://www.tarabooks.com/blog/profitting-by-managing-a-propensity-for-chaos/>
<http://publishingperspectives.com/2012/07/penguin-india-launches-e-books-expects-15-digital-rev-in-3-yrs/>
<http://timesofindia.indiatimes.com/tech/computing/Ebooks-rekindle-love-for-old-times/articleshow/42113205.cms>
<http://www.thehindu.com/business/Industry/amazon-now-in-india/article4783615.ece>

"Another innovation that Flipkart has been known for, that we have pioneered, has been Cash on Delivery. This has really revolutionized the way people view Online Shopping as a channel."

- Vivek R, Head-Books Category, Flipkart, India

FDI
(Foreign
Direct
Investment

) legislation that prevents foreign companies from being majority stakeholders in e-commerce retail in India had earlier kept Amazon at bay; however Amazon launched the current version of its Indian marketplace in 2013. In its current version Amazon will act as a platform for retailers, allowing them easier access to the market.

One in every four publishers surveyed by the industry body FICCI said growth in e-content consumption is more than 20% annually. For academic book publishers, "E-Books cannibalizing print," was listed as one of the top three challenges. Among publishers, those focusing on fiction and children's books were the most bullish on eBooks, the survey said. "It is early for eBooks in India. However, in the long term, there is a lot of growth," says Jaya Jha, co-founder of InstaScribe, a solution that helps authors create eBooks for different platforms such as Amazon's Kindle, Kobo or Apple's iBooks.

Distribution and Retail

Distribution is a major challenge for publishers, be it a small company or a multinational publisher. To ensure that

books are readily supplied at all possible retail outlets there are primarily two kinds of distribution models in the country:

- (a) Books are offered to the store on 100% return basis or
- (b) Books are ordered by the shops as per the demand of the same

Value Added Tax

No VAT is charged on books and there are no customs fees for importing books.

Copyright laws

- Berne Convention
- Universal Copyright Convention

Major Distributors in India

- International Book House
They have more than ninety publishers as their clients and distribute books in all major and local book shops in Mumbai, Delhi, Bengaluru, Pune, Nagpur, Ahmedabad and Bhubaneshwar. They also have alliances with international publishers in the UK, USA and other parts of the world.⁶

- India Book House
One of the largest distributors of books and magazines, in India, IBH is the distribution arm of Amar Chitra Katha Pvt. Ltd., the Publisher of cult brands Amar Chitra Katha & Tinkle. It also represents and distributes around 50 national/international book publishers. It

⁶ <http://www.ibhbookstore.com/>

Book Pricing

Legally regulated price maintenance exists with many possible exceptions. Publishers determine book prices. The Maximum Retail Price Act stipulates that a maximum price must be printed on every book.

Major Book retailers- Traditional

- Crossword Bookstores
- Oxford Bookstore
- D. C. Books
- Landmark Bookstores
- OM Books International
- WH Smith India

has its Centres in Mumbai, Delhi, Chennai, Bangalore, Hyderabad, Kolkata, Ahmedabad, Pune, Chandigarh and Trivandrum.⁷

- India Book Distributors (IBD)
They are spread over 7 cities, namely Mumbai, Pune, Bangalore, Hyderabad, Chennai, New Delhi and Kolkata.⁸

⁷ <http://www.ibhworld.com/index.htm>

⁸ <http://www.ibdwebstore.com/>

Although organised retail is growing in India at 15% per annum it still only accounts for 7% of book sales in India.⁹ This poses a challenge to distribution and availability of titles especially in smaller towns and cities. Having said that, e-commerce is fast changing the retail and distribution landscape in India. Online Stores have aided book distribution and are able to reach customers in every nook and corner of the country even where there is a lack of book stores in certain parts of the country. Furthermore due to reduced operational costs vis-à-vis brick and mortar stores, online stores are able to sell books cheaper to consumers which have hurt sales at individual and chain bookstores forcing many independent bookstores to shut down. One major online retailer claims it sells 150,000 books every month and boasts of 6 Million titles.

“In India, the big part of the job would be to say, ‘How do we make our multi-cultural, multi-linguistic abilities to come alive. Publishing in English is certainly eating into publishing in other languages. People are being drawn into reading, making it their first language, for very practical purposes. However, there’s very little encouragement then, to read your mother tongue, study or write in it, and making that somehow ‘attractive’ or ‘glamorous,’ making it seem like something young people ought to do (is important).”

- Karthika VK,
Publisher & Chief
Editor,
HarperCollins,
India

⁹<http://www.tarabooks.com/blog/profitting-by-managing-a-propensity-for-chaos/>

<http://publishingperspectives.com/2011/04/the-indian-invitation-publishing/>

Book sales

Given that almost half of India's population is under the age of 25, it's no wonder that a large part of the book trade is dominated by academic and children's books which account for 40% and 30% of the market respectively. The remaining 30% constitutes trade publishing. In terms of print languages, 20% of sales volume comes from English language books which also makes India the third largest market for English books consumption after the US and UK markets. The largest sales volumes among Indian languages are that of Hindi books which constitute 25% of the market while the rest of the market is divided between other Indian language books.¹⁰ Barring some runaway successes, print-runs for non-academic books rarely exceed 2,000 copies in the first instance and a bestseller is often a book that has sold only as many as 10,000 copies. A handful of titles such as those by Indian commercial fiction writer, Chetan Bhagat, Gregory David Robert's Shantaram, the Harry Potter and Twilight series, and Freakonomics have sold more than 100,000 copies.

E-commerce

Amazon.com some time back reported selling more e-books than paper. There are a number of sophisticated e-book readers like the Kindle, Sony's Reader, Apple, and many other mobile devices which have also been in the spotlight. In addition, there are many handheld and

¹⁰ http://www.business-standard.com/article/opinion/shri-nath-sahai-publishing-industry-on-a-roll-109051700025_1.html
<http://www.ibtimes.co.uk/kobo-doubles-ereader-sales-424740>

tablet devices like iPad, Galaxy Tab, Android Tab, etc. that support e-books. E-book readers are being constantly upgraded and improved.

- E-commerce in India is likely to cross \$6 billion in revenues in 2015, recording a 70 percent increase and more than 30 percent of traffic on e-commerce platforms is now coming from mobile phones and tablets (Forbes, 31 Oct 2014)
- The biggest players at loggerheads are Amazon and Flipkart
- Indian E-book readers are divided across e-readers, smartphones and tablets generally undertake transactions on a mobile device
- Kobo India launched officially in September 2013 and had targeting to sell almost 250,000 of its e-readers by December 2014, although exact sales figures have not been disclosed
- Amazon which launched its India site in August 2013, has not made the Kindle sales figures public either but has been running aggressive sales promotions and trial offers to push Kindle device sales in India

Major Book Retailers – Online

- Amazon.com
- Flipkart.com
- Infibeam.com

E-book sales constitute 2 – 5% of total sales by value (BS, 1 Feb 2014) up against 1% registered in 2013. The E-book market is expected to grow 3 to 5 times in the next 3 years and Academic publications are also focusing on the e-books segment. STM players like Springer, Wiley and Reed Elsevier claim 60% of sales volume is coming from digital content.

Fast Facts from the Indian Publishing Pulse Survey

The Indian Publishing Pulse Survey conducted by FICCI with 100 publishing companies as respondents, reported that digital publishing has not yet become mainstream in India, with only five per cent share in E-book apps, indicating that print is here to stay.

- 55% of the publishers publish in English while 45% publish in both English & the local Language
- 33% of the Publishers are also distributors
- 66% distributors/retailers feel that the print consumption is growing
- 44% of MNC's saw lower demand for all Foreign priced Titles
- Publishers and distributors voted going direct to end users and high

marketing investments as the key revenue drivers in India¹¹. 65% of the respondents claimed to communicate with their customers on social media.

- 62% of the publishers are currently publishing E-Books, 16% are publishing online tools/videos and only 5% are publishing Apps. 69% of publishers have priced their books lower than the print version.

Piracy:

Book piracy has been growing in the Indian book market and is paralyzing the publishing industry in India and abroad. Statistically, it has been reported that around one fourth of India's total book market (estimated to be between ` 5000 to 7000 crore, except educational and text books) is dominated by pirated books and the best seller books bear the brunt of approximately 50 to 60 % Piracy. Book piracy in India has been highly prevalent despite the fact that India, being a developing country, offers slightly lower prices to consumers as compared to prices in other countries.

The piracy of printed matter in India is affected in three principal ways:

- i) Wholesale re-printing of text and trade books
- ii) Unauthorized transactions
- iii) Commercial photocopying of books and journals

All these factors contribute to the rising level of book piracy in India. The photocopying of books, particularly

¹¹ Seminar on Emerging Trends in book Publishing: FICCI

educational books, is also highly prevalent in India as they are accessible at an affordable price to students in India, on account of which the publishers/copyright owners suffer huge losses.

Internet Book Piracy is another emerging menace which is also resulting in incalculable losses. Under Internet Book Piracy, the files of publishers are scanned or copied and then these files are uploaded on numerous websites.

- 66% of the publishers say that the attempt to combat internet piracy requires a “collaborative effort from Publishers,” followed by increased regulations over distributors and internet as well as increased regulation to prevent piracy.
- A survey undertaken by the Indian Human Resource Development Ministry indicates that three types of print piracy are prevalent in our country and the most common one is reprinting a book illegally.
- The second type involves publishing books using the name of famous authors, but actually authored by imitators.
- Producing translated versions of foreign-language books is the third type of piracy. This leads to tax evasion and also allows those undertaking piracy to avoid payment of royalty to the author.

Piracy set to overtake human trafficking!

- It has resulted in a loss of 74 million USD (INR 400 crores) to publishers in India
- Indian piracy has led to the loss of 36 million USD for the global publishing industry (PWI, May 2014)

- Reprinting and publishing books by imitators in the name of famous authors are the most common forms of piracy in India (Indian Human Resource Development Ministry)
- Reprographic Rights - a complaint has been filed against a photocopy shop and Delhi University by publishers as compiled photocopy sets of data from copyrighted books are recommended/ provided to students
- Role of IRRO - The IRRO has been set up by the Federation of Indian Publishers and the Authors Guild of India and is being actively supported by the Association of Publishers in India. IRRO is the sole licencing authority in India in the field of literary works and grants licences on an annual basis which covers books, newspapers, magazines, journals and other publications, etc. for reprography as per law. The tariff for licencing has been kept very low and has been approved by the Department of Copyright, Government of India.

Other Challenges:

- Creating awareness of Piracy
- Inventory Management
- Discovery of Books.
- Lack of Awareness and visibility for new titles especially those from smaller players.

- One of the biggest challenges is the lack of an appropriate learning attitude in corporate as well as educational institutes. Recently large corporate banks and regulatory government bodies have shut down libraries due to a lack of space, despite the fact that they ought to be able to have access to them. Increasingly, many top-notch educational institutions are ignoring the Reference section of their libraries, refusing to stock them, focussing instead on buying textbooks for their students, in bulk, and selling them for profits. These constitute some of the major challenges in the Indian publishing market.

Major Book Fairs and Associations

Associations:

- National Book Trust (NBT)
- Independent Publishers Group (IPG)
- Federation of Indian Publishers (FIP)
- Federation of Booksellers and Publishers Association
- Federation of Educational Publishers
- Association of Publishers in India (API)

New Delhi World Book Fair

The New Delhi World Book Fair (NDWBF) is India's largest international book fair and is a major event in the publishing calendar. It has been held at the Pragati Maidan Exhibition Centre since its inception in 1972. It is considered the leading trade fair for exhibitors and trade visitors from India and neighboring countries in the South Asian region. The fair usually attracts more than a million visitors from India and its neighbouring countries. The Fair is organized by the National Book Trust, India which is an apex body of the Government of India, under the Ministry of Human Resource Development.

The India Trade Promotion Organisation (ITPO), the nodal agency of the Government of India under the Ministry of Commerce, responsible for promoting the country's external trade, is the co-organizer of the Fair. In 2013, the fair attracted more than 1,200 Indian exhibitors and 31 foreign exhibitors. For the year 2015, Singapore was the guest of honor country and South Korea was the market Focus at the fair which was held from **February 14–22, 2015**

Kolkata Book Fair

The Kolkata Book Fair is a sales fair for the general public that takes place annually at the end of January/beginning of February in Kolkata (Calcutta). The fair is primarily a sales event, as well as a popular cultural event, because of which it is of particular importance for the Indian book market. This year, the Fair was held from **January 27–February 8, 2015.**

Delhi Book Fair

The Delhi Book Fair is held every year in August/September. The 19th Delhi Book Fair was held over nine days from August 22–31 2014 at the Pragati Maidan exhibition grounds. This fair is particularly popular as a sales event that not only provides information, but also offers books for sale at greatly reduced prices. The general programme accompanying the 2013 fair had diverse seminars and interactive programmes, some centering on children's content. The fair is organized by the Federation of Indian Publishers, in co-operation with the India Trade Promotion Organization (ITPO). The 2012 edition of the fair attracted over 3 lakh visitors from India and overseas. At this fair, there is no distinction made between trade and public visitor days.

Chennai Book Fair

The Chennai Book Fair is organized by the Booksellers' and Publishers' Association of South India (BAPASI) and had its inception in 1977. It takes place over approximately 10 days between the end of December and middle of January. The 36th Chennai Book fair was held from Jan 11–22 2015. The Chennai Book Fair is a small sales event with a regional character. Exhibitors are primarily publishers, but also IT companies and newspapers. It is one of the largest cultural events in Chennai. The 2013 Participants included Oxford University Press, Cambridge University Press, Pustak Mahal, Higginbotham's and Orient Blackswan, among others.

Literary festivals in India

Chandigarh Literati:

According to the chairperson of Chandigarh Literati, Mrs. Sumita Mishra, the Chandigarh Literati was originally conceived in an attempt to promote the literary arts in the city, to provide a platform for talented regional writers and thinkers and make internationally renowned writers to the public. The festival promotes poetry, haiku, vernacular writers as well as fiction and non-fiction writers in English and regional languages like Punjabi, Hindi, etc.

"Chandigarh Lit Fest shall showcase the very best in contemporary writing from established and emerging writers, and inspire children as well as all those engaged in creative reading and writing pursuits."

Hyderabad Literary Festival:

The Hyderabad Literary Festival is a 3-day annual event that celebrates creativity in all its forms. Every year, the Festival hosts a guest nation, and an Indian language in focus.

The Festival has emerged as an important event in the cultural calendar of the country representing as it does the rich and cosmopolitan ethos of the twin cities of Hyderabad and Secunderabad, as well as the vibrant culture of the modern Cyberabad. HLF is a Festival for All. Its programme includes conversations with authors, readings, panel discussions, workshops, book launches, cultural programmes, as well as events for college students and school children.

Jaipur Literature Festival:

The Jaipur Literature Festival is an annual literary festival taking place in the Indian city of Jaipur since 2006. Asia's biggest literary festival, it was described by Miranda Seymour in the Mail (Sunday, 10 August 2008) as, "The grandest literary Festival of them all".

The Diggi Palace Hotel serves as the main venue of the festival. It is held each year in Jaipur, Rajasthan during the month of January, usually in the Hall of Audience and the sprawling gardens of the Diggi Palace in the city Centre, and celebrates excellence in Rajasthani, Indian and International writing.

Kochi International Book Festival:

The Kochi International Book Festival is an annual event conducted at the coastal city of Kochi, Kerala, India. This festival is organized by the Antharashtra Pusthakotsava Samithi, Kochi, a registered charitable society established to promote reading, encourage writing and to heighten an awareness of Literacy and Literary arts in the State of Kerala

Lit for Life:

Lit for Life is an annual literary festival organised by the English daily *The Hindu* published from Chennai, India. The festival was inaugurated to commemorate the 20th anniversary of The Hindu's Literary Review. The first edition of the Festival was held in 2011 in Chennai and was attended by poets Arvind Krishna Mehrotra and Jeet Thayil, authors Jerry Pinto, Nilanjana Roy,

Devdutt Pattanaik, Gopal Krishna Gandhi, Ashok Ferrey and fashion designer and author Wendell Rodricks.

Pune International Literary Festival:

(PILF) is an annual literary festival organized in Pune, India. PILF was organized by two Pune-based authors, Manjiri Prabhu and Sonja Chandrachud in association with MAEER's MIT Group of Institutions and hosted at MIT Kothrud Campus.

Merger & Acquisition: Indian Publishing Industry

The S. Chand Group has been very active in mergers and acquisitions for the last three years. After acquiring established companies like Vikas Publishing House & Madhubun, S. Chand felt the need to further strengthen its portfolio by acquiring an established publishing house which has a sizeable market share at national level and growing market share in regional languages.

Infomedia India acquired International Typesetting and Composition (ITC) for a total consideration of USD 12 million. ITC, a Noida based company, with a front-end in Fort Lauderdale in the USA, is in the business of providing publishing services to Book Publishers around the world.

The norm in Indian publishing (so far) has been to enter strategic alliances or co-publishing arrangements such as the one that John Wiley & Sons have with Ratna Sagar, Zubaan-Penguin, Ravi Dayal-Penguin, Black Kite (Permanent Black) - Hachette; HarperCollins-Mapin (specifically for the children's list, but it

has been discontinued); Westland-Blaft and Taylor and Francis with Anamaya for STM journals. According to Deepak Kapoor, CEO of Manupatra, "there are four reasons why M&As have not happened here. First, the insecurity of publishers post acquisition. Next, the size is small for a foreign publisher to invest time and money and third is accounting is not up to the mark. Finally, most are family-owned and, therefore, some members are not keen for M&A."¹²

¹² <http://www.businessworld.in/news/business-school/columns/it-s-good-to-buy/369954/page-1.html>